

HB

37

HOUSE COMMITTEE REPORT

3/20

(7)
Date Referred: January 27, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 3/17/89

NB 37

The HEALTH, EDUCATION & SOCIAL SERVICES Committee recommends that:

HOUSE BILL NO. 37 [STATE AID FOR SCHOOL CONSTRUCTION]
"An Act relating to insurance for school facilities and equipment and state aid for school construction; and providing for an effective date."

[X] be replaced with CSHB 37 (HESS) [] the same title
[X] a new title

[] have attached amendment(s)

- [] do pass
- [] do not pass
- [X] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
- [] zero fiscal note
- [] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:
- [X] zero fiscal notes(s) published:
1/27/89 - Ed.

SIGNING DO PASS:

Cheri Davis C. DAVIS
W. Furnace FURNACE
J. H. Ellis ELLIS

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)
McGuenberg ^{G. GUENBERG} NO REC
Mark Bolger NO REC ROYER
Fisher NO REC GOLL
Henry Jones NO REC JACKO

J. H. Ellis
 Chairman's signature

adopted to send
to full comm

AMENDMENT TO HB 37

Letter of Intent:

It is the intent of the Committee that the amendment to AS 14.11.100(a)(5)(A), adopted in Section 9 of the bill, does not affect the State's reimbursement in future fiscal years payments made for the retirement of bonded indebtedness so long as the election authorizing the bonds is held before July 1, 1989.

Which distr's are
moving to hold elections?

1 district.

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

9 * Sec. 2. AS 14.07.020(a)(13) is amended to read:

10 (13) administer the grants awarded under AS 14.11 [AS 14.-
11 11.020];

12 * Sec. 3. AS 14.07.170 is amended by adding a new subsection to read:

13 (b) The board shall review grant applications recommended under
14 AS 14.11.013 and may approve grant applications under AS 14.11.015.

15 * Sec. 4. AS 14.08.101(7) is amended to read:

16 (7) recommend to the department projects for construction,
17 rehabilitation, and improvement of schools and education-related
18 facilities as specified in AS 14.11.011(b) [AS 14.11.010(a)], and
19 plan, design, and construct the project when the responsibility for it
20 is assumed under AS 14.11.020;

21 * Sec. 5. AS 14.11 is amended by adding a new section to read:

22 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is
23 created a school construction grant fund as an account in the general
24 fund. The fund shall be used to make grants for the costs of school
25 construction. Legislative appropriations for school construction
26 shall be deposited in the fund, and the proceeds from the sale of
27 general obligation bonds for school construction may be deposited in
28 the fund.

29 * Sec. 6. AS 14.11 is amended by adding new sections to read:

1 Sec. 14.11.011. GRANT APPLICATIONS. (a) A municipality that is
2 a school district or a regional educational attendance area may submit
3 a grant request to the department for a school construction grant.

4 (b) For a municipality that is a school district or a regional
5 educational attendance area to be eligible for a school construction
6 grant the district shall submit

7 (1) a six-year capital improvement plan that includes a
8 description of the district's fixed asset inventory system and preven-
9 tive maintenance program no later than September 1 of the fiscal year
10 before the fiscal year for which the request is made; the six-year
11 plan must contain for each proposed project a detailed scope of work,
12 a project budget, and documentation of conditions justifying the
13 project; and

14 (2) evidence that the district has secured and will main-
15 tain adequate property loss insurance for the replacement cost of all
16 facilities for which state funds are available under AS 14.11.005 or a
17 program of insurance acceptable to the department.

18 Sec. 14.11.013. DEPARTMENT REVIEW OF GRANT APPLICATIONS. (a)
19 With regard to projects for which grants are requested under AS 14.-
20 11.011, the department shall

21 (1) annually review the six-year plans submitted by each
22 district under AS 14.11.011(b) and recommend to the board a revised
23 and updated six-year construction grant schedule that serves the best
24 interests of the state and each district; in recommending projects for
25 this schedule, the department shall verify that each proposed project
26 qualifies as a project required to

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

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

1 (C) protect the structure of existing school
2 facilities;

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

6 (E) achieve an operating cost savings;

7 (F) modify or rehabilitate facilities for the purpose
8 of improving the instructional program;

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

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

13 (3) provide to the governor, by November 1, and to the
14 legislature within the first 10 days of each regular legislative
15 session, a revised and updated six-year construction grant schedule
16 together with a proposed schedule of appropriations.

17 (b) In preparing the construction grant schedule, the department
18 shall establish priorities among projects for which grants are re-
19 quested and shall award school construction grants in the order of
20 priority established. In establishing priorities the department shall
21 evaluate at least the following factors:

22 (1) emergency requirements;

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

25 (3) the number of students affected by the project;

26 (4) new local elementary and secondary programs;

27 (5) existing regional, community, and school facilities,
28 and their condition; and

29 (6) alternate education program options for accomplishing

1 the project's objectives.

2 (c) The department may reject project requests and omit them
3 from the six-year schedule due to

4 (1) incomplete information or documentation provided by the
5 district;

6 (2) a determination by the department that existing facili-
7 ties can adequately serve the program requirements, or that alterna-
8 tive projects are in the best interests of the state;

9 (3) a determination that the project is not in the best
10 interest of the state.

11 (d) The department shall reduce a project budget by the cost of
12 those portions of a project design that the department determines are
13 for construction of student residential space, planetariums, hockey
14 rinks, saunas, and other facilities for single purpose sporting or
15 recreational uses that are not suitable for other activities. This
16 subsection does not apply to funding for swimming pools that meet
17 criteria established by the department.

18 (e) By November 15, the department shall provide public notice
19 of the grant applications submitted under (a) of this section and the
20 priorities established under (b) of this section. After public notice
21 has been given, the department shall hold a public hearing on the
22 priorities established under (b) of this section. In this subsection,
23 "public notice" means notice published in a newspaper of general
24 circulation and notice to every person who has requested notice about
25 the grant application program from the department.

26 (f) The department may not establish priorities among projects
27 under (b) of this section based only on the number of students af-
28 fected by the project.

29 Sec. 14.11.015. APPROVAL OF GRANT APPLICATIONS. (a) The board

1 shall review grant applications that have been recommended by the
2 department under AS 14.11.013, and may approve a grant application if
3 the board determines that the project meets the criteria specified in
4 AS 14.11.013(a)(1). The department may not award a school construc-
5 tion grant unless the grant application is approved by the board.

6 (b) The department shall award grants approved under (a) of this
7 section in the order of the projects' priority on the date the appro-
8 priation bill funding the school construction grant fund is passed by
9 the legislature, regardless of any appeal pending under AS 14.11.016.
10 Appeals pending under AS 14.11.016 at the time that grants are awarded
11 may not delay the funding of grants awarded under this section.

12 (c) If a project is assigned a new priority ranking under
13 AS 14.11.016 after the date of passage by the legislature of the
14 appropriation bill for the school construction grant fund, the project
15 must be funded in accordance with the new priority ranking at the next
16 time that school construction grants are awarded.

17 Sec. 14.11.016. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) A
18 district may request reconsideration of a decision of the department
19 assigning a priority to the district's project, establishing the scope
20 of the project, or establishing the budget for the project. The
21 request must be in writing and must include a statement of the spe-
22 cific changes desired, and a summary of the evidence supporting the
23 district's claim that the department has erred in its review of the
24 district's grant application. A request for reconsideration must be
25 received by the department by the day of the public hearing held under
26 AS 14.11.013(e). The department shall review its decision on the
27 basis of the request by the district and determine whether its deci-
28 sion should be changed. The department shall issue its determination
29 in writing within 15 days after the last day of the public hearing

1 held under AS 14.11.013(e).

2 (b) A district may appeal an adverse decision of the department
3 under (a) of this section to the commissioner on the ground that the
4 department has not complied with AS 14.11.013. The notice of appeal
5 must be in writing and must include a statement of evidence supporting
6 the district's claim that the department has not complied with AS 14.-
7 11.013. The notice of appeal must be received by the commissioner
8 within 15 days after the department issues its determination under (a)
9 of this section. The commissioner shall issue a written decision on
10 the appeal within 15 days after receiving the notice of appeal.

11 (c) A district may appeal an adverse decision of the commis-
12 sioner under (b) of this section by filing a written notice of appeal
13 with the board within 30 days after the date of the commissioner's
14 decision. The notice of appeal must state the legal and factual basis
15 for the appeal and the precise relief sought. The failure of the
16 district to include an issue in a notice of appeal constitutes a
17 waiver of the right to have the issue considered under this subsec-
18 tion. If the board finds that the notice of appeal does not raise a
19 reasonable issue of fact or law, it shall issue a written decision.
20 If the board finds that the notice of appeal raises a reasonable issue
21 of fact or law, the board shall appoint a hearing officer who is
22 qualified under AS 44.62.350(c) to conduct a hearing on those issues.
23 The hearing officer shall conduct a hearing on the issues raised in
24 the notice of appeal, make findings of fact and law, and recommend a
25 decision to the board within 60 days after the last day for filing a
26 notice of appeal with the board. The board shall consider the recom-
27 mended decision of the hearing officer at its next regularly scheduled
28 meeting and may adopt all, part, or none of the recommended decision
29 or may remand the issue to the hearing officer for further hearings.

1 The board shall issue its decision in writing.

2 (d) The board shall consolidate appeals under (c) of this sec-
3 tion, if the notices of appeal raise related issues of fact or law.

4 (e) A district may appeal an adverse decision of the board under
5 (c) of this section to the superior court in the manner provided by
6 AS 44.62.560 - 44.62.570.

7 (f) The board shall adopt regulations governing procedures for
8 the reconsideration and appeal of decisions under this section. The
9 regulations adopted under this subsection are not required to conform
10 to AS 44.62.330 - 44.62.630, but shall be consistent with minimum
11 standards of due process.

12 (g) A district may not request reconsideration of or appeal a
13 priority determination on the grounds that a revised priority assigned
14 to another project, due to a reconsideration or appeal under this sec-
15 tion, has resulted in a lower priority being accorded to the dis-
16 trict's project.

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

20 (1) agree to construction of a facility of appropriate size
21 and use that meets criteria adopted by the department;

22 (2) demonstrate by a means acceptable to the department
23 that the proposed project should be a capital construction project and
24 not part of a preventive maintenance program or regular custodial care
25 program;

26 (3) provide reasonable assurance by a means acceptable to
27 the department, that the cost of the project will be uniform with the
28 costs of the most current construction projects in the area;

29 (4) agree to limit equipment purchases to that required for

1 the approved school construction plan and account for all equipment
2 purchased for the project under a fixed asset inventory system ap-
3 proved by the department;

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

8 (6) submit to the department for approval, before award of
9 the construction contract, a plan for school construction that in-
10 cludes educational specifications, final construction drawings, and
11 contract documents.

12 (b) The cost of any school construction activity encompassed by
13 the definition of "costs of school construction" under AS 14.11.135 is
14 payable under a grant awarded under AS 14.11.015 without regard to
15 whether the costs were incurred 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 con-
19 struction grant account for the year in which the grant is funded.

20 Sec. 14.11.019. SCHOOL CONSTRUCTION GRANT APPROPRIATIONS.
21 Within the general appropriation bill submitted to the legislature
22 under AS 37.07.020, the governor shall include an appropriation for
23 school construction grants in the succeeding fiscal year as determined
24 by the six-year construction grant schedule prepared under AS 14.-
25 11.013.

26 * Sec. 7. AS 14.11.100(a)(5) is amended to read:

27 (5) subject to (h), (i), and (j) of this section, 80 per-
28 cent of

29 (A) payments made by the municipality during the

1 fiscal year for the retirement of principal and interest on
2 outstanding bonds, notes or other indebtedness authorized by the
3 qualified voters of the municipality after June 30, 1983, but
4 before July 1, 1989, to pay costs of school construction, addi-
5 tions to schools, and major rehabilitation projects that exceed
6 \$25,000 and are approved under AS 14.07.020(11); and

7 (B) cash payments made after June 30, 1983, by the
8 municipality during the fiscal year two years earlier to pay
9 costs of school construction, additions to schools, and major
10 rehabilitation projects that exceed \$25,000 and are approved by
11 the department before July 1, 1990, under AS 14.07.020(11).

12 * Sec. 8. AS 14.11.100(c) is amended to read:

13 (c) The school construction account is established. Funds to
14 carry out the provisions of this section shall be included within the
15 general appropriation bill submitted to the legislature under AS 37.-
16 07.020 and may be appropriated annually by the legislature to the
17 account. If amounts in the account are insufficient for the purpose
18 of providing the share to which a borough or city is entitled under
19 this section, those funds that are available shall be distributed pro
20 rata among the eligible local governments except that the legislature
21 may direct that additional debt service on refunding bonds that ex-
22 ceeds the total debt service on the refunded bonds be disregarded in
23 whole or in part.

24 * Sec. 9. AS 14.11.102 is amended to read:

25 Sec. 14.11.102. ALLOCATION REQUESTS. [EVALUATION OF PROJECTS.
26 THE DEPARTMENT SHALL EVALUATE PROJECTS FOR WHICH RETIREMENT OF SCHOOL
27 CONSTRUCTION DEBT IS REQUESTED BY SCHOOL DISTRICTS IN ACCORDANCE WITH
28 THE PROCEDURES SET OUT IN AS 14.11.010.] A request for an allocation
29 of funds under AS 14.11.100 must be submitted to the department by the

1 school district not [NO] later than October 15 of the fiscal year
2 before the fiscal year for which the request is made.

3 * Sec. 10. AS 14.11 is amended by adding a new section to read:

4 Sec. 14.11.127. ALLOCATION OF APPROPRIATIONS FOR SCHOOL CON-
5 STRUCTION. (a) If the amount appropriated to the department for
6 school construction in a fiscal year is less than the amount necessary
7 to fund full entitlements for school construction debt retirement
8 under AS 14.11.100 and the amount necessary to fully fund all projects
9 required to avert imminent danger or correct life-threatening situa-
10 tions that have been approved by the board under AS 14.11.015, then
11 the amount appropriated for that fiscal year shall be allocated,
12 unless otherwise provided by law, between the school construction
13 grant account under AS 14.11.005 and the school construction account
14 under AS 14.11.100(c) in the following proportions:

15 Fiscal year	School Construction	School Construction
	Grant Account	Account
17 1991	.11	.89
18 1992	.13	.87
19 1993	.15	.85
20 1994	.21	.79
21 1995	.29	.71
22 1996	.36	.64
23 1997	.46	.54
24 1998	.58	.42
25 1999	.60	.40
26 2000 and subsequent		
27 fiscal years	.62	.38

28 (b) If the amount appropriated to the department for school
29 construction debt retirement exceeds the amount necessary to pay full

1 entitlements under AS 14.11.100(c), the excess amount of the
2 appropriation may be deposited, unless otherwise provided by law, in
3 the school construction grant account under AS 14.11.005.

4 * Sec. 11. AS 14.11.130 is repealed and reenacted to read:

5 Sec. 14.11.130. CONSTRUCTION OF CHAPTER. This chapter may not
6 be construed to prevent a municipality that is a school district or a
7 regional educational attendance area from using other revenue to
8 include additional or expanded facilities as part of approved school
9 construction projects.

10 * Sec. 12. AS 14.11.135(3) is amended to read:

11 (3) "costs of school construction" means the cost of ac-
12 quiring, constructing, enlarging, repairing, remodeling, equipping or
13 furnishing of public elementary and secondary schools that are owned
14 or operated by the state, a municipality, or a district [SCHOOL BUILD-
15 INGS] and includes the sum total of all costs of financing and carry-
16 ing out the project; these include, but are not limited to, the costs
17 of all necessary studies, surveys, plans and specifications, architec-
18 tural, engineering or other special services, acquisition of real
19 property, site preparation and development, purchase, construction,
20 reconstruction and improvement of real property and the acquisition of
21 machinery and equipment as may be necessary in connection with the
22 project; an allocable portion of the administrative and operating
23 expenses of the grantee; the cost of financing the project, including
24 interest on bonds issued to finance the project; and the cost of other
25 items, including any indemnity and surety bonds and premiums on insur-
26 ance, legal fees, fees and expenses of trustees, depositaries, finan-
27 cial advisors, and paying agents for the bonds issued as the issuer
28 considers necessary;

29 * Sec. 13. AS 14.11.135 is amended by adding a new paragraph to read:

1 (5) "district" means the districts described in
2 AS 14.12.010.

3 * Sec. 14. AS 14.14.060 is amended by adding a new subsection to read:

4 (i) Notwithstanding (e) and (f) of this section, a borough
5 assembly and a borough school board may divide the duties imposed
6 under (e) and (f) of this section by agreement between the borough
7 assembly and borough school board.

8 * Sec. 15. AS 46.11.900(8) is amended to read:

9 (8) "state financial assistance" means a loan, grant,
10 guarantee, insurance, payment, rebate, subsidy, or other form of state
11 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11,
12 [AS 14.11.100 - 14.11.135,] and AS 29.60, including the purchase by a
13 state agency of a loan to finance the construction of a new resi-
14 dential, commercial, or industrial building;

15 * Sec. 16. AS 46.11.900(8) is amended to read:

16 (8) "state financial assistance" means a loan, grant,
17 guarantee, insurance, payment, rebate, subsidy, or other form of state
18 assistance other than aid under AS 05.35.010 - 05.35.070, [AS 14.11,]
19 and AS 29.60, including the purchase by a state agency of a loan to
20 finance the construction of a new residential, commercial, or indus-
21 trial building;

22 * Sec. 17. AS 14.11.010, 14.11.105, 14.11.110, 14.11.115, 14.11.120,
23 and 14.11.125 are repealed.

24 * Sec. 18. AS 14.03.150; AS 14.07.020(a)(13), 14.07.170(b); AS 14.08.-
25 101(7); and AS 14.11 are repealed.

26 * Sec. 19. Except for secs. 16 and 18 of this Act, this Act takes
27 effect July 1, 1989.

28 * Sec. 20. Sections 16 and 18 of this Act take effect July 1, 1995.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



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House of Representatives

HESS SUBCOMMITTEE CHANGES IN CS for HB 37 (L&C)

1. The HESS CS removes language that will re-establish the bond reimbursement program once the proposed program sunsets in 1993. The legislature must: (a) pass legislation to re-adopt the program under HB 37 or, (b) propose an alternative.
2. On page 3, line 1 of the CS, language was added that requires a school district to obtain the approval from the governing body of the municipality before submitting a grant request.
3. Page 5, line 24, a new subsection (f) is added. This states that the number of students affected by the project may be considered when establishing priorities but would not be the sole factor when making a determination.
4. Section 10 is amended by beginning the allocation process in 1991 rather than 1990 and renumbering the corresponding fiscal years accordingly. This allows implementation of the program after this year's appropriations and for the regulations to be approved.
5. Section 12 adds all costs associated with the school bond debt reimbursement program. This corrects an oversight and makes all costs associated with the current program reimbursable. These costs were not included in the original draft.

There are two amendments and a letter of intent that the subcommittee chair wished to be considered by the full committee.

1. Sunset of this legislation in 1994, rather than 1993 which is already incorporated into the bill.
2. Amendment 6-0083Jf which makes reference to the school district and municipality relationship under AS 14.14.060. This would replace the adopted amendment discussed above under Number 2.
3. The letter of intent states the district is eligible for reimbursement as long as the voters approve the authorization of bonds for school construction prior to July 1, 1989.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 37(L&C)

Page 11, line 23:

Delete "1993"

Insert "1994"

Page 11, line 27:

Delete "1993"

Insert "1994"

Page 19, line 16:

Delete "1993"

Insert "1994"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 37(L&C)

Page 16, lines 1 - 23:

Delete all material and insert:

"CONSTRUCTION. (a) If the appropriation to the department for school construction for a fiscal year and allocated to the school construction grant account under AS 14.11.005 and the school construction account under AS 14.11.100(c) is less than the amount necessary to fully fund school construction in that fiscal year, the amount appropriated for school construction for that fiscal year shall be reallocated equitably between the accounts under this subsection, unless otherwise provided by law. The allocation to each account shall be reduced by the percentage difference between the amount of the appropriation for school construction and the amount necessary to fully fund school construction in that fiscal year. In this subsection "fully fund school construction" means to appropriate an amount sufficient to pay

(1) the full entitlement for school construction debt retirement under AS 14.11.100, without pro rata reduction under AS 14.11.100(c), for the fiscal year; and

(2) the amount necessary to fully fund all projects required to avert imminent danger or correct life-threatening situations that have been approved by the board under AS 14.11.015."

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 37(L&C)

Page 18, after line 29, insert a new bill section to read:

"* Sec. 25. AS 14.14.060 is amended by adding a new subsection to read:

(i) A borough assembly may by ordinance assume the responsibilities relating to application, reconsideration, or appeal of a school construction grant under AS 14.11.011 - 14.11.017."

Renumber the following bill sections accordingly.

Page 19, line 11:

Delete "and"

Page 19, line 12, after "14.11.135(5)":

Insert ",and AS 14.14.060(i)"

Page 19, line 13:

Delete "26"

Insert "27"

Page 19, line 15"

Delete "27"

Insert "28"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 37(HESS)

Page 1, line 7, after "construction;":

Insert "division of duties between a borough and a borough school board;"

Page 12, after line 27:

Insert a new bill section to read:

"* Sec. 14. AS 14.14.060 is amended by adding a new subsection to read:

(i) Notwithstanding (d), (e), and (f) of this section, a borough assembly and a borough school board may divide the duties imposed under ~~(e)~~ (e), and (f) of this section by agreement between the borough assembly and borough school board."

Renumber the following bill sections accordingly.

Page 13, line 17:

Delete "15 and 17"

Insert "16 and 18"

Page 13, line 19:

Delete "15 and 17"

Insert "16 and 18"

Adopted

6-0083Mc
Ford

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 37(HESS)

Page 2, line 2:

After "a"

Insert "municipality that is a"

After "district"

Insert "or a regional educational attendance area"

Page 2, lines 22 - 23:

Delete "to districts in the state public school system"

Page 2, line 28:

After "A"

Insert "municipality that is a school"

After "district"

Insert "or regional educational attendance area"

Page 3, lines 1 - 2:

Delete all material.

Page 3, line 3:

Delete "To"

Insert "For a municipality that is a school district or a regional

educational attendance area to"

Page 8, line 16:

Delete "the district"

Insert "a municipality that is a school district or a regional educational attendance area"

Page 12, line 3:

Delete "district"

Insert "municipality that is a school district or a regional educational attendance area"

Page 12, line 10, after "state":

Insert ", a municipality,"

A M E N D M E N T

OFFERED IN THE HOUSE

BY BOYER

TO: CSHB 37(HESS)

Page 13, after line 16:

Insert a new bill section to read:

"* Sec. 18. Notwithstanding AS 14.11.013(b), added by sec. 6 of this Act, until June 30, 1991, in order to ensure construction of substantially completed public schools, the Department of Education shall award school construction grants in the following order:

(1) projects required to avert imminent danger or correct life-threatening situations, including the final phase of the Thorne Bay school relocation;

(2) projects that are substantially completed by January 1, 1989, including phase III replacement of the Mountain Village elementary school, and the final phase of the Glennallen secondary school; and

(3) other projects approved under AS 14.11.015, added by sec. 6 of this Act."

Renumber the following bill sections accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 37 (HESS)

Page 13, line 19:

Delete "1993"

Insert "1995"

AMENDMENT TO HB 37

Letter of Intent:

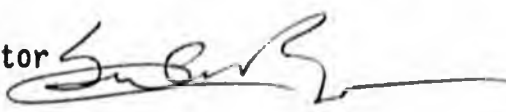
It is the intent of the Committee that the amendment to AS 14.11.100(a)(5)(A), adopted in Section 9 of the bill, does not affect the State's reimbursement in future fiscal years payments made for the retirement of bonded indebtedness so long as the election authorizing the bonds is held before July 1, 1989.

Alaska MUNICIPAL League

TELEPHONE
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FAX 463-5480

217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801

TO: Representative Johnny Ellis, Chair
Members of the House Health, Education and Social Services
Committee

FROM: Scott A. Burgess, Executive Director 

DATE: March 13, 1989

SUBJECT: HB 37 - School Construction Grant Program and Clarification of
Potential Amendment To Preserve the Existing Relationship Between
the Assembly/Council and the School District

In its February 22nd memo to the House HESS Subcommittee on HB 37, the AML had proposed that the Committee consider amending HB 37 to clarify that the existing relationship between the municipal assembly/council and the school district be preserved under the proposed legislation. The Subcommittee and Committee considered a proposed amendment drafted by Michael Ford of Legal Services - 6-0083Jc and 6-0083Jf; however, the amendments are not adequate in our opinion and the Committee asked AML to provide additional explanation. This memo attempts to provide additional explanation of our request for amended language.

Title to real property, including school buildings, is held in the name of the municipality, not the school district. Alaska Statute 14.14.060 provides that the borough assembly determines the location of school buildings with consideration of the recommendations of the school board. Only the municipality has the responsibility for construction of schools (including site acquisition). Only the municipality has the authority to acquire school sites through eminent domain. While the school board hires the architect and is responsible for the design criteria, the municipality has final approval over the selection of the architect and the final design.

Under the existing state construction program (A.S. 14.11.010 and 020) it is the assembly or council of a municipal school district that submits a request for state construction of a school facility. Although this is a program whereby the state has the initial responsibility for constructing schools that are funded under the program, it operates as a grant program. Under A.S. 14.11.020, the assembly or council of a municipal school district may assume the state's responsibilities relating to planning, design and construction if the Department of Education concurs in the transfer of responsibility from the state to the municipality. Thus, the existing "grant" program recognizes the place and function of the municipality in the scheme of things.

Under CSHB 37 (L&C) the school district would:

- (1) apply for the grant,
- (2) determine its six year capital program needs,
- (3) make a final determination of priorities within the school six year capital program,
- (4) pursue appeals of state prioritization of projects,
- (5) be the recipient of the grant for the construction of approved and funded school projects,

all without any requirement for obtaining the concurrence (or even consulting with) the municipality which is responsible for acquiring the sites and constructing the schools. Not only does a municipality have an interest from the standpoint of its duties under A.S. 14.14.060, but it is the municipality that must determine the level of local contribution to be made (within the 2 mill or 21 percent allowance) to school operations. The number, type and location of schools can have a significant impact on the school budget and it seems appropriate for the body that is responsible for levying the tax in support of schools to continue to have some control over the factors that generate a need for increased taxes. While the proposed amendment (6-0083Jf) addresses a little more of the problem than does amendment (6-0083Jc), it still does not provide for the consistency needed between A.S. 14.14.060 and CSHB 37. Under the bill, the grant would go to the district but the construction responsibility would still be with the municipality. The grant needs to go to the municipality. Although some municipalities have delegated to their school district the authority to manage the construction of schools, having the grant go to the municipality would not change that relationship at all. However, it would provide the fit that is needed between CSHB 37 and A.S. 14.14.060.

There does not appear to be any reason to change the relationship between municipalities and school districts that has existed and worked well under A.S. 14.14.060 for the last twenty years. In order to maintain that relationship, it is necessary to ensure that the municipalities retain the final approval for grant requests, six year capital programs, and the appeal process, and that the municipality be the grantee of the funds for the construction of schools.

AML Memo RE HB 37
March 13, 1989
Page 3

I hope this explanation is helpful and a suitable amendment can be incorporated into the House Hess Committee Substitute for HB 37. Thank you for your consideration.

cc: Representative Swackhammer
Senator Sturgulewski

Testimony\hb37add

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: An Act Relating to Insurance for School Facilities and State Aid for School BRU: _____
 Sponsor: House L&C Construction Components: CIP Capital Improvement Program
 Requestor: House BESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

This bill will not result in increased administrative costs to the Department.

Prepared by: Tom Ryan Phone: 465-2865
 Division: Education Finance and Support Date: 1/30/89

Approved by Commissioner: William G. Demmert Date: 1/30/89
 Agency: Education

- Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

SECTIONAL ANALYSIS OF CS FOR HOUSE BILL 37 (L&C)

SECTION ONE REQUIRES A SCHOOL DISTRICT OR MUNICIPALITY TO PURCHASE AND MAINTAIN PROPERTY INSURANCE FOR THE REPLACEMENT COST OF ALL SCHOOL FACILITIES AND EQUIPMENT. THE POLICY MAY CONTAIN A DEDUCTIBLE AMOUNT, WITH THE APPROVAL OF THE DEPARTMENT. A SCHOOL DISTRICT MAY MAINTAIN A SELF-INSURANCE PROGRAM IF THE DEPARTMENT ANNUALLY DETERMINES THAT THE SCHOOL DISTRICT HAS SUBMITTED ADEQUATE EVIDENCE THAT THE POLICY WILL COVER ALL FACILITIES AND EQUIPMENT. THE DEPARTMENT IS REQUIRED TO PURCHASE INSURANCE SHOULD A SCHOOL DISTRICT FAIL TO MAINTAIN ADEQUATE COVERAGE WITHIN THIRTY DAYS AFTER NOTIFICATION BY THE DEPARTMENT. A SCHOOL CONSTRUCTION GRANT MAY NOT BE AWARDED TO A SCHOOL DISTRICT THAT DOES NOT HAVE ADEQUATE COVERAGE. THE DEPARTMENT WILL REDUCE THE AMOUNT OF STATE FOUNDATION AID FOR WHICH A SCHOOL DISTRICT MAY QUALIFY BY ANY AMOUNT PAID BY THE DEPARTMENT FOR INSURANCE COVERAGE.

SECTION TWO OFFERS A TECHNICAL CHANGE TO INCLUDE RESPONSIBILITY FOR THE NEW GRANT PROGRAM AMONG THE DUTIES OF THE DEPARTMENT UNDER AS 14.11.

SECTION THREE ESTABLISHES BOARD OF EDUCATION REVIEW OF GRANT APPLICATIONS AND THAT FINAL APPROVAL AUTHORITY FOR GRANTS RESTS WITH THE BOARD.

A TECHNICAL CHANGE IS ADDRESSED IN SECTION FOUR WHICH PROVIDES AUTHORITY FOR A REGIONAL SCHOOL BOARD TO RECOMMEND SCHOOL CONSTRUCTION PROJECTS TO THE DEPARTMENT OF EDUCATION AS SPECIFIED IN NEW LANGUAGE UNDER AS 14.11.011 (B).

SECTION FIVE REPEALS SECTION FOUR AS OF JULY 1, 1993, AND RE-ENACTS PRESENT DAY POLICY.

A NEW SCHOOL CONSTRUCTION GRANT ACCOUNT IS ESTABLISHED IN SECTION SIX. LEGISLATIVE APPROPRIATIONS FOR SCHOOL CONSTRUCTION WOULD BE DEPOSITED IN THE FUND AND GENERAL OBLIGATION BOND SALE PROCEEDS MAY ALSO BE DEPOSITED.

SECTION SEVEN REPEALS SECTION SIX AS OF JULY 1, 1993, AND RE-ENACTS PRESENT DAY POLICY.

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SECTION EIGHT ADDS NEW SECTIONS TO AS 14.11.

1: THE FIRST NEW SECTION (AS 14.11.011) OUTLINES THE APPLICATION PROCESS. THE PROCESS IS IDENTICAL TO THE CURRENT APPLICATION EXCEPT THAT PROJECT APPLICATIONS WOULD BE REQUIRED FOR ALL REQUESTS ON A DISTRICT'S SIX YEAR PLAN, NOT THOSE FOR THE SUBSEQUENT FISCAL YEAR AS IS NOW DONE. INCLUDED IN THE SIX YEAR PLAN IS A DESCRIPTION OF THE DISTRICT'S FIXED ASSET INVENTORY SYSTEM AND PREVENTIVE MAINTENANCE PROGRAM. THIS ASSURES THAT EACH DISTRICT WILL MAINTAIN A FIXED ASSET INVENTORY OF EQUIPMENT PURCHASED UNDER THE GRANT. A FIXED ASSET WOULD BE ANYTHING OVER A FIXED AMOUNT OF MONEY WHOSE LIFE IS MORE THAN X NUMBER OF YEARS. ADDITIONALLY, A REQUIREMENT IS ADDED THAT ALL FACILITIES IN THE DISTRICT BE INSURED FOR REPLACEMENT COST.

2: THE NEW SECOND SECTION AS DESCRIBED IN AS 14.11.013 ASSIGNS TO THE DEPARTMENT OF EDUCATION THE RESPONSIBILITY FOR REVIEWING, EVALUATING AND RECOMMENDING PROJECTS FOR APPROVAL TO THE STATE SCHOOL BOARD. THE DEPARTMENT WILL VERIFY THAT EACH PROJECT QUALIFIES AS A PROJECT REQUIRED TO AVERT IMMINENT DANGER OR TO CORRECT LIFE THREATENING SITUATIONS, HOUSE STUDENTS THAT WOULD OTHERWISE NOT HAVE HOUSING, PROTECT THE STRUCTURE OF EXISTING SCHOOL FACILITIES, CORRECT BUILDING CODE DEFICIENCIES THAT REQUIRE MAJOR REPAIR OR REHABILITATION IN ORDER FOR ITS CONTINUED USE AS AN EDUCATIONAL FACILITY, ACHIEVE A MAJOR COST SAVINGS, MODIFY OR REHABILITATE FACILITIES TO IMPROVE INSTRUCTIONAL PROGRAMS OR MEET ANOTHER EDUCATIONAL NEED. THE REVISED AND UPDATED SIX YEAR SCHEDULE WILL BE SUBMITTED TO THE GOVERNOR BY NOVEMBER 1 AND TO THE LEGISLATURE WITHIN THE FIRST 10 DAYS OF EACH REGULAR LEGISLATIVE SESSION WITH A PROPOSED SCHEDULE OF APPROPRIATIONS.

THE DEPARTMENT WOULD NO LONGER ESTABLISH TWO SEPARATE PRIORITIZED LISTS; ONE FOR R.E.A.A.'S AND THE OTHER FOR MUNICIPAL SCHOOL DISTRICTS WHICH IS THE CURRENT PRACTICE. IN PLACE OF THE CURRENT PROCESS, THE DEPARTMENT IS DIRECTED TO CREATE SIX LISTS, ONE FOR EACH FISCAL YEAR AS PART OF A SIX YEAR PLANNING CYCLE FOR SCHOOL CONSTRUCTION PROJECTS. THESE LISTS WOULD CONTAIN ONLY THOSE PROJECTS WHICH HAVE MET QUALIFICATIONS ESTABLISHED BY THE NEW STATUTE AND THE DEPARTMENT. THE STATE BOARD WOULD HAVE THE DISCRETION TO SCHEDULE OR PHASE PROJECTS AS DEEMED NECESSARY. GRANTS ARE TO BE AWARDED IN THE PRIORITIES AS ESTABLISHED BY THE DEPARTMENT. AT LEAST ONE OF THE FOLLOWING FACTORS WILL BE EVALUATED BY THE DEPARTMENT WHEN ESTABLISHING PRIORITIES:

- A) EMERGENCY REQUIREMENTS;
- B) PRIORITIES ASSIGNED BY THE SCHOOL DISTRICT TO THE PROJECTS REQUESTED;
- C) NUMBER OF STUDENTS WITHOUT CLASSROOM SPACE;
- D) NEW LOCAL ELEMENTARY AND SECONDARY PROGRAMS;
- E) EXISTING REGIONAL, COMMUNITY AND SCHOOL FACILITIES AND THEIR CONDITION; AND
- F) ALTERNATE EDUCATION PROGRAM OPTIONS FOR ACCOMPLISHING THE PROJECT'S OBJECTIVES.

THE CRITERIA AND DETERMINATIONS THAT WERE OUTLINED ARE ESSENTIALLY THE SAME AS THOSE CURRENTLY USED BY D.O.E. THE PRIORITY SYSTEM IS NOW A PART OF STATUTE RATHER THAN REGULATIONS.

PROJECT REQUESTS MAY BE REJECTED AND OMITTED FROM THE SIX YEAR PLAN DUE TO INCOMPLETE INFORMATION OR DOCUMENTATION PROVIDED BY THE DISTRICT, A DETERMINATION THAT EXISTING FACILITIES CAN ADEQUATELY SERVE PROGRAM REQUIREMENTS OR THAT ALTERNATIVE PROJECTS ARE IN THE BEST INTERESTS OF THE STATE, A DETERMINATION THAT THE PROJECT IS INAPPROPRIATE AND SHOULD BE A DISTRICT MAINTENANCE OR OPERATIONS EXPENDITURE OR THAT THE PROJECT IS NOT IN THE BEST INTEREST OF THE STATE. THIS ALLOWS D.O.E. TO PROVIDE A CREDIBLE LIST TO THE GOVERNOR AND THE LEGISLATURE. THE BOARD WILL ALSO BE IN POSITION TO ACCELERATE PROGRAMS AS DEEMED NECESSARY BASED UPON AVAILABILITY OF FUNDS AND SUPPORTIVE EVIDENCE.

PROJECT BUDGETS WOULD BE REDUCED BY THE COST OF THOSE PORTIONS OF THE PROJECT THAT THE DEPARTMENT DETERMINES ARE FOR CONSTRUCTION OF STUDENT RESIDENTIAL SPACE OR OTHER FACILITIES FOR SINGLE PURPOSE SPORTING OR RECREATION USES NOT DEEMED SUITABLE FOR OTHER ACTIVITIES.

PUBLIC NOTICE OF GRANT APPLICATIONS SHALL BE PROVIDED BY NOVEMBER 15TH. PUBLIC HEARINGS WILL THEN BE HELD REGARDING THE PRIORITIES ESTABLISHED AMONG PROJECTS FOR WHICH GRANTS ARE REQUESTED.

3: UNDER AS 14.11.015, THE DEPARTMENT CANNOT AWARD A GRANT UNLESS THE APPLICATION IS APPROVED BY THE BOARD. GRANTS WILL BE AWARDED IN THE ORDER OF THE PROJECTS' PRIORITY ON THE DATE THE APPROPRIATION BILL, FUNDING THE ACCOUNT, IS PASSED BY THE LEGISLATURE, REGARDLESS OF PENDING APPEALS. IN THE EVENT A PROJECT IS ASSIGNED A NEW PRIORITY RANKING AFTER GOING THROUGH THE APPEAL PROCESS, THE PROJECT MUST BE FUNDED IN ACCORDANCE WITH THE NEW PRIORITY RANKING AT THE NEXT TIME SCHOOL CONSTRUCTION GRANTS ARE AWARDED. THIS WILL OCCUR IF THE LEGISLATURE HAS ALREADY PASSED THE APPROPRIATION BILL FUNDING THE ACCOUNT.

4: ESTABLISHES AN ADMINISTRATIVE AND JUDICIAL REVIEW PROCESS UNDER AS 14.11.016 AND AS OUTLINED UNDER THE ADMINISTRATIVE PROCEDURES ACT (AS 44.62).

5: ADDS A.S. 14.11.017 WHICH PROVIDES AUTHORITY TO THE DEPARTMENT TO ESTABLISH GUIDELINES FOR SCHOOL CONSTRUCTION GRANTS.

- A) DISTRICT MUST AGREE TO CONSTRUCTION OF FACILITY OF APPROPRIATE SIZE AND USE MEETING DEPARTMENTAL CRITERIA;
- B) DISTRICT MUST DEMONSTRATE THAT THE PROJECT IS NOT A PREVENTIVE MAINTENANCE NOR A REGULAR CUSTODIAL CARE PROGRAM;
- C) COST OF THE PROJECT MUST BE COMPARABLE WITH COSTS OF CURRENT CONSTRUCTION PROJECTS IN THE AREA;
- D) DISTRICT MUST ACCOUNT FOR ALL EQUIPMENT PURCHASED FOR THE PROJECT UNDER A FIXED ASSET INVENTORY SYSTEM APPROVED BY THE DEPARTMENT. MANY SCHOOL DISTRICTS HAVE ALREADY ADOPTED THIS SYSTEM TO CONTROL AND MAINTAIN INVENTORY PURCHASED UNDER THIS GRANT.
- E) DISTRICT MUST SUBMIT PROJECT BUDGETS AND AGREE THAT THE GRANT AMOUNT MAY BE REDUCED OR INCREASED DUE TO CONTRACT VARIANCE FROM BUDGET AMOUNTS APPROVED BY THE DEPARTMENT;
- F) DISTRICT MUST SUBMIT A PLAN FOR SCHOOL CONSTRUCTION WHICH INCLUDES EDUCATIONAL SPECIFICATIONS, FINAL CONSTRUCTION DRAWINGS AND CONTRACT DOCUMENTS. THIS MUST BE ACCOMPLISHED PRIOR TO THE AWARDED OF THE CONSTRUCTION CONTRACT.

THE COST OF ANY SCHOOL CONSTRUCTION ACTIVITY IS PAYABLE UNDER A GRANT WITHOUT REGARD TO COSTS INCURRED PRIOR TO AWARDING OF THE GRANT, APPROVAL OF THE GRANT APPLICATION BY THE BOARD OR EFFECTIVE DATE OF THE APPROPRIATION TO THE CONSTRUCTION GRANT ACCOUNT FOR THE YEAR IN WHICH THE GRANT IS FUNDED.

6: ADDS A.S. 14.11.019 WHICH REQUESTS THE GOVERNOR TO INCLUDE AN APPROPRIATION FOR SCHOOL CONSTRUCTION GRANTS IN THE GENERAL APPROPRIATION BILL SUBMITTED TO THE LEGISLATURE.

SECTION NINE ESTABLISHES A JULY 1, 1989, TERMINATION DATE FOR REIMBURSEMENT ELIGIBILITY OF DEBT SERVICE PROJECTS AND ESTABLISHES A JULY 1, 1990, TERMINATION DATE FOR THE CASH PAYMENT REIMBURSEMENT PROGRAM. THE LATTER PROVIDES A YEAR'S GRACE DURING THE PHASE IN OF THE NEW STATUTE.

SECTION TEN REPEALS SECTION NINE AS OF JULY 1, 1993, AND RE-ENACTS PRESENT DAY POLICY.

SECTION ELEVEN AMENDS A.S. 14.11.100 (c). PROVIDES THAT FUNDS FOR THE SCHOOL CONSTRUCTION ACCOUNT SHALL BE INCLUDED WITHIN THE GENERAL APPROPRIATION BILL SUBMITTED TO THE LEGISLATURE.

SECTIONS TWELVE THROUGH EIGHTEEN RE-ENACT THE PRESENT DAY POLICY AS OF JULY 1, 1993.

SECTION NINETEEN ADDRESSES THE ALLOCATION OF FUNDS BETWEEN THE OLD SCHOOL CONSTRUCTION DEBT RETIREMENT ACCOUNT AND THE NEW SCHOOL CONSTRUCTION GRANT ACCOUNT SHOULD THE AMOUNT TO FUND THE RETIREMENT PROGRAM BE LESS THAN FULL ENTITLEMENT.

SECTION TWENTY EXPLAINS THAT A SCHOOL DISTRICT IS NOT PROHIBITED FROM USING OTHER REVENUES TO EXPAND OR ADD FACILITIES AS PART OF APPROVED SCHOOL CONSTRUCTION PROJECTS.

SECTION TWENTY-ONE REPEALS SECTION TWENTY AND RE-ENACTS THE PRESENT DAY POLICY AS OF JULY 1, 1993.

SECTION TWENTY-TWO MODIFIES THE DEFINITION OF SCHOOL CONSTRUCTION. CURRENT STATUTE LANGUAGE RELATING TO FINANCING COSTS, BONDING COSTS, LEGAL FEES, PAYING AGENCIES AND OTHER ENTITIES BASICALLY RELATED TO THE SALE OF BONDS IS DELETED.

SECTION TWENTY-THREE REPEALS SECTION TWENTY-TWO AND RE-ENACTS THE PRESENT DAY POLICY AS OF JULY 1, 1993.

A DEFINITION OF DISTRICT, AS USED IN THE DEFINITION OF SCHOOL CONSTRUCTION, IS PROVIDED FOR IN SECTION TWENTY-FOUR.

SECTION TWENTY-FIVE IS ANOTHER TECHNICAL AMENDMENT UPDATING THE REFERENCE TO AS 14.11. THIS SECTION DEFINES STATE FINANCIAL ASSISTANCE.

SEVEN SECTIONS ARE REPEALED IN SECTION TWENTY-SIX.

1) AS 14.11.010 RELATING TO RECOMMENDATION AND EVALUATION OF PROJECTS IS REPLACED BY THE NEW SECTION FOUR WHICH ADDRESSES GRANT APPLICATIONS.

2) EVALUATION OF PROJECTS DESCRIBED IN AS 14.11.102 IS REPEALED BECAUSE IT APPLIES TO D.O.E. EVALUATION OF PROJECTS PROPOSED FOR DEBT RETIREMENT.

3) THE REPEAL OF AS 14.11.105, THE PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT.

4) AS 14.11.110, ELIGIBILITY, IS REPEALED BECAUSE IT APPLIES TO APPROVAL OF PROJECTS PROPOSED FOR DEBT RETIREMENT.

5) THE LAST THREE REPEALED SECTIONS RELATE TO STATE AID, APPLICATION FOR AID AND CONDITIONS OF STATE AID APPLY TO FUNDING THROUGH THE PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT AND ARE NO LONGER NECESSARY.

THE ABOVE SEVEN SECTIONS ARE RE-ENACTED ON JULY 1, 1993, UNLESS THE LEGISLATURE ENACTS LEGISLATION TO CONTINUE WITH THE NEW POLICY OUTLINED THROUGHOUT THIS ANALYSIS.

SECTION TWENTY-SEVEN REPEALS THE TEN SECTIONS THAT INCORPORATE THE NEW POLICY FOR SCHOOL CONSTRUCTION.

SECTION TWENTY-EIGHT IS THE EFFECTIVE DATE OF SECTIONS ONE THROUGH FOUR, SIX, EIGHT, NINE, ELEVEN, NINETEEN, TWENTY, TWENTY-TWO AND TWENTY-FOUR THROUGH TWENTY-SIX; JULY 1, 1989.

SECTION TWENTY-NINE RE-ENACTS SECTIONS FIVE, SEVEN, TEN, TWELVE THROUGH EIGHTEEN, TWENTY-ONE, TWENTY-THREE AND TWENTY-SEVEN ON JULY 1, 1993. THESE ARE BASICALLY THE STATUTES GOVERNING POLICY AS IT IS NOW.



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

January 13, 1989

To: Rep. Dave Donley, Chair
Members, House Labor & Commerce Committee

Re: House Bill No. 37; "An Act relating to insurance for school facilities and equipment and state aid for school construction and providing for an effective date."

NEA-Alaska supports and encourages your expeditious attention to HB 37.

It provides for a fair, equitable, and orderly procedure and process which is essential in determining priorities for school construction costs. For far too long Alaska has needed such a systematic approach.

The requirement that each district develop a 6-year capital improvement plan is commendable in that it will raise a consciousness which is essential to more effective planning and use of limited financial resources. The Legislature and Administration, as a result, will have a more dynamic and reliable data base relating to statewide needs.

The appeals procedure is another highly commendable component of the bill in that it provides each district an opportunity to have a comprehensive review of an adverse determination. Further, its presence in the process will only serve to build confidence in this new approach.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Secretary

cc: Rep. Swackhammer

f1j89h37

ASSOCIATION OF ALASKA SCHOOL BOARDS

316 W. 11th St. • Juneau, Alaska 99801-1510 • (907) 586-1083

POSITION PAPER

HB37 DEBT RETIREMENT

AASB recognizes the need for sound public policy that will provide for a fair and equitable balance between the costs of school debt retirement and future capital construction of schools.

The Association of Alaska School Boards supports and encourages passage of HB 37 regarding debt retirement and school construction. We believe the bill address the issue of past and future construction needs in a fair and equitable way.

This bill provides sound public policy in four specific areas:

1. The bill includes an insurance clause to protect the state's investment in schools. The bill provides for "first dollar coverage" for property loss insurance. This means school districts would be required to provide adequate property loss insurance. The Department of Education will monitor this requirement and determine if insurance coverages are adequate. If DOE determines inadequate coverage exists, DOE will purchase first dollar coverage for individual school districts and in turn will withhold the costs of coverage from the district's foundation allotment.
2. The bill curtails state involvement in future municipal bonded indebtedness for future school construction.
3. The bill addresses the issue of retirement of current state bonded debt.
4. The bill provides for a statewide competitive grant program for future school construction needs. This means that future school construction funds will be distributed from one construction account. Regulations will be developed to determine priority status of projects and a process of appeal.

The purpose of this bill is to address the state's bonded school construction debt and to control future capital improvement spending in view of the current state financial situation.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Resolution 211

Supporting Proposed New School Construction Legislation


WHEREAS, the Alaska Coalition for Education has been working to draft legislation replacing the current debt retirement system with a school construction grant program; and,

WHEREAS, the Fairbanks North Star Borough Board of Education's support of any new program for funding school construction is contingent on state reimbursement of existing bond indebtedness and upon equitable treatment of both organized boroughs and REAA's; and,

WHEREAS, the Fairbanks Board of Education believes the most recent draft legislation (6-0083E, dated 11/9/88) with its amendment providing a 90-10% ratio between debt reimbursement and new construction funds addresses most of their concerns;

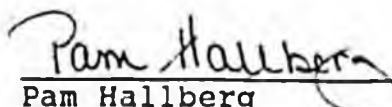
NOW, THEREFORE, BE IT RESOLVED that the Fairbanks Board of Education supports the most recent version of "An Act relating to insurance for school facilities and equipment and state aid for school construction," along with the aforementioned amendment, provided that the proposed legislation includes specific language acknowledging the state's responsibility to provide for the capital needs of on-base schools.

PASSED AND APPROVED DECEMBER 6, 1988.



Mike Kramer, President
Board of Education

ATTEST:



Pam Hallberg
Secretary to the Board

Kodiak Island Borough School District Board of Education

Position on 1989 Proposed Legislation

SB-10 Educational Funding Deadlines

The Kodiak School Board supports the concept of early funding of the foundation program prior to March 15, 1989. Early funding prior to that date will enable school districts to know the level of state support prior to the issuance of tenured teacher contracts. In addition, it is critical that full funding of the educational unit remain at the \$60,000 level.

HB-15, HB-31, SB-15 Collective Bargaining

The Kodiak School Board opposes collective bargaining legislation resulting in binding arbitration in any form. If legislation is passed resulting in binding arbitration local school districts must be protected from an increase in operating costs due to arbitration. Terms and conditions of employment should also be considered as part of any legislation on binding arbitration.

HB-6 Pacific-Rim Language

The Kodiak School Board supports legislation to assist local school districts to provide Pacific-Rim language study programs. The Kodiak School District has close ties with many Pacific-Rim nations through our fisheries and also has a large migrant population from several Pacific-Rim nations.

HB-37 School Construction

The Kodiak School Board is supportive of legislation that supports payment of the bonded indebtedness of Borough and City school districts. The school district is also supportive of the grant program to fund future school projects, provided that the criteria used to establish placement of those projects on a state-wide priority basis are objective and clear to all districts. The criteria as presented for the grant program are acceptable as submitted in the bill. Department of Education regulations must be implemented to ensure that the criteria meet the test of objectivity and clarity.



KETCHIKAN GATEWAY BOROUGH
SCHOOL DISTRICT

MEMORANDUM

TO: Alaska Coalition for Education

FROM: Dick Clevenger, Superintendent
Ketchikan Gateway Borough School District

DATE: November 29, 1988

RE: Proposed School Construction Bill (formerly HB 380)

First I would like to apologize for not being in attendance, but local negotiations demand my time and efforts on this date. On behalf of my Board of Education and School District I want to commend the Coalitions efforts to speak to the educational priorities of the State of Alaska. Trying to represent the diversity of the Alaskan educational community is not an easy task.

Please inform Representative Swackhammer we support his efforts to reduce current construction debt and control new construction costs. It appears that the recent draft of the school construction bill calls for accountability on the part of both those submitting construction request and those responsible for approving such requests. Understanding the realities of the political process and the requirement to speak to all sides of an issue - Sec. 14.11.127 Allocation of Appropriation For School Construction (percentages) represents a necessary item for the bills success as it travels the legislative road to passage.

Again Ketchikan has a real need, asbestos and the related renovation/construction costs at Kayhi. A need we have no control over, but one we are willing to meet as a district and community. Ketchikan

Alaska Coalition for Education

November 29, 1988

Page -2-

ranks at the top in the state for local financial support of education, we have maintained the high school facility for 34 years, while many others have built for the sake of building. We would hope that Ketchikan does not have to pay a price for being fiscally responsible.

Once again we support the logic of retiring past construction debt and controlling new construction costs. Certainly we support accountability when it comes to spending educational dollars. Please let me know the results of the December 8th meeting.



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217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801

Resolution of the School Construction Debt Reimbursement Issue

The Alaska Municipal League supports the reintroduction and passage of legislation that would establish a system of financing all school construction by grants.

Background

The Alaska Municipal League believes that greater equity and certainty need to be brought into the school construction financing programs in the State of Alaska and that reasonable cost containment and control may be appropriate. The basic approach taken in House Bill 380, as introduced and as refined during the Fifteenth Legislature, would be a major step in implementing such measures as well as addressing the concerns of the State. The need for new school facilities has leveled off recently and the Legislature should take advantage of this opportunity to revise the program during a time when participants may make a more dispassionate and unbiased review of proposed changes than would be possible when the demands for new school construction are heavy and increasing.

The current system used by the State of Alaska to construct or assist in the cost of constructing schools has several problems. The problems vary depending on the perspective of the viewer. The state administration believes that the burden of the school debt reimbursement program is affecting or will affect the State's credit rating, particularly if the reimbursement obligation continues to expand. There is also some concern on the part of state officials that districts' deferred or poor maintenance practices are resulting in unnecessary major repairs; that districts are not adequately insuring school facilities; that districts are acquiring excessive amounts of equipment or equipment not related to the construction project; and that some districts are building facilities that are more expensive than they should be.

From the perspective of the municipalities, funding uncertainty, local control, and inequity are the main problems of the current program. In incurring debt for school construction, municipalities rely on the statutory entitlement for reimbursement (AS 14.11.100), which the Legislature may or may not fully fund from year to year. Municipalities and their voters have made financial decisions

from year to year. Municipalities and their voters have made financial decisions based on the reimbursement rate in effect when they proposed bonding for school construction and based their long-range budget and financial plans on this obligation and commitment of the State. However, as state resources have shrunk in recent years and the Legislature has underfunded this entitlement program, these decisions and plans have been undermined by uncertainty. The funds available for the debt reimbursement program have been prorated to eligible communities, and the municipal budget process has been upset.

For municipalities with a heavy school construction debt burden and in which education is a major function, underfunding of debt reimbursement can place a heavy burden on local budgets and millage rates. For example, a 10 percent underfunding of entitlement would have an impact equal to about .75 mills in property tax in the Kenai Peninsula Borough, 1.1 mills in the Matanuska-Susitna Borough, and .61 mills in the Fairbanks North Star Borough, based on FY 89 property values and reimbursement entitlements. These translate into millage increases of 13, 16, and 5.5 percent respectively.

Cities and boroughs that have been able to obtain direct legislative grants for school construction are less affected by underfunding of the reimbursement program, and REAA communities are not affected at all by such underfunding. Both the reimbursement program itself and the disparate impacts of underfunding raise serious constitutional questions of equity.

In 1987 the Department of Education brought together a committee consisting of legislators, Department of Education officials, and local government and education officials or their representatives in response to Governor Steve Cowper's expressed interest in finding an alternative approach to funding school construction. The recommendation of the committee was that funding of all school construction, whether REAA, city, or borough, be a state responsibility. The committee recommended that the Department of Education adopt regulations setting out standards for school construction that would help control excessive costs. The program would also address insurance and deferred maintenance problems.

Under the committee's proposal, the Legislature would establish standards for prioritizing school construction needs statewide, and the department would refine these standards. Procedures would be established for the municipalities and REAAs to submit requests for school construction and other capital needs to the State. The department would then evaluate and prioritize the requests and the State Board of Education would approve a final prioritization of the requests. A request to fund school construction would be made to the Legislature and funds appropriated would then be committed to the construction of the facilities in the

order of their priority. Facilities that were too low on the priority list to receive funding would be reconsidered for funding in the following year.

The State would provide a grant for the full, approved, construction cost of priority projects. If a municipality wanted to build more than what had been approved by the State or to construct a project that was too low a priority to be funded, it could do so with its own funds.

Following the committee's recommendation, the Legislature would be encouraged to fund all school projects under this program and not make special direct legislative grants for school facilities. Legislators would, instead, have an incentive to work for a funding level that would be adequate to include their particular projects.

The existing debt reimbursement program would be phased out but would continue for debt and expenditures incurred or authorized under the program prior to a cutoff date. The administration would be required to request full funding of the reimbursement entitlement each year in its budget request to the Legislature until all existing debt had been retired. Another approach to financing existing debt which the League supports is placing a proposition on the ballot for the next statewide general election that would enable the State of Alaska to sell its general obligation bonds to refinance all existing municipal school debt.

The recommended approach to school construction financing would:

1. Put a cap on the reimbursement obligation of the State with a commitment by the Legislature to fully fund the existing reimbursement program each year until current debt has been paid off.
2. Establish a system of funding school construction that would equitably consider needs on a statewide basis without consideration of the type of school district involved.
3. Eliminate the need for municipalities to incur debt to finance their basic school construction needs.
4. Give the State the ability to get better control over the "unnecessary" costs associated with school construction but still leave room for "upgrading" of school facilities to the extent municipalities are willing to pay for such upgrading.
5. Encourage the Legislature to fully fund statewide school construction debt and debt reimbursement needs resulting from the current program.

6. Rationalize the decision-making process involved in selecting which schools will be built.

This concept was incorporated into House Bill 330 introduced during the second session of the Fifteenth Legislature (1988) and passed by the House. The Senate Finance Committee proposed a substitute that would have extended the freeze on new debt reimbursement authorizations until June 30, 1989, and would have established a task force to review the problem and make recommendations. Neither version of the bill passed the Senate.

It is the League's understanding that Representative C.E. Swackhammer has prefiled a bill on school construction financing that includes many of the concepts supported by the Alaska Municipal League.

On January 3, 1989 the sub-committee appointed by the coalition for education met in Anchorage to discuss two concerns relating to HB37. Concern number one involved the appeal process that is written into the bill. Concern number two related to the application of the criteria for project evaluation by the Department of Education.

Consensus of the committee was that if the criteria for prioritization was reviewed and modified that the concern relating to the appeal process would be greatly reduced. As a result of this decision a committee was appointed to review the Department's present process for evaluating projects.

This committee consisted of the following people:

James Tozer, Chair, Department of Education
Rick Arndt, Anchorage School District
John Dahlgren, Kenai Peninsula Borough Schools
John Witteveen, Kodiak Island Borough Schools
Len Mackler, Fairbanks North Star Borough Schools
Richard Holden, Consultant for Bering Strait Schools
Harry Rogers, Valdez City Schools
Ed Gonlon, Bering Strait Schools was to appoint a
Superintendent to represent small school districts.

On January 12, 1989, this committee met in Anchorage and reached the following conclusions:

1. The seven categories contained in the bill and currently used by Department would remain unchanged.
2. Number of students affected would no longer be a consideration in prioritizing projects.
3. The Bill would remain unchanged with regard to the department's role in project prioritization.
4. The Department by regulation would develop criteria and procedures for project evaluation and prioritization within the seven identified categories.
5. The District's ranking of its own projects.
6. If two or more projects are rated in such a manner as to cause a tie, the projects will be listed as a tie.
7. On-site visits by DOE staff before prioritization of Health Life Safety projects.

After reaching these conclusions the committee made the following recommendations concerning the means for prioritizing projects in the top two categories. In order to be eligible for consideration as a priority one project the district must clearly demonstrate that conditions exist which are a direct threat to the life, health and/or safety of the building occupants, in this case building occupants refers primarily to school children. It is further recommended that the Department develop a check list for evaluating individual projects with respect to the following:

1. Fire code violations as documented by the State Fire Marshal and the evaluation of corroborating evidence provided by A&E Firms, building maintenance personnel.
2. Structural problems which if left unattended could result in structural failure. Such structural problems must be identified by a structural engineer, building maintenance personnel, DOE staff, or other qualified technical experts.
3. Problems, or potential problems, relating to sewage, water, air, and/or hazardous materials as identified by the Department of Environmental Conservation and/or supported by other evidence supplied by the District.
4. The availability of alternative means to house students or otherwise provide the required educational services.
5. The number of years that the project has been on the Department's prioritize list and not funded.
6. Emergency situations or natural disasters which have caused total or partial destruction of the facility.

The committee's recommendations for priority type two, unhoused students, are as follows:

1. Number and/or percentage of students over the building's design capacity.
2. Demographic analysis of community or District.
3. Number of years project has been on the Department's priority list but remain unfunded.
4. Analysis of existing alternatives and District's capabilities for alternative housing and the District's current solution to the existing problem.

Due to time constraints and other considerations the committee chose not to review the last five categories. If the coalition of education approves the means described above for prioritization of projects within the first two categories, the Committee would be willing to continue to address the remaining categories in a similar manner.

HOUSE COMMITTEE REPORT

427

Date Referred: January 9, 1989

FURTHER REFERRALS: HESS
FINANCE

Date of Committee Action: 1/26/89

HB 37

The LABOR & COMMERCE Committee recommends that:

HOUSE BILL NO. 37 [STATE AID FOR SCHOOL CONSTRUCTION]
"An Act relating to insurance for school facilities and equipment and state aid for school construction; and providing for an effective date."

[X] be replaced with CS HB37 (L+C) [] the same title
[] have attached amendment(s) [] a new title

[] have attached amendment(s)

- [] do pass
- [] do not pass
- [X] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

- ATTACHES NEW FISCAL NOTE(S):
- [] fiscal impact
 - [X] zero fiscal note *Education*
 - [] zero with analysis

- APPROVES PREVIOUS:
- [] fiscal note(s) published: _____
 - [] zero fiscal notes(s) published: _____

SIGNING DO PASS:

- _____ Donley
- _____ Boyer
- _____ Spohnholz
- _____ Boucher
- _____ Gruenberg
- _____ Collins
- _____ Lemun
- _____
- _____
- _____

SIGNING OTHER THAN DO PASS: (Do Not Pass, No Recommendation, Amend)

- _____ *K. Donley (no rec)*
- _____ *Mark Boyer (no rec)*
- _____ *Al. Spohnholz (no rec)*
- _____ *Ed. Boucher no rec*
- _____ *My Gruenberg no rec*
- _____ *Collins (no rec)*
- _____ *Don Lemun (no rec)*

K. Donley
Chairman's signature

FY85-FY89 SCHOOL CONSTRUCTION FUNDING

	DOE PRIORITY ONE REQUESTS		ACTUAL FUNDING	
	<u>REAA</u>	<u>MUNICIPALITY</u>	<u>TOTAL \$ FUNDED</u>	<u>PRIORITY 1 FUNDED</u>
FY85	14,817.0	33,564.0	162,784.3	22,599.3
FY86	16,230.0	24,965.6	46,011.9	5,794.2
FY87	21,131.2	11,486.1	28,522.0	15,817.0
FY88	12,843.0	7,010.0	7,968.8	5,864.6
FY89	11,078.8	12,084.2	16,068.2	6,965.0
FY90	18,451.7	17,917.1		

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL
Bering St.	23	1989	School Dist code upgrade	500.0		1 (1)	capital
Metlakatla	2	1989	Annette School Roof Replace	650.0		1 (2)	capital
Kotzebue	22	1989	Jr. High renovation	3500.0		1 (3)	capital
McGrath	24	1989	Sch Dist waste water	450.0		1 (4)	capital
Nome	23	1989	Nome Beltz-life/safety upgrade	500.0		1 (5)	capital
Kipnuk	25	1989	School replacement	500.0		1 (5)	capital
Fire Cove	1	1989	Fire Cove Floating School	865.0		1 (7)	reapprop
Seward	6	1989	Design & Construct Elem School	2150.0		2 (7)	reapprop
Allakaket	24	1989	School design & planning	145.0		6 (44)	reapprop
Ketchikan	1	1989	Various projects	698.3			reapprop
Sitka	3	1989	High School residing	100.0			capital
Anchorage	7	1989	N. Lights Elem Hlth/Saf/Lib	30.0			reapprop
Anchorage	7	1989	Huffman Elem Access lighting	50.0			reapprop
Anchorage	7	1989	Bayshore School misc improve	40.0			reapprop
Anchorage	7	1989	Abbott Loop School recarpeting	47.6			reapprop
Anchorage	7	1989	Rogers Park School improve	40.7			reapprop
Anchorage	7	1989	Taku School classroom wall	6.0			reapprop
Salcha	18	1989	FNSB-Salcha Elem int. renovate	20.2			reapprop
Fairbanks	19	1989	Far North Sch outdoor PE fac	20.0			reapprop
Fairbanks	20	1989	FNSB-school repairs & upgrade	389.0			reapprop
Barrow	22	1989	Barrow Ipalook Sch-disaster	317.6	3727.7		specapp
Wainwright	22	1989	School fire-disaster	1199.3			specapp
Bering St.	23	1989	Water system upgrade	70.0			reapprop
Aniak	24	1989	Yupit Sch Dist sewer plant	51.8			reapprop

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL.
NW Arctic	22	1988	Dist health & life saefty proj	425.0		1 (1)	capital
Bering St.	23	1988	Dist health & life safety proj	425.0		1 (1)	capital
SW Region	26	1988	Dist health & life safety proj	400.0		1 (2)	capital
Fairbanks	20	1988	Joy School asbestos remove	500.0		1 (3)	capital
Nome	23	1988	Dist health & life safety proj	900.0		1 (4)	capital
Kipnuk	25	1988	School replacement	500.0		1 (5)	capital
Yupitit	25	1988	Water/sewer replace	100.0		1 (5)	capital
Thorne Bay	2	1988	Classroom Completion	600.0		1 (6)	capital
Pribilof Island	26	1988	Boiler replace, dist code upg	212.6		1 (7)	capital
Chignik Lag.	27	1988	Chignik Lagoon school	1802.0		1 (8)	capital
Glennallen	17	1988	Glennallen school	100.0		2 (9)	capital
SE Island	2	1988	Dist generator upgrade	65.0		3 (16)	capital
Tok	17	1988	K-12 school	240.0		4 (24)	capital
Anchorage	7	1988	Aurora Elem site dev, improve	62.5		6 (52)	capital
Anchorage	7	1988	Ptarmigan Elem site dev.	62.5		6 (67)	capital
Anchorage	7	1988	Susitna El handicapped play	200.0		7 (115)	capital
Anchorage	7	1988	Eagle River Elem rec grounds	25.0		7 (122)	capital
Anchorage	7	1988	Gruening Jr Hi safety lights	9.2			capital
Mat-Su	16	1988	Skwetna School play equip	10.0			capital
Fairbanks	19	1988	Northern Lts school site	100.0			capital
Holy Cross	24	1988	School completion	1170.0			capital
Kuspuk	24	1988	Sleetmute school sewer	60.0			capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL.
Kotzebue	22	1987	Elem sch remodel & addition	5400.0		1 (1)	capital
Nome	23	1987	Elem school Phase 2	5670.0		1 (1)	capital
Klawock	2	1987	Fire safety upgrade	50.0		1 (3)	capital
SW Region	26	1987	School power generation fac	630.0		1 (3)	capital
Thorne Bay	2	1987	School Relocate Phase 2	1200.0		1 (4)	capital
Tanana	24	1987	Dist fire/safety code upgrade	67.0		1 (4)	capital
Holy Cross	24	1987	Elem school replace	1900.0		1 (5)	capital
Perryville	27	1987	School addition	900.0		1 (6)	capital
Glennallen	17	1987	Secondary school-Phase 2	1800.0		2 (09)	capital
Glennallen	17	1987	Copper Rvr School Dist-Phase 2	700.0		2 (09)	reapprop
Unalakleet	23	1987	Elem school replace	4080.0		2 (11)	capital
Huslia	24	1987	School addition	750.0		2 (14)	capital
Chenega Bay	6	1987	Phase 1 site prep	80.0		2 (15)	capital
Annette Island	2	1987	Elem school add-Phase 2	2250.0		2 (8)	capital
Cordova	6	1987	Roof retro fit & repair	400.0		4 (26)	capital
Kipnuk	25	1987	School	750.0		4 (29)	reapprop
Chalkysitsk	24	1987	School construct & repair	1000.0		4 (35)	reapprop
Adak	27	1987	Sch improve, equip & material	130.0		6 (42)	reapprop
Tatitlek	6	1987	Classroom	100.0		6 (47)	capital
Craig	2	1987	High School add & remodel	100.0			reapprop
Soldotna	5	1987	School aquatic timing system	25.0			reapprop
Whittier	6	1987	School renovate & replace	40.0			capital
Eagle	17	1987	School water well	300.0			capital
Naknek	26	1987	School constr	200.0			capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL
Anchorage	7	1986	Asbestos removal	1948.0		1 (1)	capital
Kodiak	27	1986	School expansion, upg. repair	2000.0		1 (2)	capital
Craig	2	1986	High school renovate & constr	941.0		1 (3)	capital
Thorne Bay	2	1986	Thorne Bay School Constr	.0	635.0	1 (4)	capital
Thorne Bay	2	1986	School Constr Phase 1	270.2		1 (4)	reapprop
Klawock	2	1986	Elem school addition	800.0		2 (10)	capital
Yakutat	2	1986	Elem school design & construct	300.0		2 (11)	capital
Manly	24	1986	School upgrade	1000.0		2 (11)	capital
Hope	6	1986	New school	.0	100.0	2 (12)	capital
Anchorage	7	1986	Chugiak High School Constr	5500.0	6966.0	2 (4)	capital
Annette Island	2	1986	Elem school add. construct	1000.0		2 (6)	capital
Mat-Su	16	1986	School construction & remodel	1010.0		2 (6)	capital
Tununak	25	1986	Elem school add, Phase 1	2300.0		2 (8)	capital
Tununak	25	1986	Elem school add, Phase 1	700.0		2 (8)	reapprop
NW Arctic Boro	22	1986	Major maintenance	800.0		3 (14)	capital
Fairbanks	19	1986	FNSB-school fire/life safety	160.0		3 (15)	capital
Koughtaling	1	1986	School roof rebuild, code upgr.	545.0		3 (17)	capital
Sitka	3	1986	Blatchley Jr HI handicap acc.	20.0		5 (30)	capital
Anchorage	7	1986	Denali School rehab	1200.0		5 (31)	capital
Tatitlek	6	1986	Oil tank berm liner maint	25.0		5 (32)	capital
St. Mary's	24	1986	Community Ed bldg	150.0		6 (103)	capital
Fairbanks	19	1986	FNSB-school roof repairs	434.2		6 (33)	capital
Delta/Greely	17	1986	Classroom replace, media ctr	734.6		6 (36)	reapprop
Kivalina	22	1986	Elem school	1200.0		6 (46)	capital
Fairbanks	19	1986	Tanana Jr. HI addition	1282.0		6 (51)	capital
Anchorage	7	1986	Huffman Elem School Constr	3000.0		6 (70)	capital
Cordova	6	1986	School cafeteria	100.0		6 (90)	capital
Haines	2	1986	School emer. repairs	30.0			capital
Hydaburg	2	1986	School repairs & improvements	15.0			capital
Tenakee Springs	3	1986	Construction Phase 2	318.7			capital
8 Fathom Bight	3	1986	Modular School	175.0			capital
Soldotna	5	1986	Elem school safety path	40.0			capital
Whittier	6	1986	School modification-Phase 2	300.0			capital
Anchorage	7	1986	Sand Lake School Constr	3300.0			capital
Anchorage	7	1986	Mt. View Elem site dev	281.0			capital
Anchorage	7	1986	Williwaw School repairs	272.0			capital
Glennallen	17	1986	Secondary school construction	3000.0			capital
Fairbanks	20	1986	FNSB-roof repairs	109.2			reapprop

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL
Anvik	24	1986	School roof repair	50.0			reapprop
Stevens Vill.	24	1986	School completion	1000.0			capital
Venetie	24	1986	School Phase 2	400.0			capital
Venetie	24	1986	Elem school constr	1000.0			reapprop
Akutan	26	1986	School completion	210.0			capital
False Pass	26	1986	School completion	390.0			capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY (RANK)	BILL
Fairbanks	19	1985	Asbestos removal	1385.0		1 (1)	capital
Nome	23	1985	Elem school Phase 1	5000.0		1 (10)	reappropriation
Kake	2	1985	Fire safety/upgrade	616.0		1 (12)	capital
Anchorage	7	1985	Asbestos removal	10101.3		1 (2,3,5,7)	capital
Tri-Valley	17	1985	Health/life safety upgrade	2500.0		1 (3)	capital
Anchorage	7	1985	East High asbestos removal	26.0		1 (4)	capital
Anchorage	7	1985	Clark Jr HI asbestos removal	351.0		1 (6)	capital
Brevig Mission	23	1985	School improvements	2600.0		1 (6)	capital
Sitka	3	1985	Pressure vessel replacement	20.0		1 (9)	capital
Mentasta Lake	17	1985	Tobeluk-High school constr	1600.0		2 (00)	capital
Tetlin	17	1985	Tobeluk-High school constr	1600.0		2 (00)	capital
Hooper Bay	23	1985	Tobeluk-High school constr	600.0		2 (00)	capital
Beaver	24	1985	Tobeluk-High school constr	1705.0		2 (00)	capital
Takotna	24	1985	New school construction	1100.0		2 (00)	capital
Takotna	24	1985	School construction	1100.0		2 (00)	capital
Venetie	24	1985	School construction	700.0		2 (00)	capital
Whittier	6	1985	Gymnasium/multi-purpose room	2038.0		2 (13)	capital
Minto	24	1985	Sec. school addition	1000.0		2 (14)	capital
Anchorage	7	1985	Eagle River Elem Sch add.	4644.0		2 (15)	capital
SE Isl. Schools	2	1985	Dist school construction	630.0		2 (16 & 19)	capital
Gakona	17	1985	Sch remodel, multi-purp room	400.0		2 (17)	capital
Yakutat	2	1985	High school addition & remodel	2250.0		2 (18)	capital
Galena	24	1985	Elem school addition	3000.0		2 (19)	capital
Mosquito Lake	2	1985	School site work	34.0		2 (21)	capital
Tenakee Springs	3	1985	Tenakee School	1300.0		2 (21)	capital
False Pass	26	1985	Tobeluk-High school constr	785.0		2 (22)	capital
Russian Miss.	24	1985	Tobeluk-High school constr	500.0		2 (23)	capital
Stevens Vill.	24	1985	Tobeluk-High school constr	1800.0		2 (24)	capital
Wales	23	1985	Tobeluk-High school constr	1700.0		2 (25)	capital
Clarks Point	26	1985	K-12 school constr	1750.0		2 (29)	reappropriation
Grayling	24	1985	School improvements	130.0		2 (31)	capital
Birch Creek	24	1985	Tobeluk-High school constr	250.0		2 (32)	capital
Akutan	26	1985	Tobeluk-High school constr	677.0		2 (33)	capital
Oscarville	25	1985	Tobeluk-High school constr	275.0		2 (35)	capital
Glennallen	17	1985	Secondary school replacement	1000.0		2 (7)	capital
Fairbanks	19	1985	School district roof replace	800.0		3 (22)	capital
Fairbanks	19	1985	Woodrider roof repairs	30.0		3 (22)	capital
Juneau	4	1985	District wide major maint	2250.0		3 (23)	capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY (RANK)	BILL.
Petersburg	2	1985	High school remodel	3500.0		3 (26)	capital
Anchorage	7	1985	Russian Jack roof & drainage	127.0		3 (27)	capital
Sitka	3	1985	Jr. High repairs	270.0		3 (28)	capital
Kake	2	1985	Upgrade/Design/Ph 1 Constr	1900.0		3 (29)	capital
Petersburg	2	1985	Elem School playground design	23.9		3 (30)	capital
Bristol Bay	26	1985	School dist improvements	300.0		3 (32)	capital
St. Mary's	24	1985	Code upgrade	550.0		3 (33)	capital
St. Mary's	24	1985	Code upgrade	200.0		3 (33)	capital
Thorne Bay	2	1985	School floor repair	35.0		3 (36)	capital
Sitka	3	1985	High School repairs	100.0		3 (85)	capital
Mat-Su	16	1985	School dist computer system	400.0		4 (34)	capital
Mat-Su	16	1985	School district warehouse	1000.0		4 (35)	capital
Delta/Greely	17	1985	School central fuel storage	60.0		4 (38)	capital
Yukon-Koyukuk	24	1985	District wide upgrade	1250.0		4 (39)	capital
Quinhagak	25	1985	School Phase 1	1000.0		4 (43)	capital
Chinhagak	25	1985	Elem school Phase 1	2500.0		4 (43)	reapprop
Skagway	2	1985	Skagway School Constr	1500.0		4 (46)	capital
Napaskiak	25	1985	School improvements	2800.0		4 (46)	capital
Northway	17	1985	New classrooms	450.0		4 (49)	capital
Mekoryuk	25	1985	School improvements	1900.0		4 (50)	capital
Eagle	17	1985	Eagle School replacement	2750.0		4 (52)	capital
Tuntutuliak	25	1985	Elem School relocate	60.0		4 (53)	capital
Chalkyitsik	24	1985	Tobeluk-High school constr	1250.0		4 (55)	capital
Thorne Bay	2	1985	Voc/spec service add	523.0		4 (85)	capital
Fairbanks	19	1985	Major rehab & renovation	1200.0		5 (47)	capital
Anchorage	7	1985	Baxter Elem roof & mult. purp.	70.0		5 (52)	capital
Nenana	17	1985	High school completion	5800.0		5 (57)	capital
Lake & Pen.	26	1985	Dist wide code upgrade	150.0		5 (60)	capital
Chignik Lagoon	27	1985	Major repairs	130.0		5 (60)	capital
Perryville	27	1985	Major repairs	140.0		5 (60)	capital
King Cove	26	1985	High school completion	3200.0		6 (105)	capital
Anchorage	7	1985	Girdwood Elem classrooms	1622.0		6 (107)	capital
Anchorage	7	1985	Sect. 16 Elem School Constr	10202.6		6 (115)	capital
Anchorage	7	1985	Voc Ed equip & fac remodel	1500.0		6 (116)	capital
Anchorage	7	1985	Diamond/Mears fire alarm upgr.	150.0		6 (61)	capital
Fairbanks	19	1985	Lathrop design & engineering	290.0		6 (64)	capital
Ruby	24	1985	Voc agr. facility upgrade	489.0		6 (64)	capital
Anchorage	7	1985	Wendler Jr. High maintenance	236.0		6 (65)	capital
Fort Greely	17	1985	Multi purp room & renovate	3000.0		6 (65)	capital
Anchorage	7	1985	Clark Jr Hi major maint	716.0		6 (66)	capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY (RANK)	BILL
Tok	17	1985	Energy upgrade or move site	1000.0		6 (67)	capital
Delta Junction	17	1985	Delta-Voc Ed Bldg completion	400.0		6 (68)	capital
Fairbanks	19	1985	W. Valley storeroom addition	440.0		6 (68)	capital
Kodiak	27	1985	H.S. auditorium & elem sch	900.0		6 (70 & 91)	capital
Ft. Yukon	24	1985	Voc Ed student housing	450.0		6 (71)	capital
Mt. Village	24	1985	Elem school replace	2321.0		6 (72)	capital
Tanana	24	1985	School eng., plan & design	150.0		6 (73)	capital
Holy Cross	24	1985	Elem school constr	1450.0		6 (74)	reapprop
Chuathbaluk	24	1985	Elementary addition	1000.0		6 (81)	capital
Hoonah	2	1985	Multi Purpose Ed. Facility	2012.5		6 (96)	capital
Dillingham	26	1985	Elem school addition	1400.0		6 (98)	capital
Dillingham	26	1985	Elem school addition	1400.0		6 (98)	capital
Anchorage	7	1985	Clark School	34.2		7 (147)	capital
North Pole	18	1985	School land purchase	130.0		7 (148)	capital
Anchorage	7	1985	Central ABC School	35.6		7 (149)	capital
Anchorage	7	1985	Mt. View heat/ventilation	273.0		7 (166)	capital
Anchorage	7	1985	Bayshore Elem site dev.	410.0		7 (174 & 175)	capital
Anchorage	7	1985	Huffman School design	350.0		7 (187)	capital
Anchorage	7	1985	Sand Lake Elem	350.0		7 (192)	capital
Anchorage	7	1985	Susitna Elem carpeting	65.0		7 (193)	reapprop
Anchorage	7	1985	Birchwood School paving	100.0		7 (198)	reapprop
Anchorage	7	1985	Fairview School	14.6		7 (201)	capital
Anchorage	7	1985	Williwaw School	14.1		7 (207)	capital
Anchorage	7	1985	Government Hill School	13.3		7 (210)	capital
Anchorage	7	1985	Gov't Hill stage add. plan	77.5		7 (210)	capital
Anchorage	7	1985	Inlet View School	12.4		7 (213)	capital
Anchorage	7	1985	Inlet View remodel & enlarge	332.3		7 (214 & 215)	capital
Anchorage	7	1985	Inlet View Elem library	693.6		7 (215)	capital
Anchorage	7	1985	Denali Fundamental School	9.3		7 (217)	capital
Anchorage	7	1985	Chugach Optional School	438.6		7 (218)	capital
Anchorage	7	1985	Chugach Optional school site	290.7		7 (219)	capital
Kotzebue	22	1985	Tech center dorm	1700.0		7 (88)	capital
Crooked Crook	27	1985	School warm storage	200.0		7 (90)	capital
Cube Cove	2	1985	Cube Cove School	150.0			capital
Hydaburg	2	1985	Teacher housing	90.0			capital
SE Isl. Schools	2	1985	Teacher housing/logging camps	165.0			capital
Sitka	3	1985	Dist maintenance bldg	240.0			capital
Sitka	3	1985	Dist maintenance bldg	957.0			capital
Kenai Pen Boro	5	1985	Tustemena & Nikiski earth stat	10.0			reapprop
Chenega	6	1985	School water/sewer lin	132.0			capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY (RANK)	BILL
Anchorage	7	1985	Fire Lake Elem School	9914.7			capital
Anchorage	7	1985	School district roof repair	1727.3			capital
Anchorage	7	1985	Denali School heating system	700.9			capital
Anchorage	7	1985	School dist micro-computer	153.6			capital
Anchorage	7	1985	Airport Hts. Elem	11.2			capital
Anchorage	7	1985	Chugiak Jr HI add design	1400.0			capital
Anchorage	7	1985	Northern Lts ABC School design	500.0			capital
Anchorage	7	1985	Save One School equip	100.0			capital
Anchorage	7	1985	School site acquisition	1500.0			capital
Anchorage	7	1985	Muldoon School library	212.6			capital
Anchorage	7	1985	Ptarmigan Elem lights & safety	150.0			capital
Anchorage	7	1985	Abbott Loop School design	100.0			reappropriation
Mat-Su	16	1985	Butte Elem playground	47.5			capital
Mat-Su	16	1985	Snowshoe Elem School equip	30.0			capital
Mat-Su	16	1985	Portable classrooms	838.0			capital
Mat-Su	16	1985	Schools plan & design	250.0			capital
Palmer	16	1985	High school add design	500.0			capital
Palmer	16	1985	High school add. construction	1850.0			capital
Skwentna	16	1985	Elem playground erosion	25.0			capital
Wasilla	16	1985	Parks Hwy Elem Des/Cons/AC	3200.0			capital
Wasilla	16	1985	Sec school site acq & design	500.0			capital
Tok	17	1985	Unheated sports fac complete	500.0			capital
North Pole	18	1985	North Pole hockey arena design	87.0			capital
Fairbanks	19	1985	Joy School improvements	575.0			capital
Fairbanks	19	1985	Lathrop auditorium rehab	2450.0			capital
Fairbanks	19	1985	W. Valley track completion	390.0			capital
Fairbanks	19	1985	School dist agri. equip	100.0			capital
Fairbanks	19	1985	Univ. Park Elem energy manage	79.5			capital
Fairbanks	19	1985	W. Valley men's showers rehab	40.0			capital
Fairbanks	19	1985	Woodriver playground equip	25.0			capital
Fairbanks	19	1985	Woodriver Elem energy manage.	50.0			capital
Barrow	22	1985	NSB-Barrow Voc Ed fac	463.5			capital
Selawik	22	1985	Library/multi use fac & equip	400.0			capital
Shageluk	24	1985	School planning & design	250.0			capital
Stony River	24	1985	Elem school completion	440.0			capital
Atmautluak	25	1985	School sewage lagoon	150.0			capital
Newtok	25	1985	School sewage lagoon	100.0			capital

Tom Wright / Rep. Swackhammer

1	2	3	4
1	ALASKA DEPARTMENT OF EDUCATION		
2	DEBT RETIREMENT FY76 - FY89		
3	ENTITLEMENT VS. ACTUAL STATE AID		
4	UPDATED 1/30/89		
5	[DISTRIBUTION COPY]		
6	-----		
7	FISCAL	ACTUAL	STATE AID
8	YEAR	STATE	% OF
9		AID	ENTITLEMENT
10	-----		
11			
12	FY-76	\$9,242,312	\$8,810,500 95.33%
13	FY-77	\$10,107,336	\$9,051,600 89.55%
14	FY-78	\$11,408,304	\$11,408,304 100.00%
15	FY-79	\$27,868,182	\$22,273,300 79.92%
16	FY-80	\$30,823,133	\$24,081,000 78.13%
17	FY-81	\$38,380,174	\$38,380,174 100.00%
18	FY-82	\$38,262,156	\$38,262,156 100.00%
19	FY-83	\$60,772,910	\$56,169,700 92.43%
20	FY-84	\$90,600,074	\$90,600,074 100.00%
21	FY-85	\$93,161,981	\$93,161,981 100.00%
22	FY-86	\$109,707,936	\$106,315,600 96.91%
23	FY-87	\$125,272,615	\$115,845,000 92.47%
24	FY-88	\$118,701,313	\$109,472,700 92.23%
25	EST. FY-89	\$118,536,667	\$109,034,809 91.98%
26			
27			

STATE OF ALASKA
THE LEGISLATURE

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Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. JESS 1-31-89

Original sponsors: Swackhammer, Navarre,
and C. Davis

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 37 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance for school facilities
7 and equipment and state aid for school construction;
8 division of duties between a borough and a borough
9 school board; and providing for an effective date."

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

11 * Section 1. AS 14.03 is amended by adding a new section to read:

12 Sec. 14.03.150. INSURANCE REQUIRED. (a) Each school district
13 shall purchase and maintain or provide proof of adequate property
14 insurance for the replacement cost of all school facilities and equip-
15 ment. Insurance purchased to comply with this section may contain a
16 deductible amount, if approved by the department. A school district
17 may comply with this section by initiating and maintaining a program
18 of self-insurance, if the department annually determines that the
19 school district has submitted adequate evidence of the district's
20 ability to self-insure for the replacement cost of all school facili-
21 ties and equipment. A copy of the insurance policy or other informa-
22 tion indicating compliance with this section shall be provided to the
23 department.

24 (b) If the department determines that a school district is not
25 insured as required under (a) of this section, the department shall
26 notify the school district of the determination. Unless the school
27 district obtains adequate insurance within 30 days after the school
28 district receives notice under this subsection, the department shall
29 purchase the insurance required by (a) of this section for that school

Original sponsors: Swackhammer, Navarre,
and C.Davis

IN THE HOUSE

CS FOR HOUSE BILL NO. 37 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

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and providing for an effective date."

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Sec. 14.03.150. INSURANCE REQUIRED. (a) Each school district shall purchase and maintain or provide proof of adequate property insurance for the replacement cost of all school facilities and equipment. Insurance purchased to comply with this section may contain a deductible amount, if approved by the department. A school district may comply with this section by initiating and maintaining a program of self-insurance, if the department annually determines that the school district has submitted adequate evidence of the district's ability to self-insure for the replacement cost of all school facilities and equipment. A copy of the insurance policy or other information indicating compliance with this section shall be provided to the department.

(b) If the department determines that a school district is not insured as required under (a) of this section, the department shall notify the school district of the determination. Unless the school district obtains adequate insurance within 30 days after the school district receives notice under this subsection, the department shall purchase the insurance required by (a) of this section for that school district.

1 (c) The department may not award a school construction grant
2 under AS 14.11 to a school district that is not in compliance with (a)
3 of this section. The department shall reduce the amount of state
4 foundation aid under AS 14.17.021 for which a school district may
5 qualify, by the amount, if any, paid by the department under (b) of
6 this section.

7 * Sec. 2. AS 14.07.020(a)(13) is amended to read:

8 (13) administer the grants awarded under AS 14.11 [AS 14.-
9 11.020];

10 * Sec. 3. AS 14.07.170 is amended by adding a new subsection to read:

11 (b) The board shall review grant applications recommended under
12 AS 14.11.013 and may approve grant applications under AS 14.11.015.

13 * Sec. 4. AS 14.08.101(7) is amended to read:

14 (7) recommend to the department projects for construction,
15 rehabilitation, and improvement of schools and education-related
16 facilities as specified in AS 14.11.011(b) [AS 14.11.010(a)], and
17 plan, design, and construct the project when the responsibility for it
18 is assumed under AS 14.11.020;

19 * Sec. 5. AS 14.11 is amended by adding a new section to read:

20 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is
21 created a school construction grant fund as an account in the general
22 fund. The fund shall be used to make grants to districts in the state
23 public school system for the costs of school construction. Legisla-
24 tive appropriations for school construction shall be deposited in the
25 fund, and the proceeds from the sale of general obligation bonds for
26 school construction may be deposited in the fund.

27 * Sec. 6. AS 14.11 is amended by adding new sections to read:

28 Sec. 14.11.011. GRANT APPLICATIONS. (a) A district may submit
29 a grant request to the department for a school construction grant.

1 (b) To be eligible for a school construction grant the district
2 shall submit

3 (1) a six-year capital improvement plan that includes a
4 description of the district's fixed asset inventory system and preven-
5 tive maintenance program no later than September 1 of the fiscal year
6 before the fiscal year for which the request is made; the six-year
7 plan must contain for each proposed project a detailed scope of work,
8 a project budget, and documentation of conditions justifying the
9 project; and

10 (2) evidence that the district has secured and will main-
11 tain adequate property loss insurance for the replacement cost of all
12 facilities for which state funds are available under AS 14.11.005 or a
13 program of insurance acceptable to the department.

14 Sec. 14.11.013. DEPARTMENT REVIEW OF GRANT APPLICATIONS. (a)
15 With regard to projects for which grants are requested under AS 14.-
16 11.011, the department shall

17 (1) annually review the six-year plans submitted by each
18 district under AS 14.11.011(b) and recommend to the board a revised
19 and updated six-year construction grant schedule that serves the best
20 interests of the state and each district; in recommending projects for
21 this schedule, the department shall verify that each proposed project
22 qualifies as a project required to

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

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

26 (C) protect the structure of existing school facil-
27 ities;

28 (D) correct building code deficiencies that require
29 major repair or rehabilitation in order for the facility to

1 continue to be used for the educational program;

2 (E) achieve an operating cost savings;

3 (F) modify or rehabilitate facilities for the purpose
4 of improving the instructional program;

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

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

9 (3) provide to the governor, by November 1, and to the
10 legislature within the first 10 days of each regular legislative
11 session, a revised and updated six-year construction grant schedule
12 together with a proposed schedule of appropriations.

13 (b) In preparing the construction grant schedule, the department
14 shall establish priorities among projects for which grants are re-
15 quested and shall award school construction grants in the order of
16 priority established. In establishing priorities the department shall
17 evaluate at least the following factors:

18 (1) emergency requirements;

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

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

22 (4) new local elementary and secondary programs;

23 (5) existing regional, community, and school facilities,
24 and their condition; and

25 (6) alternate education program options for accomplishing
26 the project's objectives.

27 (c) The department may reject project requests and omit them
28 from the six-year schedule due to

29 (1) incomplete information or documentation provided by the

1 district;

2 (2) a determination by the department that existing facili-
3 ties can adequately serve the program requirements, or that alterna-
4 tive projects are in the best interests of the state;

5 (3) a determination that the project is not in the best
6 interest of the state.

7 (d) The department shall reduce a project budget by the cost of
8 those portions of a project design that the department determines are
9 for construction of student residential space, planetariums, hockey
10 rinks, saunas, and other facilities for single purpose sporting or
11 recreational uses that are not suitable for other activities. This
12 subsection does not apply to funding for swimming pools that meet
13 criteria established by the department.

14 (e) By November 15, the department shall provide public notice
15 of the grant applications submitted under (a) of this section and the
16 priorities established under (b) of this section. After public notice
17 has been given, the department shall hold a public hearing on the
18 priorities established under (b) of this section. In this subsection,
19 "public notice" means notice published in a newspaper of general
20 circulation and notice to every person who has requested notice about
21 the grant application program from the department.

22 Sec. 14.11.015. APPROVAL OF GRANT APPLICATIONS. (a) The board
23 shall review grant applications that have been recommended by the
24 department under AS 14.11.013, and may approve a grant application if
25 the board determines that the project meets the criteria specified in
26 AS 14.11.013(a)(1). The department may not award a school construc-
27 tion grant unless the grant application is approved by the board.

28 (b) The department shall award grants approved under (a) of this
29 section in the order of the projects' priority on the date the

1 appropriation bill funding the school construction grant fund is
2 passed by the legislature, regardless of any appeal pending under
3 AS 14.11.016. Appeals pending under AS 14.11.016 at the time that
4 grants are awarded may not delay the funding of grants awarded under
5 this section.

6 (c) If a project is assigned a new priority ranking under AS 14.
7 11.016 after the date of passage by the legislature of the appropria-
8 tion bill for the school construction grant fund, the project must be
9 funded in accordance with the new priority ranking at the next time
10 that school construction grants are awarded.

11 Sec. 14.11.016. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) A
12 district may request reconsideration of a decision of the department
13 assigning a priority to the district's project, establishing the scope
14 of the project, or establishing the budget for the project. The
15 request must be in writing and must include a statement of the spe-
16 cific changes desired, and a summary of the evidence supporting the
17 district's claim that the department has erred in its review of the
18 district's grant application. A request for reconsideration must be
19 received by the department by the day of the public hearing held under
20 AS 14.11.013(e). The department shall review its decision on the
21 basis of the request by the district and determine whether its deci-
22 sion should be changed. The department shall issue its determination
23 in writing within 15 days after the last day of the public hearing
24 held under AS 14.11.013(e).

25 (b) A district may appeal an adverse decision of the department
26 under (a) of this section to the commissioner on the ground that the
27 department has not compl'ed with AS 14.11.013. The notice of appeal
28 must be in writing and must include a statement of evidence supporting
29 the district's claim that the department has not complied with

1 AS 14.11.013. The notice of appeal must be received by the commis-
2 sioner within 15 days after the department issues its determination
3 under (a) of this section. The commissioner shall issue a written
4 decision on the appeal within 15 days after receiving the notice of
5 appeal.

6 (c) A district may appeal an adverse decision of the commis-
7 sioner under (b) of this section by filing a written notice of appeal
8 with the board within 30 days after the date of the commissioner's
9 decision. The notice of appeal must state the legal and factual basis
10 for the appeal and the precise relief sought. The failure of the
11 district to include an issue in a notice of appeal constitutes a
12 waiver of the right to have the issue considered under this subsec-
13 tion. If the board finds that the notice of appeal does not raise a
14 reasonable issue of fact or law, it shall issue a written decision.
15 If the board finds that the notice of appeal raises a reasonable issue
16 of fact or law, the board shall appoint a hearing officer who is
17 qualified under AS 44.62.350(c) to conduct a hearing on those issues.
18 The hearing officer shall conduct a hearing on the issues raised in
19 the notice of appeal, make findings of fact and law, and recommend a
20 decision to the board within 60 days after the last day for filing a
21 notice of appeal with the board. The board shall consider the recom-
22 mended decision of the hearing officer at its next regularly scheduled
23 meeting and may adopt all, part, or none of the recommended decision
24 or may remand the issue to the hearing officer for further hearings.
25 The board shall issue its decision in writing.

26 (d) The board shall consolidate appeals under (c) of this sec-
27 tion, if the notices of appeal raise related issues of fact or law.

28 (e) A district may appeal an adverse decision of the board under
29 (c) of this section to the superior court in the manner provided by

AS 44.62.560 - 44.62.570.

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(f) The board shall adopt regulations governing procedures for the reconsideration and appeal of decisions under this section. The regulations adopted under this subsection are not required to conform to AS 44.62.330 - 44.62.630, but shall be consistent with minimum standards of due process.

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(g) A district may not request reconsideration of or appeal a priority determination on the grounds that a revised priority assigned to another project, due to a reconsideration or appeal under this section, has resulted in a lower priority being accorded to the district's project.

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Sec. 14.11.017. SCHOOL CONSTRUCTION GRANT CONDITIONS. (a) The department shall require in the grant agreement that the district

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(1) agree to construction of a facility of appropriate size and use that meets criteria adopted by the department;

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(2) demonstrate by a means acceptable to the department that the proposed project should be a capital construction project and not part of a preventive maintenance program or regular custodial care program;

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

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(4) agree to limit equipment purchases to that required for the approved school construction plan and account for all equipment purchased for the project under a fixed asset inventory system approved by the department;

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(5) submit project budgets for department approval and agree that the grant amount may, at the discretion of the department, be reduced or increased by amounts equal to the amounts by which

contracts vary from the budget amounts approved by the department; and

(6) submit to the department for approval, before award of the construction contract, a plan for school construction that includes educational specifications, final construction drawings, and contract documents.

(b) The cost of any school construction activity encompassed by the definition of "costs of school construction" under AS 14.11.135 is payable under a grant awarded under AS 14.11.015 without regard to whether the costs were incurred prior to the

(1) award of the grant;

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

(3) effective date of an appropriation to the school construction grant account for the year in which the grant is funded.

Sec. 14.11.019. SCHOOL CONSTRUCTION GRANT APPROPRIATIONS.

Within the general appropriation bill submitted to the legislature under AS 37.07.020, the governor shall include an appropriation for school construction grants in the succeeding fiscal year as determined by the six-year construction grant schedule prepared under AS 14.11.013.

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

(5) subject to (h), (i), and (j) of this section, 80 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, 1988, but before July 1, 1989, 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

1 (B) cash payments made after June 30, 1983, by the
2 municipality during the fiscal year two years earlier to pay
3 costs of school construction, additions to schools, and major
4 rehabilitation projects that exceed \$25,000 and are approved by
5 the department before July 1, 1990, under AS 14.07.020(11).

6 * Sec. 8. AS 14.11.100(c) is amended to read:

7 (c) The school construction account is established. Funds to
8 carry out the provisions of this section shall be included within the
9 general appropriation bill submitted to the legislature under AS 37.-
10 07.020 and may be appropriated annually by the legislature to the
11 account. If amounts in the account are insufficient for the purpose
12 of providing the share to which a borough or city is entitled under
13 this section, those funds that are available shall be distributed pro
14 rata among the eligible local governments except that the legislature
15 may direct that additional debt service on refunding bonds that ex-
16 ceeds the total debt service on the refunded bonds be disregarded in
17 whole or in part.

18 * Sec. 9. AS 14.11.102 is amended to read:

19 Sec. 14.11.102. ALLOCATION REQUESTS. [EVALUATION OF PROJECTS.
20 THE DEPARTMENT SHALL EVALUATE PROJECTS FOR WHICH RETIREMENT OF SCHOOL
21 CONSTRUCTION DEBT IS REQUESTED BY SCHOOL DISTRICTS IN ACCORDANCE WITH
22 THE PROCEDURES SET OUT IN AS 14.11.010.] A request for an allocation
23 of funds under AS 14.11.100 must be submitted to the department by the
24 school district not [NO] later than October 15 of the fiscal year
25 before the fiscal year for which the request is made.

26 * Sec. 10. AS 14.11 is amended by adding a new section to read:

27 Sec. 14.11.127. ALLOCATION OF APPROPRIATIONS FOR SCHOOL CON-
28 STRUCTION. (a) If the amount appropriated to the department for
29 school construction in a fiscal year is less than the amount necessary

1 to fund full entitlements for school construction debt retirement
 2 under AS 14.11.100 and the amount necessary to fully fund all projects
 3 required to avert imminent danger or correct life-threatening situa-
 4 tions that have been approved by the board under AS 14.11.015, then
 5 the amount appropriated for that fiscal year shall be allocated,
 6 unless otherwise provided by law, between the school construction
 7 grant account under AS 14.11.005 and the school construction account
 8 under AS 14.11.100(c) in the following proportions:

Fiscal year	School Construction Grant Account	School Construction Account
1990	.11	.89
1991	.13	.87
1992	.15	.85
1993	.21	.79
1994	.29	.71
1995	.36	.64
1996	.46	.54
1997	.58	.42
1998	.60	.40
1999 and subsequent		
fiscal years	.62	.38

22 (b) If the amount appropriated to the department for school
 23 construction debt retirement exceeds the amount necessary to pay full
 24 entitlements under AS 14.11.100(c), the excess amount of the appro-
 25 priation may be deposited, unless otherwise provided by law, in the
 26 school construction grant account under AS 14.11.005.

27 * Sec. 11. AS 14.11.130 is repealed and reenacted to read:

28 Sec. 14.11.130. CONSTRUCTION OF CHAPTER. This chapter may not
 29 be construed to prevent a district from using other revenue to include

1 additional or expanded facilities as part of approved school construc-
2 tion projects.

3 * Sec. 12. AS 14.11.135(3) is amended to read:

4 (3) "costs of school construction" means the cost of ac-
5 quiring, constructing, enlarging, repairing, remodeling, equipping or
6 furnishing of public elementary and secondary school buildings and
7 includes the sum total of all costs of financing and carrying out the
8 project; these include, but are not limited to, the costs of all
9 necessary studies, surveys, plans and specifications, architectural,
10 engineering or other special services, acquisition of real property,
11 site preparation and development, purchase, construction, reconstruc-
12 tion and improvement of real property and the acquisition of machinery
13 and equipment as may be necessary in connection with the project [; AN
14 ALLOCABLE PORTION OF THE ADMINISTRATIVE AND OPERATING EXPENSES OF THE
15 GRANTEE; THE COST OF FINANCING THE PROJECT, INCLUDING INTEREST ON
16 BONDS ISSUED TO FINANCE THE PROJECT; AND THE COST OF OTHER ITEMS,
17 INCLUDING ANY INDEMNITY AND SURETY BONDS AND PREMIUMS ON INSURANCE,
18 LEGAL FEES, FEES AND EXPENSES OF TRUSTEES, DEPOSITARIES, FINANCIAL
19 ADVISORS, AND PAYING AGENTS FOR THE BONDS ISSUED AS THE ISSUER CONSID-
20 ERS NECESSARY];

21 * Sec. 13. AS 14.11.135 is amended by adding a new paragraph to read:

22 (5) "district" means the districts described in AS 14.12.-
23 010.

24 * Sec. 14. AS 46.11.900(8) is amended to read:

25 (8) "state financial assistance" means a loan, grant,
26 guarantee, insurance, payment, rebate, subsidy, or other form of state
27 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11.
28 [AS 14.11.100 - 14.11.135,] and AS 29.60, including the purchase by a
29 state agency of a loan to finance the construction of a new

1 residential, commercial, or industrial building;

2 * Sec. 15. AS 14.11.010, 14.11.105, 14.11.110, 14.11.115, 14.11.120,
3 and 14.11.125 are repealed.

4 * Sec. 16. This Act takes effect July 1, 1989.
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