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SENATE COMMITTEE REPORT

FURTHER

4/6/89

DATE TURNED INTO OFFICE _____

Mr. President:

_____ Finance _____ Committee considered SB 100

insurance for school facilities and equipment and state aid for school construction; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

- do pass *Hearing 4-19-89*
- do not pass *Bill died in committee.*
- no recommendation *CS HB 37 (Fin) am*
- individual recommendations *acted on instead.*
- further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

b
6-0461H

Date of 5-DAY NOTICE 3/6/89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER FINANCE

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

1/10/89

DATE TURNED INTO OFFICE 4/6/89

Mr. President:

HESS Committee considered SB 100

insurance for school facilities and equipment and state aid for school construction; efd

and recommended:

- replace with CS SB 100 (HESS) same title new title
- attached amendment(s) and *+ report it back as follows*
- _____ letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations *OPM*
- further referral to _____

*4/6
Fiscal Note
forthcoming.
Depth of id.*

- FISCAL NOTE(S) attached zero fiscal impact
- appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

Paul Grish (No Rec)

Committee backup attached

Chairman signature and recommendation

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: Insurance for School Facilities and BRU: _____
Equipment, State Aid for School Construction
 Sponsor: Senate HESS Components: _____
 Requestor: Senate HESS

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						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 4/6/89

Approved by Commissioner: Mary Hakala for Date: 4/6/89
 Agency: Education Requestor: William G. Denhart

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

RECEIVED

APR 14 1989

Corrected
Version
CS SB 100

Introduced: 4/6/89
Referred: Finance

6-0461H

Original sponsors: Sturgulewski and
Pearce

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 100 (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, state aid for school construction, and
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 facil-
21 ities 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
S

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 re-
4 gional educational attendance area that is not in compliance with (a)
5 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 before the fiscal
10 year for which the request is made; the six-year plan must contain for
11 each proposed project a detailed scope of work, a project budget, and
12 documentation of conditions justifying the project;

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

17 (3) evidence that the proposed project should be a capital
18 construction project and not part of a preventive maintenance program
19 or regular custodial care program.

20 Sec. 14.11.013. DEPARTMENT REVIEW OF GRANT APPLICATIONS. (a)
21 With regard to projects for which grants are requested under AS 14.-
22 11.011, the department shall

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

29 (A) avert imminent danger or correct life-threatening

1 situations;

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

3 (C) protect the structure of existing school facil-
4 ities;

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

8 (E) achieve an operating cost savings;

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

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

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

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

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

24 (1) emergency requirements;

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

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

28 (4) new local elementary and secondary programs;

29 (5) existing regional, community, and school facilities.

1 and their condition; and

2 (6) alternate education program options for accomplishing
3 the project's objectives.

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

6 (1) incomplete information or documentation provided by the
7 district;

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

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

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

20 (e) By November 5, the department shall provide public notice of
21 the grant applications submitted under (a) of this section and the
22 priorities established under (b) of this section. After public notice
23 has been given, the department shall, not later than December 1, hold
24 a public hearing on the priorities established under (b) of this sec-
25 tion. In this subsection, "public notice" means notice published in a
26 newspaper of general circulation and notice to every person who has
27 requested notice about the grant application program from the depart-
28 ment.

29 (f) The department may not establish priorities among projects

1 under (b) of this section based only on the number of students af-
2 fected by the project.

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

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

15 (c) If a project is assigned a new priority ranking under AS 14.-
16 11.016 after the date of passage by the legislature of the appropria-
17 tion bill for the school construction grant fund, the project must be
18 funded in accordance with the new priority ranking at the next time
19 that school construction grants are awarded.

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

1 basis of the request by the district and determine whether its deci-
2 sion should be changed. The department shall issue its determination
3 in writing within 15 days after the last day of the public hearing
4 held under AS 14.11.013(e).

5 (b) A district may appeal an adverse decision of the department
6 under (a) of this section by filing a written notice of appeal with
7 the commissioner within 15 days after the date of the department's
8 decision. The notice of appeal must state the legal and factual basis
9 for the appeal and the precise relief sought. The failure of the
10 district to include an issue in a notice of appeal constitutes a
11 waiver of the right to have the issue considered. Not later than 10
12 days after receipt of a notice of appeal, the commissioner shall
13 appoint a hearing officer who is qualified under AS 44.62.350(c) to
14 consider the appeal. If the hearing officer finds that the notice of
15 appeal does not raise a reasonable issue of fact or law, the hearing
16 officer shall issue a written decision denying the appeal. Denial of
17 an appeal by a hearing officer is a final decision that may be ap-
18 pealed under (d) of this section. If the hearing officer determines
19 that the notice of appeal does raise a reasonable issue of fact or
20 law, the hearing officer shall conduct a hearing on those issues and
21 recommend a decision to the board. The hearing officer shall issue a
22 decision on the appeal, not later than 60 days after being appointed.
23 The board shall consider the recommended decision of the hearing
24 officer at its next regularly scheduled meeting and may adopt all,
25 part, or none of the recommended decision or may remand the issue to
26 the hearing officer for further hearings. The board shall issue its
27 decision in writing within 10 days after considering the hearing
28 officer's decision.

29 (c) The hearing officer may consolidate appeals under (b) of

1 this section, if the notices of appeal raise related issues of fact or
2 law.

3 (d) A district may appeal an adverse decision of a hearing
4 officer or the board under (b) of this section to the superior court
5 in the manner provided by AS 44.62.560 - 44.62.570.

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

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

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

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

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

24 (3) agree to limit equipment purchases to that required for
25 the approved school construction plan and account for all equipment
26 purchased for the project under a fixed asset inventory system ap-
27 proved by the department;

28 (4) submit project budgets for department approval and
29 agree that the grant amount may, at the discretion of the department,

1 be reduced or increased by amounts equal to the amounts by which
2 contracts vary from the budget amounts approved by the department; and

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

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

11 (1) award of the grant;

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

13 (3) effective date of an appropriation to the school con-
14 struction grant account for the year in which the grant is funded.

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

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

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

24 (A) payments made by the municipality during the
25 fiscal year for the retirement of principal and interest on

26 (i) outstanding bonds, notes or other indebted-
27 ness authorized by the qualified voters of the municipality
28 after June 30, 1983, but before July 1, 1989, to pay costs
29 of school construction, additions to schools, and major

1 rehabilitation projects that exceed \$25,000 and are approved
2 under AS 14.07.020(11); or

3 (ii) outstanding bonds, notes, or other indebted-
4 ness authorized by the qualified voters of the municipality
5 before July 1, 1989, and reauthorized before November 1,
6 1989, to pay costs of school construction, additions to
7 schools, and major rehabilitation projects that exceed
8 \$25,000 and are approved under AS 14.07.020(11); and

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

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

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

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

27 Sec. 14.11.102. ALLOCATION REQUESTS. [EVALUATION OF PROJECTS.
28 THE DEPARTMENT SHALL EVALUATE PROJECTS FOR WHICH RETIREMENT OF SCHOOL
29 CONSTRUCTION DEBT IS REQUESTED BY SCHOOL DISTRICTS IN ACCORDANCE WITH

1 THE PROCEDURES SET OUT IN AS 14.11.010.] A request for an allocation
2 of funds under AS 14.11.100 must be submitted to the department by the
3 school district not [NO] later than October 15 of the fiscal year
4 before the fiscal year for which the request is made.

5 * Sec. 10. AS 14.11.130 is repealed and reenacted to read:

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

11 * Sec. 11. AS 14.11.135(3) is amended to read:

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

1 * Sec. 12. AS 14.11.135 is amended by adding a new paragraph to read:

2 (5) "district" means the districts described in AS 14.12.-
3 010.

4 * Sec. 13. AS 14.14.060 is amended by adding a new subsection to read:

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

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

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

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

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

23 * Sec. 16. AS 14.11.010, 14.11.105, 14.11.110, 14.11.115, 14.11.120,
24 and 14.11.125 are repealed.

25 * Sec. 17. AS 14.03.150; AS 14.07.020(a)(13), 14.07.170(b); AS 14.08.-
26 101(7); and AS 14.11 are repealed.

27 * Sec. 18. Notwithstanding AS 14.11.013(b), added by sec. 6 of this
28 Act, the Department of Education shall award school construction grants in
29 the following order:

1 (1) projects required to avert imminent danger or correct life-
2 threatening situations;

3 (2) projects that are in their final phase before January 1,
4 1989, and that have received more than \$2,500,000 in school construction
5 grant funds;

6 (3) projects that are:

7 (A) approved by the Department of Education before July 1,
8 1989;

9 (B) approved for reconstruction or renovation by the
10 qualified voters before July 1, 1989; and

11 (C) determined by a federal or state agency to be a threat
12 to the welfare of the public; and

13 (4) other projects approved under AS 14.11.015, added by sec. 6
14 of this Act.

15 * Sec. 19. Except for secs. 15 and 17 of this Act, this Act takes
16 effect July 1, 1989.

17 * Sec. 20. Sections 15 and 17 of this Act take effect July 1, 1995.
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1 IN THE SENATE

BY STURGULEWSKI AND PEARCE

2 SENATE BILL NO. 100

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 and providing for an effective date."

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

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

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

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

29 (c) The department may not award a school construction grant
S

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

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

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

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

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

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

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

18 * Sec. 5. AS 14.08.101(7) is repealed and reenacted to read:

19 (7) recommend to the department projects for construction,
20 rehabilitation, and improvement of schools and education-related
21 facilities as specified in AS 14.11.009(a), and plan, design, and
22 construct the project when the responsibility for it is assumed under
23 AS 14.11.020;

24 * Sec. 6. AS 14.11 is amended by adding a new section to read:

25 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is
26 created a school construction grant fund as an account in the general
27 fund. The fund shall be used to make grants to districts in the state
28 public school system for the costs of school construction. Legisla-
29 tive appropriations for school construction shall be deposited in the

1 fund, and the proceeds from the sale of general obligation bonds for
2 school construction may be deposited in the fund.

3 * Sec. 7. AS 14.11 is amended by adding a new section to read:

4 Sec. 14.11.009. RECOMMENDATIONS AND EVALUATIONS OF PROJECTS.

5 (a) The assembly or council of a municipality that is a school dis-
6 trict or a regional school board may submit a request to the depart-
7 ment for a school or education-related facility construction, rehabil-
8 itation, or improvement project together with a report evaluating the
9 condition of school or education-related facilities in the munici-
10 pality or regional educational attendance area and a determination of
11 the need for the project.

12 (b) With regard to projects requested under (a) of this section
13 the department shall

14 (1) rank each project in the order of priority that serves
15 the best interests of the state;

16 (2) prepare an estimate of the amount of money needed to
17 finance each project approved by the department and recommend to the
18 governor appropriations for projects to be included in the budget
19 submitted to the legislature;

20 (3) provide to the governor a copy of the report of the
21 assembly, council, or regional school board that requested each proj-
22 ect approved by the department;

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

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

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

- 1 (2) emergency requirements;
- 2 (3) the number of students without classroom space;
- 3 (4) new local elementary or secondary programs;
- 4 (5) existing regional, community, and school facilities and
- 5 the condition of the facilities; and
- 6 (6) the economic and social stability of the municipality
- 7 or region.

8 (d) This section does not affect a municipality's eligibility

9 for reimbursement under AS 14.11.100.

10 * Sec. 8. AS 14.11 is amended by adding new sections to read:

11 Sec. 14.11.011. GRANT APPLICATIONS. (a) A district may submit

12 a grant request to the department for a school construction grant.

13 (b) To be eligible for a school construction grant the district

14 shall submit

15 (1) a six-year capital improvement plan that includes a

16 description of the district's fixed asset inventory system and preven-

17 tive maintenance program no later than September 1 of the fiscal year

18 before the fiscal year for which the request is made; the six-year

19 plan must contain for each proposed project a detailed scope of work,

20 a project budget, and documentation of conditions justifying the

21 project; and

22 (2) evidence that the district has secured and will main-

23 tain adequate property loss insurance for the replacement cost of all

24 facilities for which state funds are available under AS 14.11.005 or a

25 program of insurance acceptable to the department.

26 Sec. 14.11.013. DEPARTMENT REVIEW OF GRANT APPLICATIONS. (a)

27 With regard to projects for which grants are requested under AS 14.-

28 11.011, the department shall

29 (1) annually review the six-year plans submitted by each

1 district under AS 14.11.011(b) and recommend to the board a revised
2 and updated six-year construction grant schedule that serves the best
3 interests of the state and each district; in recommending projects for
4 this schedule, the department shall verify that each proposed project
5 qualifies as a project required to

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

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

9 (C) protect the structure of existing school facil-
10 ities;

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

14 (E) achieve an operating cost savings;

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

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

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

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

25 (b) In preparing the construction grant schedule, the department
26 shall establish priorities among projects for which grants are re-
27 quested and shall award school construction grants in the order of
28 priority established. In establishing priorities the department shall
29 evaluate at least the following factors:

- 1 (1) emergency requirements;
- 2 (2) priorities assigned by the district to the projects
- 3 requested;
- 4 (3) the number of students without classroom space;
- 5 (4) new local elementary and secondary programs;
- 6 (5) existing regional, community, and school facilities,
- 7 and their condition; and
- 8 (6) alternate education program options for accomplishing
- 9 the project's objectives.

10 (c) The department may reject project requests and omit them

11 from the six-year schedule due to

- 12 (1) incomplete information or documentation provided by the
- 13 district;
- 14 (2) a determination by the department that existing facili-
- 15 ties can adequately serve the program requirements, or that alterna-
- 16 tive projects are in the best interests of the state;
- 17 (3) a determination that the project is not in the best
- 18 interest of the state.

19 (d) The department shall reduce a project budget by the cost of

20 those portions of a project design that the department determines are

21 for construction of student residential space, planetariums, hockey

22 rinks, saunas, and other facilities for single purpose sporting or

23 recreational uses that are not suitable for other activities. This

24 subsection does not apply to funding for swimming pools that meet

25 criteria established by the department.

26 (e) By November 15, the department shall provide public notice

27 of the grant applications submitted under (a) of this section and the

28 priorities established under (b) of this section. After public notice

29 has been given, the department shall hold a public hearing on the

1 priorities established under (b) of this section. In this subsection,
2 "public notice" means notice published in a newspaper of general
3 circulation and notice to every person who has requested notice about
4 the grant application program from the department.

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

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

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

22 Sec. 14.11.016. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) A
23 district may request reconsideration of a decision of the department
24 assigning a priority to the district's project, establishing the scope
25 of the project, or establishing the budget for the project. The
26 request must be in writing and must include a statement of the spe-
27 cific changes desired, and a summary of the evidence supporting the
28 district's claim that the department has erred in its review of the
29 district's grant application. A request for reconsideration must be

1 received by the department by the day of the public hearing held under
2 AS 14.11.013(e). The department shall review its decision on the
3 basis of the request by the district and determine whether its deci-
4 sion should be changed. The department shall issue its determination
5 in writing within 15 days after the last day of the public hearing
6 held under AS 14.11.013(e).

7 (b) A district may appeal an adverse decision of the department
8 under (a) of this section to the commissioner on the ground that the
9 department has not complied with AS 14.11.013. The notice of appeal
10 must be in writing and must include a statement of evidence supporting
11 the district's claim that the department has not complied with AS 14.-
12 11.013. The notice of appeal must be received by the commissioner
13 within 15 days after the department issues its determination under (a)
14 of this section. The commissioner shall issue a written decision on
15 the appeal within 15 days after receiving the notice of appeal.

16 (c) A district may appeal an adverse decision of the commis-
17 sioner under (b) of this section by filing a written notice of appeal
18 with the board within 30 days after the date of the commissioner's
19 decision. The notice of appeal must state the legal and factual basis
20 for the appeal and the precise relief sought. The failure of the
21 district to include an issue in a notice of appeal constitutes a
22 waiver of the right to have the issue considered under this subsec-
23 tion. If the board finds that the notice of appeal does not raise a
24 reasonable issue of fact or law, it shall issue a written decision.
25 If the board finds that the notice of appeal raises a reasonable issue
26 of fact or law, the board shall appoint a hearing officer who is
27 qualified under AS 44.62.350(c) to conduct a hearing on those issues.
28 The hearing officer shall conduct a hearing on the issues raised in
29 the notice of appeal, make findings of fact and law, and recommend a

1 decision to the board within 60 days after the last day for filing a
2 notice of appeal with the board. The board shall consider the recom-
3 mended decision of the hearing officer at its next regularly scheduled
4 meeting and may adopt all, part, or none of the recommended decision
5 or may remand the issue to the hearing officer for further hearings.
6 The board shall issue its decision in writing.

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

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

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

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

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

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

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

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

4 (4) agree to limit equipment purchases to that required for
5 the approved school construction plan and account for all equip ent
6 purchased for the project under a fixed asset inventory system ap-
7 proved by the department;

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

12 (6) submit to the department for approval, before award of
13 the construction contract, a plan for school construction that in-
14 cludes educational specifications, final construction drawings, and
15 contract documents.

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

20 (1) award of the grant;

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

22 (3) effective date of an appropriation to the school con-
23 struction grant account for the year in which the grant is funded.

24 Sec. 14.11.019. SCHOOL CONSTRUCTION GRANT APPROPRIATIONS.
25 Within the general appropriation bill submitted to the legislature
26 under AS 37.07.020, the governor shall include an appropriation for
27 school construction grants in the succeeding fiscal year as determined
28 by the six-year construction grant schedule prepared under AS 14.-
29 11.013.

1 * Sec. 9. AS 14.11.100(a)(5) is amended to read:

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

4 (A) payments made by the municipality during the
5 fiscal year for the retirement of principal and interest on
6 outstanding bonds, notes or other indebtedness authorized by the
7 qualified voters of the municipality after June 30, 1983, but
8 before July 1, 1989, to pay costs of school construction, addi-
9 tions to schools, and major rehabilitation projects that exceed
10 \$25,000 and are approved under AS 14.07.020(11); and

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

16 * Sec. 10. AS 14.11.100(a)(5) is repealed and reenacted to read:

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

19 (A) payments made by the municipality during the
20 fiscal year for the retirement of principal and interest on
21 outstanding bonds, notes, or other indebtedness authorized by the
22 qualified voters of the municipality after June 30, 1993, to pay
23 costs of school construction, additions to schools, and major
24 rehabilitation projects that exceed \$25,000 and are approved
25 under AS 14.07.020(11); and

26 (B) cash payments made after June 30, 1993, by the
27 municipality during the fiscal year two years earlier to pay
28 costs of school construction, additions to schools, and major
29 rehabilitation projects that exceed \$25,000 and are approved

1 under AS 14.07.020(11).

2 * Sec. 11. AS 14.11.100(c) is amended to read:

3 (c) The school construction account is established. Funds to
4 carry out the provisions of this section shall be included within the
5 general appropriation bill submitted to the legislature under AS 37.-
6 07.020 and may be appropriated annually by the legislature to the
7 account. If amounts in the account are insufficient for the purpose
8 of providing the share to which a borough or city is entitled under
9 this section, those funds that are available shall be distributed pro
10 rata among the eligible local governments except that the legislature
11 may direct that additional debt service on refunding bonds that ex-
12 ceeds the total debt service on the refunded bonds be disregarded in
13 whole or in part.

14 * Sec. 12. AS 14.11.100(c) is repealed and reenacted to read:

15 (c) The school construction account is established. Funds to
16 carry out the provisions of this section may be appropriated annually
17 by the legislature to the account. If amounts in the account are
18 insufficient for the purpose of providing the share to which a munic-
19 ipality is entitled under this section, those funds that are available
20 shall be distributed pro rata among the eligible local governments
21 except that the legislature may direct that additional debt service on
22 refunding bonds that exceeds the total debt service on the refunded
23 bonds be disregarded in whole or in part.

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

25 Sec. 14.11.103. EVALUATION OF PROJECTS. The department shall
26 evaluate projects for which retirement of school construction debt is
27 requested by school districts under the procedures set out in AS 14.-
28 11.009. A request for an allocation of funds under AS 14.11.100 must
29 be submitted to the department by the school district not later than

1 October 15 of the fiscal year before the fiscal year for which the
2 request is made.

3 * Sec. 14. AS 14.11 is amended by adding a new section to read:

4 Sec. 14.11.106. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE
5 ACCOUNT. The public school facilities construction advance account is
6 established. The account consists of appropriations for distribution
7 under AS 14.11.106 - 14.11.135 to municipalities that are school
8 districts to assist in paying the costs of public school facilities
9 projects approved under AS 14.07.020(11) for which construction is
10 commenced after June 30, 1978, and for which bonding, notes, or other
11 indebtedness was not incurred before July 1, 1978.

12 * Sec. 15. AS 14.11 is amended by adding a new section to read:

13 Sec. 14.11.111. ELIGIBILITY. Eligibility of a proposed con-
14 struction project for funding assistance under AS 14.11.106 - 14.11.-
15 135 shall be determined by the department based on standards and
16 criteria established by regulation. The standards and criteria to be
17 considered in determining eligibility include the following:

- 18 (1) emergency requirements;
- 19 (2) number of unhoused students;
- 20 (3) new elementary or secondary programs;
- 21 (4) existing community and school facilities and their
22 condition; and
- 23 (5) economic and social stability of the community.

24 * Sec. 16. AS 14.11 is amended by adding a new section to read:

25 Sec. 14.11.116. STATE AID. (a) The amount of state aid payable
26 in advance under AS 14.11.106 - 14.11.135 is the amount by which the
27 cost of construction of the approved school construction project would
28 cause the debt-to-valuation ratio of the municipality to exceed 12
29 percent.

1 (b) A payment under (a) of this section is limited to an amount
2 that, when combined with estimated payments to the school district for
3 the retirement of the principal and interest on bonds, notes, or other
4 indebtedness or reimbursement of cash payments for a school construc-
5 tion project for which payment is made under AS 14.11.100(a)(1) or (2)
6 or for an approved school construction project for which payment is
7 made under AS 14.11.100(a)(3), does not exceed 80 percent of the cost
8 of the school construction project.

9 (c) In this section,

10 (1) "debt" means the principal amount of the direct and
11 general obligation indebtedness of the municipality for which all
12 taxable property is subject to taxation to pay the bond, note, or
13 other evidence of the debt, determined annually by the Department of
14 Community and Regional Affairs in consultation with each municipality
15 that is a school district and reported to the municipality and the
16 commissioner of education; the determination shall be made by October
17 1 and report the outstanding debt as of July 1 of that year;

18 (2) "valuation" means the full and true value of the real
19 and personal property of the municipality determined under AS 14.17.-
20 140(a).

21 * Sec. 17. AS 14.11 is amended by adding a new section to read:

22 Sec. 14.11.121. APPLICATION FOR AID. (a) The commissioner
23 shall prescribe the necessary forms and procedures to be used in
24 applying for construction cost assistance under AS 14.11.106 - 14.-
25 11.135.

26 (b) A municipality that is a school district seeking construc-
27 tion cost aid shall apply to the department by October 15 of the prior
28 fiscal year.

29 (c) Based on the commissioner's review of applications and

1 determination of project eligibility, the commissioner shall recommend
2 to the governor an appropriation of funds for state aid for those
3 projects under AS 14.11.106 - 14.11.135.

4 * Sec. 18. AS 14.11 is amended by adding a new section to read:

5 Sec. 14.11.126. **CONDITIONS OF STATE AID.** (a) Funds distributed
6 to a municipality that is a school district during a school year under
7 AS 14.11.106 - 14.11.135 shall be received, held, and expended by the
8 district in accordance with the applicable provisions of law and of
9 regulations adopted by the department. Funds provided under AS 14.-
10 11.106 - 14.11.135, but which are not required for the project for
11 which they were granted or which are in excess of that municipality's
12 entitlement for aid under AS 14.11.116 shall be returned to the de-
13 partment and deposited in the general fund.

14 (b) Each municipality that is a school district shall maintain
15 financial records of the receipt and disbursement of state funds
16 received under AS 14.11.106 - 14.11.135 and money provided toward
17 local effort. The records shall be in the form prescribed by the
18 department and are subject to audit by the department at any time.

19 (c) Upon completion of the construction project, the chief
20 school administrator of the district shall report the total cost of
21 the project and means of financing it to the commissioner.

22 (d) Municipalities that are school districts shall secure and
23 maintain in full force and effect adequate property loss insurance for
24 the replacement cost of all facilities constructed after July 1, 1978,
25 and for which state funds are available under AS 14.11.100 - 14.11.-
26 135.

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

28 Sec. 14.11.127. **ALLOCATION OF APPROPRIATIONS FOR SCHOOL CON-**
29 **STRUCTION.** (a) If the amount appropriated to the department for

1 school construction in a fiscal year is less than the amount necessary
 2 to fund full entitlements for school construction debt retirement
 3 under AS 14.11.100 and the amount necessary to fully fund all projects
 4 required to avert imminent danger or correct life-threatening situa-
 5 tions that have been approved by the board under AS 14.11.015, then
 6 the amount appropriated for that fiscal year shall be allocated,
 7 unless otherwise provided by law, between the school construction
 8 grant account under AS 14.11.005 and the school construction account
 9 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	.33	.64
1996	.44	.54
1997	.58	.42
1998	.60	.40
1999 and subsequent fiscal years	.62	.38

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

* Sec. 20. AS 14.11.130 is repealed and reenacted to read:

Sec. 14.11.130. CONSTRUCTION OF CHAPTER. This chapter may not

1 be construed to prevent a district from using other revenue to include
2 additional or expanded facilities as part of approved school construc-
3 tion projects.

4 * Sec. 21. AS 14.11.130 is repealed and reenacted to read:

5 Sec. 14.11.130. CONSTRUCTION AND IMPLEMENTATION. (a) AS 14.-
6 11.106 - 14.11.135 may not be construed so as to create a debt to the
7 state.

8 (b) Funds to carry out the provisions of AS 14.11.106 - 14.11.-
9 135 may be appropriated annually by the legislature into the public
10 school facilities construction advance account. If amounts in the
11 account are insufficient to meet the allocations authorized by the
12 commissioner under AS 14.11.106 - 14.11.135, such funds as are avail-
13 able shall be distributed pro rata among each municipality that is a
14 school district based upon its computed entitlement.

15 * Sec. 22. AS 14.11.135(3) is amended to read:

16 (3) "costs of school construction" means the cost of ac-
17 quiring, constructing, enlarging, repairing, remodeling, equipping or
18 furnishing of public elementary and secondary school buildings and
19 includes the sum total of all costs of financing and carrying out the
20 project; these include, but are not limited to, the costs of all
21 necessary studies, surveys, plans and specifications, architectural,
22 engineering or other special services, acquisition of real property,
23 site preparation and development, purchase, construction, reconstruc-
24 tion and improvement of real property and the acquisition of machinery
25 and equipment as may be necessary in connection with the project [; AN
26 ALLOCABLE PORTION OF THE ADMINISTRATIVE AND OPERATING EXPENSES OF THE
27 GRANTEE; THE COST OF FINANCING THE PROJECT, INCLUDING INTEREST ON
28 BONDS ISSUED TO FINANCE THE PROJECT, AND THE COST OF OTHER ITEMS,
29 INCLUDING ANY INDEMNITY AND SURETY BONDS AND PREMIUMS ON INSURANCE,

1 LEGAL FEES, FEES AND EXPENSES OF TRUSTEES, DEPOSITARIES, FINANCIAL
2 ADVISORS, AND PAYING AGENTS FOR THE BONDS ISSUED AS THE ISSUER CONSID-
3 ERS NECESSARY];

4 * Sec. 23. AS 14.11.135(3) is repealed and reenacted to read:

5 (3) "costs of school construction" means the cost of ac-
6 quiring, constructing, enlarging, repairing, remodeling, equipping or
7 furnishing of public elementary and secondary school buildings and
8 includes all costs of financing and carrying out the project; these
9 include the costs of

10 (A) all necessary studies, surveys, plans and speci-
11 fications, architectural, engineering or other special services,
12 acquisition of real property, site preparation and development,
13 purchase, construction, reconstruction, and improvement of real
14 property and the acquisition of machinery and equipment as may be
15 necessary in connection with the project;

16 (B) an allocable portion of the administrative and
17 operating expenses of the grantee;

18 (C) the cost of financing the project, including
19 interest on bonds issued to finance the project; and

20 (D) the cost of other items, including any indemnity
21 and surety bonds and premiums on insurance, legal fees, fees and
22 expenses of trustees, depositaries, financial advisors, and
23 paying agents for the bonds issued as the issuer considers neces-
24 sary;

25 * Sec. 24. AS 14.11.135 is amended by adding a new paragraph to read:

26 (5) "district" means the districts described in AS 14.12.-
27 010.

28 * Sec. 25. AS 46.11.900(8) is amended to read:

29 (8) "state financial assistance" means a loan, grant,

1 guarantee, insurance, payment, rebate, subsidy, or other form of state
2 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11,
3 [AS 14.11.100 - 14.11.135,] and AS 29.60, including the purchase by a
4 state agency of a loan to finance the construction of a new resi-
5 dential, commercial, or industrial building;

6 * Sec. 26. AS 14.11.070, 14.11.102, 14.11.105, 14.11.110, 14.11.115,
7 14.11.120, and 14.11.125 are repealed.

8 * Sec. 27. AS 14.03.150, AS 14.07.170(b), AS 14.11.005, 14.11.011,
9 14.11.013, 14.11.015, 14.11.016, 14.11.017, 14.11.019, 14.11.127, and
10 14.11.135(5) are repealed.

11 * Sec. 28. Sections 1 - 4, 6, 8, 9, 11, 19, 20, 22, and 24 - 26 of this
12 Act take effect July 1, 1989.

13 * Sec. 29. Sections 5, 7, 10, 12 - 13, 21, 23, and 27 of this Act take
14 effect July 1, 1993.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Insurance For School Facilities
and Equipment and State Aid...
Sponsor: Sturgulewski and Pearce
Requestor: Sturgulewski

Agency Affected: Education
BRU: CIP Overhead
Components: CIP Overhead

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						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill will not increase administrative costs to the Department.

Prepared by: Mary Hakala Phone: 465-2800
Division: Commissioner's Office Date: 3/2/89
Approved by Commissioner: William G. Demmert Date: 3/2/89
Agency: Education

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

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

217 SECOND ST., SUITE 200
JUNEAU, ALASKA 99801

TO: Senator Rick Uehling, Co-Chair
Senator John Binkley, Co-Chair
Members of the Senate Finance Committee

FROM: Scott A. Burgess, Executive Director

DATE: April 12, 1989

SUBJECT: CSSB 100 (HESS) - School Construction Program

The Alaska Municipal League supports CSSB 100 (HESS). The AML formed the AML Task Force on HB 37/SB 100 to review the legislation, follow it through the legislative process, and to work for its passage as an AML priority.

Legislation resolving the issues surrounding the school construction debt reimbursement program is one of the AML's top legislative priorities for 1989 as outlined in our Municipal Platform. Similar legislation was introduced by Representative Swackhammer in the Second Session of the 15th Alaska Legislature, HB 380. This legislation was developed jointly by municipal officials, school officials, legislators and the Department of Education in response to SB 150 and the moratorium imposed on new school debt and requested by Governor Cowper to give the Administration time to develop legislation to provide more state control over school construction and cost.

There have been several adjustments to the reimbursement levels over the years and just as many attempts to make significant changes to the program. The major State concern has been the lack of control it had over school construction costs and specifically its obligation to reimburse municipalities for school debt incurred to meet the State's school construction needs. Municipalities have suffered shortfalls in the amount of state reimbursement obligations in the amount of over \$29 million since FY 85. Both the State and municipalities and REAA's are concerned that adequate schools are built to meet the education needs of Alaskans.

CSSB 100(HESS) represents major changes in the State's school construction funding policy. AML supports SB 100 because the benefits of the policy changes in CSSB 100 (HESS) outweigh concerns over the change in policy. The benefits include a commitment to existing debt reimbursement, 100 percent funding, some local control, equity, a priority system, and state control.

o Commitment to existing debt - The existing statutes entitle municipalities to be reimbursed for a statutorily defined amount of debt for school construction. Municipalities are supporting the proposed legislation with the understanding that the legislature and

the Governor will meet its obligations under AS 14.11.100 in the future (NOTE: the Governor's commitment in HB 100 to full funding of debt in FY 90 with the passage of legislation similar to HB 37). There appears to be no legal or meaningful way to reinforce this obligation in the legislation.

- o 100 percent funding - Under HB 37, the State would assume the cost of all school construction through a 100 percent grant program.

- o Retaining local control - Municipalities and school districts would retain local control over design, location, construction and ownership of its schools under HB 37. Municipalities could also add local dollars to enhance an approved school and have the ability, if not the voter approval or financial capacity, to bond locally for 100 percent of the cost of a new school.

- o Equity - The legislation, as proposed, would treat all school construction equally. The highest priority schools would be built first, all would have to be approved by the State under the same criteria, and the State will pay 100 percent of the cost.

- o Priority system - As stated above, all schools would be judged on an equal basis and the highest priority school facility needs will be addressed first. Currently, the Department of Education priorities are not followed by the Governor or the legislature.

- o State control - Because the State does the evaluation, ranking, and funding of all schools built with state funds, the State has the fiscal control it seeks.

Support of CSSB 100 (HESS) does not come without some sacrifices by municipalities; specifically, loss of some local control, no guaranteed reimbursement of existing debt, no new debt reimbursement, and some uncertainty about future school construction funds.

- o Loss of local control - 1) Municipalities will no longer be able to respond as well to local needs and demands for schools by bonding with assistance of the State, and 2) the decisions of what schools will be built is left entirely to the State Board of Education and the legislature.

- o No guarantee for existing debt - The proposed legislation does not provide any guarantee or even intent language that the State will meet its debt reimbursement obligations in the future to those municipalities with existing debt other than the commitments made in the hearings on HB 37 and under existing statutes.

AML Testimony on CSSB 100 (HESS)
April 12, 1989
Page 3

o No new debt reimbursement - Under the proposed legislation, the State would no longer reimburse municipalities for new school debt.

o No future certainty - New schools will be built depending on the state appropriations to the new account either directly or through state general obligation bond funds. Also, as proposed, the State's school construction program sunsets entirely as of 1995.

The AML supports the following changes made by the Senate HESS Committee contained in the CSSB 100 (HESS):

1. Appeals process - As requested by AML, the appeals process has been shortened in order that any appeal can be resolved prior to the end of the legislative session when the appropriation amount is set.

2. Number of students criteria limited - AML supports removing the number of students as a criteria for ranking projects to prevent discriminating against smaller schools and districts. While CSSB 100 (HESS) does not remove the number of students as a criteria entirely, it does say that the Department of Education cannot prioritize projects only on the number of students.

3. Removal of Section 10 - AML supports removing Section 10 (formerly Section 19) which would have provided an allocation formula between existing debt and new construction in the event of underfunding. The formula was intended to provide a floor for funding and to provide some comfort to those municipalities with existing debt. The formula did neither well and, in fact, under some funding scenarios over funded one account at the expense of further under funding the other account. Under the legislation, there are two accounts, existing debt and new construction, and the legislature will make an appropriation each year to both. Municipalities will be lobbying the legislature each year to fully meet its past obligations and for the highest level of funding possible to meet future school construction needs.

Again, the AML strongly supports CSSB 100 (HESS).

cc: Senator Sturgulewski

Alaska State Legislature



2937 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

SENATOR
ARLISS STURGULEWSKI
Senate President Pro Tempore
Chairman, Senate Rules Committee

Senate

M E M O R A N D U M

13 April 1989

TO: Senator Rick Uehling, Co-Chairman
Senator John Binkley, Co-Chairman

FROM: Senator Arliss Sturgulewski

RE: Senate Bill 100

I respectfully request that you schedule Senate Bill 100 to be heard in the Senate Finance Committee as soon as is practicable.

This legislation is an important part of an overall fiscal policy for the State. It is designed to ensure funding for schools while at the same time limiting the amount of debt that can be incurred by municipalities for school construction.

As you know, during the past few years under the debt reimbursement program, there have been almost a billion dollars worth of bonds sold the costs of which the state has made a commitment to repay at 80 percent. This led to general fund obligations of over \$100 million a year.

The current and projected decline in state revenue demands we control the obligations of the state. This bill will give legislative control over spending for school construction.

Attached are fiscal notes from the Departments of Commerce and Education, a sectional analysis of the Senate HESS Committee substitute, a copy of current AS 14.11, a memorandum from House Research agency outlining state payment of school construction costs for the past 10 years, and a letter of support for the bill from the Alaska Municipal League. Please call me or Melissa Fouse of my staff if you have any questions.

-SPONSOR'S BACKGROUND MATERIAL

SECTIONAL ANALYSIS
HESS COMMITTEE SUBSTITUTE SB 100

SECTION #1

(a) Requires school districts to purchase and maintain property insurance for the replacement costs of school buildings.

(b) Should a school district not comply, the Department of Education is directed to purchase the required insurance.

(c) Forbids Department of Education to grant school construction dollars to a school district without insurance. Requires the Department to withhold foundation aid from the district that has not purchased insurance in the same amount required to purchase insurance.

SECTION #2

AS 14.07.020 is entitled "(a) Duties of the Department" This changes a statutory reference to conform to changes made by the bill.

SECTION #3

AS 14.07.170 is entitled "Additional powers of the Board" (of Education). This adds the power to review and approve grant applications for school construction projects.

SECTION #4

AS 14.08.101 is entitled "Powers" (of a regional school board). This changes a statutory reference to conform to changes made by the bill.

SECTION #5

This is a new section creating the school construction grant account. Grants from school construction may be made from this account by the Department of Education. This section requires legislative appropriations for school construction be deposited in the account. It allows for the deposit of proceeds from general obligation bond sales.

SECTION #6

AS 14.11.005 is a new section allowing a municipality that is a school district or a regional educational attendance area to apply for school construction grant funds. It sets out criteria for eligibility to receive grants. To be eligible the applicant must:

(1) submit a six-year capital improvement plan which includes:

- description of the district's fixed asset inventory system
- description of the district's preventive maintenance program.

- a detailed scope of work for each project
 - a project budget
 - documentation of conditions justifying the project
- (2) evidence of insurance for replacement costs of all school facilities funded through the construction grant account or a program of insurance acceptable to the department.

(3) evidence that the proposed project should be a capital construction project and not part of a preventive maintenance program or regular custodial care program.

The request must be submitted no later than September 1 before the fiscal year for which the request is made.

14.11.013 is a new section. (a) It sets out the procedure by which the Department shall review grant applications.

This procedure includes:

- (1) Review all six-year plans submitted by the districts and recommend to the Board of Education a statewide six-year construction grant schedule. In preparing this schedule the department must verify that each project is required to:
- (a) avert imminent danger or correct life-threatening situations;
 - (b) house students who would otherwise be unhoused;
 - (c) protect the structure of the existing school facilities;
 - (d) correct building code deficiencies;
 - (e) save operating costs;
 - (f) modify or rehabilitate facilities for the purpose of improving the instructional program;
 - (e) meet some other educational need.

(2) the Department must also prepare cost estimates for each project and

(3) provide the grant schedule and an appropriation schedule to the governor by November 1 (and to the legislature within 10 days of the beginning of the session).

(b) The department must establish priorities among projects and award grants in the order of priority established. To establish those priorities the department must consider at least the following factors:

- (1) emergency requirements;
- (2) district priority;
- (3) number of students without classroom space;
- (4) new local elementary and secondary programs;
- (5) existing regional, community, and school facilities, and their condition; and
- (6) alternate education program options.

(c) The department may reject project requests and omit those rejected requests from the six-year schedule for the following reasons:

- (1) incomplete information or documentation provided by the district
- (2) a finding by the department that existing facilities

are adequate, or that alternative projects are in the best interests of the state, or

(3) a determination that the project is not in the best interests of the state.

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

(e) The department must publish notice of applications received under and priorities determined by November 5th. After public notice is given, the department shall hold a public hearing on the established priorities.

(f) The department may not consider only the number of students when establishing project priorities.

AS 14.11.015. Approval of Grant Applications. This is a new section.

(a) Requires the Board to review grant applications recommended by the department and allows the board to approve an application if the project meets the criteria. The department may not approve a school construction grant unless the application is approved by the board.

(b) Requires the department to award grants in the order of project priority on the date of passage of the appropriation bill funding the school construction grant fund regardless of any pending appeals. Appeals pending may not delay funding of grants.

(c) If a project that has been appealed has been assigned a new priority after the grants are made, the project must be funded in accordance with the new priority ranking at the next time grants are awarded.

AS 14.11.016. Administrative and Judicial Review. This is a new section.

(a) A district may request reconsideration from the department on the following items:

- assignment of priority
- scope of the project
- budget for the project.

The request must be in writing and include specific changes desired and a summary of the evidence of the district's claim that the department has erred.

The reconsideration request must be received by the department by the day of the public hearing held under AS 14.11.013(e).

The department is required to then review its decision and

determine whether the decision should be changed. That determination is to be issued within 15 days of the last day of the public hearing held under AS 14.11.013(e).

(b) A district may appeal an adverse decision of an appeal to the commissioner within 15 days after the department's decision. The grounds for such an appeal are that the department has not complied with AS 14.11.013.

The notice of appeal must be in writing and must include a statement of evidence supporting the district's claim that the department has not complied with AS 14.11.013.

The commissioner shall appoint a hearing officer within 10 days after the appeal. The hearing officer may deny the appeal or may hold hearings on the issue. The hearing officer has 60 days to hold hearings and to issue a decision.

The board, at its next regularly scheduled meeting, shall consider the recommendations of the hearing officer and may adopt all, part, or none of the recommended decision. The board may also remand the issue to the hearing officer for further hearings.

(c) The hearing officer shall consolidate appeals of the notices of appeal raise related issues of fact or law.

(d) An adverse decision of the board may be appealed to the superior court under AS 44.62.560 - 44.62.570 (Judicial Review and Scope of Review).

(e) The board shall adopt regulations governing procedures for the reconsideration and appeal. These regulations are not required to conform to AS 44.62.330 - 44.62.630 (these sections set out procedures for administrative adjudication as part of the Administrative Procedure Act)

(f) A district may not request an appeal because that district's ranking was changed as a result of another district's appeal.

Sec. 14.11.017. SCHOOL CONSTRUCTION GRANT CONDITIONS. This is a new section. The department shall require in the grant agreement that the district

(1) agree to construction of a facility of appropriate size and use that meets the department's criteria

(2) assure the department that the cost of the project will be uniform with the costs of the most current construction projects in the area

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

(4) submit project budgets for department approval and agree that the grant amount may be reduced or increased by amounts equal to the amounts by which contracts vary from the budget amounts approved by the department

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

(b) Eligible construction costs may be paid under a grant without regard to whether the costs were incurred prior to the award of the grant, approval by the board of the application, or effective date of the appropriation to the school construction grant account for the year in which the grant is funded.

Sec. 14.11.019 SCHOOL CONSTRUCTION GRANT APPROPRIATIONS. This is a new section. The Governor is instructed to include an amount for appropriation to the school construction grant account in the general appropriation bill submitted to the legislature under 37.07.020.

SECTION #7

AS 14.11.100(a)(5)(A) is changed to limit the debt reimbursement program to apply only to bonds authorized before July 1, 1989 or reauthorized by the voters before November 1, 1989.

(B) changed to limit the cash reimbursement program to those projects authorized by the department before July 1, 1991.

SECTION #8

AS 14.11.100(c) is changed to require that funds for the school construction account (80% reimbursement) shall be included in the general appropriation bill submitted to the legislature under AS 37.07.020.

SECTION #9

AS 14.11.102 is changed to remove reference to evaluation of projects requested by districts to be eligible for debt reimbursement.

SECTION #10

Current AS 14.11.130 is repealed and reenacted to allow a district to use other sources of funds to include additional or expanded facilities as part of a school construction project.

SECTION #12

AS 14.11.135(3) defines the costs of school construction. It is amended to clarify the schools to which the definition applies.

SECTION #13

AS 14.11.135 has a new section added to ensure that the definition of "district" conforms to the definition in AS

14.12.010.

SECTION #14

AS 46.11.900 (8) adds the statutory reference for the school construction grant account to the definition of "state financial assistance".

SECTION #15

This section takes effect on July 1, 1995 and removes the school construction grant account from the definition of "state financial assistance".

SECTION #16

This section repeals current law.

SECTION #17

This section repeals the changes made by this legislation to current law. That repeal would be in effect July 1, 1995.

SECTION #18

The department is directed to fund:

- projects required to avert imminent danger or correct life-threatening situations,
- projects that are in their final phase before January 1, 1989 and have received \$2,500,000 in grant funds
- projects that are approved by the department and the voters before July 1, 1989 and determined to be a threat to the public.
- all other projects.

SECTION #19

This section makes the bill effective July 1, 1989 except for sections 15 and 17.

SECTION #20

This section makes sections 15 and 17 of the bill effective July 1, 1995.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P. O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-1991

March 16, 1989

MEMORANDUM

TO: Representative Ron Larson

ATTN: Wanda Cooksey

FROM: Brad Pierce *BP*
Legislative Analyst

RE: School Construction Costs FY 79 - FY 88
Research Request 89.267

You asked that we update House Research Agency memorandum 87.101 to provide as complete a picture as possible of state payment of school construction costs during the past 10 years. The information you requested is contained in seven tables (attached).

Table 1 lists FY 88 state payments to reimburse city and borough districts for school bond debt service payments. Each district's entitlement is reduced by its cigarette tax payment. If a district's debt service is less than its share of cigarette tax receipts, the state payment to the district is determined by subtracting debt service from the cigarette tax payment. Table 2 provides a summary of state payments for reimbursement of city and borough debt service payments for fiscal years 1979 through 1988. (FY 87 payments were projected in the the original memorandum; these estimates have been replaced with actual payments.)

Table 3 summarizes FY 79 - FY 88 capital appropriations for school construction in Rural Educational Attendance Areas (REAs), while Table 4 does the same for city and borough districts. Table 5 lists FY 81 - FY 88 municipal grants for school construction for city and borough districts. Table 6 summarizes data on municipal grants, capital appropriations and debt service reimbursement to city and borough districts presented in previous tables. Finally, Table 7 ranks all districts by their per student state contributions for school construction.

* * *

I hope we have provided enough information for your purposes. Please call if you have questions.

Attachments

TABLE 1
SCHOOL DISTRICT DEBT RETIREMENT FY 88

School District	Total District Entitlement	Less FY 86 Cigarette Tax	District Entitlement Pro Rata @ 92.225
Anchorage	\$25,468,125	\$1,034,514	\$22,533,983
Bristol Bay	621,774	12,112	562,263
Cordova	51,093	16,071	32,299
Craig	0	9,854	9,854
Dillingham	27,302	20,341	6,420
Fairbanks	15,290,219	314,810	13,811,123
Galena	61,626	10,673	46,991
Haines	93,398	17,540	69,960
Hoonah	0	10,405	10,405
Hydaburg	0	7,660	7,660
Juneau	6,828,017	133,055	6,174,452
Kenai	0	11,940	11,940
Kenai	24,020,897	236,525	21,935,220
Ketchikan	3,439,801	75,872	3,102,395
King Cove	0	8,217	8,217
Klawock	0	9,336	9,336
Kodiak	4,765,166	72,820	4,327,532
Mat-Su	21,254,658	230,361	19,389,732
Nenana	199,369	9,425	175,177
Nome	910,129	28,391	813,186
North Slope	10,471,516	53,311	9,608,226
Pelican	0	5,559	5,559
Petersburg	733,993	21,641	656,969
Sand Point	0	6,782	6,782
Sitka	2,352,123	51,487	2,121,770
Skagway	0	8,749	8,749
St. Mary's	0	8,232	8,232
Tanana	0	6,807	6,807
Unalaska	238,829	8,675	212,260
Valdez	3,204,171	30,733	2,926,714
Wrangell	997,143	18,589	902,475
Yakutat	78,425	9,513	63,554

Source: Department of Education, Division of Management, Law and Finance.

Note: If the school district has insufficient local debt with which to offset the cigarette tax, the cigarette tax payment made two years previously is included in the pro-rata district entitlement column.

Prepared by the House Research Agency, March 1989 (89.267A).

TABLE 2
SUMMARY OF SCHOOL DEBT REIMBURSEMENT - CITY AND BOROUGH SCHOOL DISTRICTS
FY 79 - FY 88

School District	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88	Total Debt Service Reimbursement
Anchorage	\$9,944,228	\$9,739,145	\$11,446,809	\$9,914,812	\$10,600,508	\$18,552,237	\$17,368,912	\$22,975,223	\$24,982,201	\$22,533,983	\$158,058,058
Bristol Bay	115,702	66,666	83,934	18,033	248,427	369,613	348,873	644,321	401,773	562,263	2,859,605
Cordova	88,853	79,773	100,172	107,594	92,023	105,881	102,702	255,573	388,174	32,299	1,353,044
Craig	0	0	8,870	9,615	9,494	10,673	27,579	9,784	9,211	9,854	95,080
Dillingham	0	52,527	25,773	56,244	289,767	19,752	171,456	231,945	192,981	6,420	1,046,865
Fairbanks	3,423,535	2,950,046	4,682,779	4,264,639	3,957,939	10,572,624	12,235,372	13,041,071	13,647,459	13,811,123	82,586,587
Galena	41,472	8,900	19,591	8,861	38,899	45,998	310,177	41,543	175,742	46,991	738,174
Haines	59,180	62,281	79,347	76,815	70,287	71,383	45,375	124,535	153,541	69,960	812,704
Hoonah	0	0	12,648	11,940	11,480	13,013	30,578	12,136	11,488	10,405	113,688
Hydaburg	0	0	6,641	7,234	6,451	7,589	15,585	7,268	7,776	7,660	66,204
Juneau	951,494	906,071	750,591	716,130	596,430	6,862,038	6,459,259	6,412,178	6,149,528	6,174,452	35,978,171
Kenai	2,935,930	2,752,344	5,137,595	5,305,047	4,976,771	14,689,874	14,297,498	15,301,526	22,886,719	21,935,220	110,218,524
Ketchikan	445,871	474,445	633,000	829,553	579,141	2,497,585	2,850,188	3,056,251	3,852,218	3,102,395	18,320,647
King Cove	0	45,686	8,032	7,904	8,147	9,412	21,189	67,641	16,393	8,217	192,621
Klawock	0	0	5,250	5,517	5,793	7,149	15,683	9,968	9,180	9,336	67,876
Kodiak	283,969	317,600	616,090	634,491	409,500	3,080,245	5,581,074	6,144,626	5,077,079	4,327,532	26,472,206
Mat-Su	1,702,368	2,013,834	3,366,634	3,886,096	3,649,216	10,130,371	10,328,641	13,868,440	19,873,319	19,389,732	88,208,651
Nenana	17,644	16,569	37,045	12,520	10,231	9,956	26,007	206,567	16,919	175,177	528,635
Nome	0	223	28,617	28,100	22,872	34,787	90,256	29,540	761,053	813,186	1,808,634
North Slope	1,427,577	2,385,356	8,874,459	9,197,724	9,635,035	18,269,302	17,415,286	18,396,493	10,279,324	9,608,226	105,488,782
Pelican	0	0	4,539	4,535	4,779	5,000	9,293	5,733	5,344	5,559	44,782
Petersburg	272,194	268,710	417,198	491,695	539,307	874,758	779,415	984,616	678,339	656,969	5,963,201
Sand Point	0	0	0	8,081	7,684	9,064	19,222	8,461	7,457	6,782	66,751
Sitka	339,460	430,335	400,861	657,758	658,421	1,019,581	242,348	568,642	2,400,390	2,121,770	8,839,566
Skagway	12,142	14,700	14,588	16,219	23,035	21,530	7,972	736	8,587	8,749	128,258
St. Mary's	76,559	0	43,963	8,486	8,424	9,522	21,532	9,677	8,345	8,232	194,740
Tanana	0	0	0	0	0	0	0	7,333	7,171	6,807	21,311
Unalaska	1,103	0	8,364	8,203	9,145	144,184	215,201	221,379	214,087	212,260	1,033,926
Valdez	103,004	1,484,242	1,604,466	1,993,931	2,716,220	3,117,975	4,056,164	2,903,749	2,918,270	2,926,714	23,824,735
Wrangell	10,799	2,485	45,261	82,855	63,803	161,514	322,277	868,475	779,488	902,475	3,239,432
Yakutat	0	0	8,165	8,049	8,473	28,130	14,785	10,113	9,432	63,554	150,701

Source: Department of Education, Division of Management, Law and Finance.

Prepared by the House Research Agency, March 1989 (89.2678).

TABLE 3
CAPITAL APPROPRIATIONS FOR SCHOOL CONSTRUCTION--REGIONAL EDUCATIONAL ATTENDANCE AREAS
FY 79 - FY 88

School District	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88	Total App. FY 79-88	Average ADM FY 79-88	Total Approp. Per ADM
Adak	\$2,000,000	\$0	\$0	\$0	\$480,800	\$0	\$0	\$0	\$50,000	\$0	\$2,530,800	583	\$4,345
Alaska Gateway	2,615,000	144,000	1,529,200	3,610,300	145,000	2,250,000	7,900,000	0	200,000	240,000	18,633,500	459	40,631
Aleutian	2,417,400	0	0	2,630,600	1,800,000	0	1,462,000	600,000	0	0	8,910,000	121	73,636
Annette	0	0	4,392,500	1,100,000	120,000	0	0	1,000,000	0	0	6,612,500	370	17,881
Bering Strait	13,310,700	0	4,666,000	8,934,300	2,200,000	2,340,000	4,300,000	0	0	425,000	36,176,000	865	41,827
Chatham	1,900,000	0	1,251,000	1,216,000	435,500	1,950,000	1,450,000	493,700	0	0	8,000,200	268	32,497
Chugach	0	1,600,000	0	0	0	160,000	2,170,000	325,000	0	0	4,155,000	84	50,534
Copper River	0	81,500	1,200,000	75,000	1,134,600	0	1,400,000	3,000,000	575,000	100,000	6,426,100	545	13,878
Delta/Greely	40,000	865,100	0	3,800,000	85,000	0	3,460,000	734,600	0	10,000	8,994,700	903	9,956
Iditarod	3,693,500	829,300	2,711,000	2,357,500	250,000	3,200,000	4,300,000	50,000	856,300	1,170,000	19,417,600	333	58,364
Kuspuk	4,655,500	605,000	8,438,700	5,630,000	230,000	1,000,000	1,640,000	0	0	60,000	22,960,200	338	65,839
Lake & Peninsula	5,252,700	406,900	4,305,900	2,594,800	3,983,400	0	420,000	0	900,000	1,802,000	19,665,700	354	55,616
Lower Kuskokwim	24,815,700	1,151,100	12,432,000	7,331,000	300,000	6,149,000	8,785,000	3,000,000	200,000	0	64,163,800	2190	29,295
Lower Yukon	5,770,500	1,670,800	3,741,000	5,012,200	1,631,800	0	3,421,000	200,000	0	0	21,447,300	1223	17,542
Northwest Arctic	12,211,400	542,900	10,658,700	10,091,500	0	2,550,000	0	2,000,000	4,400,000	425,000	42,879,500	1476	29,047
Pribilof	1,000,000	0	445,000	115,000	200,000	0	0	0	0	212,600	1,972,600	162	12,162
Railbelt	3,400,000	401,000	2,735,000	0	100,000	500,000	2,500,000	0	0	0	9,636,000	341	28,275
Southeast Island	571,000	0	856,000	776,000	0	1,590,000	1,353,000	635,000	105,600	665,000	6,551,600	382	17,155
Southwest Region	6,420,900	0	2,392,000	5,523,200	1,000,000	2,035,000	1,750,000	0	50,000	400,000	19,571,100	485	40,344
Yukon Flats	2,485,100	1,665,000	2,672,500	3,148,500	1,070,000	500,000	6,155,000	2,400,000	0	0	20,096,100	327	61,531
Yukon Koyukuk	7,536,000	400,000	1,575,000	1,339,000	3,420,000	1,000,000	2,739,000	100,000	55,800	0	18,164,800	541	33,564
Kashunmiut	0	0	0	0	0	0	0	0	0	0	0	0	0
Yupit	0	0	0	0	0	0	0	0	0	100,000	100,000	0	0

Notes: FY 81 appropriations include a \$75,000 municipal grant to Stebbins (Bering Strait) and a \$75,000 municipal grant to Ruby (Yukon-Koyukuk).
 FY 82 appropriations includes municipal grants totaling \$71,000 to Eagle and Tanacross (Alaska Gateway), a grant of \$8,840,000 to Kotzebue (Northwest Arctic) and a \$35,000 municipal grant to Nulatto (Yukon-Koyukuk).
 FY 83 appropriations include municipal grants totaling \$200,000 awarded to Stebbins and Koyuk (Bering Straits).
 FY 85 appropriations include an \$808,300 municipal grant to Teller (Northwest Arctic).
 FY 87 appropriations reflect Governor's budget restrictions imposed September 1985.
 FY 88 appropriations include a \$235,200 municipal grant to Alaska Gateway School District.
 Kashunmiut and Yupit became school districts in FY 86.

ADM - Average Daily Membership

Source: Department of Transportation and Public Facilities, Central Regional Office; Department of Education, Division of Management, Law and Finance; Summaries of Legislative Appropriations, FY 79 - FY 88; Grants Information System, FY 88.

Prepared by: the House Research Agency, March 1989 (89.267C).

TABLE 4
 CAPITAL APPROPRIATIONS FOR SCHOOL CONSTRUCTION--CITY AND BOROUGH SCHOOL DISTRICTS
 FY 79 - FY 88

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88	Total App. FY 79-FY 88
Anchorage	\$0	\$150,000	\$3,180,000	\$0	\$0	\$17,121,500	\$0	\$0	\$0	\$665,600	\$21,117,100
Bristol Bay	0	600,000	0	0	0	0	0	0	0	0	600,000
Cordova	0	0	0	0	0	0	0	0	400,000	0	400,000
Craig	1,250,000	0	2,949,000	0	0	0	0	941,000	100,000	0	5,240,000
Dillingham	0	4,135,000	0	1,984,000	0	190,000	2,800,000	0	0	0	9,109,000
Fairbanks	0	0	10,000	0	1,859,900	2,691,600	0	0	0	600,000	5,161,500
Galena	0	65,000	0	0	0	0	3,000,000	0	0	0	3,065,000
Haines	245,000	250,000	1,332,000	1,089,200	0	0	34,000	0	0	0	2,950,200
Hoonah	0	0	0	0	0	0	0	0	0	0	0
Hydaburg	0	0	0	0	0	0	90,000	15,000	0	0	105,000
Juneau	0	0	2,500,000	0	0	0	2,250,000	0	0	0	4,750,000
Kenai	500,000	20,000	0	0	0	0	2,516,000	0	0	0	3,036,000
Kenai	0	0	0	0	0	0	0	0	0	0	0
Ketchikan	0	0	0	1,250,000	500,000	0	0	545,000	0	0	2,295,000
King Cove	0	0	0	0	0	0	3,200,000	0	0	0	3,200,000
Klawock	0	150,000	1,628,000	1,628,000	0	0	0	800,000	50,000	0	4,256,000
Kodiak	2,638,100	118,600	1,460,000	2,000,000	0	0	0	100,000	0	0	6,316,700
Mat-Su	0	340,000	225,000	0	106,705	2,000,000	30,000	0	0	20,000	2,721,705
Menana	0	0	102,000	1,400,000	900,000	1,300,000	5,800,000	0	0	0	9,502,000
Nome	500,000	100,000	1,850,000	1,500,000	0	0	5,000,000	0	2,500,000	900,000	12,350,000
North Slope	400,000	0	0	0	0	0	0	0	0	0	400,000
Pelican	0	0	0	0	0	0	0	0	0	0	0
Petersburg	0	0	0	0	610,000	0	3,500,000	0	0	0	4,110,000
Sand Point	0	0	0	8,000,000	0	0	0	0	0	0	8,000,000
Sitka	0	0	0	0	0	0	0	0	0	0	0
Skagway	2,500,000	0	0	2,230,000	0	1,500,000	1,500,000	0	0	0	7,730,000
St. Mary's	0	208,000	2,035,000	2,000,000	200,000	200,000	750,000	0	0	0	5,393,000
Tanana	0	0	0	0	0	0	150,000	0	0	0	150,000
Unalaska	0	0	0	0	318,000	0	0	0	0	0	318,000
Valdez	0	0	0	0	0	0	0	0	0	0	0
Wrangell	3,000,000	250,000	1,500,000	0	0	6,000,000	0	0	0	0	10,750,000
Yakutat	0	0	0	0	400,000	0	2,250,000	300,000	0	0	2,950,000

Source: Department of Transportation and Public Facilities, Central Regional Offices; Department of Education, Division of Management, Law and Finance; Summaries of Legislative Appropriations, FY 79 - FY 88.

Prepared by the House Research Agency, March 1989. (89.267D).

TABLE 5
MUNICIPAL GRANTS FOR SCHOOL CONSTRUCTION--CITY AND BOROUGH SCHOOL DISTRICTS
FY 81 - FY 88

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88	Total Grants FY 81 - FY 88
Anchorage	\$8,048,000	\$28,618,500	\$29,335,100	\$50,000	\$50,407,300	\$22,467,000	\$35,000	\$10,534,600	\$149,495,500
Bristol Bay	0	0	0	0	300,000	0	70,000	0	370,000
Cordova	0	130,000	0	0	0	100,000	0	0	230,000
Craig	0	600,000	50,000	85,000	0	0	0	0	735,000
Dillingham	1,620,000	0	0	0	0	0	0	0	1,620,000
Fairbanks	0	2,626,000	3,156,200	1,875,000	7,617,000	1,876,200	224,000	1,710,000	19,084,400
Galena	100,000	0	0	0	0	0	0	0	100,000
Haines	0	0	0	186,000	0	30,000	0	0	216,000
Hoonah	600,000	0	295,500	1,500,000	2,012,500	0	0	0	4,408,000
Hydaburg	0	3,829,200	0	0	0	0	0	100,000	3,929,200
Juneau	0	0	0	3,500,000	0	0	0	0	3,500,000
Kake	0	0	0	0	0	0	0	0	0
Kenai	0	0	0	0	10,000	100,000	32,000	0	142,000
Ketchikan	0	0	0	250,000	750,000	0	0	0	1,000,000
King Cove	0	0	0	0	0	0	0	0	0
Klawock	0	0	0	0	0	0	0	0	0
Kodiak	0	0	450,000	463,000	900,000	2,000,000	0	0	3,813,000
Mat-Su	0	7,860,300	4,233,000	125,000	8,678,100	1,010,000	0	155,000	22,061,400
Nenana	0	0	25,000	0	0	0	0	25,000	50,000
Nome	0	0	0	496,500	0	0	0	0	496,500
North Slope	0	0	0	0	463,500	0	0	0	463,500
Pelican	0	0	533,000	0	0	0	0	0	533,000
Petersburg	0	2,100,000	0	287,000	23,874	0	0	500,000	2,910,874
Sand Point	0	0	0	0	0	0	0	0	0
Sitka	0	2,905,178	1,923,000	0	1,587,000	70,000	0	350,000	6,835,178
Skagway	0	0	0	0	0	0	0	0	0
St. Mary's	165,000	0	0	0	0	150,000	0	0	315,000
Tanana	0	0	0	0	0	0	0	0	0
Unalaska	0	0	0	0	0	0	0	0	0
Valdez	0	0	0	0	0	0	0	0	0
Wrangell	0	530,000	0	0	0	0	0	0	530,000
Yakutat	0	160,000	0	0	0	0	0	0	160,000

Sources: Department of Administration, Division of Administrative Services; Summaries of Legislative Appropriations, FY 79 - FY 87. FY 88 grants amounts were obtained from the Office of Management and Budget-Grants Information System.

Prepared by the House Research Agency, March 1989 (89.267E).

TABLE 6

SUMMARY OF MUNICIPAL GRANTS, CAPITAL APPROPRIATIONS AND DEBT SERVICE--CITY AND BOROUGH SCHOOL DISTRICTS
FY 79 - FY 88

	Total Municipal Grants FY 81 - FY 88	Total Capital App. FY 79 - FY 88	Debt Service Reimbursement FY 79 - FY 88	Total State Contributions	Avg. ADM FY 79 - FY 88	State Contributions Per Avg. ADM
Anchorage	\$149,495,500	\$21,117,100	\$158,058,058	\$328,670,658	37,464	\$8,773
Bristol Bay	370,000	600,000	2,859,605	3,829,605	217	17,681
Cordova	230,000	400,000	1,353,044	1,983,044	427	4,641
Craig	735,000	5,240,000	95,080	6,070,080	167	36,391
Dillingham	1,620,000	9,109,000	1,046,865	11,775,865	407	28,926
Fairbanks	19,084,400	5,161,500	82,586,587	106,832,487	11,809	9,046
Galena	100,000	3,065,000	738,174	3,903,174	140	26,143
Haines	216,000	2,950,200	812,704	3,978,904	375	10,605
Hoonah	4,408,000	0	113,688	4,521,688	228	19,797
Hydaburg	3,929,200	105,000	66,204	4,100,404	96	42,668
Juneau	3,500,000	4,750,000	35,978,171	44,228,171	4,282	10,329
Kenai	0	3,036,000	143,642	3,179,642	196	16,206
Kenai	142,000	0	110,218,524	110,360,524	6,926	15,934
Ketchikan	1,000,000	2,295,000	18,320,647	21,615,647	2,371	9,117
King Cove	0	3,200,000	192,621	3,392,621	120	28,272
Klawock	0	4,256,000	67,876	4,323,876	128	33,833
Kodiak	3,813,000	6,316,700	26,472,206	36,601,906	2,129	17,190
Mat-Su	22,061,400	2,721,705	88,208,651	112,991,756	6,324	17,866
Nenana	50,000	9,502,000	528,635	10,080,635	162	62,342
Nome	496,500	12,350,000	1,808,634	14,655,134	750	19,551
North Slope	463,500	400,000	105,488,782	106,352,282	1,081	98,383
Pelican	533,000	0	44,782	577,782	47	12,372
Petersburg	2,910,874	4,110,000	5,963,201	12,984,075	517	25,120
Sand Point	0	8,000,000	66,751	8,066,751	115	70,452
Sitka	6,835,178	0	8,839,566	15,674,744	1,621	9,673
Skagway	0	7,730,000	128,258	7,858,258	61	48,718
St. Mary's	315,000	5,393,000	194,740	5,902,740	102	57,870
Tanana	0	150,000	21,311	171,311	78	2,199
Unalaska	0	318,000	1,033,926	1,351,926	157	8,633
Valdez	0	0	23,824,735	23,824,735	798	29,867
Wrangell	530,000	10,750,000	3,239,432	14,519,432	475	30,580
Yakutat	160,000	2,950,000	150,701	3,260,701	154	21,119

ADM - Average Daily Membership

Prepared by the House Research Agency, March 1989 (89.267F).

TABLE 7

RANKING OF STATE CONTRIBUTIONS FOR SCHOOL CONSTRUCTION--CITY AND BOROUGH SCHOOL DISTRICTS AND REAAs
FY 79 - FY 88

Rank	Type of District	District	State Contributions Per Avg. ADM	Rank	Type of District	District	State Contributions Per Avg. ADM
1	C&B	North Slope	\$98,383	30	C&B	Hoonah	\$19,797
2	REAA	Aleutian	73,636	31	C&B	Nome	19,551
3	C&B	Sand Point	70,452	32	REAA	Annette	17,881
4	REAA	Kuspuk	65,839	33	C&B	Mat-Su	17,866
5	C&B	Kenai	62,342	34	C&B	Bristol Bay	17,681
6	REAA	Yukon Flats	61,531	35	REAA	Lower Yukon	17,542
7	REAA	Iditarod	58,364	36	C&B	Kodiak	17,190
8	C&B	St. Mary's	57,870	37	REAA	Southeast Island	17,155
9	REAA	Lake & Peninsula	55,616	38	C&B	Kake	16,206
10	REAA	Chugach	50,534	39	C&B	Kenai	15,934.
11	C&B	Skagway	48,718	40	REAA	Copper River	13,878
12	C&B	Hydaburg	42,668	41	C&B	Pelican	12,372
13	REAA	Bering Strait	41,827	42	REAA	Pribilof	12,162
14	REAA	Alaska Gateway	40,631	43	C&B	Haines	10,605
15	REAA	Southwest Region	40,344	44	C&B	Juneau	10,329
16	C&B	Craig	36,391	45	REAA	Delta/Greely	9,956
17	C&B	Klawock	33,833	46	C&B	Sitka	9,673
18	REAA	Yukon Koyukuk	33,564	47	C&B	Ketchikan	9,117
19	REAA	Chatham	32,497	48	C&B	Fairbanks	9,046
20	C&B	Wrangell	30,580	49	C&B	Anchorage	8,773
21	C&B	Valdez	29,867	50	C&B	Unalaska	8,633
22	REAA	Lower Kuskokwim	29,295	51	C&B	Cordova	4,641
23	REAA	Northwest Arctic	29,047	52	REAA	Adak	4,345
24	C&B	Dillingham	28,926	53	C&B	Tanana	2,199
25	REAA	Railbelt	28,275	54	REAA	Kashunamiut	0
26	C&B	King Cove	28,272	55	REAA	Yupit	0
27	C&B	Galena	26,143				
28	C&B	Petersburg	25,129				
29	C&B	Yakutat	21,119				

ADM - Average Daily Membership

Prepared by the House Research Agency, March 1989 (89.267G).

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: An Act relating to insurance for BRU: Insurance
school facilities and equipment, etc.
 Sponsor: Sturgulewski and Pearce Components: Operations
 Requestor: House Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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
REVENUE	0	0	0	0	0	0

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						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) No fiscal impact in FY 90.

Prepared by: Joan Brown, Administrative Officer Phone: 465-2515
 Division: Insurance Date: 5/21
 Approved by Commissioner: Larry Merculieff Date: 465-2500
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 3805D-2/012290b

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 100 (HESS)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
Title: An Act relating to insurance for BRU: Insurance
school facilities and equipment, etc.
Sponsor: Sturgulewski and Pearce Components: Operations
Requester: House Finance

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						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Joan Brown, Administrative Officer
Division: Insurance

Phone: 465-2515
Date: 4-11-89

Approved by Commissioner: Larry Mercurieff
Agency: Department of Commerce & Economic Development

Phone: 465-2500
Date: 4/12/89

Distribution (by preparer):

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