

**S B**

**183**

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2/23/89  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

FIN

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

DATE TURNED INTO OFFICE \_\_\_\_\_

2/17/89

Mr. President:

HESS

Committee considered SB 183

special appropriation to the Department of Education for the school construction account; efd

and recommended:

replace with CS \_\_\_\_\_  same title

attached amendment(s) and  new title

\_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S) attached  zero

fiscal impact

appropriation no FN attached

Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Carl Adams  
Lloyd Jones

Paul Frank - No Pass

Paul Frank Do Pass  
Chairman signature and recommendation

Committee backup attached

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY90 ESTIMATED STATE AID

UPDATED 3/23/89

	100s	90s	80s	90s	80s	80s		ESTIMATED
	BOND SALES	BOND SALES	ESTIMATED	BOND SALES	BOND SALES	NEW BONDS	LESS	TOTAL DEBT
	PRE 7/1/77	7/1/77 TO	CASH PAYMENT	1/1/82 TO	7/1/83 TO	ISSUES SOLD	CIG. TAX	RETIREMENT
		1/1/82		7/1/83	PRESENT	FY90 STATE	PAID IN	BY DISTRICT
11 SCHOOL DISTRICTS	2YR LAG	2YR LAG	2YR LAG	CURRENT PAY	CURRENT PAY	AID EST.	FY88	FOR FY-90
13 ANCHORAGE	\$8,023,079	\$1,418,967	\$1,268,412	\$9,453,347	\$5,834,700	\$560,000	(\$1,473,072) !	\$25,085,433
14 BRISTOL BAY	\$0	\$375,894	\$679,877	\$0	\$0	\$0	(\$14,599) !	\$1,041,172
15 CORDOVA	\$0	\$0	\$33,651	\$0	\$0	\$0	(\$21,951) !	\$11,700
16 FAIRBANKS	\$2,971,047	\$0	\$2,642	\$8,445,380	\$2,851,520	\$0	(\$490,082) !	\$13,780,507
17 GALENA	\$0	\$0	\$92,881	\$0	\$0	\$0	(\$12,145) !	\$80,736
18 HAINES	\$90,207	\$0	\$106,274	\$0	\$0	\$0	(\$18,980) !	\$177,501
19 JUNEAU	\$324,058	\$348,743	\$100,829	\$5,538,850	\$63,210	\$0	(\$175,743) !	\$6,199,947
20 KENAI	\$2,561,770	\$0	\$308,690	\$13,211,701	\$8,661,056	\$0	(\$306,544) !	\$24,434,673
21 KETCHIKAN	\$428,260	\$0	\$0	\$2,369,628	\$0	\$0	(\$95,880) !	\$2,702,008
22 KODIAK	\$402,623	\$1,236,226	\$26,781	\$504,585	\$1,224,000	\$0	(\$87,989) !	\$3,306,226
23 MAT-SU	\$1,939,775	\$2,606,306	\$0	\$7,406,291	\$8,934,172	\$2,340,972	(\$326,373) !	\$22,901,143
24 NOME	\$0	\$0	\$0	\$131,424	\$661,987	\$0	(\$34,853) !	\$758,558
25 NORTH SLOPE	\$0	\$1,064,986	\$0	\$6,110,422	\$0	\$0	(\$48,489) !	\$7,126,919
26 PETERSBURG	\$383,700	\$0	\$0	\$313,353	\$0	\$0	(\$28,180) !	\$668,873
27 SITKA	\$367,609	\$0	\$0	\$0	\$1,944,225	\$0	(\$65,148) !	\$2,246,686
28 UNALASKA	\$0	\$264,290	\$28,889	\$0	\$0	\$0	(\$11,868) !	\$281,311
29 VALDEZ	\$1,145,731	\$1,588,387	\$1,206	\$320,704	\$0	\$0	(\$31,649) !	\$3,024,379
30 WRANGELL	\$0	\$144,345	\$0	\$856,779	\$0	\$0	(\$24,231) !	\$976,893
31 TOTALS								
32	\$18,637,859	\$9,048,144	\$2,650,132	\$54,662,464	\$30,174,870	\$2,900,972	(\$3,267,776)	\$114,806,665
33								
34								
35 TOTAL BOND OUTLAYS	\$112,523,337							
36								
37 PLUS: CASH PAYMENTS	\$2,650,132							
38								
39 SUB TOTAL	\$115,173,469							
40								
41 NEW BONDS FY90 EST.	\$2,900,972							
42								
43 SUB TOTAL	\$118,074,441							
44								
45 LESS: CIG. TAX	(\$3,267,776)							
46								
47 EST. STATE AID-FY90	\$114,806,665							
48								

49 NOTE: MAT-SU NOTIFIED DOE OF A 1989 REFUNDING ISSUE ON 1/26/89



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

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

## JUNEAU OFFICE

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

## FAIRBANKS REGIONAL OFFICE

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

March 1, 1989

To: Senator Paul Fischer, Chair  
Members, Senate HESS Committee

Re: Senate Bill No. 183; "An Act making a special appropriation to the Department of Education for the school construction account; and providing for an effective date."

NEA-Alaska supports and encourages your expeditious attention to SB 183.

Full funding for public education in Alaska must include full funding of the school construction debt as well as the foundation program. When the debt service obligation is under-funded school districts must still find the financial resources somewhere and programs and services to student become the target for the necessary funding cuts to balance the school district budget.

It is vitally important to the stability and continuity of programs in our schools that an early decision be made by the legislature to fully fund its complete obligation to public education.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners  
Executive Secretary



ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS  
ALASKA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS  
ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •  
326 Fourth St., Suite 402 Juneau, Alaska 99801 586-9702

## POSITION STATEMENT

SB 183 "An Act making a special appropriation to the Department of Education for the school construction account; and providing for an effective date"

The Alaska Council of School Administrators strongly supports the passage of SB 183.

We are all keenly aware of the fiscal impact of debt retirement reimbursement to the over-all school district and municipal government budgets. We know that short funding the school construction account will carry an adverse effect on all existing programs.

Knowing that the school construction funds are absent from SB 38, "the school funding bill", the passage of SB 183 becomes even more of the utmost importance.

Therefore, we respectfully request speedy passage of SB 183.



## **KENAI PENINSULA BOROUGH**

144 N. BINKLEY • SOLDOTNA, ALASKA 99669  
PHONE (907) 252-4441

**DON GILMAN**  
MAYOR

### **TESTIMONY ON SB 183 FULL FUNDING FOR SCHOOL CONSTRUCTION DEBT REIMBURSEMENT**

The Kenai Peninsula Borough and School District support SB 183 which provides for full funding of entitlement for school construction debt reimbursement, and urge passage of this bill by the Sixteenth Legislature. Full funding of this program is critical to those school districts and municipalities that hold large amounts of school construction debt. This is the **number one legislative priority** for the Kenai Peninsula Borough.

The economic boom in the early 1980's had a major impact on the boroughs and school districts in Alaska, especially in Kenai, Mat-Su, Fairbanks and Anchorage. Each of these areas experienced severe overcrowding in their school systems and, as a result, many new schools were built through the sale of bonds eligible for reimbursement per AS 14.11.100. These bonds were sold with the expectation that they would be reimbursed at the level of entitlement prescribed in statute at the time of the sales. The current debt obligation in FY'90 for each of the above mentioned areas is as follows:

	debt payment	entitlement
Anchorage	\$27,111,210	\$24,758,093
Kenai	\$26,975,800	\$24,434,528
Mat-Su	\$24,207,929	\$20,886,539
Fairbanks	\$14,784,105	\$14,326,443

For Kenai, the school construction debt payment for FY'89, in the amount of \$26,982,785, represented **53 % of borough funds for education and 45 % of the total borough budget**. The figures for FY'90 will be very similar. For this reason, it is essential that full funding of entitlement for school construction debt occur. Every 10% in reduction of funding for entitlement equals approximately

\$2.4 million, which is equivalent to almost 1 local mill. It is obvious what impact even the smallest of cuts will have.

With school construction debt reimbursement being such a large portion of the budget, the level of funding from the state directly affects the amount of local effort for education. It is for this reason that we maintain that debt reimbursement is an integral part of the overall education funding package and should be included in any early funding bill that may pass the legislature.

Again, the Kenai Peninsula Borough and School District urge your support for full funding for school debt reimbursement and SB 183.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

RESOLUTION 88-89-6

SUPPORT FOR SCHOOL CONSTRUCTION DEBT RETIREMENT

WHEREAS, Article 7, Section 1 of the Alaska State Constitution states that the legislature shall establish and maintain a system of public schools open to all children; and

WHEREAS, under AS 14.11.100 the State of Alaska agrees to repay school districts at a set percentage rate for school construction bonded indebtedness; and

WHEREAS, over the past years of high growth many regions of the state have bonded for school construction in the good faith the state would honor its obligation; and

WHEREAS, the past two legislatures have not fully honored these good faith agreements placing a heavy burden on local taxpayers; and

WHEREAS, this aforementioned tax burden has created a hardship for taxpayers and resultant loss of local revenue for classroom education;

NOW THEREFORE BE IT RESOLVED, that the Kenai Peninsula Borough School District Board of Education calls upon the legislature to fully honor all past commitments for bonded indebtedness reimbursement;

AND BE IT FURTHER RESOLVED, the Kenai Peninsula Borough School District calls upon the legislature to pass legislation which will insure fairness and equity in school construction for all regions of Alaska.

ADOPTED BY THE BOARD OF EDUCATION OF THE KENAI PENINSULA ON THIS 6<sup>th</sup> day of February, 1989.

William M. Clark  
President  
Board of Education

ATTEST:

Barbara A. Jewell  
Barbara A. Jewell  
Notary Public