

HB

290

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 19, 1991

FURTHER REFERRALS:

HES
Finance

Date of Committee Action: 5-3-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 290

HOUSE BILL NO. 290

SCHOOL DEBT REIMBURSEMENT

"An Act relating to reimbursement of school construction debt; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

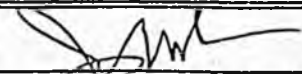
fiscal impact _____

fiscal note(s) _____

zero fiscal note DOE

zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Betty Davis		Richard [Signature]		X	
		[Signature]		✓	
		Cheri Davis		X	
		J. G. Souza		✓	
		[Signature]		X	


 CHAIRMAN'S SIGNATURE

Co-Chair
Health, Education and
Social Services Committee

Resources Committee

Legislative Budget and Audit

Special Committee
on Oil and Gas

Alaska State Legislature



Representative Patrick J. Carney

During Session:
State Capitol
P.O. Box V
Juneau, Alaska 99811
(907) 465-2186

During Interim:
P.O. Box 87-1746
Wasilla, Alaska 99687
(907) 373-2518

May 1, 1991

SPONSOR STATEMENT - HOUSE BILL 290

HB 290, which is the companion bill to SB 228 by Senator Kerttula, is designed to reinstate the debt reimbursement for bonded indebtedness for school construction.

HB 37, which passed last year, was designed to provide a new approach to school construction in order to avoid escalation of bonded indebtedness for schools. The legislation provided a priority system for school construction by the Department of Education which would include all school construction needs statewide, prioritized according to greatest need. There was a commitment made to fully fund prior debt service retirement, which was not kept. In reviewing the priority one schools, which resulted from this needs prioritization, it is obvious that rural schools will dominate that list for many years.

HB 290 provides for reinstating debt service retirement for bonded indebtedness at the 70 per cent level for bonds issued after March, 1990.

Without the benefit of this debt service retirement, a tremendous burden is placed on organized municipalities who are in desperate need of additional schools and are already carrying a heavy tax burden.

The Anchorage School District has a significant capital need for construction to bring old schools up to current standards. In addition, schools in South Anchorage and the Eagle River-Chugiak areas are over capacity and new elementary and junior high schools are in the planning process.

Schools in the Matanuska-Susitna School District are also at or near capacity in most areas and we are continuing to experience tremendous population growth.

The Fairbanks School District anticipates it will need \$100 million for school construction over the next ten years, an amount that includes three to four new schools.

The current funding mechanism cannot meet the needs of urban school districts. HB 290 provides the most effective means, and most traditional method, for financing school construction.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 290

Revision Date: _____ Department Affected: Education
 Title: Reimbursement of School Construction Debt BRU: Educational Finance & Support Services
 Component: School Construction Debt Retirement
 Sponsor: Carney
 Requestor: House HESS COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS. CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL						
---------	--	--	--	--	--	--

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____ *

ANALYSIS: (Attach a separate page if necessary.)

It is impossible to predict the state liability in FY91 and beyond under HB 290.

Prepared By: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 4/22/91
 Approved by Commissioner: Steve Hole, Acting Commissioner
 Agency: Education Date: 4/22/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Fairbanks North Star Borough School District

WHY WE NEED AN ADDITION AT TANANA JR. HIGH AND A NEW ELEMENTARY SCHOOL

April 1991

WE DO NOT HAVE ENOUGH CLASSROOMS IN FAIRBANKS AREA SCHOOLS to meet current student enrollment needs, much less future growth. In the Fairbanks area (defined as the Lathrop/West Valley attendance area), elementary and high schools are already at capacity and junior high schools are over capacity. For 40 years our district has experienced steady growth and every indication is that this trend will continue. Conservative enrollment projections for the next 5-10 years estimate a 2 percent annual increase. By the year 2000, we will need classroom space for an additional 3071 "unhoused students."

IN FAIRBANKS AREA SCHOOLS (Not Etelson, Ft. Wainwright or No. Pole)...

- ▶ We currently have classroom space for 8,538 students.
- ▶ Our 1990-91 K-12 enrollment totals 8,568 students.
- ▶ In 5 years, we estimate needing space for 9,285 students.
- ▶ By the year 2000, we will need space for 11,609 students.
- ▶ It takes 2-3 years after funding is approved to build a prototypical elem. school.

IN OUR CIP REQUEST FOR THIS YEAR ARE TWO VITAL PROJECTS to begin addressing this problem:

- ▶ An addition at Tanana Jr. High (\$3.95 million)
- ▶ A new north Fairbanks elementary school (\$14.3 million)

UNFORTUNATELY, LOCAL COMMUNITIES CAN NO LONGER DETERMINE LOCAL SCHOOL CONSTRUCTION NEEDS. Prior to passage of House Bill 37 last year, the state would reimburse local communities up to 80% of the cost of voter-approved school construction bonds. Now, Fairbanks projects must compete on a statewide CIP priority list determined by the Department of Education. The amount of money appropriated to the school construction fund determines whether or not our school projects will get built.

The Tanana addition is ranked #30 on the statewide CIP list and the new elementary school is ranked #33. Governor Hickel has proposed spending only \$25 million on new school construction, which would fund only the first seven projects on the statewide CIP list. Approximately \$108 million dollars would have to be appropriated to the statewide school construction fund before our two projects would get funded.

In addition, the first 20 projects on the state CIP list are considered Priority 1, Health and Life/Safety Projects. Priority 2 projects are "unhoused students." The addition at Tanana and the new elementary school are Priority Type 2 projects. There are nine Priority 2 projects ahead of ours.

GIVEN THE MAGNITUDE OF THE PROBLEM, why aren't our Fairbanks projects at least on the top of the Priority Type 2 projects? Good question. The Department of Education decided to rank projects according to the *percent* of unhoused students, not the *number* of unhoused students. Therefore, while we may have the greatest number of unhoused students, it represents a smaller percent of our enrollment than in a small or single site school district. Priority 2 projects ahead of ours are for the following schools with their enrollment according to DOE's 1990 Alaska Education Directory: Selawik (127), Slana (18), Edna Bay (17), Hooper Bay (223), Kasaan (11), Port Protection (9), Craig (256), Gambell (160) and Aniak (181).

EVERY YEAR, SCHOOL DISTRICTS IN ALASKA HAVE MORE STUDENTS TO EDUCATE. The legislature acknowledges this fact by approving supplemental operating funds to help educate increased numbers of students. Legislators should also realize that with more students to educate, districts that did not over build in the 1970's and 80's now need more classrooms. We understand the desire to hold the line on state spending but we cannot reduce the number of students we have to educate. These students are here now and more are coming on their heels. We need classrooms for them. WE NEED AN ADDITION AT TANANA AND A NEW ELEMENTARY SCHOOL FUNDED THIS YEAR.



Matanuska-Susitna Borough School District

125 WEST EVERGREEN — PALMER, ALASKA 99645 — (907) 746-9200

Dr. Ell B. Soranson, Superintendent

November 7, 1990

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The Honorable Dorothy Jones
Mayor
Matanuska-Susitna Borough
P.O. Box 1608
Palmer, AK 99645

RE: Advance planning for schools.

Dear Mayor Jones:

Continued enrollment increases at many of the District schools suggest that advance planning for new school facilities should be implemented. The advance planning should include site selection and bonding preparations for two (2) elementary schools and one middle school.

The District's annual enrollment averages over the last twenty (20) years indicates the student enrollments have increased at 7.82% a year. (See Attachment A) It is anticipated that this growth will continue because of the Borough's popularity as a place to live.

A review of the latest enrollment report (Attachment B) indicates that all three of the middle schools are either at capacity or exceed their design capacity. In addition, the enrollments at Snowshoe Elementary, Tanaina Elementary, Pioneer Peak Elementary, and Big Lake Elementary exceed their design capacity of 500 students. Several other elementary schools including Iditarod Elementary, Swanson Elementary, and Cottonwood Creek Elementary are rapidly approaching their design capacities.

The completion of Knik Elementary School in 1992 will bring temporary relief to Tanaina Elementary and Snowshoe Elementary; as well as Big Lake and Iditarod.

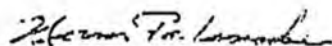
For these reasons and in keeping with Borough Code 19-08.020 it is recommended that the Mayor appoint a School Site Selection

Honorable Mayor Jones
November 7, 1990
Page 2

COPY

Committee to begin the process of determining District needs for new school sites. This recommendation becomes particularly relevant when it is remembered that the building of a new school can take three years from the time it is approved by the Assembly and a bond is approved. The District is anticipating that some schools may have to go to split sessions as early as the 1992-93 school year.

Sincerely,



Norm Palenske
Associate Superintendent

fc
enc. Attachment A
Attachment B

MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT
 TWENTY-YEAR ENROLLMENT AVERAGES
 AND THREE YEAR PROJECTION
 DISTRICT-WIDE

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END OF YEAR FIGURES:

YEAR	ENROLLMENT	PERCENT INCREASE OR (DECREASE)	THREE-YEAR PERCENT INCREASE OR (DECREASE)	HIGH AVERAGE PROJECTION	AVERAGE PROJECTION	LOW AVERAGE PROJECTION
1970-71	2,157.92					
1971-72	2,298.88	6.53%				
1972-73	2,389.87	3.96%				
1973-74	2,496.91	4.48%	4.99%			
1974-75	2,700.71	8.16%				
1975-76	3,054.86	13.11%				
1976-77	3,472.87	13.68%	11.65%			
1977-78	3,854.44	10.99%				
1978-79	3,775.38	-2.05%				
1979-80	4,332.86	14.77%	7.90%			
1980-81	4,421.94	2.06%				
1981-82	4,753.77	7.50%				
1982-83	5,774.32	21.47%	10.34%			
1983-84	6,991.45	21.08%				
1984-85	8,049.92	15.14%				
1985-86	8,454.83	5.03%	13.75%			
1986-87	8,450.86	-0.05%				
1987-88	8,252.39	-2.35%				
1988-89	8,192.35	-0.73%	-1.04%			
1989-90	8,764.31	6.98%				
1990-91*	9,350.00	6.68%	6.83%			
DISTRICT AVERAGE		7.82%	7.78%	10.91%	7.82%	3.59%

PROJECTED ENROLLMENT:

1991-92	10,370.22	10,081.39	9,686.00
1992-93	11,501.76	10,870.00	10,034.08
1993-94	12,756.76	11,720.29	10,394.67

*USED 9/21/90 ENROLLMENT FIGURES

Co-Chair
Health, Education and
Social Services Committee

Resources Committee

Legislative Budget and Audit

Special Committee
on Oil and Gas

Alaska State Legislature



Representative Patrick J. Carney

During Session:
State Capitol
P.O. Box V
Juneau, Alaska 99811
(907) 465-2186

During Interim:
P.O. Box 87-1746
Wasilla, Alaska 99687
(907) 373-2518

April 23 1991

MEMORANDUM

TO: Representative Jerry Mackie
Chair, Community and Regional Affairs Committee

FROM: Representative Pat Carney *Pat*

RE: Hearing request - HB 290

I request that you schedule House Bill 290, reimbursement of school construction debt, for a hearing as soon as possible.

HB 290 provides 70 per cent reimbursement for outstanding bonds authorized by voters to pay costs of new school construction and additions to schools statewide. Current statute requires reimbursement for past school construction debts, but has no provision for future construction. Many communities cannot afford to build new schools, or add on to existing buildings, without assistance from the state.

Thank you for your consideration of this request.



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536
FAX: (907) 274-0551

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090
FAX: (907) 586-2744

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435
FAX: (907) 456-2159

May 3, 1991

To: **Representative Mackie, Chair**
Members, House Community & Regional Affairs Committee

Re: **HB 290; "An Act relating to reimbursement of school construction debt; and providing for an effective date."**

NEA-Alaska supports and encourages your favorable consideration of HB 290.

We did support the theory and principle of HB 37 in that it makes sense to have an orderly system for the management of public school capital improvement projects. However, it has become apparent that HB 37 may not be effectively serving the broad based need which is inherent in public education in Alaska.

While health and safety concerns are of critical importance as they pertain to public school facilities and must be given priority consideration the simple fact that we have unhoused students must receive equal priority. The problem of unhoused students is compounded by the reality that student enrollment is increasing and is already a serious strain on limited facilities in many parts of the state.

Unless there is an immediate commitment to reach much further down the capital improvement *needs* lists which have been produced as a result of HB 37, it is critical that HB 290 be passed so that communities can begin the process of meeting their own critical needs for additional classroom space.

Thank you for your consideration of our position. We urge your support.

Respectfully submitted,

Bob Manners
Executive Director

Don Oberg
President

cc: **Representative Carney**



THE
LAKE AND PENINSULA BOROUGH
SCHOOL DISTRICT

P.O. Box 498
King Salmon, Alaska 99613
Phone (907) 246-4280



May 3, 1991

TO: Office of Rep. Pat Carney
ATTENTION: CAROLINE

FROM: The Lake and Peninsula School District
Superintendent Frank W. Hill

RE: House Bill ~~209~~ 290

A handwritten signature in black ink, appearing to be "FW Hill".

The Lake and Peninsula School District urges your support of
HB 209. 290

cc/Representative George G. Jacko Jr.
Senator Fred F. Zharoff