

**HB**

**82**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 31, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/

The FINANCE Committee considered:

HB 82

HOUSE BILL NO. 82

SCHOOL CONSTRUCTION & MAINTENANCE GRANTS

"An Act relating to school construction grants and major maintenance grants to school districts; providing for school district participation in the cost of school construction and major maintenance; creating a major maintenance grant fund; and providing for an effective date."

RECOMMENDATIONS:

[ ] the same title

be replaced with (S HB 82 (FIN))

[x] a new title

[ ] have attached amendments(s)

[x] 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 \_\_\_\_\_

[x] fiscal note(s) DOE 1/22/93

[ ] zero fiscal note \_\_\_\_\_

2[x] zero fiscal note(s) REV 1/22/93; DOTPF 1/22/93

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. McKeen</i> <sup>McKeen</sup>	✓	<i>Tom Hoff</i> <sup>Hoffman</sup>		✓	
<i>Richard Foster</i> <sup>FOSTER</sup>	✗	<i>Ben Grussendorf</i> <sup>grussendorf</sup>		✗	
<i>Harold Brown</i> <sup>BROWN</sup>	✓	<i>Terry Martin</i> <sup>Martin</sup>			✗
<i>Don Parnell</i> <sup>PARNELL</sup>	✗	<i>Mark Hanky</i> <sup>Hanky</sup>		✗	
<i>Samuel Larson</i> <sup>LARSON</sup>	✗	<i>Greg Merritt</i> <sup>Merritt</sup>		✗	

*Samuel Larson* <sup>EP McKeen</sup>  
 Co-CHAIRMAN'S SIGNATURE

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

No. 3  
Bill Version: HB 82  
(H) Publish Date: 1/22/93

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
Title: An act relating to school construction and major maintenance BRU: Revenue Operations  
grants to school districts Component: Treasury Division  
Sponsor: \_\_\_\_\_  
Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 121

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

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

REVENUE FUND SOURCE:						
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Brian C. Andrews Phone: 465-4880  
Division: Treasury Date: 1-20-93  
Approved by Commissioner: [Signature] Date: 1/20/93  
Agency: 16-4 [Signature]

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FISCAL NOTE

No. 2  
Bill Version: HB 82  
(H) Publish Date: 1/22/93

Revision Date:  
Title: School Construction

Department Affected: DOT&PF  
BRU:

Sponsor: Rules  
Requestor: Governor

Component:  
Component Serial Number:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	0	0	0	0	0	0

POSITIONS

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

Estimate of current year (FY93) impact: \$ \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

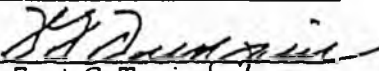
Prepared by: Kit Duke

Phone: 562-2728

Division: Assistant Commissioner

Date: January 20, 1993

Approved by Commissioner:

  
Frank G. Turpin

Phone: 465-3901

Agency: Department of Transportation and Public Facilities

Date: January 20, 1993

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# FISCAL NOTE

No. 1

Bill Version: HB 82

(H) Publish Date: 1/22/93

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Education  
 Title: Relating to the School Construction BRU: Executive Administration  
 Grant Program; Creating a School Major Maint. Acct. Component: CIP Overhead and Associated Costs  
 Sponsor: Senate Rules  
 Requester: Governor COMPONENT SERIAL NO. 156

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	86.3	88.9	91.6	94.3	97.1	100.1
TRAVEL	13.4	13.4	13.4	13.4	13.4	13.4
CONTRACTUAL	11.6	11.6	11.6	11.6	11.6	11.6
SUPPLIES	1.2	1.2	1.2	1.2	1.2	1.2
EQUIPMENT	18.0	3.0	3.0	3.0	3.0	3.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>150.5</b>	<b>118.1</b>	<b>120.8</b>	<b>123.5</b>	<b>126.3</b>	<b>129.3</b>

CAPITAL						
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REVENUE FUND SOURCE:						
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1061 CIP Receipts	130.5	118.1	120.8	123.5	126.3	129.3
<b>TOTAL</b>	<b>130.5</b>	<b>118.1</b>	<b>120.8</b>	<b>123.5</b>	<b>126.3</b>	<b>129.3</b>

**POSITIONS:**

FULL-TIME	2.0	2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Garv M. Bader  
 Division: Administrative Services  
 Approved by Commissioner: [Signature]  
 Agency: Department of Education

Phone: 465-8650  
 Date: January 11, 1993  
 Date: 1/20/93

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HB 82  
W. 1  
P. 2-65

FISCAL NOTE \_\_\_\_\_

"An Act providing that a school district will participate in the school construction grant program; creating a school major maintenance account; and providing for an effective date."

This bill will facilitate the construction of more school facilities than would be possible with an equal appropriation under the current procedure. It is likely this will result in a greater number of grant requests inasmuch as the possibility of having a project funded will be greatly increased. The increased number of grants and grant awards will place an additional clerical burden upon the facilities section. Along with the increased clerical burden will be the responsibility to evaluate a greater number of grant proposals and to ensure that proper matching funds have been identified for each proposal. This bill establishes a major maintenance account to fund projects that will prolong the life of a facility or provide necessary code upgrades. This will require extensive on-site reviews.

It is anticipated that facilities administrators from a cross section of school districts will be invited to participate in the development of standards for school maintenance programs. It is anticipated that such standards will be included in either regulations governing application for major maintenance grants, or the grant agreement itself. Funds for the development of standards are requested in the contractual line.

Two additional positions are necessary to ensure grant awards and management are consistent with this legislation. Personal services costs are assumed to increase 3% per year after the first year. Equipment cost are \$18.0 the first year and \$3.0 for replacement thereafter.

Funding for the CIP Overhead and Associated Costs component will be based upon a percentage charge from the school construction grant account, school major maintenance account, and inter-agency receipts originating from the Alaska debt retirement fund. For this fiscal note, funding is CIP Receipts derived proportionally from the school construction grant account and the school major maintenance account appropriations.

Personal Services:		\$86.3
Project Assistant (16B)	\$52.8	
Clerk Typist III (8B)	\$33.5	
Travel:		\$13.4
Project Assistant travel	\$13.4	
Air fare for 15 site visits (15 x 700 =10.5)		
Per Diem for 30 days (30 x 95 =2.9)		

Position Title <b>Project Assistant</b>		No. of Positions <b>1</b>	Range / Step <b>16B</b>	Barg. Unit <b>GGU</b>
Time Status <b>PFT</b>	Staff Months <b>12</b>	Location <b>Juneau</b>		Election District <b>3, 4</b>
TYPE OF EXPENDITURE		Amount	Justification This position will be responsible for reviewing reports from REAA's and Municipalities, and verifying that matching requirements are met. Additionally, the position will perform on-site reviews of facilities and assist in the ranking of projects.	
Salary		37.8		
Benefits		15.0		
Premium Pay				
Other				
Total Personal Services		52.8		
Travel		13.4		
Contractual		5.8		
Commodities		.6		
Equipment		9.0		
Other				
Total Cost		81.6		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002				
G.F. Match 1003				
General Fund 1004				
IA Receipts 1007				
CIP Receipts 1061		81.6		
Other				

**Request For  
New Position**

AGENCY Education  
 BRU Executive Administration  
 COMPONENT CIP Overhead and Associated Costs

**FY** 1994

Page \_\_\_\_\_ of \_\_\_\_\_  
 Revised Date: \_\_\_\_\_

HB 82  
 5.1.94  
 9/26/95

HB 82  
no. 1.  
17.3/5

Contractual:

\$11.6

Development of facility standards and regulations	\$ 6.0
Phone lines 2 positions @ \$300/ year	\$ .6
Additional funds for hearing officer/court reporter	\$ 5.0

Supplies:

\$ 1.2

Supplies for 2 positions @ \$600 each	\$ 1.2
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Equipment:

\$18.0

Office Furniture (desks, files, partitions, etc. 2 positions	\$ 6.0
Computer Equip. ( Computers/ printer for 2 positions)	\$12.0

FY 94 Total

\$130.5

1/11/93

Position Title <b>Clerk Typist III</b>		No. of Positions <b>1</b>	Range / Step <b>8B</b>	Barg. Unit <b>GGU</b>
Time Status <b>PFT</b>	Staff Months <b>12</b>	Location <b>Juneau</b>		Election District <b>3, 4</b>
TYPE OF EXPENDITURE		Amount	Justification It is anticipated that contracts with school districts, auditors, and municipalities will at least double as a result of this bill. This position is necessary to meet the additional administrative support requirements generated by this legislation.	
Salary		22.6		
Benefits		10.9		
Premium Pay				
Other				
Total Personal Services		33.5		
Travel				
Contractual		5.8		
Commodities		.6		
Equipment		9.0		
Other				
Total Cost		48.9		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002				
G.F. Match 1003				
General Fund 1004				
IA Receipts 1007				
CIP Receipts 1061		48.9		
Other				

**Request For  
New Position**

AGENCY Education

BRU Executive Administration

COMPONENT CIP Overhead and Associated Costs

**FY 1994**

Page \_\_\_\_\_ of \_\_\_\_\_  
Revised Date: \_\_\_\_\_

H. 882  
W.D.I. P.S/S

8-GH1047K ✓  
Ford  
4/18/93

CS FOR HOUSE BILL NO. 82(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

*title change*

1 "An Act relating to school construction grants and major maintenance grants to  
2 school districts; providing for school district participation in the cost of school  
3 construction and major maintenance; creating a major maintenance grant fund;  
4 creating an education facilities maintenance and construction fund; and providing  
5 for an effective date."

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

7 \* Section 1. AS 14.03.150(c) is amended to read:

8 (c) The department may not award a school construction or major  
9 maintenance grant under AS 14.11 to a municipality that is a school district or a  
10 regional educational attendance area that is not in compliance with (a) of this section.  
11 The department shall reduce the amount of state foundation aid under AS 14.17.021  
12 for which a school district may qualify, by the amount, if any, paid by the department  
13 under (b) of this section.

\* Sec. 2. AS 14.07.020(a)(11) is amended to read:

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

\* Sec. 3. AS 14.11 is amended by adding new sections to read:

Sec. 14.11.007. MAJOR MAINTENANCE GRANT FUND. There is created a major maintenance grant fund as an account in the general fund. The fund shall be used to make grants for the costs of school major maintenance. Legislative appropriations for school major maintenance shall be deposited in the fund.

Sec. 14.11.008. SCHOOL DISTRICT PARTICIPATION IN GRANT PROGRAM. (a) In order to receive a grant under this chapter, <sup>AS 39.16.011</sup> a district must provide a percentage share of the project cost, as determined under (b) or (c) of this section.

A DISTRICT SHALL HAVE 3 YEARS TO PROVIDE THE ADDITIONAL REQUIRED PARTICIPATING SHARE.

(b) The required participating share for a municipal school district is based on the district's full value per ADM, which is calculated by dividing the full and true value of the taxable real and personal property in the district, calculated as described in AS 14.17.025(a)(1), by the district average daily membership (ADM) as defined in AS 14.17.250, for the same fiscal year for which the valuation was made. The municipal district's full value per ADM determines the district's required participating share, as follows:

Full Value Per ADM	District Participating Share
\$1 - \$100,000	5 percent
100,001 - 200,000	10 percent
over 200,000	30 percent.

(c) The required participating share for a regional educational attendance area is two percent and may be satisfied by money from federal, local, or other sources, or with locally contributed labor, material, or equipment.

(d) If a <sup>DISTRICT</sup> regional educational attendance area can demonstrate in writing that

1 it is unable to provide the required participating share or that the participating share  
2 required under this section will jeopardize receipt of federal assistance, the  
3 commissioner may waive all or a portion of the required participating share.

4 (e) State funds provided under this chapter may not be a source of the  
5 participating share required under (b) or (c) of this section.

6 \* Sec. 4. AS 14.11.011 is amended to read:

7 Sec. 14.11.011. GRANT APPLICATIONS. (a) A municipality that is a  
8 school district or a regional educational attendance area may submit a [GRANT]  
9 request to the department for a [SCHOOL CONSTRUCTION] grant under this  
10 chapter.

11 (b) For a municipality that is a school district or a regional educational  
12 attendance area to be eligible for a [SCHOOL CONSTRUCTION] grant under this  
13 chapter, the district shall submit

14 (1) a six-year capital improvement plan that includes a description of  
15 the district's fixed asset inventory system and preventive maintenance program no later  
16 than September 1 of the fiscal year before the fiscal year for which the request is  
17 made; the six-year plan must contain for each proposed project a detailed scope of  
18 work, a project budget, and documentation of conditions justifying the project;

19 (2) evidence that the district has secured and will maintain adequate  
20 property loss insurance for the replacement cost of all facilities for which state funds  
21 are available under AS 14.11.005 or 14.11.007 or has a program of insurance  
22 acceptable to the department; and

23 (3) evidence acceptable to the department that the proposed project  
24 should be a capital improvement [CONSTRUCTION] project and not part of a  
25 preventive maintenance program or regular custodial care program.

26 \* Sec. 5. AS 14.11.013(a) is amended to read:

27 (a) With regard to projects for which grants are requested under AS 14.11.011,  
28 the department shall

29 (1) annually review the six-year plans submitted by each district under  
30 AS 14.11.011(b) and recommend to the board a revised and updated six-year capital  
31 improvement project [CONSTRUCTION] grant schedule that serves the best interests

1 of the state and each district; in recommending projects for this schedule, the  
2 department shall verify that each proposed project qualifies as a project required to

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

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

5 (C) protect the structure of existing school facilities;

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

9 (E) achieve an operating cost savings;

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

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

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

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

20 \* Sec. 6. AS 14.11.013(b) is amended to read:

21 (b) In preparing the capital improvement project [CONSTRUCTION] grant  
22 schedule, the department shall establish priorities among projects for which grants are  
23 requested and shall award [SCHOOL CONSTRUCTION] grants in the order of priority  
24 established. In establishing priorities, the department shall evaluate at least the  
25 following factors:

26 (1) emergency requirements;

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

28 (3) new local elementary and secondary programs;

29 (4) existing regional, community, and school facilities, and their  
30 condition; and

31 (5) alternate education program options for accomplishing the project's

1 objectives.

2 \* Sec. 7. AS 14.11.015 is amended to read:

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

9 (b) To the extent that money is available in the appropriate fund, the  
10 [THE] department shall award grants approved under (a) of this section in the order  
11 of the projects' priority on the date the appropriation bill funding the appropriate  
12 [SCHOOL CONSTRUCTION] grant fund is passed by the legislature, regardless of  
13 any appeal pending under AS 14.11.016. Appeals pending under AS 14.11.016 at the  
14 time that grants are awarded may not delay the funding of grants awarded under this  
15 section.

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

21 \* Sec. AS 14.11.017 is amended to read:

22 Sec. 14.11.017. [SCHOOL CONSTRUCTION] GRANT CONDITIONS. (a)  
23 The department shall require in the grant agreement that a municipality that is a school  
24 district or a regional educational attendance area

25 (1) agree to construction of a facility of appropriate size and use that  
26 meets criteria adopted by the department if the grant is for school construction;

27 (2) provide reasonable assurance by a means acceptable to the  
28 department, that the cost of the project will be uniform with the costs of the most  
29 current construction or major maintenance projects, as appropriate, in the area;

30 (3) agree to limit equipment purchases to that required for the approved  
31 project [SCHOOL CONSTRUCTION] plan submitted under (5) of this subsection

1 and account for all equipment purchased for the project under a fixed asset inventory  
2 system approved by the department;

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

7 (5) submit to the department for approval, before award of the  
8 [CONSTRUCTION] contract, a plan for the project [SCHOOL CONSTRUCTION]  
9 that includes educational specifications, final [CONSTRUCTION] drawings, and  
10 contract documents.

11 (b) The cost of any school construction or major maintenance activity  
12 encompassed by the definition of "costs of school construction" under AS 14.11.135  
13 is payable under a grant awarded from the appropriate fund under AS 14.11.015  
14 without regard to whether the costs were incurred before [PRIOR TO] the

15 (1) award of the grant;

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

17 (3) effective date of an appropriation to the appropriate [SCHOOL  
18 CONSTRUCTION] grant fund for the year in which the grant is funded.

19 \* Sec. 9. AS 14.11.017 is amended by adding a new subsection to read:

20 (c) The department, by regulation, may establish the time period in which  
21 activities described in (b) of this section must have occurred in order to be paid under  
22 a grant.

23 \* Sec. 10. AS 14.11.019 is amended to read:

24 Sec. 14.11.019. [SCHOOL CONSTRUCTION] GRANT APPROPRIATIONS.  
25 Within the general appropriation bill submitted to the legislature under AS 37.07.020,  
26 the governor shall include an appropriation for [SCHOOL CONSTRUCTION] grants  
27 in the succeeding fiscal year as determined by the six-year capital improvement  
28 project [CONSTRUCTION] grant schedule prepared under AS 14.11.013.

29 \* Sec. 11. AS 14.11.135 is repealed and reenacted to read:

30 Sec. 14.11.135. DEFINITIONS. In this chapter, unless the context requires  
31 otherwise,

1 (1) "approved school construction project" means the plan for a new  
2 school or an addition to or major rehabilitation of an existing school to the extent that  
3 the plan has been approved by the commissioner under AS 14.07.020(a)(11);

4 (2) "capital improvement project" or "project" means school  
5 construction or major maintenance;

6 (3) "costs of school construction" means the cost of acquiring,  
7 constructing, enlarging, repairing, remodeling, equipping, or furnishing of public  
8 elementary and secondary schools that are owned or operated by the state, a  
9 municipality, or a district and includes the sum total of all costs of financing and  
10 carrying out the project; these include the costs of all necessary studies, surveys, plans  
11 and specifications, architectural, engineering or other special services, acquisition of  
12 real property, site preparation and development, purchase, construction, reconstruction  
13 and improvement of real property and the acquisition of machinery and equipment that  
14 may be necessary in connection with the project; an allocable portion of the  
15 administrative and operating expenses of the grantee; the cost of financing the project,  
16 including interest on bonds issued to finance the project; and the cost of other items,  
17 including indemnity and surety bonds and premiums on insurance, legal fees, fees and  
18 expenses of trustees, depositories, financial advisors, and paying agents for the bonds  
19 issued as the issuer considers necessary;

20 (4) "district" means the districts described in AS 14.12.010;

21 (5) "grant" means a grant under this chapter for school construction or  
22 for major maintenance;

23 (6) "major maintenance" means a project described in  
24 AS 14.11.013(a)(C) or (D);

25 (7) "school construction" means a project described in  
26 AS 14.11.013(a)(1)(A), (B), (E), (F), or (G).

27 \* Sec. 12. AS 37.16 is amended by adding a new section to read:

28 Sec. 37.16.010. EDUCATIONAL FACILITIES MAINTENANCE AND  
29 CONSTRUCTION FUND. (a) The educational facilities maintenance and  
30 construction fund is established as a separate fund in the general fund. The fund  
31 consists of all money appropriated to it.

1 (b) The educational facilities maintenance and construction fund shall be  
2 invested by the Department of Revenue so as to yield competitive market rates, as  
3 provided in AS 37.10.071. Money in the fund may be appropriated

4 (1) to finance the design, construction, and maintenance of public  
5 school <sup>Facilities</sup> capital ~~projects~~; and

6 (2) for maintenance of University of Alaska <sup>Facilities</sup> capital ~~projects~~.

7 \* Sec. 13. APPLICABILITY. The changes made by this Act apply to grants awarded  
8 under AS 14.11.005 - 14.11.019 after June 30, 1993.

9 \* Sec. 14. This Act takes effect July 1, 1993.

4/19/93. AM

A M E N D M E N T

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CS FOR HB NO. 82

Page 2, line 30:

Delete "regional educational attendance area"

Insert "district"

Back-up



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 22, 1993

The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Halford:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that changes the existing school construction grant program in AS 14.11. During 1992 the facilities committee of Alaska 2000 discussed the existing method of allocating school construction grants. This bill, if enacted into law, divides grants under the program into two categories, provides a separate fund for each of the categories, and requires school districts to provide a participating share in order to obtain a grant.

The main thrust of the bill is to separate grants under the existing program into two categories -- grants for school construction and grants for major maintenance of school facilities -- and to create a separate grant fund for the major maintenance projects. Major maintenance projects are those necessary to protect the structure of existing school facilities or to correct building code deficiencies that require major repair or rehabilitation in order for the facility to continue to be used for the educational program.

Existing AS 14.11.005 creates the school construction grant fund; this bill adds a major maintenance grant fund. Legislative appropriations for the two different types of school facility projects will go into the appropriate fund and will be subject to the existing grant procedures in AS 14.11. The bill makes amendments to those grant procedures to acknowledge the separate categories. The bill also makes conforming amendments to AS 14.03.150(c) and AS 14.07.020(a)(11). Separation of the two types of projects allows separate prioritization of projects, and should result in an improved planning and funding process.

The bill also adds a requirement that, in order to receive a school construction or major maintenance grant, a school district must provide a participating share of the project cost. The participating share for a city or borough school district is based on the full and true value of the taxable real and personal property in the

The Honorable Rick Halford  
January 22, 1993  
Page 2

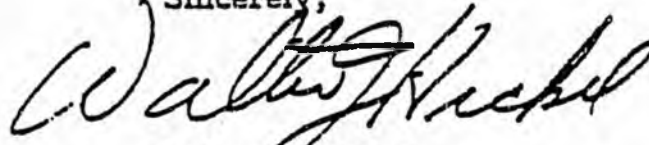
district as of a certain date, and on the district's average daily membership (ADM). A district with a relatively higher property value per ADM will have a relatively higher percentage participating share. City and borough school districts will be required to provide a participating share beginning with grants awarded in fiscal year 1994.

A regional educational attendance area (REAA) participating share is a set percentage of the project cost, although the commissioner of education is authorized to waive all or a portion of the required participating share under certain circumstances. Under the bill, REAAs will not be subject to the requirement for a participating share until fiscal year 1995.

In addition, the bill adds a new subsection to AS 14.11.017. Existing AS 14.11.017(b) authorizes use of grant money under the program to pay the cost of certain activities even if the costs were incurred before the grant application was approved, the grant was awarded, or money was appropriated for the grant. New AS 14.11.017(c) would clarify that the Department of Education can establish the time period in which those activities must have occurred in order to be paid under the grant.

These changes in the way the school construction grant program operates should improve the educational environment of our students and increase the responsibility of school districts in planning for, requesting, and using grant money for school facilities. I urge your early and favorable consideration of this important legislation.

Sincerely,



Walter J. Hickel  
Governor



## KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669  
PHONE (907) 262-4441

DON GILMAN  
MAYOR

POSITION PAPER  
KENAI PENINSULA BOROUGH  
SB 59 and SB 60  
HB 82 and HB 83  
School Construction Grants  
February 8, 1993

The Kenai Peninsula Borough Assembly has not taken a position on SB 59/60 and HB 82/83. However, the Assembly has consistently been on record as supporting matching grant programs with the local match requirement of 30% or less. The following comments are from the Kenai Peninsula Borough Administration and I believe generally reflect the feelings of both the Assembly and School Board.

1. The Kenai Peninsula Borough supports the concepts embodied in SB 59 and HB 82 with the following exceptions:
  - A. The percentage of participation should be fixed; i.e. 15%, 30%, etc. instead of a sliding scale from 30% up to 55%. The simpler the program, the easier it is to explain to voters when they are asked to approve bonds for school construction. The program that was in place for many years was a reimbursement program which was not fixed. Communities could never, with certainty, tell voters how much the school projects were going to cost. We do not object to an ability to pay schedule.
  - B. The construction grant fund and the major maintenance grant fund make imminent sense; the use of current HB 37 criteria does not. It is our feeling that the priority process, the plan review and approval process, and the design criteria from which the state will pay should all be revisited and the HB 37 evaluation process should be scrapped.

SB 59 and SB 60

HB 82 and HB 83

2/8/93

Page 2

2. The Kenai Peninsula Borough supports SB 60 and HB 83 if a decision has been reached by the administration and legislature that school construction programs should be achieved with use of cash instead of bonds. It is our opinion that there is not enough money in regular general fund revenues and various other fund balances to carry out a \$600 million program over a four-year period without using the undistributed income account. Further, it is our opinion that if the undistributed income account is going to be used for anything, education construction is probably a preferred area for expenditure.

The Kenai Peninsula Borough does not oppose a bonding program. Bonding is an entirely different topic than what is embodied in SB 59 and HB 82.

If we can be of assistance to you or your staff on this important matter, please feel free to call upon us.

WALTER J. HICKEL, GOVERNOR

**OFFICE OF THE GOVERNOR**  
OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020  
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March 9, 1993

HB 82

HB 83

The Honorable Cynthia Toohey  
The Honorable Con Bunde  
Co-Chairs, House Health, Education and Social Services Committee  
Alaska State Legislature  
Capital Room 104  
Juneau, AK 99801

Dear Representatives Toohey and Bunde:

On behalf of the Governor, I am requesting an amendment to House Bill 83 to reflect full funding for the Ketchikan High School project. The amendment would increase the high school's funding from \$6,651,000 to \$9,501,600.

The original intent of both House Bill 82 and 83 was to set up a school funding program that included a local match for state funded projects. The full amount for Ketchikan Gateway Borough's request was \$9,501,600. The amount reflected in House Bill 83 was reduced by is \$2,850,500, which reflects the community match amount.

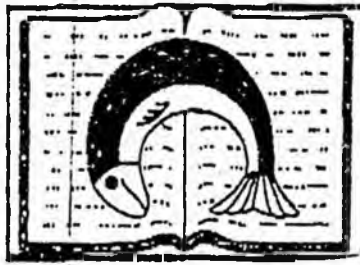
It should be noted that this project has been ongoing for several years. Based on additional information presented to the Department of Education by the Ketchikan Gateway Borough, it is clear the Borough has already satisfied any match that may be required as a result of this legislation. It is therefore requested that the amount for the Ketchikan High School project be amended to \$9,501,600 in House Bill 83.

Thank you for your consideration of this request.

Sincerely,

*Cheryl Frasca*  
for J. Shelby Stastny  
Director

cc: Jerry Covey, Commissioner, Department of Education  
Richard Clevenger, Superintendent, Ketchikan Gateway Borough Schools



# Lower Kuskokwim School District

S. G. Murphy  
Admin. Assistant  
P.O. Box 305 • Bethel, Alaska 99559  
907 543-4800 Ext. 812, 813

March 25, 1993

Representative Lyman Hoffman  
P. O. Box V  
Juneau, Alaska 99811

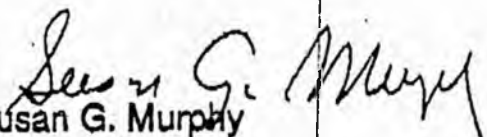
Dear Representative Hoffman:

We have just reviewed the CS for HB82 and have major problems with the proposed changes as delineated below:

The proposed changes which would mandate a 20% match by the Lower Kuskokwim School District for school construction or major maintenance funds would preclude the District from any major construction projects. As an example, the proposed middle school in Bethel is projected to cost \$18,917,000. Twenty percent of that is \$3,783,400. We simply do not have the resources to raise that kind of money. By law, REAAs are not able to levy taxes or to issue bonds as city and borough school districts are able to. The only possible source of funding would be if the State would let us keep all non-State of Alaska Foundation Entitlement Revenue that the District generates (such as PL874 funds); however even that is extremely unreliable and subject to sudden changes.

The LKSD prefers the original language in HB82 which sets our participating share at one percent in the school year which begins in 1994, and increases by 1.4 percent in each of the two succeeding years to total a 2.8 percent increase, and also allows for a waiver process.

Sincerely,

  
Susan G. Murphy