

**SB**

**180**

**SPONSOR STATEMENT  
FOR  
SENATE BILL NO. 180**

The continued development and maintenance of Alaska's educational infrastructure has become an increasingly important issue in Alaska. Several approaches have been suggested to resolve our current problems in constructing and maintaining Alaska's schools, but all of these approaches sacrifice a long term solution in favor of short term spending plans. Senate Bill 180 is part of a three-bill package which proposes a long term solution to constructing and maintaining Alaska's educational infrastructure.

As various short and long term solutions to the school construction, maintenance, and repair have been proposed, it is increasingly clear that successful solutions for rural and urban areas are not the same. Several urban areas have expressed strong interest in issuing school construction debt as a way for their residents to share in the cost of building and repairing their community's schools.

Senate Bill 180 reestablishes reimbursement of school construction debt for a limited time period and at a significantly higher match requirement than was offered under previous debt reimbursement programs. This bill reestablishes debt reimbursement for four years, reduces the State of Alaska's share of debt payments to 70%, caps the level of debt that can be incurred by any bonding community in Alaska, and establishes a retroactive effective date to April 1, 1993.

There are two companion bills to SB 180. Senate Bill No. 181 makes a number of key changes to the way school construction, maintenance, and repair projects are reviewed and selected for consideration by the legislature. Senate Joint Resolution No. 30 proposes the establishment of a constitutional school construction and maintenance fund.

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SB 180

Revision Date: \_\_\_\_\_ Dept. Affected: EDUCATION  
Title: An Act relating to reimbursement of school BRU: Executive Administration  
construction debt; and providing for an effective date. Component: CIP Overhead and Associated Costs

Sponsor: Senator Pearce  
Requestor: Senator Pearce's Office COMPONENT SERIAL NO. 157

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	46.8	48.2	49.7	51.1	52.7	54.3
TRAVEL	8.9	8.9	8.9	8.9	8.9	8.9
CONTRACTUAL	20.3	20.3	20.3	20.3	20.3	20.3
SUPPLIES	0.6	0.6	0.6	0.6	0.6	0.6
EQUIPMENT	9.0	1.5	1.5	1.5	1.5	1.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>85.6</b>	<b>79.5</b>	<b>81.0</b>	<b>82.4</b>	<b>84.0</b>	<b>85.6</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	85.6	79.5	81.0	82.4	84.0	85.6
<b>TOTAL</b>	<b>85.6</b>	<b>79.5</b>	<b>81.0</b>	<b>82.4</b>	<b>84.0</b>	<b>85.6</b>

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

(SEE ATTACHED)

Prepared by: Gary M. Bader *Gary M. Bader*  
Division: Administrative Services

Phone: 465-2875  
Date: 2-Apr-93

Approved by Commissioner: \_\_\_\_\_ *Mich Mathis*  
Agency: Department of Education

Date: 4/8/93

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## FISCAL NOTE SB 180

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

This bill will enable wealthier municipalities throughout the State to construct school facilities for unhoused students and to correct safety hazards and code deficiencies in aging facilities. Small municipalities, whose ability to bond is restricted or nonexistent, will still be required to seek State aid through the grant process. It is certain that this bill will result in a large number of requests for approval of school construction projects. This will place an additional burden on the Facilities Section in both clerical and administrative requirements. While it may reduce the number of requests for grants through AS14.11.011 from the larger municipalities, it is likely that they will continue to seek grant funds depending on their current bond debt and fiscal obligations. It is impossible to predict the State liability in FY94 and beyond under SB 180.

This bill will require additional time at the administrative level in order to ensure compliance with the regulations and fiscal accountability. Regulations will need to be developed to determine the level of municipal bond debt and reporting procedures in order to govern administration of this program. In addition, the amendment to AS 14.11.102 would require development of regulations regarding evaluation of projects to include education programs. Necessary review of project plans and on-site reviews to determine eligibility and compliance will increase administrative travel requirements. Funds will be required for travel.

It is anticipated that participation by the Department of Law will increase. Historically, this program has created a need for legal services related to interpretation of the statute and regulations, project eligibility, and the discrepancy between full funding through the grant program and partial funding through the debt retirement process. Funds will be required for contractual services.

One additional position is necessary to ensure compliance with this legislation. Personal services costs are assumed to increase 7% per year after the first year. Equipment costs are \$9.0 the first year and \$1.5 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 and inter-agency receipts originating from the Alaska debt retirement fund.

Personal Services		46.8
Administrative Assistant II (14B)	46.8	
Travel		8.9
Administrative travel		
Air fare for 10 site visits (10 x 700 = 7.0)	7.0	
Per Diem for 20 days (20 x 95 = 1.9)	1.9	
Contractual		20.3
Development of regulations	7.5	
Funds for defense of Department position in disputes	10.0	
Additional funds for hearing officer/court reporter	2.5	
Phone lines 1 position @ \$300/year	.3	
Supplies		.6
Supplies for 1 position	.6	
Equipment		9.0
Office furniture (desks, partitions, ect.)	3.0	
Computer Equipment (Computer, token ring, etc.)	6.0	
	FY 94 Total	85.6

4/2/93