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SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/13/97

FURTHER: Finance

Date of 5-Day Notice: 2/20/97
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/24/97

Health, Education and Social Services Committee considered

SENATE BILL NO. 11

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

and recommends:

be replaced with CS SB 11 (HES)

adopt previous CS _____ (____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to the _____ Committee

Senate Bill:
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR# _____

SIGNING/DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>			
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
CHAIR: <i>[Signature]</i>	✓	CHAIR: _____			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
Education - SB 11		✓	
Education - CS SB 11 (HES)		✓	
(previous FN applies to CS)			

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*Include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 11

1997 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Education

Title: An act relating to state aid for school construction debt; and providing for an effective date.

BRU: K-12 Support

Sponsor: Sen. Halford

Component: Debt Reimbursement

Requester: State Affairs

COMPONENT SERIAL NO. _____ 153

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1030 School Fund	0.0	0.0	0.0	0.0	0.0	0.0
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY97) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

Section 1 - amends AS 14.11.100 by adding section 8 which allows up to 50% reimbursement for school construction debt incurred after July 1, 1997. Projects must first be approved by the department as eligible and must be approved by the qualified voters. A request for an allocation of funds under AS 14.11.100 must be submitted to the department by the school district no later than October 15 of the fiscal year before the fiscal year for which the request is made. The proposed legislation does not limit the amount or number of projects the department can approve. The department can not project the fiscal impact until projects are submitted for approval under the new program. The first year this amendment could have fiscal impact is FY99.

Prepared by: Eddy Jeans, School Finance Manager

Phone: 465-8679

Division: Education Support Services

Date: _____

Approved by Commissioner: *Shirley Holloway*

Shirley Holloway, Ph. D., Commissioner

Agency: Education

Date: _____

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LEGAL SERVICES

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STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 22, 1997

SUBJECT: Reimbursement of school bonds - (CSSB 11(HES))

TO: Senator Gary Wilken
Attn: Sheila

FROM: Michael F. Ford *M.F.*
Legislative Counsel

As you requested, this is a brief memo to explain the bond reimbursement program authorized by CSSB 11(HES). Bonds authorized after April 30, 1993, but before July 1, 1995, are eligible for reimbursement at a rate of 70 percent, if the payments meet the criteria established under paragraph 6 of AS 14.11.100(a). Bonds authorized on or after July 1, 1995, but before July 1, 1997, are eligible for reimbursement at a rate of 70 percent, if the payments meet the criteria established under paragraph 8 of AS 14.11.100(a). Bonds authorized on or after July 1, 1997, are eligible for reimbursement at a rate of 75 percent, if the payments meet the criteria established under paragraph 9, of AS 14.11.100(a). Bonds eligible for reimbursement under paragraphs (8) and (9) are not subject to the bond reimbursement cap under AS 14.11.100(m).

Please contact me if you have further questions.

MFF:glc
97-203.glc

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR HALFORD

TO: SB 11

Page 3, line 30:

Delete "1997"

Insert "1995"

Page 4, line 7:

Delete "50"

Insert "70"

Page 4, line 10:

Delete "1997"

Insert "1995"

Page 5, line 26, following "enrollment;":

Delete "or"

Insert "[OR]"

Page 5, line 28, following "codes": *demonstrated that the project will*
Insert "; *result in a reduction in annual operating costs which*
~~(C) operating costs that would be reduced by the project;~~ *economically*
justifies
the cost of the
Project.
or ~~(D) facilities that require modification or rehabilitation~~
for the purpose of improving the instructional program"

Page 5, line 29:

Delete "takes effect July 1, 1997"

Insert "is retroactive to July 1, 1995"

Page 5, following line 29:

Insert a new bill section to read:

"* Sec. 6. This Act takes effect immediately under AS 01.10.070(c)."

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR WILKEN

TO: SB 11

1 Page 4, following line 11:

2 Insert a new bill section to read:

3 **** Sec. 2. AS 14.11.100(b) is amended to read:**

4 (b) The commissioner shall administer the program of reimbursement
5 authorized under this section and shall provide by regulation for the filing of
6 applications for reimbursement, the form of proof of costs for which application for
7 reimbursement is made, and other regulations necessary to administer the program.

8 **An amount due a municipality for reimbursement under this section may not be**
9 **reduced by the cost to the department to administer the reimbursement program.**

10 The commissioner shall exclude from the total school construction cost of the local
11 district all state and federal funds included in these costs except funds provided under
12 this section and AS 43.50.140. In approving applications for reimbursement, the
13 commissioner shall offset against the amount of reimbursement authorized the amount
14 of any funds distributed to the borough or city in the second preceding fiscal year
15 from the school fund provided for in AS 43.50.140."

16 Renumber the following bill sections accordingly.

MEMORANDUM

State of Alaska
Department of Education

To: Brett Huber
Senator Halford's Office

Date: March 21, 1997

Phone: 465-1858

File:g:\ndm\deptmemo\
File Name

From: Michael Morgan
Special Projects Manager
ESS/Facilities

Subject: Change to SB 11

Brett:

Here are a couple of options.

Proposed language change to the amendment to SB 11:

Page 5, line 28, following "codes"

Insert ";

((C) demonstrated that the project will result in a reduction in annual operating costs which economically justifies the cost of the project

OR

(C) completed a cost/benefit analysis of annual operational cost savings versus project costs which economically justifies the project

cc: Rick Cross

Compared to SB 11
Changes highlighted -

0-LS0151NB ✓
Ford
3/22/97

CS FOR SENATE BILL NO. 11(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:
Referred:

Sponsor(s): **SENATORS HALFORD, Phillips, Green**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state aid for school construction debt; and providing for an
2 effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * Section 1. AS 14.11.100(a) is amended to read:

5 (a) During each fiscal year, the state shall allocate o a municipality that is a
6 school district [,] the following sums:

7 (1) payments made by the municipality during the fiscal year two years
8 earlier for the retirement of principal and interest on outstanding bonds, notes, or other
9 indebtedness incurred before July 1, 1977, to pay costs of school construction;

10 (2) 90 percent of

11 (A) payments made by the municipality during the fiscal year
12 two years earlier for the retirement of principal and interest on outstanding
13 bonds, notes, or other indebtedness incurred after June 30, 1977, and before
14 July 1, 1978, to pay costs of school construction;

1 (B) cash payments made after June 30, 1976, and before July 1,
2 1978, by the municipality during the fiscal year two years earlier to pay costs
3 of school construction;

4 (3) 90 percent of

5 (A) payments made by the municipality during the fiscal year
6 two years earlier for the retirement of principal and interest on outstanding
7 bonds, notes, or other indebtedness incurred after June 30, 1978, and before
8 January 1, 1982, to pay costs of school construction projects approved under
9 AS 14.07.020(a)(11);

10 (B) cash payments made after June 30, 1978, and before July 1,
11 1982, by the municipality during the fiscal year two years earlier to pay costs
12 of school construction projects approved under AS 14.07.020(a)(11);

13 (4) subject to (h) and (i) of this section, up to 90 percent of

14 (A) payments made by the municipality during the current fiscal
15 year for the retirement of principal and interest on outstanding bonds, notes, or
16 other indebtedness incurred after December 31, 1981, and authorized by the
17 qualified voters of the municipality before July 1, 1983, to pay costs of school
18 construction, additions to schools, and major rehabilitation projects that exceed
19 \$25,000 and are approved under AS 14.07.020(a)(11); [AND]

20 (B) cash payments made after June 30, 1982, and before July 1,
21 1983, by the municipality during the fiscal year two years earlier to pay costs
22 of school construction, additions to schools, and major rehabilitation projects
23 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

24 (C) payments made by the municipality during the current fiscal
25 year for the retirement of principal and interest on outstanding bonds, notes, or
26 other indebtedness to pay costs of school construction, additions to schools, and
27 major rehabilitation projects that exceed \$25,000 and are submitted to the
28 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and
29 approved by the qualified voters of the municipality before October 15, 1983,
30 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of
31 average daily membership of the municipality is more than 7 percent but less

1 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily
 2 membership of the municipality is 12 percent or more; payments made by a
 3 municipality under this subparagraph [PARAGRAPH] on total project costs
 4 that exceed the amounts set out in (i) and (ii) of this subparagraph
 5 [PARAGRAPH] are subject to (5)(A) of this subsection;

6 (5) subject to (h) - (i) [(h), (i), AND (j)] of this section, 80 percent of

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

9 [(i)] outstanding bonds, notes, or other indebtedness
 10 authorized by the qualified voters of the municipality

11 (i) after June 30, 1983, but before March 31, 1990, to
 12 pay costs of school construction, additions to schools, and major
 13 rehabilitation projects that exceed \$25,000 and are approved under
 14 AS 14.07.020(a)(11); or

15 (ii) [OUTSTANDING BONDS, NOTES, OR OTHER
 16 INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF
 17 THE MUNICIPALITY] before July 1, 1989, and reauthorized before
 18 November 1, 1989, to pay costs of school construction, additions to
 19 schools, and major rehabilitation projects that exceed \$25,000 and are
 20 approved under AS 14.07.020(a)(11); and

21 (B) cash payments made after June 30, 1983, by the
 22 municipality during the fiscal year two years earlier to pay costs of school
 23 construction, additions to schools, and major rehabilitation projects that exceed
 24 \$25,000 and are approved by the department before July 1, 1990, under
 25 AS 14.07.020(a)(11);

26 (6) subject to (h) - (j) [(h), (i), (j),] and (m) of this section, 70 percent
 27 of payments made by the municipality during the fiscal year for the retirement of
 28 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
 29 the qualified voters of the municipality on or after April 30, 1993, but before July 1,
 30 1995, to pay costs of school construction, additions to schools, and major rehabilitation
 31 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

was 1997

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(7) subject to (h) - (j) [(h), (i), (j),] and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after March 31, 1990, but before April 30, 1993, to pay costs of school construction, additions to schools, and major rehabilitation projects; was 50

(8) subject to (i) and (i) of this section. 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1995, but before July 1, 1997, to pay costs of school construction, additions to schools, and major rehabilitation projects:

(9) subject to (i) and (j) of this section. 75 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1997, to pay costs of school construction, additions to schools, and major rehabilitation projects.

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

(b) The commissioner shall administer the program of reimbursement authorized under this section and shall provide by regulation for the filing of applications for reimbursement, the form of proof of costs for which application for reimbursement is made, and other regulations necessary to administer the program.

new section

An amount due a municipality for reimbursement under this section may not be reduced by the cost to the department to administer the reimbursement program.

The commissioner shall exclude from the total school construction cost of the local district all state and federal funds included in these costs except funds provided under this section and AS 43.50.140. In approving applications for reimbursement, the commissioner shall offset against the amount of reimbursement authorized the amount of any funds distributed to the borough or city in the second preceding fiscal year from the school fund provided for in AS 43.50.140.

* Sec. 3. AS 14.11.100(h) is amended to read:

1 (h) An allocation under (a)(4) - (7) [(a)(4) OR (5)] of this section for school
2 construction begun after July 1, 1982, shall be reduced by the amount of money used
3 for the construction of residential space, hockey rinks, planetariums, saunas, and other
4 facilities for single purpose sporting or recreational uses that are not suitable for other
5 activities and by the money used for construction that exceeds the amount needed for
6 construction of a facility of efficient design as determined by the department. An
7 allocation under (a)(4) - (7) [(a)(4) OR (5)] of this section may not be reduced by the
8 amount of money used for construction of a small swimming pool, tank, or water
9 storage facility used for water sports. However, an allocation shall be reduced by the
10 difference between the amount of money used to construct a swimming pool that
11 exceeds the standards adopted by the department and the amount of money that would
12 have been used to construct a small swimming pool, tank, or water storage facility, as
13 determined by the commissioner.

14 * Sec. 4. AS 14.11.100(i) is amended to read:

15 (i) For the purposes of (a)(4) - (9) ^{was 8} [(a)(4) AND (5)] of this section,

16 (1) an indebtedness for bonds is incurred after the bonds are sold;

17 (2) reimbursement for a cash payment may only be made after the
18 payment is made to a vendor; and

19 (3) payments may not be made for costs that are incurred under a
20 contract after the contract has been released.

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

22 (j) Except as provided in (l) of this section, the state may not allocate money
23 to a municipality for a school construction project under (a)(5) - (9) ^{was 8} [(a)(5), (6), OR
24 (7)] of this section unless the municipality complies with the requirements of (1) - (4)
25 of this subsection, the project is approved by the commissioner before the local vote
26 on the bond issue for the project or for bonds authorized after March 31, 1990, but on
27 or before April 30, 1993, the bonds are approved by the commissioner before
28 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
29 June 30, 1988. In approving a project under this subsection, the commissioner shall
30 require

31 (1) the municipality to include on the ballot for the bond issue, for

1 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated
 2 total cost of each project including estimated total interest, estimated annual operation
 3 and maintenance costs, the estimated amounts that will be paid by the state and by the
 4 municipality, and the approximate amount that would be due in annual taxes on
 5 \$100,000 in assessed value to retire the debt;

6 (2) that the bonds may not be refunded unless the annual debt service
 7 on the refunding issue is not greater than the annual debt service on the original issue;

8 (3) that the bonds must be repaid in approximately equal annual
 9 principal payments or approximately [APPROXIMATE] equal debt service payments
 10 over a period of at least 10 years;

11 (4) the municipality to demonstrate need for the project by establishing
 12 that the school district has

13 (A) projected long-term student enrollment that indicates the
 14 district has inadequate facilities to meet present or projected enrollment; [OR]

15 (B) facilities that require repair or replacement in order to meet
 16 health and safety laws or regulations or building codes;

17 (C) demonstrated that the project will result in a reduction
 18 in annual operating costs that economically justifies the cost of the project;

19 or

20 (D) facilities that require modification or rehabilitation for
 21 the purpose of improving the instructional program.

22 * Sec. 6. This Act is retroactive to July 1, 1995.

23 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

new
language



Official Business

Alaska State Legislature

Senate

Senate Bill 11 Sponsor Statement

School Construction Debt Reimbursement

The State of Alaska has historically participated in the funding of school construction. For school districts in the unorganized areas of the State that provide no local tax contribution, the funding mechanism has been, and remains, direct capital appropriation for the total construction costs. For the organized areas, the predominate funding mechanism has been through school bond debt reimbursement to the local government.

Since Chapter 249 SLA 1970 was enacted, we have had statutes on the books that provide for state participation in the cost of constructing schools through school bond debt reimbursement. Beginning as a fifty percent reimbursement in 1970, the level was raised to ninety percent during the oil boom. The State's portion was subsequently reduced to eighty percent in 1983 and seventy percent in 1993.

In addition to reducing the level of reimbursement to seventy percent, Chapter 78 SLA 1993 also imposed a cap of 250 million dollars of statewide school construction authorization. Since that action, the school construction debt reimbursement program has been closed to new projects.

While the State continues to fund the full cost of constructing a school in an unorganized area, school districts in the organized areas have almost no opportunity for school construction assistance from the State.

Senate Bill 11 will help correct that inequity by providing organized areas and their taxpayers a fifty percent reimbursement for the debt they incur in constructing and renovating schools. This reimbursement will be limited to qualifying projects that have a demonstrated need and received local voter approval.

Passage of SB 11 will be a big step toward equity in State funding of school construction. It's time we return to a mechanism which will allow municipal school districts and their taxpayers to meet the needs of growing student populations.

**RICK
HALFORD**

State Capitol
Juneau, Alaska
99801-1182
Phone (907) 465-4958

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Chugiak, Alaska 99567
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Wasilla, Alaska 99654
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A condensed history of school construction financing in Alaska

Since early in its history the territory, and later the state of Alaska, has provided a fairly steady and reliable funding source for the *operating* costs of schools. Although financial aid has been provided for school construction and major maintenance, it has never had the long-term stability of an allocation method similar to that used to provide aid for school operations.

For the first several decades of the territory, school construction funds were allocated on an "ad hoc" basis. These appropriations were occasional, usually fairly small, often in the form of a matching grant, or other territorial contribution, to a federally funded construction project. By and large, school districts were responsible for school construction. Bonding, the traditional mechanism for construction funding, was not readily available to the districts for many years. Until 1936, Congressional approval was required to incur debt. Even after the restriction was lifted, very few towns had the financial strength to bond for school construction. During the New Deal, some PA funding was used for some school construction. After WW II, federal PL 874 and PL 815 programs (federal impact payments) were also a source of school construction funds.

In 1949, the territorial government instituted a formal program of aid for school construction. Revenue from the Alaska Tobacco Tax was earmarked for the "exclusive purpose of rehabilitation, construction, and repair of Alaska's school facilities." These funds were provided as an annual disbursement of funds whether or not the district currently needed them, allowing districts to accumulate money for capital projects. This dedicated tobacco tax provided a steady and reliable funding source to the districts. Districts were able to issue bonds and service the debt without raising property or sales taxes, resulting in quite a bit of school construction.

Since territorial days, there has been a distinction between the rural schools, for which the territory, and later the state, assumed full financial responsibility. Thus, the traditional distinction between the fully funded rural schools and the partially subsidized municipal school districts and the resulting funding disparity.

Until the early 1980's, state G.O. bonding was another source for state financing of school construction. Of the several hundred million dollars in school bonds, the vast majority of projects went for rural school construction.

In 1970, Alaska adopted a *refund* approach to school funding. The legislature agreed to reimburse a portion of debt service payments made by districts for school bonds, as well as cash payments made for capital projects. The percentage of reimbursement provided was changed repeatedly over the years, usually to liberalize, but occasionally to restrict, benefits to districts, depending upon the vagaries of oil revenue fluctuations. Between 1970 and 1990, over \$700 million was invested by municipalities for school facilities.

In 1990 the legislature closed the school debt reimbursement program to new bonds issues by the municipalities and rewrote the system of grants administered by the Department of Education. A key part of the 1990 legislation was the modification of the DOE grant program, which was supposed to emphasize long-term facility planning by school districts, and rigorous scrutiny and ranking by the department.

Over the years, cash grants from the legislature often provided a cheaper, and even more desirable funding source. During the "hey days" of oil revenues, municipal grants and designated appropriations to DOE provided hundreds of millions of dollars for school construction. In 1980 the legislature authorized grants to municipalities by means of designated grants through the Department of Administration (AS 14.11.010). This mechanism was used by legislators to channel discretionary money to communities in their district. In 1982, the legislature authorized a school grant program under the auspices of DOE (AS 37.05.315). The department was to receive requests for capital construction from REAAs and municipal districts, rank the requests and submit them for funding. The legislature was under no obligation to fund projects according to the department's prioritization, and wasn't limited to projects on the list. Between FY 81 and 92, grants to municipalities for school construction under the department's program totaled approximately \$215 million. Municipal grants for schools under AS 37.05.315 totaled approximately \$244 million.

In 1993, legislation was passed which reduced the level of reimbursement to seventy percent and imposed a cap of \$250 million for statewide school construction authorization. Since that action, the school construction debt reimbursement program has been closed to new projects. While the state continues to fund the full cost of school construction in unorganized areas, there is virtually no opportunity for assistance for organized areas of the state.

Over the years, the state has made considerable contributions for school construction, without which local school needs could not have been met. Funding has been provided on an erratic, and unequal basis. There has, however, been a basic disparity in funding provided between schools located in municipalities and those in unorganized, or rural, areas, with the current school construction funding mechanism virtually eliminating participation by school districts in organized areas of the state.

Provided by Senator Halford



CITY OF WASILLA

200 E. HERNING AVE.
WASILLA, ALASKA 99654-7091
PHONE: (907) 373-9050
FAX: (907) 373-9085

REQUESTED BY: ADMINISTRATION
PREPARED BY: CLERKS OFFICE

RESOLUTION NO. WR97-05

A RESOLUTION OF THE CITY OF WASILLA, ALASKA SUPPORTING SENATE BILL 11, FIFTY PERCENT STATE REIMBURSEMENT FOR MUNICIPAL SCHOOL BOND DEBT.

WHEREAS, the citizens of the City of Wasilla recognize providing a quality education for Alaskan children is a fundamental responsibility; and

WHEREAS, the City of Wasilla and the surrounding Matanuska-Susitna Borough are experiencing a high and sustained growth in population; and

WHEREAS, our growth in population has resulted in a corresponding growth in student population; and

WHEREAS, the Matanuska-Susitna School District has identified a critical need for increased school facilities in our area; and

WHEREAS, the local voters have expressed their approval for the construction of three new schools in the Matanuska Susitna School District by approving by a substantial margin the 1996 school construction bond package in the October 1996 municipal election; and

WHEREAS, the State of Alaska has a Constitutional obligation to provide for education; and

WHEREAS, the State of Alaska has disallowed any new school construction projects from qualification for State funding through local bonded debt reimbursement; and

WHEREAS, the aforementioned disallowance has resulted in a lack of State participation in school construction funding for the organized area under the current system; and

WHEREAS, this places a disproportionate burden on school districts in organized, tax paying areas of the State; and

WHEREAS, Senate Bill 11, which would provide for a fifty percent state reimbursement for municipal school bond debt, has been introduced by Senators Halford and Green for consideration by the 20th Alaska State Legislature.

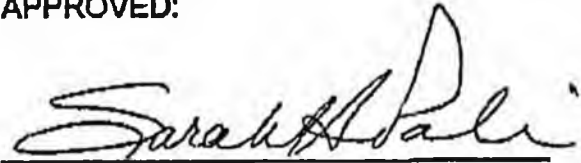
RESOLUTION NO. WR97-05

PAGE 2

NOW THEREFORE BE IT RESOLVED, that the Wasilla City Council supports Senate Bill 11 and urges the Alaska State Legislature's prompt and favorable consideration of this much needed legislation.

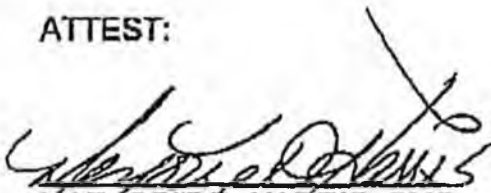
I certify that a resolution in substantially the above form was passed by a majority of those voting at a duly called and conducted meeting of the governing body of the City of Wasilla this 27th day of January 1997.

APPROVED:



SARAH H. PALIN, Mayor

ATTEST:



MARJORIE D. HARRIS, CMC
City Clerk

Amended: 2/4/97

Adopted: 2/4/97

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 97-003 (AM)

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY REQUESTING
AN AMENDMENT TO SENATE BILL 11.

WHEREAS, the Matanuska-Susitna Borough's population is one of
the fastest growing in the state; and

WHEREAS, the Matanuska-Susitna Borough School District's
enrollment continues to grow each year; and

WHEREAS, the Matanuska-Susitna Borough School District has
many schools that are near or exceed capacity limits; and

WHEREAS, the Matanuska-Susitna Borough School District has
approximately 1,000 students housed in portables; and

WHEREAS, the Matanuska-Susitna Borough School District is in
dire need of a new and remodeled and expanded Talkeetna Elementary
School, a new core area elementary school, and a new middle school;
and

WHEREAS, On October 3, 1995 the Matanuska-Susitna Borough
voters approved a ballot proposition totaling \$51,950,000 for a new
and remodeled and expanded Talkeetna Elementary School, a new core
area elementary school, and a new middle school if the state
reimbursed the borough at least 70 percent of debt service costs;
and

WHEREAS, Senators Halford, Phillips, and Green have introduced Senate Bill 11 which would provide a 50 percent reimbursement program for educational debt.

NOW THEREFORE, BE IT RESOLVED that the Matanuska-Susitna Borough Assembly appreciates the efforts of the legislative delegation to address the school construction needs of the borough.

BE IT FURTHER RESOLVED that the Matanuska-Susitna Borough Assembly wishes to avoid the cost of a new bond election and supports a state contribution of 70 percent for school construction.

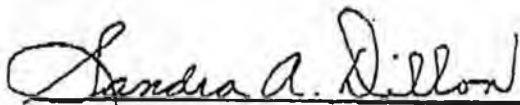
BE IT FURTHER RESOLVED that the Matanuska-Susitna Borough Assembly requests that Senate Bill 11 be amended to include that educational facilities approved by the Department of Education and the voters before January 1, 1997 be reimbursed at 70 percent.

ADOPTED by the Matanuska-Susitna Borough Assembly this 4th day of February, 1997.



BARBARA LACHER, Borough Mayor

ATTEST:



SANDRA A. DILLON, Borough Clerk

(SEAL)

FROM THE DESK OF
JOHN A. STOLTZE
PO BOX 878738
WASILLA, AK 99687
907-376-0427 HM
907-376-0280 FX

Rick Halford
State Capital
Juneau, AK 99801-1182

Dear Senator:

I'm writing today in support of your Senate Bill 11, the school Debt reimbursement bill.

As a long time resident of the Mat-Su Borough and born in Alaska, I try to give back to my community as much as I can. As a past President of our Community Council we worked very hard to make our community safe for it's people and their children.

One of the major projects we have been working on for over 10 years is to have a school in our community, if you're not familiar with the Meadow Lakes area then let me fill you in.

The community of Meadow Lakes lies between the City of Wasilla and the City of Houston. The population is around 8000 people. In the Daily News last year this community was rated as the fastest growing area in the State with a 13.1% growth rate. The only structure we have in our area for community meetings is our local fire hall that is Volunteer. Last fall the Borough passed a bond issue to construct a much needed school in our area at the 70/30 rate. Even though we will have to re-vote on this issue, I feel we would have the support of the people since this would relieve the problems of the Big Lake School that is at over 700 students in school built for 500 students.

I will also try to testify for your first hearing on the 26th of February. If there is any questions you have or any thing I could do to help please feel free to let me know.

Respectfully your,



John A. Stoltze

MEMORANDUM

State of Alaska
Department of Education

To: Karen Rehfeld
Director, Education Support Services

Date: February 18, 1997

Phone: 465-1858

File: g:\mdm\deptmemo\sjh
Facilities Issues

From: Michael Morgan
Special Projects Manager
ESS/Facilities

Subject: Facilities Issues

The following is a summary of issues facing school facilities. This paper is segmented into three sections: the issues facing school facilities; the positions, assumptions and beliefs underlying recommendations on how to deal with the issues; and, recommendations on each issue.

- Issues:
- 1) Existing in the state, currently, is roughly \$3.5 billion worth of school facilities. This includes almost \$750 million in school facilities which the state owns.
 - 2) The owners and operators of these facilities have a responsibility to manage the facilities to assure a safe environment which supports the educational program being conducted there.
 - 3) Facilities to support K-12 education need a long-term, stable source of funding to provide for capital additions, replacement and renewal.

Department of Education Beliefs and Assumptions Regarding Educational Facilities

- 1) Educational facilities should exist to support continuous learning in children.
- 2) Facilities should provide a safe environment for the educational program.
- 3) The state has a responsibility to provide for the capital needs of state owned facilities.
- 4) Technology is important in facilities to the extent that the use of the technology supports learning.
- 5) Maintenance and construction of facilities should reflect minimum standards established for all schools in the state.

Recommendations Regarding Facilities Issues

- 1) A long-term, stable source of funding for facilities' projects should be developed and implemented.
- 2) Projects should be funded in the priority order established by the statutorily established ranking system.
- 3) The department should continue development, review and adoption of facilities related standards.
- 4) As partnerships are established between family, school, community and business groups, the department should explore non-traditional facilities' plans as alternatives which might enhance student learning and offer this information to districts for their consideration.

MEMORANDUM

State of Alaska
Department of Education

To: Sheila
Assistant, Senator Wilken

Date: March 12, 1997

Phone: 465-1858

File:g:\ndm\deptmemo\

From: Michael Morgan
Special Projects Manager
Education Support Services/Facilities

Subject: CIP Overhead Rate
Information

Sheila:

My apologies for the delay in getting this information to you. Enclosed is the background you wanted on overhead rates.

Let me know if you think of anything else or you need additional information.

cc: Karen Rehfeld

State of Alaska
Department of Education
Educational Facilities Section

Funding Sources and Overhead Calculation

For at least the past 15 years, the Department of Education has charged projects which it administers an allocated portion of the Facilities section expenses. These charges cover the direct costs of administering funds appropriated to the Department or which the legislature has statutorily charged the department with administering. Overhead is charged to both grants and bonds approved for reimbursement under the debt retirement program. The overhead charge for the bond program is based upon the total annual anticipated reimbursement amount each year. The overhead charge for the grant program is based upon a percentage of specific grant appropriations.

The means the department takes to determine the overhead is to look at staff costs and the portion of each staff member's time actually used to administer grants and debt reimbursement projects. The total allocable salaries divided by total personnel salaries is the allocable percentage of the total unit cost. The allocable percentage multiplied by the total unit cost is the portion of overhead to be submitted with the debt retirement budget.

The calculation for FY96 was aggressively conservative in applying these time estimates. For example, three staff members had 10% of their time budgeted as being used for grant administration. In fact, a greater portion of all three individuals time should have been allocated (in varying amounts).

The calculation considers past revenues, current fund sources and the life of the project in allocating the availability of funds to cover costs. Unfortunately, given the decrease in funds available from grants, cuts in general fund appropriations, and the requirement to maintain projects which have exceeded their original life cycle projection, costs to provide the services mandated are exceeding revenues.

The department received approximately \$140,000 in general fund revenues in FY96. The amount provided from the general fund is subject to change every year based on legislative appropriation. It is projected to decrease to approximately \$118,300 in FY97. The remainder of the funds necessary to cover the total unit cost come from the CIP Overhead Reserve and overhead charged to new grants and debt reimbursement projects.

The department determines the percentage to be charged by estimating the amount of new annual CIP funds and the requirements needed to cover the cost of the facilities unit which exceeds the amount provided from the general fund. Because of the limited amount of grant fund appropriations, the cost of administering a grant over the life of the project would require an extremely large overhead rate. For example, in FY96 it would have required approximately 5% of grants issued in this year to cover actual total for FY96 costs experienced in excess of general fund appropriations. The 5% amount wouldn't cover the total costs of administering a project over its average life span of three to five years. Currently carry-forward funds from the overhead reserve is covering the remainder of the required costs. While its not anticipated that current project costs should cover administrative costs for old projects, this is a classic case where economies of scale can be achieved. The downside to this is that the facilities section has certain fixed costs which are needed to administer a range of projects (from 20 to 200) and the

decrease in projects funded reduces the number of projects able to bear these costs. At the current rate of use, the reserve funds will be depleted by the end of FY98.

Overheads have been charged to accomplish the requirements set forth by the legislature in AS 14.07.020 (11) and AS 14.11. The base authority for allocating the overhead necessary to accomplish these statutorily mandated tasks is found under AS 14.07.030 (7).

A brief survey of past charges is summarized below.

Historical CIP Overhead Rates

Year	Overhead Rate
FY82	1.30%
FY83	1.50%
FY84	0.60%
FY85	1.70%
FY86	2.00%
FY87	2.00%
FY88	0.40%
FY89	0.40%
FY90	0.42%
FY91	0.35%
FY92	0.36%
FY93	0.36%
FY94	0.85%
FY95	0.16%
FY96	1.55%
FY97	1.55%

Note: The rate shown for FY95 is the effective rate since there were no new projects funded for that year.

Bond Review and Grant Reimbursement Committee

(AS 14.11.014)

Statutory Responsibilities

- Make recommendations to the board concerning grants and to the commissioner regarding bond projects
- Develop criteria for construction of schools, must include criteria to achieve cost effective school construction
- Analyze prototypical designs
- Establish a form for applications
- Establish a method for ranking
- Recommend changes to the approval process for bond projects

1994 & 1995 Accomplishments

- Revised & recommended adoption of new application form
- Revised evaluation packet
- Recommended board approval of revised space guidelines (now adopted)
- Developed draft facility appraisal guidelines
- Developed draft building condition survey
- Developed a recommended level of funding for school capital projects
- Defined maintenance categories and project classifications
- Adopted a new project evaluation and single scale rating process

1996 Accomplishments

- Reviewed and revised the application for capital improvement program (CIP) projects.
- Issued a draft preventative maintenance guideline for review and comments from school districts.
- Completed policy paper on prototypes
- Completed policy paper on temporaries
- Updated the Department's Program Demand Cost Model for Alaskan Schools
- Began regulation review

1997 Work Topics

- Complete regulation review
- Address school construction standards
- Review standards relating to technology
- Review facility issues
- Complete preventative maintenance guidelines
- Review and update Department of Education reference publications
- Address the issue of charter schools as they relate to facilities
- Complete work on technology issues
- Address needs of planning issues:
 - cost effectiveness
 - life cycle cost
 - cost benefit analysis

Allowable Project Types by Funding Source

Grant Funding (AS14.11.013)

- Avert imminent danger or correct life-threatening situations
- House students who would be otherwise unhoused
- Protect the structure of existing school facilities
- Correct building code deficiencies that require major repair or rehabilitation in order for the facility to continue to be used for the educational program
- Achieve an operating cost savings
- Modify or rehabilitate facilities for the purpose of improving the instructional program
- Meet an educational need identified by the department

Bond Reimbursement Funding (AS14.11.100(j)(4))

- Projected long-term student enrollment that indicates the district has inadequate facilities to meet present or projected enrollment
- Facilities that require repair or replacement in order to meet health and safety laws or regulations or building codes

Allowable Project Types by Funding Source

Grant Funding (AS14.11.013)

- Health, Life and Safety
- Unhoused Students
- Protection of Structure
- Building Code Deficiencies
- Achieve Operating Cost Savings
- Improve Instructional Program
- Other Educational Needs

Bond Reimbursement Funding (AS14.11.100(j)(4)) (4 AAC 31.060(I))

- Unhoused Students
- Health/Safety Laws & Code Violations
- Protection of Structure

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY98 ESTIMATED STATE AID

Updated 11/20/96

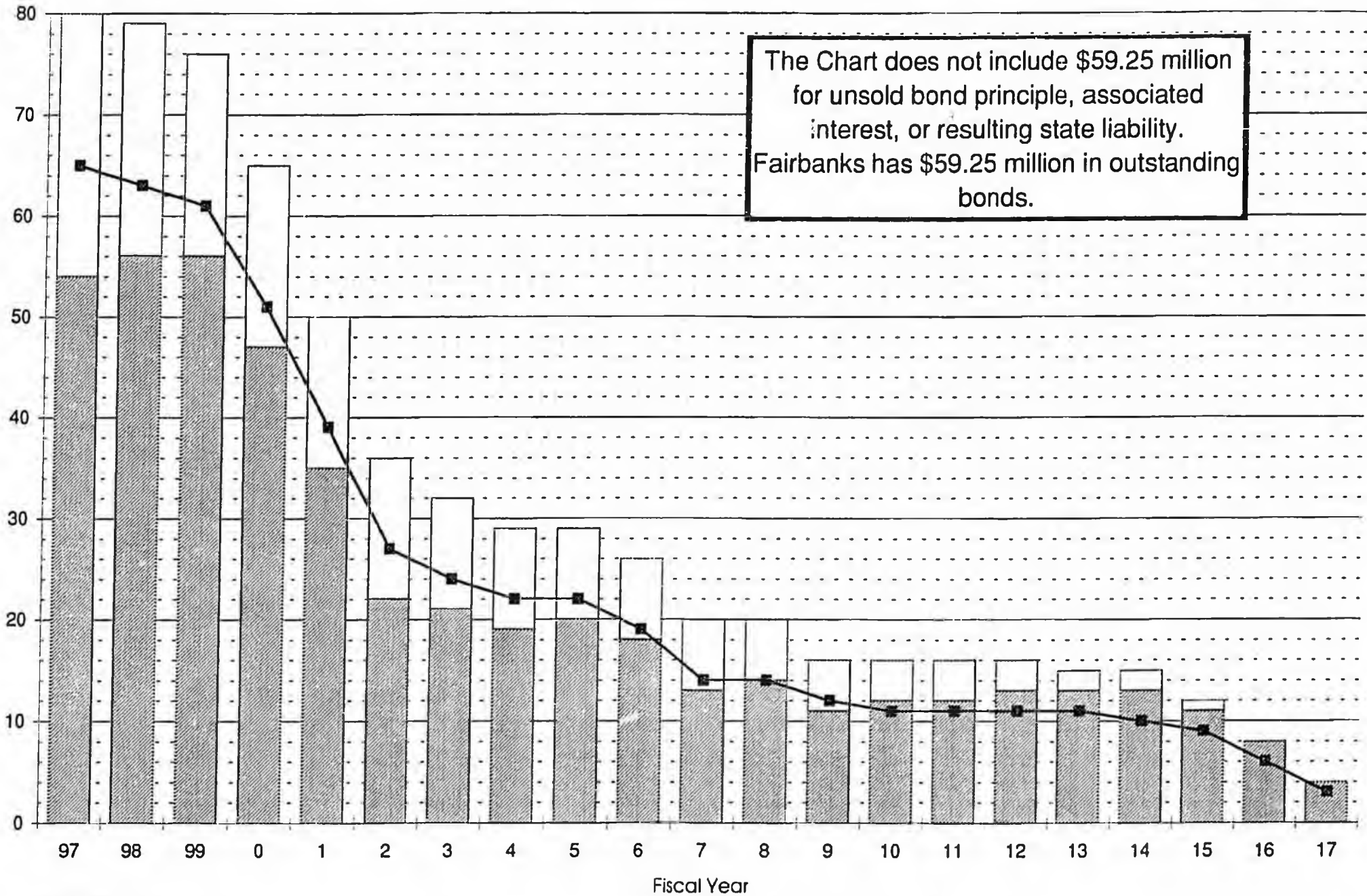
SCHOOL DIST.	100%	90%	80%	90%	80%	70%	Estimated new debt		LESS CIG. TAX PAID IN FY96	SCHOOL DIST.	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY98
	BOND SALES PRE 7/1/77 2YR LAG	BOND SALES 7/1/77 TO 1/1/82 2YR LAG	ESTIMATED CASH PAYMENTS 2YR LAG	BOND SALES 1/1/82 TO 7/1/83 CURRENT PAY	BOND SALES 7/1/83 TO 3/31/90 CURRENT PAY	BOND SALES 4/1/90 TO PRESENT CURRENT PAY	BOND SALES 4/1/90 TO PRESENT CURRENT PAY	70%			
ALEUTIANS EAST					\$53,965				(\$14,294)	ALEUTIANS EAST	\$39,671
ANCHORAGE			\$8,493	\$1,378,839	\$14,368,650	\$7,164,440			(\$1,048,940)	ANCHORAGE	\$21,871,482
BRISTOL BAY		\$355,775							(\$12,118)	BRISTOL BAY	\$343,657
FAIRBANKS	\$826,982		\$153,846	\$3,127,658	\$3,523,622	\$466,234		\$773,500	(\$356,099)	FAIRBANKS	\$8,495,743
GALENA			\$64,618						(\$9,227)	GALENA	\$55,391
HOONAH						\$87,976		\$152,953	(\$11,895)	HOONAH	\$229,034
JUNEAU			\$2,746	\$631,296	\$2,468,650				(\$128,705)	JUNEAU	\$2,973,987
KENAI			\$1,440		\$7,980,616	\$1,101,419			(\$236,514)	KENAI	\$8,846,961
KETCHIKAN	\$205,000				\$1,151,520				(\$68,013)	KETCHIKAN	\$1,288,507
KODIAK				\$1,082,980		\$551,231			(\$67,616)	KODIAK	\$1,566,596
LAKE & PEN						\$406,851		\$45,326	(\$17,535)	LAKE & PEN	\$434,642
MAT-SU	\$550,625			\$1,827,684	\$2,167,164	\$857,156			(\$276,282)	MAT-SU	\$5,126,347
NORTH SLOPE					\$5,124,068	\$471,471			(\$44,679)	NORTH SLOPE	\$5,550,860
PETERSBURG	\$280,800			\$183,150	\$221,466				(\$23,242)	PETERSBURG	\$662,174
SITKA					\$689,130				(\$47,783)	SITKA	\$641,347
UNALASKA		\$232,329			\$801,340				(\$14,092)	UNALASKA	\$1,019,577
VALDEZ	\$164,125			\$1,541,171					(\$26,514)	VALDEZ	\$1,678,782
WRANGELL		\$127,793		\$844,844					(\$18,881)	WRANGELL	\$953,756
YAKUTAT								\$99,681	(\$9,795)	YAKUTAT	\$89,886
TOTALS	\$2,027,532	\$715,897	\$211,143	\$10,617,622	\$38,550,191	\$11,106,779	\$1,071,460	\$1,071,460	(\$2,432,224)		\$61,868,399

THESE ENTITLEMENTS ARE SUBJECT TO ADJUSTMENTS BASED ON ACTUAL BOND PAYMENTS.

BOND ENTITLEMENT	\$64,089,481
CASH ENTITLEMENT	\$211,143
SUB TOTAL	<u>\$64,300,623</u>
LESS: FY96 CIG. TAX	<u>(\$2,432,224)</u>
EST. STATE AID-FY98	<u>\$61,868,399</u>
DOE OVERHEAD	\$420,000
TOTAL FY98 STATE AID	<u>\$62,288,399</u>

SCHOOL CONSTRUCTION ELIGIBLE DEBT RETIREMENT

Millions



The Chart does not include \$59.25 million for unsold bond principle, associated interest, or resulting state liability. Fairbanks has \$59.25 million in outstanding bonds.

Updated 1/2/97
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OUTSTANDING PRINCIPAL

 OUTSTANDING INTEREST

 STATE LIABILITY

STATEWIDE PRINCIPAL

SCHOOL CONSTRUCTION DEBT RETIREMENT

UPDATED 1/2/97

Fiscal Year																			Statewide	Fiscal
	AL EUTE E	ANCHORAGE	BPIST BAY	FAIRBANKS	HOONAH	JUNEAU	KENAI	KETCHIKAN	KODIAK	LAKE&PEN	MAT-SU	N SLOPE	PTRSBRG	SITKA	UNALASKA	VALDEZ	WRANGELL	YAKUTAT	Principal	Year
FY97	50,912	17,757,327	260,000	5,593,400	94,439	3,377,548	7,265,000	1,610,000	1,216,824	300,000	5,452,957	5,477,812	650,000	1,847,008	982,757	1,770,000	705,000	0	54,390,985	FY97
FY98	53,337	18,713,892	275,000	6,154,682	135,753	3,175,965	8,250,000	1,400,000	1,291,632	429,752	5,161,934	5,881,867	690,000	722,828	971,145	1,530,000	760,000	89,746	55,687,532	FY98
FY99	58,185	19,527,141	300,000	6,530,793	143,405	2,639,341	8,895,000	1,200,000	1,381,439	451,740	4,923,922	5,745,306	250,000	342,828	974,702	1,625,000	805,000	94,731	55,888,535	FY99
FY00	60,610	12,927,836	320,000	6,179,265	151,198	1,845,430	9,600,000	1,200,000	1,461,295	473,827	1,580,863	6,794,900	270,000	342,828	983,437	1,625,000	845,000	99,717	46,761,205	FY00
FY01	65,459	12,018,812	340,000	3,728,135	159,134	1,778,656	10,365,000	0	1,551,151	496,018	1,522,274	760,103	0	342,828	577,359	140,000	885,000	104,703	34,832,631	FY01
FY02	0	9,234,832	365,000	3,958,004	162,250	1,863,928	1,225,000	0	411,006	518,319	1,474,166	1,440,441	0	342,828	171,477	150,000	785,000	104,703	22,206,955	FY02
FY03	0	10,296,905	0	4,184,874	170,508	278,621	1,235,000	0	430,814	545,735	628,863	1,429,016	0	342,828	180,801	0	830,000	109,689	20,723,651	FY03
FY04	0	10,380,690	0	4,481,744	178,928	292,526	1,360,000	0	450,622	578,272	664,044	0	0	0	95,341	0	870,000	114,675	19,466,841	FY04
FY05	0	10,960,789	0	4,780,483	187,539	307,243	1,435,000	0	470,429	605,935	699,226	0	0	0	100,108	0	800,000	124,847	20,471,399	FY05
FY06	0	8,727,473	0	5,087,353	196,344	324,117	1,520,000	0	490,237	638,732	734,407	0	0	0	105,113	0	0	129,632	17,953,409	FY06
FY07	0	8,360,963	0	3,186,093	80,865	0	0	0	514,996	61,669	778,383	0	0	0	110,369	0	0	134,619	13,227,956	FY07
FY08	0	8,601,527	0	3,402,962	50,247	0	0	0	544,707	0	822,360	0	0	0	115,887	0	0	0	13,537,690	FY08
FY09	0	8,974,262	0	3,917,702	52,786	0	0	0	574,419	0	866,336	0	0	0	121,682	0	0	0	10,981,186	FY09
FY10	0	9,395,451	0	4,154,441	55,465	0	0	0	604,130	0	914,710	0	0	0	127,766	0	0	0	11,512,962	FY10
FY11	0	9,898,606	0	4,391,181	58,273	0	0	0	633,841	0	967,482	0	0	0	134,154	0	0	0	12,131,536	FY11
FY12	0	10,491,723	0	4,747,990	61,220	0	0	0	668,504	0	1,029,049	0	0	0	140,862	0	0	0	12,868,148	FY12
FY13	0	10,015,059	0	4,985,530	64,317	0	0	0	708,120	0	1,090,616	0	0	0	147,905	0	0	0	12,524,545	FY13
FY14	0	9,921,877	0	5,341,139	67,573	0	0	0	747,735	0	1,156,581	0	0	0	133,177	0	0	0	12,561,082	FY14
FY15		10,527,294		557,878	70,999						0								11,156,171	FY15
FY16		6,968,828		605,357	74,594														7,648,779	FY16
FY17		3,332,296		640,967	38,716														4,011,978	FY17
TOTAL	288,502	227,033,584	1,860,000	61,823,771	2,254,550	15,883,377	51,210,000	5,410,000	14,151,901	5,100,000	30,468,173	27,529,445	1,860,000	4,283,974	6,154,038	6,840,000	7,285,000	1,106,863	470,543,178	TOTALS

NOTE: These numbers do not include approximately \$59.25 million of bond principal for Fairbanks projects scheduled for bond election on May 7, 1995.

This scenario accounts for only the eligible amount of principle due on school construction bonds net of any proration for ineligible portions of the bonds.

STATEWIDE LIABILITY

SCHOOL CONSTRUCTION DEBT RETIREMENT

UPDATED 1/2/97

Fiscal Year	ALEUTIC	ANCHORAGE	BRISTOL BAY	FAIRBANKS	MCONAH	JUNEAU	KENAI	KETCHIKAN	KODIAK	LAKE & PEN	MAT-SU	N. SLOPE	PTERBURG	SITKA	UNALASKA	VALDEZ	WRANGELL	YAKUTAT	Statewide Liability	Fiscal Year
FY97	54,840	22,227,612	367,920	7,720,962	117,978	3,295,274	9,085,205	1,645,708	1,639,793	402,397	6,084,499	5,586,134	698,523	1,693,769	1,074,263	2,020,723	960,883	0	64,676,481	FY97
FY98	53,965	22,914,607	382,700	8,011,090	167,576	3,099,946	9,082,035	1,356,520	1,634,212	452,177	5,402,629	5,595,546	685,416	689,130	1,033,669	1,705,236	972,837	99,681	63,318,831	FY98
FY99	54,868	22,798,941	365,400	7,926,700	167,804	2,466,291	9,084,227	1,088,160	1,637,693	454,762	4,922,050	5,206,450	220,806	346,942	987,805	1,698,484	979,858	100,595	60,507,831	FY99
FY00	53,647	18,637,468	361,800	7,197,960	168,218	1,723,789	9,085,954	1,024,320	1,631,295	456,410	2,644,081	5,688,509	223,128	331,309	945,825	1,598,984	979,421	101,234	50,833,349	FY00
FY01	54,134	15,339,065	350,760	4,652,038	168,556	1,590,706	9,082,697	0	1,628,225	457,242	2,621,347	897,289	0	315,264	571,193	161,000	975,787	101,618	38,172,919	FY01
FY02	0	12,602,797	354,780	4,683,417	165,769	1,585,243	1,104,203	0	551,095	457,149	2,606,308	1,545,397	0	298,946	228,729	160,500	842,745	98,246	27,285,123	FY02
FY03	0	13,028,423	0	4,698,035	166,390	273,130	1,107,768	0	552,445	459,446	856,005	1,564,519	0	282,490	229,388	0	845,863	98,292	24,162,192	FY03
FY04	0	12,648,038	0	4,755,741	166,735	272,397	1,104,709	0	553,041	464,018	857,741	0	0	0	146,363	0	842,074	98,096	21,908,952	FY04
FY05	0	12,639,156	0	4,797,831	167,033	271,605	1,105,599	0	552,554	463,830	857,732	0	0	0	146,363	0	739,260	101,143	21,842,106	FY05
FY06	0	10,390,544	0	4,830,308	167,016	271,758	1,101,240	0	550,777	463,507	855,928	0	0	0	146,363	0	0	100,271	18,877,709	FY06
FY07	0	9,661,189	0	3,011,806	79,604	0	0	0	551,294	45,327	858,437	0	0	0	146,363	0	0	99,133	14,453,152	FY07
FY08	0	9,499,903	0	3,045,588	55,535	0	0	0	552,625	0	858,708	0	0	0	146,363	0	0	0	14,158,722	FY08
FY09	0	9,433,834	0	487,847	55,533	0	0	0	552,833	0	856,679	0	0	0	146,363	0	0	0	11,533,088	FY09
FY10	0	9,369,575	0	490,695	55,537	0	0	0	551,918	0	855,671	0	0	0	146,363	0	0	0	11,469,759	FY10
FY11	0	9,331,063	0	492,595	55,537	0	0	0	549,680	0	855,474	0	0	0	146,363	0	0	0	11,430,911	FY11
FY12	0	9,339,965	0	502,803	55,535	0	0	0	549,741	0	857,937	0	0	0	146,363	0	0	0	11,452,343	FY12
FY13	0	8,495,754	0	502,328	55,533	0	0	0	551,734	0	857,813	0	0	0	146,363	0	0	0	10,609,525	FY13
FY14	0	7,957,846	0	510,162	55,533	0	0	0	552,202	0	858,183	0	0	0	126,452	0	0	0	10,060,378	FY14
FY15		7,968,197		507,313	55,537						0								8,531,047	FY15
FY16		5,133,932		522,032	55,537														5,711,500	FY16
FY17		2,356,754		525,593	27,779														2,950,125	FY17
TOTAL:	271,454	249,814,660	2,169,360	69,872,841	2,230,273	14,850,135	50,943,635	5,114,708	15,343,355	4,576,265	34,567,221	26,083,844	1,827,873	3,957,849	6,660,949	7,344,983	8,138,525	998,310	504,766,242	TOTALS

NOTE: These numbers do not include the liability at 70% associated with approximately \$59.25 million of bond principle for Fairbanks projects scheduled for bond election on May 7, 1995

Reimbursements for projects approved for cash expenditures from local revenue are not included in this information.

STATEWIDE INTEREST

SCHOOL CONSTRUCTION DEBT RETIREMENT

UPDATED 1/2/97

Fiscal Year	ALEUT E	ANCHORAGE	BRIST BAY	FAIRBANKS	HOONAH	JUNEAU	KENAI	KETCHIKAN	KODIAK	LAKE&PEN	MAT-SU	N SLOPE	PTRSBRG	SITKA	UNALASKA	VALDEZ	WRANGELL	YAKUTAT	Statewide Interest	Fiscal Year
FY97	17,638	10,830,169	148,800	3,408,638	74,100	653,697	4,289,083	339,188	779,754	274,853	1,745,487	1,585,571	125,004	270,202	348,113	456,650	362,648	0	25,709,596	FY97
FY98	14,120	11,017,703	128,000	3,218,038	103,641	611,287	3,299,225	244,400	699,153	216,215	1,352,915	1,198,758	71,133	138,585	288,674	346,538	320,708	52,658	23,319,747	FY98
FY99	10,399	10,072,150	106,000	2,751,011	96,315	443,522	2,657,228	160,200	613,571	197,920	1,001,161	779,618	26,008	90,849	228,163	243,815	283,729	48,976	19,810,632	FY99
FY00	6,449	9,246,953	82,000	2,382,388	89,112	309,306	1,954,798	80,400	528,732	178,188	1,629,253	420,874	8,910	71,308	166,746	133,190	243,245	44,903	17,574,753	FY00
FY01	2,209	8,538,819	56,400	2,005,277	81,639	209,726	1,185,595	0	433,335	157,184	1,662,507	521,738	0	51,253	104,370	21,000	199,208	40,465	15,270,765	FY01
FY02	0	7,908,530	29,200	1,810,881	74,562	117,626	352,433	0	376,271	134,751	1,693,417	767,269	0	30,854	82,667	10,500	151,384	35,649	13,575,774	FY02
FY03	0	7,381,869	0	1,600,411	67,194	62,792	287,525	0	358,393	110,618	594,001	806,012	0	10,285	74,074	0	109,848	30,728	11,493,747	FY03
FY04	0	6,823,201	0	1,374,347	59,265	47,970	218,155	0	339,437	84,612	561,300	0	0	0	67,284	0	65,638	25,463	9,666,670	FY04
FY05	0	6,231,796	0	1,127,852	51,080	32,263	144,428	0	318,934	56,679	526,106	0	0	0	62,517	0	21,400	19,844	8,592,899	FY05
FY06	0	5,669,019	0	860,899	42,251	15,578	53,200	0	296,588	23,420	488,347	0	0	0	57,512	0	0	13,611	7,520,426	FY06
FY07	0	5,175,746	0	578,665	32,855	0	0	0	272,567	3,083	447,955	0	0	0	52,256	0	0	7,000	6,570,127	FY07
FY08	0	4,704,738	0	404,023	29,090	0	0	0	244,757	0	404,366	0	0	0	46,738	0	0	0	5,833,709	FY08
FY09	0	4,237,114	0	218,107	26,546	0	0	0	215,343	0	357,491	0	0	0	40,943	0	0	0	5,095,545	FY09
FY10	0	3,724,220	0	197,928	23,874	0	0	0	184,324	0	307,677	0	0	0	34,859	0	0	0	4,472,882	FY10
FY11	0	3,165,426	0	176,563	21,066	0	0	0	151,701	0	254,624	0	0	0	28,471	0	0	0	3,797,850	FY11
FY12	0	2,586,414	0	153,713	18,116	0	0	0	116,840	0	196,575	0	0	0	21,763	0	0	0	3,093,421	FY12
FY13	0	2,011,634	0	129,380	15,016	0	0	0	80,072	0	134,832	0	0	0	14,720	0	0	0	2,385,655	FY13
FY14	0	1,446,474	0	103,564	11,760	0	0	0	41,125	0	69,395	0	0	0	7,325	0	0	0	1,679,643	FY14
FY15		855,844		76,263	8,340						0								940,447	FY15
FY16		365,360		47,182	4,745														417,287	FY16
FY17		91,638		16,024	968														108,630	FY17
TOTAL:	50,815	112,084,836	550,400	22,640,934	931,555	2,503,765	14,441,668	824,188	6,048,896	1,437,521	13,427,408	6,077,838	231,054	663,337	1,727,138	1,211,693	1,757,805	319,295	196,930,205	TOTALS

NOTE: These numbers do not include the interest associated with approximately \$59.25 million of bond principle for Fairbanks projects scheduled for bond election on May 7, 1995

This scenario accounts for only the eligible amount of interest due on school construction bonds net of any prorations for ineligible portions of the bonds.

DISTRIBUTION OF CAPITAL FUNDS FY '89 - FY '97

During the period from FY '89 through FY '97, the State of Alaska has distributed \$1,307,230,476 in capital funds to public school districts. The funds have come in the form of grants (including repeals and reappropriations), bond debt reimbursement, and cigarette tax payments. All districts are eligible for CIP grants, but only municipal districts are eligible for debt reimbursement and cigarette tax revenues.

Prior to March 1, 1990, municipalities could bond for school buildings as they pleased, and they could receive reimbursement from the state for the principal and interest at up to 100%, depending upon when the indebtedness was incurred. House Bill 37, effective March 1, 1990, was to have ended the era of municipalities creating State debt by distributing all subsequent school capital funds based on objective needs criteria, with the highest priority going to health/life safety projects. As can be noted in the attached letter from the sponsor, Representative Swackhammer, the bill was intended to correct the inequities caused by the funding of CIP grants on a political, rather than on a needs, basis and to put the brakes on the indebtedness municipalities were creating for the State.

Inasmuch as health/life safety problems were more prevalent in rural districts, urban districts soon lobbied for additional bonding authority and the elimination of the preferential priority treatment for health/life safety projects. Thus came Senate Bill 7, signed into law on June 25, 1993, which removed health/life safety projects from preferential priority for CIP grant funds and authorized municipalities to create new bonded indebtedness of up to \$250,000,000 to be reimbursed at 70%. In the attached position paper, the Department of Education opposed Senate Bill 7 on the grounds that it did not address public school capital needs on a statewide basis and because it discriminated against REAA's and smaller municipal districts.

The end result of the State's inconsistent policy regarding school construction and major maintenance funding has been to favor the larger and more wealthy municipal districts to the detriment of REAA's in particular, with but few exceptions to this pattern. Attached is a table showing the distribution of capital funds to school districts for the period FY '89 through FY '97. The summary data reproduced below clearly shows the funding discrepancy between municipal districts and REAA's.

DISTRICT TYPE	GRANTS	DEBT RETIREMENT	CIGARETTE TAX	TOTAL CAPITAL FUNDS
Municipal	316,771,733	914,598,012	26,752,924	1,203,784,576
% of Funding	75.38%	100%	100%	92.09%
REAA	103,445,900	0	0	103,445,900
% of Funding	24.62%	0%	0%	7.91%
TOTAL	420,217,633	914,598,012	26,752,924	1,307,230,476

The Governor's operating budget proposes \$62,288,400 for debt reimbursement and \$2,608,400 for cigarette tax distributions, all to municipal districts. In order to bring equity to public school capital funding, the Governor should propose for FY '98, and the Legislature should appropriate, at least an equal amount for CIP grants.

Prepared by: KASHUNAMIUT SCHOOL DISTRICT
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300 Hermit Street, #12
Juneau, AK 99801
Phone/Fax (907) 586-3897

February 23, 1997

**DISTRIBUTION OF CAPITAL FUNDS
FY '89 - FY '97**

DISTRICT	GRANTS	DEBT RETIREMENT	CIGARETTE TAX	TOTAL CAPITAL FUNDS
Anchorage	89,058,100	259,845,363	9,842,521	358,745,984
Matanuska-Susitna	17,378,600	157,852,540	2,400,749	177,631,889
Kenai	7,581,800	154,238,922	2,188,163	164,008,885
Fairbanks	48,946,417	108,147,280	3,418,692	160,512,389
North Slope	1,998,500	57,654,590	391,237	60,044,327
Juneau	12,725,022	45,680,669	1,231,707	59,637,398
Ketchikan	26,001,600	27,174,508	669,779	53,845,887
Valdez	0	27,157,909	243,242	27,401,151
Kodiak	914,703	24,914,988	1,107,400	26,464,321
Sitka	2,129,800	17,155,150	461,738	19,746,688
Northwest Arctic	18,258,600	0	457,609	18,986,209
Unalaska	3,552,900	9,003,025	116,864	12,672,789
Nome	59,750,000	5,615,035	225,564	11,815,599
Wrangell	924,900	8,872,228	175,843	9,972,971
Petersburg	7,192,968	215,925	1,799,200	8,847,893
Bristol Bay	200,000	5,640,155	114,564	5,954,719
Lake & Peninsula	3,603,123	975,888	135,242	4,714,130
Denali	3,906,000	0	59,488	3,965,488
Hoonah	3,153,200	190,824	112,704	3,456,728
Cordova	1,191,000	1,182,547	163,518	2,537,065
Aleutians East	1,410,000	771,983	142,109	2,324,092
Kake	1,738,500	0	95,659	1,834,159
Haines	36,200	1,360,448	148,649	1,545,297
Dillingham	1,065,600	304,080	165,768	1,535,448
Hydaburg	1,437,000	0	79,508	1,516,508
Tanana	999,400	0	76,538	1,075,938
Craig	883,500	0	124,661	1,008,161
Yakutat	523,100	0	87,400	610,500
Galena	0	468,500	87,561	556,061
Nenana	81,000	175,455	98,179	354,634
Kiawock	120,000	0	100,655	220,655
Skagway	10,200	0	87,064	97,264
St. Mary's	0	0	78,469	78,469
Pelican	0	0	64,880	64,880
Municipal Subtotal	316,771,733	914,598,012	26,752,924	1,203,784,576
% Funding	75.38%	100%	100%	92.09%
Lower Kuskokwim	30,824,800	0	0	30,824,800
Bering Strait	20,074,200	0	0	20,074,200
Alaska Gateway	14,049,200	0	0	14,049,200
Lower Yukon	9,397,400	0	0	9,397,400
Southeast	5,908,300	0	0	5,908,300
Copper River	5,146,300	0	0	5,146,300
Yukon-Koyukuk	2,513,100	0	0	2,513,100
Iditarod	2,494,700	0	0	2,494,700
Southwest	2,209,500	0	0	2,209,500
Delta/Greely	1,940,900	0	0	1,940,900
Pribilof	1,799,200	0	0	1,799,200
Annette	1,641,400	0	0	1,641,400
Yukon Flats	1,620,000	0	0	1,620,000
Kuspuk	1,107,400	0	0	1,107,400
Kashunamiut	1,066,100	0	0	1,066,100
Yupik	753,100	0	0	753,100
Chugach	359,200	0	0	359,200
Aleutian Region	320,000	0	0	320,000
Chatham	171,100	0	0	171,100
Adak	50,000	0	0	50,000
REAA Subtotal	103,445,900	0	0	103,445,900
% Funding	24.62%	0%	0%	7.91%
TOTAL	420,217,633	914,598,012	26,752,924	1,307,230,476

NOTES

Grants include grant appropriations as well as repeals and reappropriations.

Aleutians East contains data regarding King Cove, Sand Point, and the portion of Aleutian Region incorporated into the borough

Denali contains data regarding Railbelt.

(Prepared by Kashunamiut School District-- 02/23/97.)

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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SUMMARY OF CS for HOUSE BILL 37 (FIN) AM

The inequity in Alaska's school construction policy is not new. The current law requires the state to pay up to 80% of the bond debt created by municipalities for school construction. But in the past, the state has funded at less than the 80% level, which leaves the balance to the local taxpayers. Also, the state has little control over the projects funded by bond issues. At the same time, school districts that do not have the ability to bond rely on direct grants from the legislature for new school construction.

The total statewide debt created by school bond issues is \$965,036,714, which extends through the year 2008. Reimbursement to school districts for the last five years has averaged 94.17% of full entitlement. The figures for the last four years have declined from 100% in FY85 to 91.98% in FY 89. Those figures are likely to decrease on a year to year basis due to declining oil revenues, thus putting the burden of repaying the debt back on local taxpayers.

There is another problem with the current system. Neither the Governor nor the legislature is inclined to follow the priority list submitted by the Department of Education for new school construction needs. State funding of schools has been formulated on political decisions rather than needs-based priorities.

Approximately \$261,355,200 was appropriated for school construction over the past five years. The requests for priority one projects, addressing life and safety needs, was \$165,209,900. Only 21.8% of the total funds were appropriated to priority one projects; the remaining \$204,315,100 was spent on projects of either lower priority or no priority ranking at all. In other words, only 34.5% of the priority one requests during this five year period received funded.

CS for House Bill 37 (FIN) am addresses both the accountability and equity issues in school construction.

The proposed legislation will:

- * Require districts to submit a six year plan for school construction to the state, updated on an annual basis.

- * Require DOE to review, evaluate and recommend projects for approval by the State Board of Education. Each project would be assigned a priority. Top priority would be given to projects required to avert imminent danger or correct life-threatening situations. A single, prioritized list would be approved by the State Board. An appeals process is also established for districts contesting the priority assigned to a project. (The priority criteria is currently under review by a subcommittee of the Alaska Coalition for Education).
- * Establish a new school construction grant fund to hold legislative appropriations for school construction. The legislature would appropriate funds to the grant fund, but not for individual projects. Projects would then be funded in priority order to the extent of the funding.
- * Require all districts to maintain property insurance for replacement cost of all school facilities and equipment. An uninsured loss could jeopardize the system by catapulting a replacement project to the top of the list.
- * Fund all the state's new school construction by this process. The state would not reimburse municipalities for bonds sold after passage of the bill. When the bonds which have been previously sold are retired, all state funding for school construction would be by direct appropriation through the grant account. This does not preclude a municipality from selling bonds to finance school construction, but the state would not be responsible for any of the debt incurred through a reimbursement program.

The uncertainty of oil revenues and the ability "to get a handle on school bond debt reimbursement" are the predominant driving forces behind this bill. It is in everyone's best interest statewide to tackle this problem in order to develop the most equitable policy.

POSITION PAPER: DEPARTMENT OF EDUCATION

Division: Administrative Services

Bill Number: SB 7

Bill Title: An Act relating to reimbursement of school construction; and providing for an effective date.

Sponsor: Senator Kertula

Position Statement: Explain briefly what the bill does, its impact and Department's position, i.e. a) support, b) do not support, c) neutral or d) oppose

SB7 would reinstate the debt reimbursement program for bonds sold by a municipality and approved by the voters for school construction and repair. It would also reinstate the cash reimbursement program for municipal school districts who use locally generated revenue to construct or repair school facilities in their district. The rate of reimbursement would be 80% of principle and interest on the bonds and 80% of cash expenditures. Reimbursement for cash would be on a two year lag basis and eligible expenditures would be verified by the school district's audit. All projects would require the Department of Education's approval. Only those projects or parts of projects approved by the Department would be eligible for reimbursement.

The Department feels that this approach to funding capital projects fails to address critical needs statewide. Only those communities with the capacity to bond or with the available cash could participate in this program. REAAs and many of the small single site districts would be excluded. It is impossible to predict the State's financial liability under this bill. However, at this rate of reimbursement there is very little incentive for school district's to be prudent. Governor Hickel has introduced legislation (HB82 and 83 and SB59 and 60) that would create a comprehensive program to address school construction, rehabilitation and major maintenance needs. The Department believes that an all encompassing program would better serve the state's interest. Therefore, the Department opposes SB 7.

Director: Gary Bader Division: Administrative Services

Signature: *Gary M. Bader* Date: 1/27/93

Commissioner/Deputy: Jerry Covey/Mike Maher

Signature: *Shula Peterson* Date: 1/28/93

for Mike Maher

Bond Reimbursement Projects

Projects Funded 1990 or Later

District Name	District #	DOE DR #	Project Description	1996 Authorized Bonding (\$xxx)	1995 Authorized Bonding (\$xxx)	1994 Authorized Bonding (\$xxx)	1993 Authorized Bonding (\$xxx)	1992 Authorized Bonding (\$xxx)	1991 Authorized Bonding (\$xxx)	1990 Authorized Bonding (\$xxx)	1989 Authorized Bonding (\$xxx)	Total Authorized Bonding (\$xxx)	State Contribution (Grants) (\$xxx)	Bonds + Grants (\$xxx)	Other Sources (Bonding) (\$xxx)	Other Sources (Misc.) (\$xxx)	Other Sources (Interest) (\$xxx)	Total Project Budget (\$xxx)	Leg Ref Chapter	SLA	Page
Anchorage	5	90-100	Abbott Loop Elementary							\$3,695.0	\$128.5	\$3,823.5		\$3,823.5		\$159.8	\$481.1	\$4,474.2			
Anchorage	5	90-101	Homestead Elementary Addition							\$2,230.0		\$2,230.0		\$2,230.0				\$2,230.0			
Anchorage	5	90-102	Whalley Center Addition							\$3,450.0	\$21.8	\$3,471.8		\$3,471.8		\$20.7	\$372.5	\$3,865.1			
Anchorage	5	90-103	Districtwide Roof Repair							\$3,800.0		\$3,800.0		\$3,800.0				\$3,800.0			
Anchorage	5	90-104	Districtwide Heating Systems & Boiler Repair							\$3,000.0		\$3,000.0		\$3,000.0		\$18.7	\$63.5	\$3,082.2			
Anchorage	5	90-105	Roger's Park Elementary Addition							\$3,590.0		\$3,590.0		\$3,590.0		\$37.2	\$1,173.1	\$4,800.3			
Anchorage	5	90-106	Tudor Elementary Addition							\$2,495.0		\$2,495.0		\$2,495.0				\$3,007.7			
Anchorage	5	90-107	Lake Otis Elementary Addition							\$3,865.0		\$3,865.0		\$3,865.0			\$1,220.4	\$5,085.4			
Anchorage	5	90-108	Service High Roof Replacement							\$2,785.0		\$2,785.0		\$2,785.0				\$2,785.0			
Anchorage	5	90-109	West High School Auditorium Lighting							\$835.0		\$835.0		\$835.0				\$835.0			
Anchorage	5	94-122	Chinook Elementary Addition/Renovation			\$4,500.0				\$4,500.0		\$4,500.0	\$537.5	\$5,037.5	\$652.5			\$5,690.0			
Anchorage	5	94-123	Romig Jr. High Addition/Renovation			\$4,645.0				\$4,645.0		\$4,645.0	\$1,125.7	\$5,770.7	\$482.4			\$6,253.1			
Anchorage	5	94-124	Williwaw Elementary Completion			\$6,000.0				\$6,000.0		\$6,000.0	\$3,194.6	\$9,194.6	\$1,369.1			\$10,563.8			
Anchorage	5	94-125	Chuglak Elementary Septic System Replace			\$205.0				\$205.0		\$205.0		\$205.0				\$205.0			
Anchorage	5	94-126	Dimond High Electrical Upgrade			\$575.0				\$575.0		\$575.0		\$575.0				\$575.0			
Anchorage	5	94-127	Replace Deteriorated Roofs (4 sites)			\$2,685.0				\$2,685.0		\$2,685.0		\$2,685.0				\$2,685.0			
Anchorage	5	94-128	Heating System Upgrade			\$2,395.0				\$2,395.0		\$2,395.0		\$2,395.0				\$2,395.0			
Anchorage	5	94-129	Sand Lake New Elementary			\$14,500.0				\$14,500.0		\$14,500.0	\$609.0	\$15,109.0	\$561.0			\$15,670.0			
Anchorage	5	94-130	Turnagain New Elementary			\$14,400.0				\$14,400.0		\$14,400.0	\$609.0	\$15,009.0	\$1,013.0			\$16,022.0			
Anchorage	5	94-131	88th Street New Elementary			\$13,300.0				\$13,300.0		\$13,300.0	\$609.0	\$13,909.0	\$608.1			\$14,517.1			
Anchorage	5	94-132	Mountain View New Elementary			\$13,915.0				\$13,915.0		\$13,915.0	\$609.0	\$14,524.0	\$261.0		\$79.0	\$14,884.0			
Anchorage	5	94-133	West High School Addition/Renovation			\$18,675.0				\$18,675.0		\$18,675.0	\$2,100.0	\$20,775.0	\$900.0			\$21,675.0			
Anchorage	5	94-134	Chuglak New Jr High/Middle School			\$25,160.0				\$25,160.0		\$25,160.0		\$25,160.0	\$11,840.0			\$37,000.0			
Anchorage	5	94-135	Anchorage Bowl New Jr High/Middle School			\$12,045.0		\$1,500.0		\$13,545.0		\$13,545.0		\$13,545.0	\$30,125.0			\$43,670.0			
Fairbanks	16	94-114	Lathrop High School Rehabilitation			\$3,748.6				\$3,748.6		\$3,748.6	\$11,320.0	\$15,068.6	\$4,851.4			\$19,920.0			
Fairbanks	16	96-102	Badger Elementary HV System Renovation	\$1,000.0						\$1,000.0		\$1,000.0		\$1,000.0				\$1,000.0			
Fairbanks	16	96-103	Hunter Elementary Addition/Renovation	\$1,500.0						\$1,500.0		\$1,500.0		\$1,500.0				\$1,500.0			
Fairbanks	16	96-104	Salcha & Two Rivers Elementary Renovation	\$300.0						\$300.0		\$300.0		\$300.0				\$300.0			
Fairbanks	16	96-105	Denali Elementary Renovation	\$750.0						\$750.0		\$750.0		\$750.0				\$750.0			
Fairbanks	16	96-106	Nordale Elementary Renovation	\$750.0						\$750.0		\$750.0		\$750.0				\$750.0			
Fairbanks	16	96-107	Ryan Junior High Renovation	\$1,250.0						\$1,250.0		\$1,250.0		\$1,250.0				\$1,250.0			
Fairbanks	16	96-108	New Fairbanks Junior High School	\$16,500.0						\$16,500.0		\$16,500.0		\$16,500.0				\$16,500.0			
Fairbanks	16	96-109	West Valley High School Renovation Addition	\$32,870.2						\$32,870.2		\$32,870.2		\$32,870.2				\$32,870.2			
Fairbanks	16	96-110	Districtwide Tech/Electrical Upgrade	\$2,250.0						\$2,250.0		\$2,250.0		\$2,250.0				\$2,250.0			
Fairbanks	16	96-114	North Pole Elementary Renovation/Addition	\$6,581.2						\$6,581.2		\$6,581.2		\$6,581.2				\$6,581.2			
Haines	18	94-109	Middle School Phase II Addition		\$4,032.0					\$4,032.0		\$4,032.0		\$4,032.0				\$4,032.0			
Hoonah	19	95-101	Hoonah Multipurpose Facility		\$1,991.6					\$1,991.6		\$1,991.6		\$1,991.6				\$1,991.6			
Hoonah	19	96-115	Hoonah DW Code Upgrade	\$263.0						\$263.0		\$263.0		\$263.0				\$263.0			
Juneau	22	90-112	Gastineau Addition/Renovation							\$1,920.0		\$1,920.0	\$12.5	\$1,932.5			\$898.0	\$2,830.5			
Juneau	22	90-113	Auke Bay Addition/Renovation							\$1,146.0		\$1,146.0		\$1,146.0	\$28.7		\$588.5	\$1,763.2			
Juneau	22	90-114	Lemon Creek New Middle Sch							\$18,634.9		\$18,634.9		\$18,634.9			\$60.0	\$18,694.9			
Juneau	22	90-117	Realignment Downtown Facility							\$419.2		\$419.2		\$419.2				\$419.2			
Juneau	22	90-118	Redesign F. Dryden HVAC							\$100.0		\$100.0		\$100.0			\$100.0	\$200.0			
Juneau	22	90-119	Fire Rated Corridor Door Assembly							\$164.0		\$164.0		\$164.0				\$164.0			
Juneau	22	90-120	High School Boiler Replacement							\$110.0		\$110.0		\$110.0	\$20.0		\$4.3	\$134.3			
Juneau	22	90-121	Juneau Schools Reroofing							\$455.0		\$455.0		\$455.0				\$455.0			
Kenai	24	94-108	West Homer Elementary			\$11,737.2				\$11,737.2		\$11,737.2		\$11,737.2				\$11,737.2			
Kodiak	28	94-103	North Star Elementary				\$8,491.7			\$8,491.7		\$8,491.7		\$8,491.7			\$156.4	\$8,648.0			
Kodiak	28	94-110	Ouzinkio Addition & Renovation				\$1,115.0			\$1,115.0		\$1,115.0		\$1,115.0	\$22.8		\$62.2	\$1,200.0			
Lake & Pen	30	94-101	Pilot Point School				\$1,100.0			\$1,100.0		\$1,100.0		\$1,100.0				\$1,100.0			
Lake & Pen	30	94-102	Ivanof Bay School				\$1,000.0			\$1,000.0		\$1,000.0		\$1,000.0				\$1,000.0			

Bond Reimbursement Projects

Projects Funded 1990 or Later

District Name	District #	DOE DR #	Project Description	1996 Authorized Bonding (\$xxx)	1995 Authorized Bonding (\$xxx)	1994 Authorized Bonding (\$xxx)	1993 Authorized Bonding (\$xxx)	1992 Authorized Bonding (\$xxx)	1991 Authorized Bonding (\$xxx)	1990 Authorized Bonding (\$xxx)	1989 Authorized Bonding (\$xxx)	Total Authorized Bonding (\$xxx)	State Contribution (Grants) (\$xxx)	Bonds + Grants (\$xxx)	Other Sources (Bonding) (\$xxx)	Other Sources (Misc.) (\$xxx)	Other Sources (Interest) (\$xxx)	Total Project Budget (\$xxx)	Leg Ref Chapter	SLA	Page
Lake & Pen	30	94-105	Kokhanok School Addition				\$650.0					\$650.0		\$650.0				\$650.0			
Lake & Pen	30	94-107	Fuel Tank Upgrade & Spill Remediation				\$950.0					\$950.0		\$950.0				\$950.0			
Lake & Pen	30	94-115	Iglugig School Addition				\$500.0					\$500.0		\$500.0				\$500.0			
Lake & Pen	30	94-117	Port Heiden/Meshik School Addition				\$800.0					\$800.0		\$800.0				\$800.0			
Lake & Pen	30	94-118	Chignik Bay Gym Replacement				\$900.0					\$900.0		\$900.0				\$900.0			
Lake & Pen	30	94-120	Egegik School Addition/Replacement				\$500.0					\$500.0		\$500.0				\$500.0			
Lake & Pen	30	96-101	DW Water/Sewer Upgrade	\$500.0								\$500.0		\$500.0				\$500.0			
Mat/Su	33	94-104	Glacier View Addition			\$5,000.0						\$5,000.0		\$5,000.0				\$5,000.0			
Mat/Su	33	94-111	Wasilla Middle School/ Addition & Renovation			\$9,200.0						\$9,200.0		\$9,200.0				\$9,200.0			
N. Slope	36	90-115	Ipalook Elementary							\$21,611.7		\$21,611.7		\$21,611.7		\$17,334.7		\$38,946.4			
N. Slope	36	90-116	Barrow Middle School							\$22,245.6		\$22,245.6		\$22,245.6				\$22,245.6			
N. Slope	36	94-119	Swimming Pool Repair Districtwide					\$1,009.0				\$1,009.0		\$1,009.0		\$1,141.0		\$2,150.0			
N. Slope	36	94-121	Nulqsut School					\$3,000.0				\$3,000.0		\$3,000.0		\$300.0		\$3,300.0			
N. Slope	36	94-137	Anaktuvuk Pass Expansion					\$1,484.0				\$1,484.0		\$1,484.0				\$1,484.0			
Aleutians East	41	90-127	Nelson Lagoon Foundation							\$60.5		\$60.5		\$60.5				\$60.5			
Aleutians East	41	90-131	King Cove School Roof							\$550.0		\$550.0		\$550.0				\$550.0			
Aleutians East	41	90-133	Sand Point School Addition							\$400.0		\$400.0		\$400.0	\$328.0			\$728.0			
Valdez	48	90-136	District Modifications & Renovations							\$1,037.0		\$1,037.0		\$1,037.0				\$1,037.0			
Yakutat	50	96-111	Yakutat Elementary Renovation	\$838.9								\$838.9		\$838.9				\$838.9			
Yakutat	50	96-112	Yakutat Roof Renovation	\$270.0								\$270.0		\$270.0				\$270.0			
Totals				\$85,621.3	\$8,023.6	\$182,685.7	\$16,006.7	\$8,993.0	\$0.0	\$98,598.9	\$150.3	\$358,079.4	\$20,728.3	\$378,805.7				\$454,680.3			

Capital Outlay Proposals for Financing School Facilities

Proposal	Effect(s)	Pros	Cons	DOE - Administrative Review
Expand Authority of REAAs	<ul style="list-style-type: none"> authorizes REAA board, acting as landlord and tenant, to enter property agreements. permits REAA to issue revenue bonds payable to the Alaska Municipal Bond Bank Authority. clarifies status of REAA as corporate entity. amends definitions of Alaska Municipal Bond Bank Authority statute to include revenue bonds. amends state statutory restriction on leaseback purchase agreements, increasing allowable lease cap from \$2.5 to \$15 million. 	<ul style="list-style-type: none"> enables REAA board to use lease revenue bonds as method of financing capital outlay with rents from state as tenant pledged to support bonds. clarifies status of as corporate entity and political subdivision of state. provides way to address unmet priority needs, i.e., life safety, major maintenance, unhoused students. enhances local decision making. provides state and local cost sharing. 	<ul style="list-style-type: none"> repayment subject to annual appropriation. cost more to service debt. 	<ul style="list-style-type: none"> The department recommends that the suggestions regarding changes to the legal status of REAA's be reviewed for other legal implications. Alternative bonding options should be pursued.
Education Endowment A Constitutional Endowment B. Statutory Endowment	<ul style="list-style-type: none"> creates education endowment by amending constitution or by using amended public school trust fund statute. permits endowment account or public school trust fund to secure or guaranty bonds for K-12 school purposes. amends constitution to create educational endowment account and permits use of account to secure or guaranty local school bonds. amends existing statute to permit use of public school trust fund and/or cigarette taxes to secure or guaranty local school bonds, increases fund revenues through one time deposit in first fiscal year, plus annual increments for any number of fiscal years, and permits school districts to pledge a portion of annual foundation revenue to service local capital outlay debt. 	<ul style="list-style-type: none"> guarantees bonds on a two times leveraged basis. makes bonds higher rated, reducing cost of servicing debt. cost state nothing. enhances local decision making. provides state and local cost sharing. provides means to address unmet priority needs, i.e., life-safety, major maintenance, unhoused students. requires only amending existing law to create statutory endowment, instead of cumbersome process of amending constitution to create constitutional endowment. 	<ul style="list-style-type: none"> requires amendment to constitution to achieve constitutionally created education endowment. use of statutory endowment approach, instead of constitutional one, provides lesser guaranty to investors and, therefore, higher debt service cost. imposes stricter state scrutiny and fiscal oversight of local decision making, regardless of whether endowment is created constitutionally or statutorily. 	<ul style="list-style-type: none"> The department supports the concept of using an endowment as a stable, long-term source of funding for education. Determining the form the endowment should take will require participation by the governor, the legislature and the public.
State Guaranty of Local School Bonds	<ul style="list-style-type: none"> provides local school bonds with state guaranty of its full faith, credit, and resources in cases of default. provides state eligibility pre-qualification, fiscal oversight, and intercept of district foundation revenue by state to service debt of any district that defaults. 	<ul style="list-style-type: none"> guarantees bonds on a two times leveraged basis. makes bonds higher rated, reducing cost of servicing debt. cost state nothing. enhances local decision making. provides means to address unmet priority needs, i.e., life-safety, major maintenance, unhoused students. 	<ul style="list-style-type: none"> requires amending constitution or existing statute to create an education endowment as security for state guaranty of local school bonds. imposes stricter state scrutiny and fiscal oversight of local decision making to reduce to a minimum any risk of default. 	<ul style="list-style-type: none"> The department supports the concept of guarantees for bonds given that the ability for all districts to bond is provided.
Use Portion of Foundation Revenue	<ul style="list-style-type: none"> authorizes school district board use up to 10% of its annual foundation revenue for servicing capital outlay debt. 	<ul style="list-style-type: none"> enables school district board to use part of its annual foundation revenue for repayment of capital outlay debt. enhances local decision making. provides state and local cost sharing. 	<ul style="list-style-type: none"> repayment subject to annual appropriation. cost more to service debt. imposes stricter state scrutiny and fiscal oversight of local decision making duplicates what district may already do under existing statute. 	<ul style="list-style-type: none"> The department supports school districts in maximizing their ability to manage and control facilities locally. Could be used in conjunction with state guarantees.

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY98 ESTIMATED STATE AID

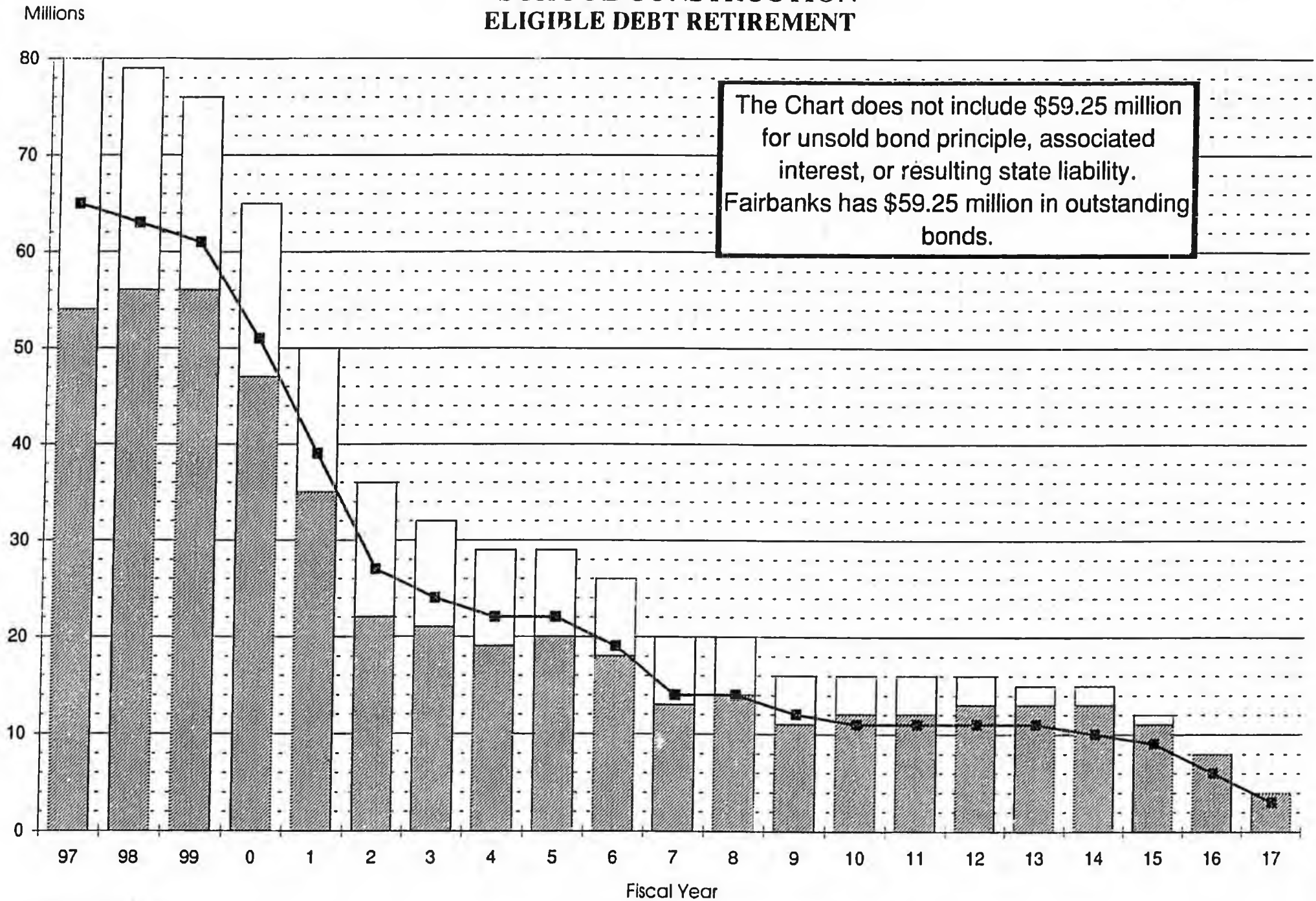
Updated 11/20/96

SCHOOL DIST.	100%	90%	80%	90%	80%	70%	Estimated new debt	LESS CIG. TAX PAID IN FY96	SCHOOL DIST.	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY98
	BOND SALES PRE 7/1/77 2YR LAG	BOND SALES 7/1/77 TO 1/1/82 2YR LAG	ESTIMATED CASH PAYMENTS 2YR LAG	BOND SALES 1/1/82 TO 7/1/83 CURRENT PAY	BOND SALES 7/1/83 TO 3/31/90 CURRENT PAY	BOND SALES 4/1/90 TO PRESENT CURRENT PAY	BOND SALES 4/1/90 TO PRESENT CURRENT PAY			
ALEUTIANS EAST					\$53,965			(\$14,294)	ALEUTIANS EAST	\$39,671
ANCHORAGE			\$8,493	\$1,378,839	\$14,368,650	\$7,164,440		(\$1,048,940)	ANCHORAGE	\$21,871,482
BRISTOL BAY		\$355,775						(\$12,118)	BRISTOL BAY	\$343,657
FAIRBANKS	\$826,982		\$133,846	\$3,127,658	\$3,523,622	\$466,234	\$773,500	(\$356,099)	FAIRBANKS	\$8,495,743
GALENA			\$64,618					(\$9,227)	GALENA	\$55,391
HOONAH						\$87,976	\$152,953	(\$11,895)	HOONAH	\$229,034
JUNEAU			\$2,746	\$631,296	\$2,468,650			(\$128,705)	JUNEAU	\$2,973,987
KENAI			\$1,440		\$7,980,616	\$1,101,419		(\$236,514)	KENAI	\$8,846,961
KETCHIKAN	\$205,000				\$1,151,520			(\$68,013)	KETCHIKAN	\$1,288,507
KODIAK				\$1,082,980		\$551,231		(\$67,616)	KODIAK	\$1,566,596
LAKE & PEN						\$406,851	\$45,326	(\$17,535)	LAKE & PEN	\$434,642
MAT-SU	\$550,625			\$1,827,684	\$2,167,164	\$857,156		(\$276,282)	MAT-SU	\$5,126,347
NORTH SLOPE					\$5,124,068	\$471,471		(\$44,679)	NORTH SLOPE	\$5,550,860
PETERSBURG	\$280,800			\$183,150	\$221,466			(\$23,242)	PETERSBURG	\$662,174
SITKA					\$689,130			(\$47,783)	SITKA	\$641,347
UNALASKA		\$232,329			\$801,340			(\$14,092)	UNALASKA	\$1,019,577
VALDEZ	\$164,125			\$1,541,171				(\$26,514)	VALDEZ	\$1,678,782
WRANGELL		\$127,793		\$844,844				(\$18,881)	WRANGELL	\$953,756
YAKUTAT							\$99,681	(\$9,795)	Y. KUTAT	\$89,886
TOTALS	\$2,027,532	\$715,897	\$211,143	\$10,617,622	\$38,550,191	\$11,106,779	\$1,071,460	(\$2,432,224)		\$61,868,399

THESE ENTITLEMENTS ARE SUBJECT TO ADJUSTMENTS BASED ON ACTUAL BOND PAYMENTS.

BOND ENTITLEMENT	\$64,089,481
CASH ENTITLEMENT	\$211,143
SUB TOTAL	<u>\$64,300,623</u>
LESS: FY96 CIG. TAX	<u>(\$2,432,224)</u>
EST. STATE AID-FY98	<u>\$61,868,399</u>
DOE OVERHEAD	\$420,000
TOTAL FY98 STATE AID	<u>\$62,288,399</u>

SCHOOL CONSTRUCTION ELIGIBLE DEBT RETIREMENT



Updated 1/297
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OUTSTANDING PRINCIPAL

 OUTSTANDING INTEREST

 STATE LIABILITY

STATEWIDE PRINCIPAL

SCHOOL CONSTRUCTION DEBT RETIREMENT

UPDATED 1/2/97

Fiscal Year	ALEUTIC	ANCHORAGE	BRIST BAY	FAIRBANKS	HCONAH	JUNEAU	KENAI	KETCHIKAN	KODIAK	LAKE & PEN	MAT-SU	N SLOPE	PTRSBRG	SITKA	UNALASKA	VALDEZ	WRANGELL	YAKUTAT	Statewide Principal	Fiscal Year
FY97	50,912	17,757,327	260,000	5,593,400	94,439	3,377,548	7,265,000	1,610,000	1,216,824	300,000	5,432,957	5,477,812	650,000	1,847,008	962,757	1,770,000	705,000	0	54,390,985	FY97
FY98	53,337	18,713,892	275,000	6,154,682	135,753	3,175,965	8,250,000	1,400,000	1,291,632	429,752	5,161,934	5,881,867	690,000	722,828	971,145	1,530,000	760,000	89,748	55,687,532	FY98
FY99	58,185	19,527,141	300,000	6,530,793	143,405	2,639,341	8,895,000	1,200,000	1,381,439	451,740	4,923,922	5,745,306	250,000	342,828	974,702	1,625,000	805,000	94,731	55,888,515	FY99
FY00	60,610	12,927,838	320,000	6,179,265	151,198	1,845,430	9,600,000	1,200,000	1,461,295	473,827	1,580,863	6,794,900	270,000	342,828	983,437	1,625,000	845,000	99,717	48,761,205	FY00
FY01	65,459	12,018,812	340,000	3,726,135	159,134	1,778,656	10,365,000	0	1,551,151	496,018	1,522,274	760,103	0	342,828	577,359	140,000	865,000	104,703	34,832,631	FY01
FY02	0	9,234,832	365,000	3,958,004	162,250	1,863,928	1,225,000	0	411,006	518,319	1,474,166	1,440,441	0	342,828	171,477	150,000	785,000	104,703	22,206,955	FY02
FY03	0	10,296,905	0	4,184,874	170,506	278,621	1,295,000	0	430,814	545,735	828,863	1,429,016	0	342,828	180,801	0	830,000	109,689	20,723,651	FY03
FY04	0	10,380,690	0	4,481,744	178,928	292,526	1,360,000	0	450,622	578,272	664,044	0	0	0	95,341	0	870,000	114,675	19,468,841	FY04
FY05	0	10,960,789	0	4,780,483	187,539	307,243	1,435,000	0	470,429	605,935	699,226	0	0	0	100,108	0	800,000	124,647	20,471,399	FY05
FY06	0	8,727,473	0	5,087,353	196,344	324,117	1,520,000	0	490,237	638,732	734,407	0	0	0	105,113	0	0	129,632	17,953,409	FY06
FY07	0	8,360,963	0	3,186,093	80,865	0	0	0	514,996	61,669	778,383	0	0	0	110,369	0	0	134,619	13,227,956	FY07
FY08	0	8,601,527	0	3,402,962	50,247	0	0	0	544,707	0	822,360	0	0	0	115,887	0	0	0	13,537,690	FY08
FY09	0	8,974,262	0	391,702	52,788	0	0	0	574,419	0	866,338	0	0	0	121,682	0	0	0	10,981,186	FY09
FY10	0	9,395,451	0	415,441	55,465	0	0	0	604,130	0	914,710	0	0	0	127,766	0	0	0	11,512,962	FY10
FY11	0	9,898,606	0	439,181	58,273	0	0	0	633,841	0	967,482	0	0	0	134,154	0	0	0	12,131,536	FY11
FY12	0	10,491,723	0	474,790	61,220	0	0	0	668,504	0	1,029,049	0	0	0	140,862	0	0	0	12,868,148	FY12
FY13	0	10,015,059	0	498,530	64,317	0	0	0	708,120	0	1,090,616	0	0	0	147,905	0	0	0	12,524,545	FY13
FY14	0	9,921,877	0	534,139	87,573	0	0	0	747,735	0	1,156,581	0	0	0	133,177	0	0	0	12,561,082	FY14
FY15		10,527,294		557,878	70,993						0								11,156,171	FY15
FY16		6,968,828		605,357	74,594														7,648,779	FY16
FY17		3,332,296		640,967	38,716														4,011,978	FY17
TOTAL	288,502	227,033,584	1,860,000	61,823,771	2,254,550	15,883,377	51,210,000	5,410,000	14,151,901	5,100,000	30,468,173	27,529,445	1,860,000	4,283,974	6,154,038	6,640,000	7,285,000	1,106,663	470,543,178	TOTALS

NOTE: These numbers do not include approximately \$59.25 million of bond principle for Fairbanks projects scheduled for bond election on May 7, 1995.

This scenario accounts for only the eligible amount of principle due on school construction bonds net of any proration for ineligible portions of the bonds.

STATEWIDE LIABILITY

SCHOOL CONSTRUCTION DEBT RETIREMENT

UPDATED 1/2/97

Fiscal Year	ALEUTIC	ANCHORAGE	BRISTOL BAY	FAIRBANKS	HOONAH	JUNEAU	KENAI	KETCHIKAN	KODIAK	LAKE & PEN	MAT-SU	N SLOPE	PTRSBURG	SITKA	UNALASKA	VAL DEZ	WRANGELL	YAKUTAT	Statewide Liability	Fiscal Year
FY97	54,840	22,227,612	367,920	7,720,962	117,978	3,295,274	9,085,205	1,645,708	1,639,793	402,397	6,084,499	5,588,134	698,523	1,693,769	1,074,263	2,020,723	960,683	0	64,076,481	FY97
FY98	53,965	22,914,607	362,700	8,011,090	167,576	3,099,940	9,082,035	1,356,520	1,634,212	452,177	5,402,629	5,595,548	685,416	688,130	1,033,669	1,705,296	972,837	99,681	63,318,831	FY98
FY99	54,868	22,798,941	365,400	7,928,700	167,804	2,468,291	9,084,227	1,088,160	1,637,893	454,762	4,922,050	5,206,450	220,806	346,942	987,805	1,698,484	979,856	100,595	64,507,831	FY99
FY00	53,647	16,637,468	361,800	7,197,960	168,216	1,723,789	9,085,954	1,024,320	1,631,285	456,410	2,644,081	5,688,509	223,128	331,309	945,825	1,998,984	978,421	101,234	50,853,349	FY00
FY01	54,134	15,339,065	356,760	4,652,038	168,558	1,590,706	9,082,697	0	1,628,225	457,242	2,621,347	897,289	0	315,264	571,193	161,000	975,787	101,618	38,972,919	FY01
FY02	0	12,602,797	354,780	4,683,417	165,769	1,585,243	1,104,203	0	551,095	457,149	2,608,308	1,545,397	0	298,946	228,729	160,500	842,745	98,246	27,285,323	FY02
FY03	0	13,028,423	0	4,698,035	166,390	273,130	1,107,768	0	552,445	459,446	856,005	1,564,519	0	282,490	229,388	0	845,863	98,292	24,162,192	FY03
FY04	0	12,648,038	0	4,755,741	166,735	272,397	1,104,709	0	553,041	464,018	857,741	0	0	0	146,363	0	842,074	98,096	21,908,952	FY04
FY05	0	12,639,156	0	4,797,831	167,033	271,605	1,105,599	0	552,554	463,830	857,732	0	0	0	146,363	0	739,260	101,143	21,842,108	FY05
FY06	0	10,390,544	0	4,830,308	167,016	271,758	1,101,240	0	550,777	463,507	855,928	0	0	0	146,363	0	0	100,271	18,877,709	FY06
FY07	0	9,661,189	0	3,011,806	79,604	0	0	0	551,294	45,327	858,437	0	0	0	146,363	0	0	99,133	14,453,152	FY07
FY08	0	9,499,903	0	3,045,588	55,535	0	0	0	552,625	0	858,708	0	0	0	146,363	0	0	0	14,158,722	FY08
FY09	0	9,433,834	0	487,847	55,533	0	0	0	552,833	0	856,679	0	0	0	146,363	0	0	0	11,533,088	FY09
FY10	0	9,369,575	0	490,695	55,537	0	0	0	551,918	0	855,671	0	0	0	146,363	0	0	0	11,469,759	FY10
FY11	0	9,331,063	0	492,595	55,537	0	0	0	549,880	0	855,474	0	0	0	146,363	0	0	0	11,430,911	FY11
FY12	0	9,339,965	0	502,803	55,535	0	0	0	549,741	0	857,937	0	0	0	146,363	0	0	0	11,452,343	FY12
FY13	0	8,495,754	0	502,328	55,533	0	0	0	551,734	0	857,813	0	0	0	146,363	0	0	0	10,609,525	FY13
FY14	0	7,957,846	0	510,162	55,533	0	0	0	552,202	0	858,183	0	0	0	126,452	0	0	0	10,060,378	FY14
FY15		7,968,197		507,313	55,537						0								8,531,047	FY15
FY16		5,133,932		522,032	55,537														5,711,500	FY16
FY17		2,398,754		525,593	27,779														2,950,125	FY17
TOTAL:	271,454	249,814,660	2,169,360	69,872,841	2,730,273	14,850,135	50,943,635	5,114,708	15,343,355	4,576,265	34,567,221	26,083,844	1,827,873	3,957,849	6,660,949	7,344,988	8,138,525	998,310	504,766,242	TOTALS

NOTE: These numbers do not include the liability at 70% associated with approximately \$59.25 million of bond principle for Fairbanks projects scheduled for bond election on May 7, 1995

Reimbursements for projects approved for cash expenditures from local revenue are not included in this information.

STATEWIDE INTEREST

SCHOOL CONSTRUCTION DEBT RETIREMENT

UPDATED 1/2/97

Fiscal Year	ALEUT E	ANCHORAGE	BRIST BAY	FAIRBANKS	HOONAH	JUNEAU	KENAI	KETCHIKAN	KODIAK	LAKE&PEN	MAT-SU	N SLOPE	PTRSBRG	SITKA	UNALASKA	VALDEZ	WRANGELL	YAKUTAT	Statewide Interest	Fiscal Year
FY97	17,638	10,830,169	148,800	3,408,638	74,100	653,697	4,289,083	339,188	779,754	274,853	1,745,487	1,585,571	125,004	270,202	348,113	456,650	362,648	0	25,709,596	FY97
FY98	14,120	11,017,703	128,000	3,218,038	103,641	611,287	3,299,225	244,400	699,153	216,215	1,352,915	1,196,750	71,133	138,585	288,674	346,538	320,708	52,656	23,319,747	FY98
FY99	10,399	10,072,150	108,000	2,751,011	96,315	443,522	2,657,228	160,200	613,571	197,920	1,001,161	779,616	26,008	90,849	228,163	243,815	283,729	48,976	19,810,632	FY99
FY00	6,449	9,246,953	82,000	2,382,381	89,112	309,306	1,954,798	80,400	526,732	178,188	1,629,253	420,874	8,910	71,308	166,746	133,190	243,245	44,903	17,574,753	FY00
FY01	2,209	8,538,819	56,400	2,005,277	81,659	209,726	1,185,595	0	433,335	157,184	1,662,507	521,738	0	51,253	104,370	21,000	199,208	40,465	15,270,765	FY01
FY02	0	7,908,530	29,200	1,810,661	74,562	117,626	352,433	0	378,271	134,751	1,693,417	767,269	0	30,854	82,687	10,500	151,384	35,649	13,575,774	FY02
FY03	0	7,381,869	0	1,600,411	67,194	62,792	287,525	0	358,393	110,616	594,001	806,012	0	10,285	74,074	0	109,848	30,728	11,493,747	FY03
FY04	0	6,823,201	0	1,374,347	59,265	47,970	218,155	0	339,437	84,612	561,300	0	0	0	67,284	0	65,638	25,463	9,668,670	FY04
FY05	0	6,231,796	0	1,127,852	51,080	32,263	144,428	0	318,934	56,679	526,106	0	0	0	62,517	0	21,400	19,844	8,592,899	FY05
FY06	0	5,869,019	0	860,899	42,251	15,578	53,200	0	296,589	23,420	488,347	0	0	0	57,512	0	0	13,611	7,520,426	FY06
FY07	0	5,175,746	0	578,665	32,855	0	0	0	272,587	3,083	447,955	0	0	0	52,256	0	0	7,000	5,570,127	FY07
FY08	0	4,704,736	0	404,023	29,090	0	0	0	244,757	0	404,366	0	0	0	46,738	0	0	0	5,833,709	FY08
FY09	0	4,237,114	0	218,107	26,546	0	0	0	215,343	0	357,491	0	0	0	40,943	0	0	0	5,095,545	FY09
FY10	0	3,724,220	0	197,928	23,874	0	0	0	184,324	0	307,677	0	0	0	34,859	0	0	0	4,472,882	FY10
FY11	0	3,165,426	0	178,563	21,066	0	0	0	151,701	0	254,624	0	0	0	28,471	0	0	0	3,797,850	FY11
FY12	0	2,586,414	0	153,713	18,116	0	0	0	116,840	0	196,575	0	0	0	21,763	0	0	0	3,093,421	FY12
FY13	0	2,011,634	0	129,380	15,016	0	0	0	80,072	0	134,832	0	0	0	14,720	0	0	0	2,385,655	FY13
FY14	0	1,446,474	0	103,564	11,760	0	0	0	41,125	0	69,395	0	0	0	7,325	0	0	0	1,679,043	FY14
FY15		855,844		76,263	8,340						0								940,447	FY15
FY16		365,360		47,182	4,745														417,287	FY16
FY17		91,638		16,024	968														108,630	FY17
TOTAL:	50,815	112,084,836	550,400	22,640,934	931,555	2,503,765	14,441,668	824,188	6,048,896	1,437,521	13,427,408	6,077,838	231,054	663,337	1,727,198	1,211,693	1,757,805	319,295	186,930,205	TOTALS

NOTE: These numbers do not include the interest associated with approximately \$59.25 million of bond principle for Fairbanks projects scheduled for bond election on May 7, 1995

This scenario accounts for only the eligible amount of interest due on school construction bonds net of any prorations for ineligible portions of the bonds.



Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

May 7, 1997

The Honorable Mike Miller
Senate President
Alaska State Legislature
Capitol Building
Juneau, AK 99801

Dear President Miller:

Now I have just learned that CS Senate Bill No. 11 (Fin), An Act establishing a reimbursement program for school construction debt, passed the Senate and has been transmitted to the House.

This legislation contains an amendment to current law that will have drastic adverse consequences for the Fairbanks North Star Borough, because it removes the reimbursement provision for school bonds authorized by the voters between July 1, 1995 and July 1, 1997.

On May 7, 1996, the Fairbanks North Star Borough voters authorized over \$64,000,000 for school bonds. These bonds are eligible for 70% reimbursement under current law, but would no longer qualify for any reimbursement if the proposed amendment to AS 14.11.100(a)(6) in Senate Bill 11 becomes law. Section 1 of CS for Senate Bill No. 11 (Fin) contains the following amendment to AS 14.11.100(a)(6):

(6) . . . 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after April 30, 1993, but before July 1, 1995, to pay costs of school construction, additions to schools, and major rehabilitation projects . . .

When the voters of the Fairbanks North Star Borough voters authorized school bonds in May, 1996, the bonds were eligible for 70% reimbursement under AS 14.11.100(a)(6). This proposed amendment would retroactively close the window for any debt reimbursement for these bonds. Clearly the legislature intended that these bonds would be eligible for reimbursement, because Senate Bill 7 enacted in 1993 made a \$67,000,000 reimbursement allocation for this borough effective until July 1, 1996.

Letter to Senator Miller
May 7, 1997
Page 2

One year ago today, Fairbanks North Star Borough voters approved school bonds under current AS 14.11.100, which authorizes 70% reimbursement for school bonds and makes a specific reimbursement allocation effective until July 1, 1996. Your version of Senate Bill 11 provides no school debt reimbursement for bonds authorized by voters between July 1, 1995 to July 1, 1997. This means you just wiped out all school debt reimbursement to the Fairbanks North Star Borough for bonds approved last May 7, 1996. This will cost taxpayers over \$77,000,000. We urge you to delete this proposed amendment to AS 14.11.100(a)(6) so that our school bonds remain eligible for reimbursement.

Sincerely,



Jim Sampson
Borough Mayor

cc: Senator Gary Wilken
Representative Tom Brice
Representative John Davies
Representative Jeannette James
Representative Peter Kelly
Representative Bert Sharp, Co-chair, Finance
Representative Gene Therriault, Co-chair, Finance
Representative Al Vezey
Hank Hove, Presiding Officer, FNSB Assembly
Cynthia Henry, President, Board of Education
Dr. John Monahan Superintendent of Schools
Linda Anderson, Legislative Liaison
Nadine Winters, Special Assistant to the Mayor

FAX TRANSMITTAL SHEET

Date: 4/19/97
Time: _____

Alaska Department of Education
Education Support Services
801 West 10th Street, STE 200
Juneau, Alaska 99801-1894
Fax Number: (907) 465-3452

TO: NAME: Brett Huber
COMPANY: Juneau Halford's Office
PHONE #: 4907
FAX #: 4923

COMMENTS: Urgent For Your Review Reply ASAP Please Comment

Brett —
Here is the expanded list
subject to the qualifications over each
section. Un-approved projects would
still need to meet scope constraints.
Note - As I mentioned, there may be
a few additional projects we don't
have current knowledge of passing.

FROM: NAME: Mr. Morgan
PHONE #: 465-1353

Number of pages including this cover sheet: _____, if you have not received the number of pages
in this transmittal or some are not legible please call our office. Thank you.

**Approved Bond Debt Reimbursement Projects
Voter Approved**

DISTRICT	Project Name	Const. Cost	Amount	Election Date
Mat-Su	Talkeetna School Renovation/Addn	\$6,230,474	\$6,230,474	
Mat-Su	Meadow Lakes Elementary School	\$12,904,744	\$12,904,744	
Mat-Su	Alasta Middle School	\$32,814,749	\$24,282,914	

**Potentially Approvable Bond Debt Reimbursement Projects
DOE Not Notified of Voter Approval**

DISTRICT	Project Name	Const. Cost	Amount	Election Date
Craig	New Secondary School	\$17,410,830	\$17,410,830	
Craig	Elementary Addition/Reroof	\$3,950,400	\$3,950,400	
Unalaska	New Elementary Design & Construct.	\$6,308,593	\$6,308,593	
Aleutians E	False Pass Remodel/Addition	\$1,402,000	\$1,241,880	
Yakutat	Voc Ed Bldg Code Deficiencies Renovation	\$263,073	\$263,073	
Aleutians E	King Cove Mech & Exterior Upgr.	\$2,226,000	\$2,226,000	

**Potentially Approvable Bond Debt Reimbursement Projects
Approved By Voters in 1996 (Anchorage)**

DISTRICT	Project Name	Const. Cost	Amount	Election Date
Anchorage	Northern Lights ABC Replacement School	\$12,000,000	\$12,000,000	4/16/97
Anchorage	Fairview Elementary Replacement	\$12,000,000	\$12,000,000	4/16/97
Anchorage	DW Reroofing	\$6,765,000	\$6,765,000	4/16/97
Anchorage	DW Heating and Ventilation Upgrades	\$11,450,000	\$11,450,000	4/16/97
Anchorage	Chugiak High School Septic Remediation	\$300,000	\$300,000	4/16/97
Anchorage	ADA DW Improvements per Transition Plan	\$500,000	\$500,000	4/16/97
Anchorage	DW Underground Tank Removal - Phase I	\$1,500,000	\$1,500,000	4/16/97
Anchorage	Additional Approval for Northern Lights & Fairview	\$3,000,000	\$3,000,000	4/16/97
Anchorage	DW Fire Code Violations-Phase IV	\$1,985,000	\$652,000	4/16/97

**Unapproved Bond Debt Reimbursement Projects
Scheduled For Voter Approval in April 1997 (Anchorage)**

DISTRICT	Project Name	Const. Cost	Amount	Election Date
Anchorage	Taku Elementary Addition/Renovation	\$6,200,000	\$6,200,000	
Anchorage	Ptarmigan Elementary Renovation	\$2,700,000	\$2,700,000	
Anchorage	Nunaka Valley Elementary Renewal/Upgrade	\$5,400,000	\$5,400,000	
Anchorage	Ocean View Elementary Wall Construction	\$445,000	\$445,000	
Anchorage	Scenic Park Elementary Renewal/Upgrade	\$4,000,000	\$4,000,000	
Anchorage	Service High Renewal/Upgrade	\$750,000	\$750,000	

0-LS0151NB.2
Ford
4/8/97

AMENDMENT

OFFERED IN THE SENATE
TO: CSSB 11(HES)

BY SENATOR HALFORD

1 Page 4, line 7:

2 Delete "(i) and (i) of this section"

3 Insert "(h), (i), and (i)(2) - (4) of this section, and after the bonds, notes, or other
4 indebtedness have been approved by the commissioner"

projects funded by

5 Page 4, line 13:

6 Delete "(i) and (i)"

7 Insert "(h), (i), and (i)(1) - (4)"

8 Page 5, line 1:

9 Delete "(a)(4) - (7)"

10 Insert "(a)(4) - (9)"

11 Page 5, line 7:

12 Delete "(a)(4) - (7)"

13 Insert "(a)(4) - (9)"

14 Page 5, lines 23 - 24:

15 Delete "(a)(5) - (9) [(a)(5), (6), OR (7)]"

16 Insert "(a)(5), (6), or (7)"

17 Page 5, line 29, following "subsection,":

18 Insert "and to the extent required in (a)(8) and (9) of this section."

DISTRICT DOE #	Projects Approved According to 44.85.180(c)(2)(C)	Const. COST	Amt. Approved 14.11.100(a)(6)	Election Date
Aleutians East				
05-96-113	Sand Point Remodel/Addition	\$692,000	\$456,300	
Hoonah				
05-95-101	Hoonah Multipurpose Facility	\$1,991,550	\$1,991,550	10-3-1995/Pass
05-96-115	Hoonah DW Code Upgrade	\$263,000	\$263,000	10-1-1996/Pass
Kenai				
05-94-108	West Homer Elementary	\$10,764,000	\$11,737,156	10-4-1994/Pass
Kodiak				
05-94-103	North Star Elementary	\$8,491,660	\$8,491,660	10-5-1993/Pass
05-94-110	Ouzinkie Addition & Renovation	\$1,115,000	\$1,115,000	10-5-1993/Pass
Lake & Peninsula				
05-94-101	Pilot Point School Replacement	\$1,100,000	\$1,055,440	10-5-1993/Pass
05-94-102	Ivanof Bay School Replacement	\$1,000,000	\$1,000,000	" "
05-94-105	Kokhanok School Addition	\$650,000	\$650,000	" "
05-94-107	Fuel Tank Upgrade & Spill Remediation	\$950,000	\$595,958	" "
05-94-117	Port Heiden/Meshik Addition	\$800,000	\$800,000	" "
05-94-120	Egegik School Addition	\$500,000	\$500,000	" "
05-96-101	District Wide Water/Sewer Upgrade	\$500,000	\$500,000	" "
Mat-Su				
05-94-104	Glacier View School Addition	\$5,000,000	\$5,000,000	2-1-1994/Pass
05-94-111	Wasilla Middle Schl Add. & Renovat.	\$9,200,000	\$9,200,000	" "
North Slope				
05-94-121	Nuiqsut School	\$3,300,000	\$3,000,000	6-16-1992/Pass
05-94-119	Swimming Pool Repair Districtwide	\$2,150,000	\$1,009,000	6-16-1992/Pass
05-94-137	Anaktuvuk Pass School Expansion	\$1,484,000	\$1,484,000	6-16-1992/Pass
Yakutat				
05-96-111	Yakutat Elementary Renovation	\$896,863	\$836,863	9-17-1996/Pass
05-96-112	Yakutat Roof Renovation	\$260,000	\$270,000	9-17-1996/Pass

Approved Funding under 44.85.180(c)(2)(C)	\$49,955,927
Unobligated funds remaining from the \$50,000,000	\$44,073

APPROVED DEBT RETIREMENT PROJECTS

DISTRICT DOE #	Projects Approved \$133,000,000	Const. COST	Amt. Approved 14.11.100(a)(6)	Election Date
Anchorage				
05-94-122	Chinook Elementary Addition/Reno.	\$4,500,000	\$4,500,000	4-6-1994/Pass
05-94-123	Romig Jr.High Addition/Renovation	\$4,645,000	\$4,645,000	4-6-1994/Pass
05-94-124	Williwaw Elementary, Completion	\$6,000,000	\$6,000,000	4-6-1994/Pass
05-94-125	Chugiak Elem.Septic System Repl.	\$205,000	\$205,000	4-6-1994/Pass
05-94-126	Dimond High Electrical Upgrade	\$575,000	\$575,000	4-6-1994/Pass
05-94-127	Replace Deteriorated Roofs (Chugiak, Ptarmigan, Wonder Park, Government Hill)	\$2,685,000	\$2,685,000	4-6-1994/Pass
05-94-128	Heating System Upgrades (Bartlett & Service)	\$2,395,000	\$2,395,000	4-6-1994/Pass
05-94-129	New Elementary/Sand Lake	\$15,500,000	\$14,500,000	4-6-1994/Pass
05-94-130	New Elementary/Turnagain	\$15,400,000	\$14,400,000	4-6-1994/Pass
05-94-131	New Elementary/68th Street	\$14,300,000	\$13,300,000	4-6-1994/Pass
05-94-132	New Elementary/Mountain View	\$14,915,000	\$13,915,000	4-6-1994/Pass
05-94-133	West High Addition/Renovation	\$18,675,000	\$18,675,000	4-6-1994/Pass
05-94-134	Chugiak New Jr.Hi/Middle School	\$37,000,000	\$25,160,000	4-6-1994/Pass
05-94-135	Anchorage Bowl New Jr.Hi/Middle	\$42,170,000	\$12,045,000	4-6-1994/Pass
NOTE: Amounts approved for reimbursement have been established by deducting previous sources of state funding awarded through SB60 and the required participating share, and limited to eligible space according to DOE School Space Guidelines and available funding according to 44.85.180(c)(2)(A).				

Approved Funding under 44.85.180 (c) (2) (A)	\$133,000,000
Unobligated funds remaining from the \$133,000,000	\$0

APPROVED BOND DEBT REIMBURSEMENT PROJECTS

DISTRICT DOE #	Projects Approved According to 44.85.180(c)(2)(B)	Const. COST	Amt. Approved 14.11.100(a)(6)	Elect.Dt Pass/Fail
Fairbanks				
05-94-114	Lathrop HS Rehabilitation	\$20,000,000	\$3,748,600	10-5-1993/Pass
05-96-114	North Pole Elem Renovate & Addn	\$6,581,200	\$6,581,200	5-7-1996/Pass
05-96-102	Badger Elem HV System Renovate	\$1,000,000	\$1,000,000	5-7-1996/Pass
05-96-103	Hunter Elementary Addn/Renovate	\$4,695,000	\$1,500,000	5-7-1996/Pass
05-96-104	Salcha & Two Rivers Elem's Renovate	\$300,000	\$300,000	5-7-1996/Pass
05-96-105	Denali Elementary Renovation	\$750,000	\$750,000	5-7-1996/Pass
05-96-106	Nordale Elementary Renovation	\$750,000	\$750,000	5-7-1996/Pass
05-96-107	Ryan Junior High Renovation	\$1,250,000	\$1,250,000	5-7-1996/Pass
05-96-108	New Fairbanks Junior High School	\$16,500,000	\$16,000,000	5-7-1996/Pass
05-96-109	West Valley HS Renovate & Addn	\$32,870,229	\$32,870,200	5-7-1996/Pass
05-96-110	Districtwide Tech Electrical Upgrade	\$2,250,000	\$2,250,000	5-7-1996/Pass

NOTE: Amounts approved for reimbursement are reduced by the following: SB 60 awarded \$20,000,000 for the combined projects. The district must provide \$8,571,428 as a participating share. \$2,000,000 from a previous grant was distributed among the three.

Approved Funding under 44.85.180(c)(2)(C)	\$67,000,000
Unobligated funds remaining from the \$67,000,000	\$0