

**HB**

**13**

**HFIN**

**FILE**

# ASSOCIATION OF ALASKA SCHOOL BOARDS

*Advocates for Alaska's Youth*

## **Position of the Association of Alaska School Boards on CS for HB 13 (HES) Prepared for the House Finance Committee April 20, 2005**

Our statewide association believes that the Alaska Legislature and the Governor must resolve the continuing need for additional school space and major school maintenance. In support of that belief, our 52 member districts met on Nov. 7, 2004, in Anchorage to adopt the following resolutions:

### **2.12 SCHOOL CONSTRUCTION DEBT RETIREMENT FOR BONDED INDEBTEDNESS**

AASB calls upon the Legislature and the administration to fully honor all past commitments for bonded indebtedness reimbursement and to meet future school construction needs by extending and continuing to fully fund the school debt reimbursement program.

**Rationale.** Article 7, Sec. 1 of the Alaska State Constitution states that the Legislature shall establish and maintain a system of public schools open to all children. Under AS 14.11.100 the State of Alaska agreed to repay school districts at set percentage rates for school construction bonded indebtedness in past years. *Extending that program into the future will help meet school construction needs in areas of the state that are able to bond.* (Emphasis added)

### **2.8 FOLLOWING THE CAPITAL IMPROVEMENT PROJECT PRIORITY LIST FOR NON-BONDED PROJECTS**

AASB strongly advises the legislature to follow the priority list for non-bonded projects as presented by the Department of Education and Early Development with no adjustments, deletions, or additions that would not otherwise be of an emergency basis.

**Rationale.** The Capital Improvement Projects list goes through a very comprehensive prioritization process developed and implemented, based on need, by the Department of Education and Early Development. The legislature in recent times has not followed the priority list as presented.

CS for HB 13 (HES) incorporates AASB's position that there is a continual need for additional and upgraded school facilities. In addition, AASB is resolved behind the need for a bond reimbursement extension and for the legislature to follow the capital improvement project list developed by EED.

School District	FY06	FY06	Cost	TOTAL
	Current/Proj Funding	Proposed \$4919 BSA	Differential 1st year phase in	
Alaska Gateway	4,915,667	277,023	303,552	5,496,242
Aleutian Region	1,059,727	50,933	21,455	1,132,115
Aleutians East Borough	3,501,788	310,775	446,223	4,258,786
Anchorage	223,154,797	22,812,700	-	245,967,497
Annette Island	1,398,131	195,599	217,534	1,811,264
Bering Strait	17,205,353	1,794,871	1,977,602	20,977,826
Bristol Bay Borough	1,239,140	147,548	88,682	1,475,370
Chatham	1,733,593	138,489	197,697	2,069,779
Chugach	1,905,637	72,443	27,685	2,005,765
Copper River	6,032,438	465,557	184,125	6,682,120
Cordova	3,087,845	284,299	123,276	3,495,420
Craig	3,698,050	310,841	144,052	4,152,943
Delta/Greely	8,942,900	668,294	244,036	9,855,230
Denali Borough	4,597,598	386,030	13,571	4,997,199
Dillingham	4,263,506	380,727	94,999	4,739,232
Fairbanks N. Star Borough	72,823,842	7,461,313	743,704	81,028,859
Galena	16,058,992	705,477	12,314	16,776,783
Haines Borough	1,563,785	179,358	116,120	1,859,263
Hoonah	1,535,829	132,974	143,904	1,812,707
Hydaburg	767,366	35,648	48,190	851,204
Iditarod Area	4,427,089	198,601	170,952	4,796,642
Juneau Borough	23,648,457	2,602,020	1,176,158	27,426,635
Kake	1,190,539	102,681	148,543	1,441,763
Kashunamiut	2,546,629	288,144	168,630	3,003,403
Kenai Peninsula Borough	46,190,906	4,878,826	2,739,023	53,808,755
Ketchikan Gateway Borough	11,703,837	1,203,611	704,373	13,611,821
Klawock	1,331,394	68,305	71,249	1,470,948
Kodiak Island Borough	15,580,674	1,513,673	937,304	18,031,651
Kuspuk	4,610,680	438,769	330,152	5,379,601
Lake & Peninsula Borough	5,980,874	483,157	482,939	6,946,970
Lower Kuskokwim	39,975,145	3,003,780	1,458,292	44,437,217
Lower Yukon	18,120,223	1,846,955	1,919,715	21,886,893
Mat-Su Borough	83,064,699	7,373,581	1,418,714	91,856,994
Nenana	3,922,379	208,410	30,745	4,251,534
Nome	6,359,841	537,121	190,047	7,087,009
North Slope Borough	8,451,990	1,450,198	983,644	10,885,832
Northwest Arctic Borough	22,227,553	1,914,718	1,205,177	25,347,448
Pelican	404,184	13,645	6,616	424,445
Petersburg	3,691,527	353,129	296,396	4,341,052
Pribilof	1,258,266	134,813	92,975	1,486,054
Saint Mary's	1,992,370	150,223	107,978	2,250,571
Sitka Borough	7,265,034	753,159	494,832	8,513,025
Skagway	710,547	73,635	4,837	789,019
Southeast Island	3,069,832	130,602	114,452	3,314,886
Southwest Region	6,817,409	692,980	449,825	7,960,214
Tanana	1,027,629	80,869	44,415	1,152,913
Unalaska	2,405,593	264,428	163,742	2,833,763
VakTaz	3,684,508	336,061	68,369	4,088,938
Wrangell	2,276,815	214,504	121,747	2,613,150
Yakutat	991,431	87,309	97,332	1,176,162
Yukon Flats	4,617,236	239,784	227,155	5,084,175
Yukon/Koyukuk	11,059,848	920,578	329,264	12,309,690
Yupit	4,225,753	430,060	268,020	4,920,830
Mt. Edgecumbe High School	1,842,250	194,110	136,157	2,172,517
Other	26,096,100			26,096,100
<b>Total</b>	<b>782,255,225</b>	<b>70,080,524</b>	<b>22,308,490</b>	<b>854,653,230</b>

School District	FY06	FY06	Cost	TOTAL
	Current/Proj Funding	Proposed \$4919 BSA	Differential 1st year phase in	
Alaska Gateway	4,915,667	277,023	180,809	5,373,499
Aleutian Region	1,059,727	50,933	5,255	1,115,915
Aleutians East Borough	3,501,788	310,775	340,597	4,153,160
Anchorage	223,154,797	22,812,700	(7,049,989)	238,917,508
Annette Island	1,398,131	195,509	152,414	1,746,144
Bering Strait	17,205,353	1,794,871	1,380,442	20,380,666
Bristol Bay Borough	1,239,140	147,548	41,179	1,427,867
Chatham	1,733,593	138,489	150,652	2,022,734
Chugach	1,905,637	72,443	4,704	1,982,784
Copper River	6,032,438	465,557	36,295	6,534,290
Cordova	3,087,845	284,299	32,769	3,404,913
Craig	3,698,050	310,841	44,897	4,053,788
Delta/Greely	8,942,900	668,294	32,266	9,643,460
Denali Borough	4,597,598	386,030	(106,018)	4,877,610
Dillingham	4,263,506	380,727	(24,701)	4,619,532
Fairbanks N. Star Borough	72,823,842	7,461,313	(1,578,099)	78,707,056
Galena	16,058,992	705,477	(199,773)	16,564,696
Haines Borough	1,563,785	179,358	58,198	1,801,341
Hoonah	1,535,829	132,974	99,719	1,768,522
Hydaburg	767,366	35,648	36,140	839,154
Iditarod Area	4,427,089	198,601	105,913	4,731,603
Juneau Borough	23,648,457	2,602,020	346,772	26,597,249
Kake	1,190,539	102,681	113,620	1,406,840
Kashunamiut	2,546,629	288,144	75,960	2,910,733
Kenai Peninsula Borough	46,190,906	4,878,826	1,172,449	52,242,181
Ketchikan Gateway Borough	11,703,837	1,203,611	317,282	13,224,730
Klawock	1,331,394	68,305	43,385	1,443,084
Kodiak Island Borough	15,580,674	1,513,673	449,390	17,543,737
Kuspuk	4,610,680	438,769	187,464	5,236,913
Lake & Peninsula Borough	5,980,874	483,157	323,252	6,787,283
Lower Kuskokwim	39,975,145	3,003,780	307,980	43,286,905
Lower Yukon	18,120,223	1,846,955	1,307,702	21,274,880
Mat-Su Borough	83,064,699	7,373,581	(890,475)	89,547,805
Nenana	3,922,379	298,410	(62,135)	4,158,654
Nome	6,359,841	537,121	19,974	6,916,936
North Slope Borough	8,451,990	1,450,198	514,350	10,416,538
Northwest Arctic Borough	22,227,553	1,914,718	587,570	24,729,841
Pelican	404,184	13,645	2,258	420,087
Petersburg	3,691,527	353,129	180,900	4,225,556
Pribilof	1,258,266	134,813	49,315	1,442,394
Saint Mary's	1,992,370	150,223	59,234	2,201,827
Sitka Borough	7,265,034	753,159	251,449	8,269,642
Skagway	710,547	73,635	(10,591)	773,591
Southeast Island	3,069,832	130,602	72,266	3,272,700
Southwest Region	6,817,409	692,980	226,006	7,736,395
Tanana	1,027,629	80,869	18,469	1,126,967
Unalaska	2,405,563	264,428	70,327	2,740,348
Vaklez	3,684,508	336,061	(21,566)	3,999,003
Wrangell	2,276,815	214,594	52,814	2,544,223
Yakutat	991,431	87,309	79,764	1,158,504
Yukon Flats	4,617,236	239,784	148,184	5,005,204
Yukon/Koyukuk	11,059,848	920,578	37,698	12,018,124
Yupit	4,225,753	436,066	127,502	4,789,321
Mt. Edgecumbe High School	1,842,250	194,110	73,245	2,109,605
Other	26,096,100			26,096,100
<b>Total</b>	<b>762,255,225</b>	<b>70,089,524</b>	<b>(24,517)</b>	<b>832,320,232</b>

**Representative Max Gruenberg**

**Representative Carl Gatto**

**Sponsor Statement and Bill Analysis**

**HB 13 – Reimbursement of Municipal Bonds for School  
Construction**

This bill extends until July 1, 2006 the statutory date for municipalities to receive reimbursement from the state for school construction and renovation bonds. The previous law expired January 1, 2005.

The two changes to the existing statute are on the last page of the bill.

*R.O. 4-27-05  
as amended*

*N/D  
adopted 4/26/05*

24-LS0062X  
Mischel  
4/26/05

CS FOR HOUSE BILL NO. 13( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES GATTO AND GRUENBERG, Thomas, Gara, Gardner, Lynn, Neuman, Kohring

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to reimbursement of municipal bonds for school construction; relating  
2 to school funding and adjusting the district cost factors; and providing for an effective  
3 date."

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

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

6 (a) During each fiscal year, the state shall allocate to a municipality that is a  
7 school district the following sums:

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

11 (2) 90 percent of

12 (A) payments made by the municipality during the fiscal year  
13 two years earlier for the retirement of principal and interest on outstanding  
14 bonds, notes, or other indebtedness incurred after June 30, 1977, and before  
15 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  
15 fiscal year for the retirement of principal and interest on outstanding bonds,  
16 notes, or other indebtedness incurred after December 31, 1981, and authorized  
17 by the qualified voters of the municipality before July 1, 1983, to pay costs of  
18 school construction, additions to schools, and major rehabilitation projects that  
19 exceed \$25,000 and are approved under AS 14.07.020(a)(11);

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

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

6 (5) subject to (h) - (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 outstanding bonds, notes, or  
9 other indebtedness authorized by the qualified voters of the municipality

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

14 (ii) before July 1, 1989, and reauthorized before  
15 November 1, 1989, to pay costs of school construction, additions to  
16 schools, and major rehabilitation projects that exceed \$25,000 and are  
17 approved under AS 14.07.020(a)(11); and

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

23 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments  
24 made by the municipality during the fiscal year for the retirement of principal and  
25 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified  
26 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay  
27 costs of school construction, additions to schools, and major rehabilitation projects  
28 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

29 (7) subject to (h) - (j) and (m) of this section, 70 percent of payments  
30 made by the municipality during the fiscal year for the retirement of principal and  
31 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified

1 voters of the municipality after March 31, 1990, but before April 30, 1993, to pay  
2 costs of school construction, additions to schools, and major rehabilitation projects;

3 (8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
4 projects funded by the bonds, notes, or other indebtedness have been approved by the  
5 commissioner, 70 percent of payments made by the municipality during the fiscal year  
6 for the retirement of principal and interest on outstanding bonds, notes, or other  
7 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
8 1995, but before July 1, 1998, to pay costs of school construction, additions to  
9 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
10 under AS 14.07.020(a)(11);

11 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
12 projects funded by the bonds, notes, or other indebtedness have been approved by the  
13 commissioner, 70 percent of payments made by the municipality during the fiscal year  
14 for the retirement of principal and interest on outstanding bonds, notes, or other  
15 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
16 1998, but before July 1, 2006, to pay costs of school construction, additions to  
17 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
18 under AS 14.07.020(a)(11);

19 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after  
20 projects funded by the bonds, notes, or other indebtedness have been approved by the  
21 commissioner, 70 percent of payments made by the municipality during the fiscal year  
22 for the retirement of principal and interest on outstanding bonds, notes, or other  
23 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
24 1998, to pay costs of school construction, additions to schools, and major  
25 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),  
26 and are not reimbursed under (n) of this section;

27 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
28 funded by the bonds, notes, or other indebtedness have been approved by the  
29 commissioner, 70 percent of payments made by a municipality during the fiscal year  
30 for the retirement of principal and interest on outstanding bonds, notes, or other  
31 indebtedness authorized by the qualified voters of the municipality on or after June 30,

1 1999, but before January 1, 2005, to pay costs of school construction, additions to  
2 schools, and major rehabilitation projects and education-related facilities that exceed  
3 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)  
4 or (o) of this section;

5 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent  
6 of payments made by a municipality during the fiscal year for the retirement of  
7 principal and interest on outstanding bonds, notes, or other indebtedness authorized by  
8 the qualified voters of the municipality on or after June 30, 1999, but before January 1,  
9 2005, to pay costs of school construction, additions to schools, and major  
10 rehabilitation projects and education-related facilities that exceed \$200,000, are  
11 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
12 section;

13 (13) subject to (h), (i), and (j)(2) - (5) of this section, and after  
14 projects funded by the tax exempt bonds, notes, or other indebtedness have been  
15 approved by the commissioner, 70 percent of payments made by a municipality  
16 during the fiscal year for the retirement of principal and interest on outstanding  
17 tax exempt bonds, notes, or other indebtedness authorized by the qualified voters  
18 of the municipality on or after June 30, 1999, but before July 1, 2006, to pay costs  
19 of school construction, additions to schools, and major rehabilitation projects and  
20 education-related facilities that exceed \$200,000, are approved under  
21 AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

22 (14) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60  
23 percent of payments made by a municipality during the fiscal year for the  
24 retirement of principal and interest on outstanding tax exempt bonds, notes, or  
25 other indebtedness authorized by the qualified voters of the municipality on or  
26 after June 30, 1999, but before July 1, 2006, to pay costs of school construction,  
27 additions to schools, and major rehabilitation projects and education-related  
28 facilities that exceed \$200,000, are reviewed under AS 14.07.020(a)(11), and are  
29 not reimbursed under (n) or (o) of this section.

30 \* Sec. 2. AS 14.11.100(j) is amended to read:

31 (j) Except as provided in (l) of this section, the state may not allocate money

1 to a municipality for a school construction project under (a)(5), (6), or (7) of this  
2 section unless the municipality complies with the requirements of (1) - (5) of this  
3 subsection, the project is approved by the commissioner before the local vote on the  
4 bond issue for the project or for bonds authorized after March 31, 1990, but on or  
5 before April 30, 1993, the bonds are approved by the commissioner before  
6 reimbursement by the state, and the local vote occurs before July 1, 1987, or after  
7 June 30, 1988. In approving a project under this subsection, and to the extent required  
8 under (a)(8) - (14) [(a)(8) - (12)] of this section, the commissioner shall require

9 (1) the municipality to include on the ballot for the bond issue, for  
10 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated  
11 total cost of each project including estimated total interest, estimated annual operation  
12 and maintenance costs, the estimated amounts that will be paid by the state and by the  
13 municipality, and the approximate amount that would be due in annual taxes on  
14 \$100,000 in assessed value to retire the debt;

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

17 (3) that the bonds must be repaid in approximately equal annual  
18 principal payments or approximately equal debt service payments over a period of at  
19 least 10 years;

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

22 (A) projected long-term student enrollment that indicates the  
23 district has inadequate facilities to meet present or projected enrollment;

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

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

28 (D) facilities that require modification or rehabilitation for the  
29 purpose of improving the instructional program;

30 (5) evidence acceptable to the department that the district

31 (A) has a preventive maintenance plan that

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

- (i) includes a computerized maintenance management program, cardex system, or other formal systematic means of tracking the timing and costs associated with planned and completed maintenance activities, including scheduled preventive maintenance;
  - (ii) addresses energy management for buildings owned or operated by the district;
  - (iii) includes a regular custodial care program for buildings owned or operated by the district;
  - (iv) includes preventive maintenance training for facility managers and maintenance employees; and
  - (v) includes renewal and replacement schedules for electrical, mechanical, structural, and other components of facilities owned or operated by the district; and
- (B) is adequately following the preventive maintenance plan.

\* Sec. 3. AS 14.17.460(a) is repealed and reenacted to read:

(a) For purposes of calculating a district's adjusted ADM under AS 14.17.410(b)(1), the district cost factor for a school district is (1) for the school year beginning July 1, 2005, the factor set out under column (A) of this subsection, (2) for the school year beginning July 1, 2006, the factor set out under column (B) of this subsection, (3) for the school year beginning July 1, 2007, the factor set out under column (C) of this subsection, and (4) for school years beginning on or after July 1, 2008, the factor set out under column (D) of this subsection:

DISTRICT COST FACTOR

DISTRICT	(A)	(B)	(C)	(D)
Alaska Gateway	1.367	1.443	1.518	1.594
Aleutians East	1.565	1.707	1.849	1.991
Aleutians Region	1.787	1.838	1.888	1.939
Anchorage	1.000	1.000	1.000	1.000
Annette Island	1.093	1.175	1.256	1.338
Bering Strait	1.643	1.762	1.880	1.998
Bristol Bay	1.316	1.370	1.424	1.478

## WORK DRAFT

## WORK DRAFT

24-LS0062X

1	Chatham	1.234	1.348	1.462	1.576
2	Chugach	1.345	1.395	1.446	1.496
3	Copper River	1.211	1.246	1.281	1.316
4	Cordova	1.131	1.165	1.200	1.234
5	Craig	1.059	1.108	1.157	1.206
6	Delta/Greely	1.140	1.174	1.207	1.241
7	Denali	1.318	1.323	1.327	1.332
8	Dillingham	1.277	1.300	1.323	1.346
9	Fairbanks	1.047	1.055	1.062	1.070
10	Galena	1.359	1.370	1.380	1.391
11	Haines	1.056	1.104	1.152	1.200
12	Hoonah	1.141	1.227	1.313	1.399
13	Hydaburg	1.190	1.295	1.399	1.504
14	Iditarod	1.564	1.658	1.752	1.846
15	Juneau	1.040	1.075	1.110	1.145
16	Kake	1.134	1.242	1.351	1.459
17	Kashunamiut	1.447	1.504	1.562	1.619
18	Kenai Peninsula	1.046	1.088	1.129	1.171
19	Ketchikan	1.043	1.085	1.128	1.170
20	Klawock	1.088	1.160	1.231	1.302
21	Kodiak Island	1.142	1.191	1.240	1.289
22	Kuspuk	1.509	1.584	1.659	1.734
23	Lake and Peninsula	1.667	1.776	1.885	1.994
24	Lower Kuskokwim	1.534	1.577	1.620	1.663
25	Lower Yukon	1.544	1.650	1.755	1.861
26	Matanuska-Susitna	1.025	1.040	1.055	1.070
27	Mt. Edgcombe	1.049	1.098	1.146	1.195
28	Nenana	1.287	1.304	1.321	1.338
29	Nome	1.352	1.385	1.417	1.450
30	North Slope	1.576	1.648	1.719	1.791
31	Northwest Arctic	1.618	1.686	1.755	1.823

WORK DRAFT

WORK DRAFT

24-LS0062\X

1	Pelican	1.337	1.384	1.430	1.477
2	Petersburg	1.061	1.122	1.183	1.244
3	Pribilof	1.487	1.555	1.623	1.691
4	Sitka	1.049	1.098	1.146	1.195
5	Skagway	1.151	1.159	1.166	1.174
6	Southeast Island	1.194	1.264	1.333	1.403
7	Southwest Region	1.489	1.554	1.620	1.685
8	St. Mary's	1.419	1.488	1.556	1.624
9	Tanana	1.569	1.641	1.714	1.786
10	Unalaska	1.294	1.343	1.392	1.441
11	Valdez	1.114	1.133	1.151	1.170
12	Wrangell	1.040	1.080	1.119	1.159
13	Yakutat	1.138	1.229	1.321	1.412
14	Yukon Flats	1.780	1.892	2.004	2.116
15	Yukon/Koyukuk	1.585	1.669	1.752	1.835
16	Yup'it	1.533	1.596	1.660	1.723.

\* Sec. 4. This Act takes effect July 1, 2005.

fails 5 to 5

AMENDMENT 3

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOULE

TO: CSHB 13( ), Draft Version "X"

1 Page 1, line 1, following "to":

2 Insert "the school construction grant fund and to"

3

4 Page 1, following line 4:

5 Insert new bill sections to read:

6 \* Section 1. AS 14.11.008(a) is amended to read:

7 (a) In order to receive a grant under this chapter or an appropriation under  
8 AS 37.05.560, a district must

9 (1) be

10 (A) a rural educational attendance area;

11 (B) a municipal school district and, as of June 30 of the  
12 previous fiscal year, have a population of less than 1,000; or

13 (C) a municipal school district that operates schools on a  
14 military reservation; and

15 (2) provide a percentage share of the project cost, as determined under  
16 (b) or (c) of this section; a [ A] district shall provide the required participating share  
17 within three years after the date that the appropriation bill funding the grant is passed  
18 by the legislature.

19 \* Sec. 2. AS 14.11.008(a) is repealed and reenacted to read:

20 (a) In order to receive a grant under this chapter or an appropriation under  
21 AS 37.05.560, a district must provide a percentage share of the project cost, as  
22 determined under (b) or (c) of this section. A district shall provide the required  
23 participating share within three years after the date that the appropriation bill funding

1 the grant is passed by the legislature.

2 \* Sec. 3. AS 14.11.008 is amended by adding a new subsection to read:

3 (g) Grant funds provided to a municipal school district under (a)(1)(C) of this  
4 section may only be used for the costs of school construction or major maintenance for  
5 a school located on a military reservation.

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

7 (a) A municipality that is a school district or a regional educational attendance  
8 area eligible under AS 14.11.008(a) may submit a request to the department for a  
9 grant under this chapter.

10 \* Sec. 5. AS 14.11.011(a) is repealed and reenacted to read:

11 (a) A municipality that is a school district or a regional educational attendance  
12 area may submit a request to the department for a grant under this chapter."

13

14 Page 1, line 5:

15 Delete "Section 1"

16 Insert "Sec. 6"

17

18 Renumber the following bill sections accordingly.

19

20 Page 9, line 17:

21 Delete all material.

22 Insert new bill sections to read:

23 \* Sec. 9. AS 14.11.008(g) is repealed.

24 \* Sec. 10. The uncodified law of the State of Alaska is amended by adding a new section to  
25 read:

26 CONTINGENT EFFECT. Sections 1 - 7 and 9 of this Act take effect only if, at the  
27 first regular session or at a special session, the Twenty-Fourth Alaska State Legislature passes  
28 a bill appropriating an amount equal to or more than \$100,000,000 to the school construction  
29 grant fund under AS 14.11.008 - 14.11.011, as amended by secs. 1, 3, and 4 of this Act, and  
30 that bill becomes law not later than October 1, 2005.

31 \* Sec. 11. If, under sec. 10 of this Act, secs. 1, 3, 4, 6, and 7 of this Act take effect, they

1 take effect July 1, 2005.

2 \* Sec. 12. If, under sec. 10 of this Act, secs. 2, 5, and 9 of this Act take effect, they take  
3 effect July 1, 2006.

4 \* Sec. 13. Section 8 of this Act takes effect July 1, 2005.

5 \* Sec. 14. Section 10 of this Act takes effect immediately under AS 01.10.070(c)."

A M E N D M E N T

*2*  
*adopted*  
*4-27-05*

OFFERED IN THE HOUSE FINANCE COMMITTEE  
BY: REPRESENTATIVE CROFT

TO: CS HB 13 ( ) 24-LS0062X

Page 9, after line 16:  
Add new section to read:

" Sec. The uncodified law of the State of Alaska is amended by adding a new section to read:

CONTINGENT EFFECT. Section 3 of this Act shall only apply if all school districts receive funding that is at least the equivalent of the funding they would have received under a base student allocation of \$4919 per student, in 2005 inflation-adjusted dollars, under the formula of state aid to public school districts in effect as of April 1, 2004. Inflation shall be calculated under this section as reflected by the United States Department of Labor's Consumer Price Index for Anchorage, Alaska."

AMENDMENT

1  
*Withdrawn  
4-27-05*

OFFERED IN THE HOUSE FINANCE COMMITTEE  
BY: REPRESENTATIVE CROFT

TO: CS HB 13 ( ) 24-LS0062X

Page 9, after line 16:  
Add new section to read:

" Sec. The uncodified law of the State of Alaska is amended by adding a new section to read:

**CONTINGENT EFFECT.** Sections 1 and 2 of this Act shall take effect only if, at the first regular session or at a special session, the Twenty-Fourth Alaska Legislature passes a bill appropriating an amount equal to or more than \$100,000,000 to the school construction grant fund under AS 14.11.008 - 14.11.011, as amended by this Act, and that bill becomes law not later than October 1, 2005."

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

April 28, 2005

**SUBJECT:** Contingency (CSHB 13(FIN) (Work Order No. 24-LS0062\C))

**TO:** Representative Mike Chenault  
Representative Kevin Meyer  
Co-chairs of the House Finance Committee  
Attn: Nancy

**FROM:** Jean Mischel  
Legislative Counsel

Enclosed is the CSHB 13(FIN). The amendment included in this version at sec. 4 of the bill suffers from some ambiguity. The section does not describe what happens to the district cost factors if the contingency is not met at some time after one or more of the application dates of the specified district cost factor set out in the draft as AS 14.17.460(a)(1) - (4) (page 7, lines 17 - 22). The district cost factor could revert to some other, unspecified percentage, or it could not apply at all for that fiscal year and no school district would receive a district cost factor adjustment.

JMM:lmb  
05-157.lmb

Enclosure



# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSHB13-EED-ESS-4-26-05  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Development  
Title An Act relating to reimbursement of municipal RDU K-12 Support  
bonds for school funding and adjusting the district cost factors; Component Foundation Program  
Sponsor Rep. Galto & Gruenberg  
Requester Rep. Galto & Gruenberg Component No. 141

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	20,181.8	20,660.7	20,767.6	20,951.8	0.0	0.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>20,181.8</b>	<b>20,660.7</b>	<b>20,767.6</b>	<b>20,951.8</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20,181.8	20,660.7	20,767.6	20,951.8	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>20,181.8</b>	<b>20,660.7</b>	<b>20,767.6</b>	<b>20,951.8</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal.

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Section 3 of CSHB13 would replace the existing District Cost Factors listed in AS 14.17.460(a) by implementing the proposed Institute of Social and Economic Research (ISER) cost factors over the next four fiscal years.

Prepared by: Eddy Jeans, Director  
Division: School Finance  
Approved by: Karon Rehfeld, Deputy Commissioner  
Agency: Education & Early Development

Phone: 465-8679  
Date/Time: 4/26/05 3:29 PM  
Date: 04/26/2005

School District	FY06 Projected		FY07 Projected		FY08 Projected		FY09 Projected	
	1st year	Cost	2nd year	Cost	3rd year	Cost	4th year	Cost
Alaska Gateway	1.367	215,926	1.443	250,018	1.518	282,454	1.594	282,500
Aleutian Region	1.787	19,967	1.838	19,993	1.888	19,939	1.939	19,994
Aleutians East Borough	1.565	415,209	1.707	415,162	1.849	415,209	1.991	415,116
Anchorage	1.000	-	1.000	-	1.000	-	1.000	-
Annette Island	1.093	202,415	1.175	202,462	1.256	202,506	1.338	202,462
Bering Strait	1.643	1,840,152	1.762	1,840,061	1.880	1,840,151	1.998	1,840,107
Bristol Bay Borough	1.316	82,518	1.370	82,610	1.424	82,564	1.478	82,518
Chatham	1.234	183,955	1.348	184,047	1.462	184,048	1.576	184,048
Chugach	1.345	25,765	1.395	25,794	1.446	25,793	1.496	25,766
Copper River	1.211	171,327	1.246	171,282	1.281	171,282	1.316	171,326
Cordova	1.131	114,708	1.165	114,754	1.200	114,754	1.234	114,755
Craig	1.059	134,041	1.108	134,040	1.157	134,041	1.206	134,086
Della/Greely	1.140	227,074	1.174	227,167	1.207	227,074	1.241	227,120
Denali Borough	1.318	12,628	1.323	12,628	1.327	12,628	1.332	12,674
Dillingham	1.277	88,396	1.300	88,442	1.323	88,442	1.346	88,442
Fairbanks N. Star Borough	1.047	692,014	1.055	692,060	1.062	692,061	1.070	692,060
Galena	1.359	19,056	1.370	19,058	1.380	16,290	1.391	11,461
Haines Borough	1.056	108,049	1.104	108,004	1.152	108,096	1.200	108,049
Hoonah	1.141	133,902	1.227	133,857	1.313	133,902	1.399	133,904
Hydaburg	1.190	44,847	1.295	44,849	1.399	44,848	1.504	69,462
Iditarod Area	1.564	159,096	1.658	159,096	1.752	159,151	1.846	159,096
Juneau Borough	1.040	1,094,411	1.075	1,094,365	1.110	1,094,412	1.145	1,094,457
Kake	1.134	138,219	1.242	138,265	1.351	138,174	1.459	138,265
Kashunamiut	1.447	156,909	1.504	156,817	1.562	156,817	1.619	156,816
Kenai Peninsula Borough	1.046	2,548,652	1.088	2,548,606	1.129	2,548,606	1.171	2,548,698
Ketchikan Gateway Borough	1.043	655,417	1.085	655,415	1.128	655,417	1.170	655,370
Klawock	1.088	61,335	1.160	61,308	1.231	99,336	1.302	101,942
Kodiak Island Borough	1.142	872,159	1.191	872,157	1.240	872,159	1.289	872,205
Kuspuk	1.509	307,205	1.584	307,205	1.659	307,251	1.734	307,204
Lake & Peninsula Borough	1.667	449,373	1.776	449,327	1.885	449,328	1.994	449,326
Lower Kuskokwim	1.534	816,053	1.577	1,280,765	1.620	1,356,936	1.663	1,356,982
Lower Yukon	1.544	1,786,288	1.650	1,786,335	1.755	1,786,288	1.861	1,786,288
Mat-Su Borough	1.025	1,320,109	1.040	1,320,107	1.055	1,320,155	1.070	1,320,108
Nenana	1.287	28,608	1.304	28,608	1.321	28,517	1.338	28,607
Nome	1.352	176,838	1.385	176,837	1.417	176,837	1.450	176,884
North Slope Borough	1.576	915,278	1.648	915,277	1.719	915,232	1.791	915,277
Northwest Arctic Borough	1.618	1,121,412	1.686	1,121,367	1.755	1,121,412	1.823	1,121,366
Pelican	1.337	6,157	1.384	6,132	1.430	6,131	1.477	6,130
Petersburg	1.061	275,796	1.122	275,750	1.183	275,795	1.244	275,796
Pribilof	1.487	86,513	1.555	86,514	1.623	86,421	1.691	86,513
Saint Mary's	1.419	100,473	1.488	100,427	1.556	100,426	1.624	100,427
Sitka Borough	1.049	460,439	1.098	460,440	1.146	460,395	1.195	460,485
Skegway	1.151	7,485	1.159	7,485	1.166	7,577	1.174	7,485
Southeast Island	1.194	108,547	1.264	106,487	1.333	106,515	1.403	156,671
Southwest Region	1.489	418,560	1.554	418,560	1.620	418,562	1.685	418,606
Tanana	1.569	41,328	1.641	41,328	1.714	41,328	1.786	41,373
Unalaska	1.294	125,891	1.343	152,363	1.392	152,363	1.441	152,362
Valdez	1.114	105,800	1.133	71,270	1.151	63,655	1.170	63,626
Wrangell	1.040	113,285	1.080	113,284	1.119	113,331	1.159	113,238
Yakutat	1.138	98,360	1.229	88,649	1.321	59,154	1.412	77,005
Yukon Flats	1.780	211,401	1.892	211,428	2.004	211,401	2.116	304,891
Yukon-Koyukuk	1.585	306,379	1.669	306,425	1.752	306,377	1.835	306,425
Yupik	1.533	249,392	1.596	249,345	1.660	249,392	1.723	249,346
Mt. Edgcombe High School	1.049	126,693	1.098	126,694	1.146	126,647	1.195	126,693
Other								
<b>Total</b>		<b>20,181,810</b>		<b>20,660,728</b>		<b>20,767,580</b>		<b>20,951,813</b>

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 13  
(H) Publish Date: 3/4/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Development  
Title: "An Act relating to reimbursement of municipal RDU: ESS  
bonds for school construction; and provide for an effective ..." Component: School Debt Reimbursement  
Sponsor: Rep. Gatto & Rep. Gruenberg  
Requester: \_\_\_\_\_ Component No.: 153

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	0.0	*	*	*	*	*
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	*	*	*	*	*
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Act will extend the Debt Reimbursement program for another year and a half. Since there is no limit on the principal amount that can be approved for reimbursement it is not possible to project the increase to the Debt Reimbursement program for fiscal years 2007 and beyond.

Prepared by: Eddy Juans, Director Phone: 465-8679  
Division: School Finance Date/Time: 1/24/05 3:52 PM  
Approved by: Karen Rehfeld, Deputy Director Date: 1/24/2005  
Agency: Education & Early Development

# HOUSE FINANCE COMMITTEE

*fails 5 to 5*

DATE: April 27, 2005

Amendment: 3 (HB 13)

MEMBER

Favor

Oppose

MOSES	✓	
- STOLTZE <i>absent</i>		
WEYRAUCH	✓	
CROFT	✓	
FOSTER	✓	
HAWKER		✓
HOLM		✓
JOULE	✓	
KELLY		✓
CHENAULT		✓
MEYER		✓

5

5

AMENDMENT

4 fails 2-8

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CS HB 13 Work Draft (24-LS0062X)

- 1 Page 7, line 15 through page 9, line 16
- 2 Delete all material
- 3
- 4 Renumber following sections accordingly

# HOUSE FINANCE COMMITTEE

DATE: April 27, 2005  
 Amendment: 4 (HB13)

MEMBER

Favor

Oppose

STOLTZE <i>absent</i>		
WEYRAUCH		✓
CROFT		✓
FOSTER		✓
HAWKER	✓	
HOLM		✓
JOULE		✓
KELLY		✓
MOSES		✓
MEYER	✓	
CHENAULT		✓

2

8

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

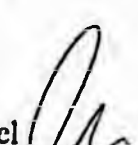
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 23, 2005

**SUBJECT:** School Bond Debt Reimbursement (HB 13)

**TO:** Representative Carl Gatto  
Co-Chair of the House Transportation Committee  
Attn: Cody Rice

**FROM:** Jean M. Mischel  
Legislative Counsel 

You have asked for a written summary of our discussion of the potential effect of HB 13 on the *Kasayulie v. State of Alaska* case that is still pending. I have advised you that a discussion of any effect can only be speculative since much of the impact of this bill on the rural/urban funding equity issue raised in the case depends on (1) annual appropriations approved by the legislature for school facilities both for bond debt reimbursement for municipal school districts and for capital improvement projects for regional education attendance areas (REAAS) and municipal school districts; and (2) voter approval of bond indebtedness.

That said, as you are aware, a Superior Court summary judgment order in *Kasayulie* inspired the passage in 2002 of additional general obligation bonds to pay for capital improvement projects for schools prioritized but not previously funded in the REAAs under AS 14.11.011. The *Kasayulie* court required in 1999 that the state employ a funding scheme that adequately maintained rural schools and to have a compelling reason for inequality of facility funding. In the past, the state apparently lacked that scheme. In the 22nd Legislature, general obligation bonds were proposed and approved in an amount (\$171 million) thought to strike a compromise between rural and urban school facility funding in exchange for a two year extension for restricted approvals under AS 14.11.100(a)(9) and (10) and the addition of unrestricted approvals for municipal bonds reimbursement for a five and a half year period under AS 14.11.100(a)(11) and (12).<sup>1</sup> (§§ 6 - 8, ch. 3, SSSLA 2002).

This compromise was apparent from the legislative history on the general obligation and municipal bond bills heard consecutively before the finance committee in special session. Significantly, projects affected by the current January 1, 2005, deadline were approved by the commissioner but disapproved by voters.

---

<sup>1</sup> In the end, approximately \$130 of the 171 million approved for general obligation bonding then went to the REAAs, with the remaining going to municipal projects.

Representative Carl Gatto

February 23, 2005

Page 2

HB 13 extends by 18 months the authorization for municipal school districts to seek voter approval for school improvement projects and to obtain either 60 or 70 percent debt reimbursement from the state for those projects. There is no statutory cap on the debt obligation. To date, the state debt reimbursement obligation is estimated to be more than 100 million per year for the next 10 to 12 years. A report is due January 1, 2006.

In the meantime, the capital improvement project priority list is growing. The REAA projects currently occupy the top 25 slots on the list, totaling more than \$300 million in unfunded need. Additional municipal school district projects follow on the list.

The most conservative approach to avoid a *Kasayulie* type of challenge with the extension in HB 13 would be to either fund concurrently some of the REAA projects in an appropriation bill or to find another REAA funding source to meet some part of the identified need. This assumes, however, that necessary appropriations and voter approvals are obtained to implement HB 13.

If I may be of further assistance, please advise.

JMM:lmb

05-061 mb

ALASKA COUNCIL



OF SCHOOL ADMINISTRATORS

326 Fourth Street, Suite 404 • Juneau, Alaska 99801  
Phone: (907) 586-0702 • Fax: 586-5879  
web site: www.alaskaacs2.org

## Alaska Council of School Administrators

January 31, 2005

Representative Mark Neuman, Chair  
House Special Committee on Education

Dear Chair Neuman and Committee members:

Enclosed is resolution 04-8, *Bond Debt Reimbursement*, adopted by the organizations that make up the Alaska Council of School Administrators. This resolution is presented in support of HB 13.

Respectfully submitted,

Mary A. Francis, Ph.D.  
Executive Director

Resolution 04-8

**BOND DEBT REIMBURSEMENT**

WHEREAS, the voters have supported several local and statewide bond initiatives for school construction and major maintenance; and

WHEREAS, the public was informed that local and statewide bond efforts would receive State support in the repayment of the bond effort; and

WHEREAS, the planning of construction projects and major maintenance efforts were carefully considered with anticipated budget information secured from a variety of sources, including information from the State of Alaska, and

WHEREAS, a significant reduction in the repayment schedule from the State of Alaska will adversely affect local budgets at an extremely challenging time; now

**THEREFORE IT IS RESOLVED** that the Alaska Council of School Administrators supports full funding of previously approved bonds as they were presented to the people of local communities and a continued debt reimbursement program that also allows participation by districts unable to bond.

Adopted by the Alaska Council of School Administrators (AASA, AAESP, AASSP and ALASBO) October and December 2004.



**WRANGELL  
PUBLIC SCHOOLS  
DISTRICT OFFICE**

GATEWAY TO THE STIKINE

P.O. BOX 2319  
WRANGELL, ALASKA 99929  
Telephone (907) 874-2347  
Fax # (907) 874-3137

February 2, 2005

Representative Carl Gatto  
Room 411  
State Capitol  
Juneau, AK 99801-1182

RE: HB13

Dear Honorable Representative Gatto:

I would like to provide you with my full support of House Bill No. 13, "An act relating to reimbursement of municipal bonds for school construction."

School districts across Alaska are working hard to meet multiple challenges, including increasing student performance in core academic subjects and implementing the goals of the State of Alaska Quality Schools Initiative and the No Child Left Behind Act of 2001. These districts are also struggling to maintain, replace, and modernize their local school buildings.

The passage of HB13 will trigger a school debt reimbursement program for school district bonds for capital and major maintenance projects. The school debt reimbursement program will reimburse school projects at 70 percent taking the burden off of municipalities. HB13, if passed, will help many rural and urban school districts and communities catch up with unmet school construction and major maintenance needs.

Your continued support of public education and Alaska's youth is very much appreciated.

Sincerely,

Susan J. Sciabbarrasi  
Superintendent

SJS: kp  
Cc: Alaska State House of Representatives

## Cody Rice

---

From: Kim Floyd [Kim.Floyd@matsuk12.us]  
Sent: Tuesday, January 18, 2005 2:38 PM  
To: Cody Rice  
Subject: MSBSD Polling Results

Cody:

To follow are the results of our recent public opinion poll, which surveyed 609 Valley residents, 60 percent of whom do not have children in Mat-Su schools.

There appears to be overwhelming support for school construction. We asked respondents to consider three elementary schools and a new high school for the core Palmer/Wasilla areas.

- 77.4 percent favored a elementary in Settler's Bay
- 68 percent favored an elementary in the Springer Loop area (Palmer)
- 69.7 percent favored an elementary in the south Trunk Road area (Palmer)
- 71.7 percent favored a high school in the core area
  
- 58.5 percent favored a bond package of \$50 million for three elementary schools
- 52.3 percent favored a bond package of \$80 million for three elementary schools and a high school
  
- If 60 percent reimbursement were offered by the state, the percentage of those indicating they would vote "yes" on an \$90 million bond package increased to 74.5 percent (three elementary schools and a high school); Specifically for Representative Gatto's information, 75 percent of Palmer residents indicated support, as did 74 percent of Republicans

As you know, a 74.5 percent approval rating in preliminary polling is phenomenal. We think the results are very telling about our community's support for school construction.

Our community has come out in opposition to our proposed boundary changes, which would move students from core area schools to outerlying areas, such as Sutton and Houston. During town meetings in November, participants indicated that school construction should be the primary source of relief to overcrowded facilities. In addition, families would rather we build portables and keep students closer to home than change boundaries.

The Board is to hear public comment and vote on proposed boundary changes on Wednesday. If not approved, we will work to secure funding for portables and perhaps, in extreme cases, increase class sizes.

Please let me know if you need more information, and how we might help on the passage of HB13. Please share our thanks with Representatives Gatto and Gruenberg for sponsoring this bill.

Thanks,

Kim Floyd

## House EDUCATION Minute



Mar 03, 2005

HB 13-SCHOOL CONSTRUCTION BOND REIMBURSEMENT

DRAFT

CHAIR NEUMAN announced that the first order of business would be HOUSE BILL NO. 13 "An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date."

11:10:38 AM

REPRESENTATIVE GATTO, sponsor to HB 13, stated that this legislation is a way for urban districts to finance school construction. He said that there is a shortage of space in several areas in Alaska, specifically in the Mat-Su Valley and Anchorage and as schools deteriorate, they need replacement. He related that this bill allows for the construction of schools where the state supplies 70 percent of the cost and the homeowners and residents of the area supply 30 percent.

REPRESENTATIVE THOMAS commented that Haines is an organized municipality and qualifies [for the proposed legislation].

REPRESENTATIVE GATTO stated that he is unaware of any areas in the state that would not qualify for the "70/30" division of funding. He remarked that this funding is open to everyone in the state if those interested, apply.

CHAIR NEUMAN asked if this legislation will act like a new school bond or if it can be used for repairs and maintenance.

REPRESENTATIVE GATTO said that this legislation does not cover routine repairs and maintenance, but does apply to reconstruction or major maintenance.

11:13:55 AM

REPRESENTATIVE GARA commented that this legislation is something that wealthier [or urban] districts in the state can take advantage of. Since many of the rural communities don't do matching bond contributions, he related, those schools are usually funded through an appropriation. He said that if school construction is pushed in places that need it, then he would like a commitment from the sponsor to address the needs of rural districts [that cannot benefit from this legislation]. He questioned if [this legislation] is viewed as a global way to help all the school districts. He asked if Representative Gatto supports the funding of rural school district construction and maintenance.

REPRESENTATIVE GATTO reminded Representative Gara that legislation enabling the "70/30" split construction issue expired [January 1, 2005]. He related that some districts

didn't have bonding available or didn't put bonding out at the time. He explained that this bill extends the old bill to July 1, 2006 and gives [urban communities] an opportunity to put bonding out there. The important part of this legislation is the commitment from a community to fund 30 percent [of school construction costs]. He inquired as to the percentages supplied by rural communities to cover school construction costs.

REPRESENTATIVE GARA said that this bill only applies to school districts that have a tax base that bond, and it doesn't apply to the REAA's (Rural Education Attendance Areas) or to the smaller communities that don't bond. He explained, "if I feel that we're not going to be supportive to the bush communities and help them with their maintenance and construction problems ... I think I will end up fighting this ... I think all of the school districts need help in this area ... I am not going to get into a regional war where we are trying to do something for our own districts but not for other people's districts ... what I was really looking for was a commitment that we could all work together to ... get through the maintenance and construction list for those schools that aren't going to benefit from this bill."

REPRESENTATIVE GATTO stated that he can commit to "work." He said that this legislation is available to any district that applies for [school construction funding assistance].

11:17:11 AM

REPRESENTATIVE GARA stated that the small, rural, and REAA districts don't apply and can't apply, so they might want to, but they are unable to. He explained that he will support this legislation as long as he feels that there will be support for the rural districts when that time comes.

CHAIR NEUMAN said that Mr. Jeans will be available to answer questions concerning issues of funding in rural districts.

REPRESENTATIVE THOMAS pointed out that the Haines Borough recently went through an election to bond and it will cost \$2.67 "mills" that they are willing to put on their "mill" rate to build a new school. He said, "it depends on what definition ... they are rural because they are an organized municipality ... and they are going to borrow 17 or 16 because the state ... they're under the old plan, 70/30, and are willing to do that ... it did pass ... little towns are willing to do it, but at a big expense ... three of the schools are ready to fall down ... it is cheaper to build a new one than it is to replace or remodel the old ones."

11:19:40 AM

REPRESENTATIVE GRUENBURG stated that he is sensitive to the issues in bush communities and has made commitments to the bush caucus in helping provide for school construction. He emphasized that he wants to move L. 13 forward, while keeping in mind the needs of bush communities.

11:21:38 AM

EDDY JEANS, Director, School Finance, Department of Education and Early Development, (EED), stated that he had previously given testimony on HB 13 and had described the position of the EED.

CHAIR NEUMAN asked Mr. Jeans to give the committee an idea on how to address the needs of rural Alaska with the construction of new schools and the repair [of old schools].

MR. JEANS replied that the mechanism is already in place and the EED has a process where the new construction and major maintenance requests, from school districts, are evaluated. He explained that the lists are prioritized for the legislature. On the EED's web page, he related, there is the school construction list as well as the major maintenance list. He reminded the committee that the governor has recommended in his budget, that the first 20 projects on the major maintenance [list] be funded this session. The process is there, he said, and the list is there, and it is up to the legislature to consider those requests.

REPRESENTATIVE GARA inquired as to the types of schools included on the major maintenance list.

MR. JEANS stated that [the list] includes any school district that applies. It is up to the school districts to apply, he said, and after they apply the EED goes through the prioritization process.

11:24:48 AM

REPRESENTATIVE GARA stated that, in 2002, [the legislature] passed the last big bonding proposal, including a state bond for rural districts, and a match for the districts that contributed. He inquired as to what Anchorage funded through its 30 percent match and if they were schools on the major maintenance list. He asked if schools that are on the major maintenance list are the ones that end up not being bonded through the local match program.

MR. JEANS explained that on the 2002 "statewide geo bond list" of schools, there was one project from the Anchorage School District and the rest were REAA school districts. He said that at the same time that that "geo bond package" was approved by the voters, the debt reimbursement program opened up and was available to all municipalities. Included in that legislation, he related, was that the grant program was closed to municipal school districts because the debt program was available to them. That legislation has "sunsetting", he said, so the two lists that the EED compiled this year include both REAA's and municipal school districts.

REPRESENTATIVE GARA asked if non-REAA districts have the ability to bond.

MR. JEANS said that non-REAA districts have the ability to bond, but they may not have the capacity [to bond].

CHAIR NEUMAN asked Mr. Jeans to explain what REAA stands for.

MR. JEANS said that REAA stands for Regional Education Attendance Area.

REPRESENTATIVE SALMON inquired as to how HB 13 affects the priority list of school construction.

MR. JEANS explained that it does not affect the school construction list or the major maintenance list, other than if this bill was to pass, those municipalities that have projects on those lists could go back to their voters, get approval and bond for those projects.

In response to Representative Salmon, Mr. Jeans said that the two different programs require separate appropriations. He explained that going into the 2007 budget, the EED is requesting \$86 million to fund the debt reimbursement program for fiscal year 2006. He mentioned that the governor has requested \$28 million for the first twenty projects on the major maintenance list.

11:29:29 AM

KIM FLOYD, Public Information Specialist, Matanuska-Susitna Borough School District, (MSBSD), stated that the MSBSD has a school on "deed's" priority list for school construction and the state would have to invest \$440 million before that school is built. She said that this school was needed three years ago. She continued:

We have an average annual growth rate, in our district, of approximately 7 percent ... 500 - 600 new kids each year ... the Knick Goose Bay area is the fastest growing area in the state of Alaska ... our school is number 31 on the "deed priority list", \$440 million dollars before we get there, we need some relief, we're asking for help; I do hope that HB 13 can pass out of this committee, today, so that the conversation can continue. We are not trying to, by any means, create a regional debate. The reality is, with 500 to 600 kids new to our district every year, it is the equivalent of a new elementary school. We've had 300 new kids just since the count period ended. They are coming both from in the state and from out of the state. As you can imagine, this is creating great strain on our existing facilities, currently we have 52 portable classrooms in use throughout our district, approximately 12 percent of our students are educated in portable classrooms. They are fine for a temporary "stop gap" measure, but they certainly aren't a long term investment in infrastructure. These schools will still be needed thirty years down the road and portables certainly don't have that type of lifespan.

CHAIR NEUMAN inquired as to the associated costs of using portable classrooms.

MS. FLOYD said that each portable costs \$70,000 to build and install plus the additional heating and electricity costs after installation. She explained that portables do not have

[restroom] facilities and children are required to leave classrooms, unattended, and enter the main building. She pointed out that the MSBSD has a comprehensive, 20 year facility plan, has updated the 6 year plan submitted to "deed" each year, and are actively working with developers in the Mat-Su community to make sure that planning is efficient and cost effective. She emphasized that the MSBSD feels as though they have been extremely good stewards for bonding projects in the past, and expect to be in the future.

CHAIR NEUMAN asked Ms. Floyd to comment on the process that the MSBSD will go through if HB 13 passes.

11:34:22 AM

MS. FLOYD stated that the MSBSD has a 6 year "sub" plan that is given to the state to look at the capital infrastructure needs. The priority list generated from that plan helps to create a bond package list and that is forwarded to the borough assembly, she related. The borough assembly analyzes the needs and may repackage what the MSBSD created, she explained, and then they approve an initiative for the ballot. She pointed out that once that passes, the MSBSD must wait 4 years before the [new] school actually opens. She added that if the MSBSD were to successfully bond this fall, the new schools would not open until 2009. She emphasized that new schools were needed 3 years ago. She stated that MSBSD will need short term solutions in the meantime.

CHAIR NEUMAN inquired as to the number of schools in the MSBSD that are over capacity.

MS. FLOYD stated that there are 36 schools in the MSBSD; of the 17 elementary schools, the majority are in the Palmer-Wasilla area and there is not a single empty classroom. She explained that even with increased operating monies, class sizes cannot be reduced. She said that the MSBSD is at a critical point of looking at options that aren't acceptable to parents and that don't meet community expectations for quality education. She added that last year the funding that the legislature appropriated helped reduce class sizes at the Kindergarten level.

CHAIR NEUMAN asked about the growth rate of the MSBSD.

MS. FLOYD stated that the MSBSD has a growth rate of 500 to 600 students a year with an average annual growth of about 7 percent. She said that population forecasts estimate the MSBSD will be bigger than the (Anchorage School District) in 30 years.

11:37:01 AM

REPRESENTATIVE THOMAS asked for clarification related to the MSBSD going under the last bond issue and applying for [new] schools.

MS. FLOYD stated in the fall of 2003, the MSBSD passed \$56 million in bonds. In response to Representative Thomas's follow up question regarding the application for more bonds, Ms. Floyd explained that last year, the MSBSD was faced with a 13 percent

increase in assessed evaluations and that is the MSBSD's only source of revenue in the community for borough operations or for payment on bond debt. She said that the MSBSD was faced with a sales tax that was 1 percent borough wide, and dealing with discussions on real estate transfer fees and gravel extraction taxes. She said:

We try very hard to make sure that we are in communication with all stakeholders in our community and the belief at that time was it was not a good idea, in that environment, to go forth with a school bond. We tend to be a little reactive in our community, we're learning to grow up, and we weren't quite at the crisis point that people felt that those bonds could have been successful in that environment. We're there now. We're at the precipice, we're going over ... we did do a survey this past fall, we asked residents how they felt about an \$80 million dollar bond package, which would include 3 elementary schools and a high school - all needed projects. With the "70/30" bond debt reimbursement, we had a 75 percent support ... people know we've reached that edge ... our community is ready, and we would appreciate an extension and an opportunity to address our student's needs."

11:39:19 AM

REPRESENTATIVE GATTO asked if the opening of the new hospital is included in the population growth prediction.

MS. FLOYD said yes, along with the retail bloom that is occurring and the building of the biggest Wal-Mart in the state. She said that it is staggering to listen to developers and hear about what will hit the community around the MSBSD.

REPRESENTATIVE THOMAS inquired as to the the Mat-Su community utilizing "forgiveness taxes".

MS. FLOYD stated that the MSBSD is trying very hard to meet with developers and plan how to deal with the coming changes in the community. She said that the MSBSD feels that there is a very valuable public/private partnership that needs to happen.

11:42:02 AM

CHAIR NEUMAN commented that property taxes in the Mat-Su Borough have risen over 40 percent in the last 3 years, with another expected rise of almost 13 percent this year. He emphasized that the community is willing, despite these tax increases, to support the school bond.

REPRESENTATIVE GATTO inquired as to the development of a vocational technology focused high school and if it will affect the need for more funds.

MS. FLOYD stated that the career and "vo-tech" high schools were part of the last bond package that was passed. She stated that there will also be an elementary school that will open in the fall of 2006, and it will be completely filled by the time it

opens. She emphasized that these new schools will be at their maximum capacity when they open.

REPRESENTATIVE WILSON stated that her district is losing so many teachers and programs, that it is hard to imagine how difficult the MSBSD situation is.

MS. FLOYD said the the MSBSD realizes that this situation is very different than most districts in the state. She said that though they are addressing the situation adequately, the time has come where the MSBSD needs help.

MS. FLOYD commented that the MSBSD will start surveying students and investigating where they are coming from. She mentioned that after Christmas break, at Goose Bay Elementary School, 10 students were enrolled that came from out of state.

In response to Chair Neuman's comments on the benefits of "vo-tech" schools, Ms. Floyd stated that the MSBSD has the most highly recognized career and technical education programs in the nation.

REPRESENTATIVE GATTO commented that the top six welding students all came from one school in the [Mat-Su] Valley. He also stated that the issues of growth in the Mat-Su Valley are causing severe expenses.

11:46:36 AM

MARY FRANCIS, Executive Director, Alaska Council of School Administrators, (ACSA), stated that there are schools all over the state in need of construction and major maintenance, and the ACSA supports the continuation of the debt reimbursement program. She explained that the ACSA has a resolution that advocates for fully funding previously approved bonds as well as the continuation of the program. As you know, she said, there have been many years of minimal funding for school construction and major maintenance and it has created a huge need statewide. She mentioned that because there are high needs now, there are many municipalities that are willing to kick in their share of 30 or 40 percent [for construction and maintenance of schools] and the ACSA would very much support this legislation and hope that it passes out of committee.

REPRESENTATIVE GARA asked if the ACSA has a position on the proposal for how much should be funded to get through the major maintenance and construction list.

MS. FRANCIS stated that the ACSA supports following the list that the EED creates. She explained that the ACSA feels that the process by which people apply for placement on the EED's list is very thorough. She pointed out that the ACSA supports the funding of all school districts in the state of Alaska.

REPRESENTATIVE GARA inquired as to the ACSA having a proposal on how far through the list the legislature should go this year, to be equitable.

MS. FRANCIS stated that the ACSA has not addressed that issue, yet.

REPRESENTATIVE GATTO asked for clarification about an earlier comment concerning full funding of existing bonding.

MS. FRANCIS stated that some of the school districts were concerned that [the legislature] would cancel what was previously approved for bonding.

11:50:05 AM

REPRESENTATIVE GATTO moved to report HB 13 out of committee with individual recommendations and the attached fiscal notes. There being no objections, HB 13 was reported out of the House Special Committee on Education.

DRAFT

Bill Root:

Display Bill Root

[To Report Problems with Basis Inquiry](#)

[Live KTOO Streams](#)



[Return to Basis Main Menu \(24 Legislature\)](#)

[Return to Legislature Home Page](#)

## House EDUCATION Minute



Feb 01, 2005

HOUSE BILL NO. 13 "An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date."

CHAIR NEUMAN announced that the next order of business would be HOUSE BILL NO. 13 "An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date."

REPRESENTATIVE GATTO, sponsor to HB 13, stated that [HB 13] deals with school debt reimbursement. He related that in his own district, 13 years ago, two schools were built when school debt reimbursement was "90/10" with the state funding 90 percent and the local district funding 10 percent. Since then, he explained, the state has reduced the amount of money it supplies for reimbursement; the state now funds 70 percent. He described the Mat-Su borough and its growth rate of 500 students each year, requiring the construction of new schools. He related the importance of all districts to find a source of revenue to fund new schools. This bill, he said, takes the previous statutes which "sunsetting" on January 1, 2005, and extends the "sunset" date. He clarified that this gives the borough time to introduce bonding legislation.

REPRESENTATIVE GRUENBURG invited the [committee] to add things that would benefit educational capital construction. He explained that this needs to be accomplished this year in Anchorage, in the Mat-Su, and in other parts of the state. He emphasized that [educational capital construction] is one of the most important issues facing the municipalities.

REPRESENTATIVE SALMON asked how this bill affects rural school districts.

REPRESENTATIVE GRUENBURG responded that this is legislation that is needed in certain parts of the state. He said:

the last time this was done, there was a contingent effective date clause put on the bill ... the provision that was at issue here, the amendment, had ... a contingent effective date that said this language, extending the 60 to 70 percent school debt reimbursement, would become effective, if and only if, the voters approved the bond issue that contained bonding for rural schools ... this would not become effective unless two things happened .. the legislature passed the other provision ... that other provision authorized bonds to be put to the voters at the next general election and it would only become effective if the voters approved those bonds. It tied the two together even though they couldn't do it in the same bill ... so, we can work with you and people

from all parts of the state to craft a plan that will be a win-win for everybody, particularly in this year of high oil prices.

12:00:53 PM

CHAIR NEUMAN asked Representative Gruenburg to explain how schools would be funded and how an unorganized borough will manage to get their part of the debt bond reimbursement.

REPRESENTATIVE GRUENBURG explained that the state floats bonds and pays the cost of repaying those bonds. In the areas that have the bonding capacity, he said, the state pays a smaller percentage because the municipality has the ability to pay the rest. He described projects receiving a 50 or 70 percent reimbursement depending on whether they meet certain construction specifications. He said the municipality has the ability to pay a partial match but in the areas that don't, the state pays the full cost.

In response to Chair Neuman's question, Representative Gruenburg clarified that municipalities do not have the ability to propose construction. He explained that voters know every project they're funding.

CHAIR NEUMAN asked how funding for schools is appropriated.

REPRESENTATIVE GRUENBURG said that in the past cash was used for schools. Now he related, bonds will be used and this spreads the cost of projects over time. He pointed out that as the generations that use those schools reach maturity, they bear part of the cost of repaying the bonds.

REPRESENTATIVE GARA stated that money will not reach the unorganized boroughs. He discussed that when the bond bill passed, it was decided that the money would go to all districts.

12:05:29 PM

REPRESENTATIVE GRUENBURG explained that he would like to make this part of a broader package of legislation.

REPRESENTATIVE GARA clarified that this bill, without any amendments, is strictly for the organized boroughs.

REPRESENTATIVE GATTO stated that there is a need to construct schools and whether or not this bill covers all of the needs in districts, it deals with an existing need that is easily identifiable. He explained that it is simply a matter of extending a "sunset" date to existing legislation that was already approved and functioning.

REPRESENTATIVE GARA stated that though he supports [HB 13] there are portions in the state that won't benefit from this bill. He inquired as to the bond package and if it allows school districts unlimited bonding capacity.

REPRESENTATIVE GRUENBURG stated that under [HB 13] there is no cap. When the package of legislation passed, he related, the amounts of the bonds were known and it was known how much was

going to be bonded for all of the projects.

12:10:13 PM

EDDY JEANS, Director, School Finance, Department of Education and Early Development, (EED), stated that he would like to make clarifications on the previous discussion. He said that there were two bills that were passed in 2002:

one was a state "geo" bond package that had a list of schools of approximately \$171 million dollars that required a statewide vote of all Alaskans before the state would issue state "geo" bonds to pay for that \$171 million dollars in school construction throughout Alaska. Contingent upon an affirmative vote, which did occur, the debt reimbursement program was extended for a two year period, no caps, that allowed reimbursement of 60 or 70 percent, dependent on the individual project. If it met the Department of Education's eligibility criteria, it qualified for 70 percent reimbursement; if the district wanted to go beyond the department's eligibility criteria, the project was eligible for 60 percent reimbursement.

The debt reimbursement program also required that you get those bonds approved by the local voters, so there was a two step approval process there, one at the local level and one at the state of Alaska level. Once that approval occurred ... then the local municipality can go and issue bonds for a minimum for 10 years, and the state will reimburse on the principal and interest of those bonds over the life of those bonds, subject to annual appropriation by the legislature. "HB 2003" also required the Department of Education to prepare a report back to the legislature next January ... on the effectiveness of this dual system, the "geo" bonds for the rural schools and the debt reimbursement program for the municipal school districts.

The department is opposed to this piece of legislation because we believe that we need to have time to do our analysis to give you good information in your decision making process ... through the last two years, the department and municipal governments have approved \$728 million dollars in construction projects in municipal school districts ... so we need time to do our analysis, to be able to tell you what the long term fiscal impacts on the state will be for this program before we go and extend it again. And the legislation actually foresaw us needing that time, and provided us that time through the intent language to do this report.

12:13:24 PM

CHAIR NEUMAN asked about how this could affect bonds that the state is trying to move forward on.

MR. JEANS said that he would defer that question to the

Department of Revenue, as they are the experts in that area.

REPRESENTATIVE WILSON asked if the Department of Revenue has been asked about their position in this situation.

REPRESENTATIVE GRUENBURG stated that he realizes the necessity of doing this study, but as there is additional money now, and the [monetary] situation is unpredictable from quarter to quarter, the study conducted may not be valid in the near future.

MR. JEANS commented that the State of Alaska will be paying on the debt reimbursement program for 10 to 20 years. He explained that the debt reimbursement budget this year is \$88 million, and school districts have not issued all of the bonds for the \$728 million that have been authorized in the last two years. He said that the state's annual obligation for those bonds is unknown until the analysis is complete.

REPRESENTATIVE THOMAS inquired as to how many schools need to be built and/or replaced and if other communities report to the EED if they are in need.

MR. JEANS explained that the EED does not receive applications from all of the school districts so it is difficult to accurately give a statewide need number. He commented that the EED has a school construction list and a major maintenance list that have been prioritized for the legislature. He expressed his surprise that the debt reimbursement program authorized over \$700 million in projects two years ago. He explained that the two proposals went together two years ago, and what is being asked now is, how would we move forward and fund grant projects for REAA's while funding debt projects. He concluded that this piece of legislation extends the debt program two additional years.

12:17:58 PM

REPRESENTATIVE THOMAS mentioned that the reason the school district in Haines got behind was the lack of money from the state over the years of rebuilding and remodeling schools.

REPRESENTATIVE SALMON asked Mr. Jeans how much time he needed to complete the analysis and if he was opposed to HB 13.

MR. JEANS said that the EED is required to provide a report back to the legislature next January. He stated that the EED is opposed to this bill.

REPRESENTATIVE GATTO clarified that the EED is opposed to the bill because the analysis is not complete.

MR. JEANS stated that he can't say whether the EED is opposed with the analysis. He expressed that the EED wants to complete the analysis so that a good recommendation can be provided to the legislature. He said that extending the debt reimbursement program for an additional two years without caps, will incur additional long-term liability on the State of Alaska.

REPRESENTATIVE GARA stated that the prioritization of school

districts that can qualify for debt reimbursement is left up to the local communities. It is assumed, he explained, that if the local community will pay 20 or 30 percent, then it is an important project and is paid for by the state. He inquired as to how local projects are ranked.

12:21:42 PM

MR. JEANS said that under the debt reimbursement program that just "sunsetting", there was no ranking process and there were no caps in place. He explained that if there was local approval, the project was submitted to the EED and approved for 60 or 70 percent reimbursement. He described the grant program and that the EED prioritizes projects based on need and projects are submitted to the governor and the legislature for consideration. He pointed out that the department does not provide a 100 percent reimbursement for any school, even the REAA's who are required to make a 2 percent contribution to their schools.

REPRESENTATIVE GRUENBURG asked if there is any federal money for this program.

MR. JEANS replied that they are state funded programs and are subject to annual state appropriation.

In response to Representative Thomas's question, Mr. Jeans stated that REAA's contribute through their state foundation aid or their federal impact aid dollars.

12:24:04 PM

KIM FLOYD, Spokeswoman, Matanuska-Susitna Borough School District, (MSBSD), stated that in the past five years alone, MSBSD schools have averaged annual enrollment growth of 450 to 500 students and bond debt reimbursement is essential to insuring that students are educated in safe and effective learning environments. She explained that this rapid growth has placed significant strain on existing facilities; more than 13 percent of the total enrollment, or about 1800 students, are taught in temporary facilities. She said that the school board has been actively working with developers and major contractors in the boroughs to determine current and future school needs. She said that she understands the state's concern with total bond indebtedness, "however, we have been extremely good stewards with our bonding projects. We haven't taken advantage or treated the program as if it is an open checkbook, and I truly hope that our conservative approach won't hurt us now when we need it most. Without schools our community will be faced with solutions as drastic as double shifting our Palmer and Wasilla area elementary schools, for that reason among others we ask for full support from the legislature for extending this program, again, we are not responsible for the growth, but we must respond and we owe it to our children to do so."

CHAIR NEUMAN asked Ms. Floyd to inform the committee on any steps that have been taken by the MSBSD in moving forward on any bonding.

MS. FLOYD stated that the MSBSD has been conservative. She explained that if there is state support, then the MSBSD will

decide how to move forward with funding. She related a bond package is anticipated for three elementary schools that if opened next year, would be full. She said that it is unknown if that will go through without any state reimbursement.

12:27:32 PM

REPRESENTATIVE GATTO inquired as to the "assembly" passing a bond package that is contingent upon the state's passing HB 13.

MS. FLOYD said that is unlikely as the MSBSD is a conservative area.


ANNE KILKENNY explained the overcrowding issues in the elementary schools. She emphasized that the bond debt reimbursement is absolutely critical for the Mat-Su area. She commented that, as a parent, she wants her child in a safe environment and in a class with a reasonable number of children.

GEORGE VAKALIS, Assistant Superintendent, Anchorage School District, (ASD), stated that the ASD supports the reinstatement of this bill for many reasons including major maintenance of older facilities, and schools in need of major renovation and/or replacement. He said that debt reimbursement is necessary in order to make this happen, and in the past, the legislature has supported debt reimbursement programs. He explained that the ASD wants this bill reinstated at the 60 and/or 70 percent level to allow flexibility for the districts to serve qualifying schools as well as school related facilities.

---

Bill Root:  Display Bill Root

[To Report Problems with Basis Inquiry](#)

[Live KTOO Streams](#) 

[Return to Basis Main Menu \(24 Legislature\)](#)

[Return to Legislature Home Page](#)

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

April 2005

## Anchorage School District POSITION STATEMENT: HB 13

W) 907-742-4322 (F) 907-742-4417  
Wiget\_Larry@asdk12.org

TO: HOUSE FINANCE COMMITTEE

FROM: CAROL COMEAU, SUPERINTENDENT  
TIM STEELE, PRESIDENT, ANCHORAGE SCHOOL BOARD

CONTACT: LARRY WIGET, DIRECTOR, GOVERNMENT RELATIONS

SUBJECT: HB 13: RELATING TO REIMBURSEMENT OF MUNICIPAL BONDS FOR SCHOOL CONSTRUCTION

In its current form, HB 13 proposes extending the state law reimbursing municipalities 60-70% of the cost of school construction bonds from January 1, 2005 to July 1, 2006.

The Anchorage School Board is responsible for providing an adequate educational environment for the student of Anchorage. To fulfill this obligation, the School Board regularly engages in comprehensive long-range planning of school facility construction, renovation, and maintenance. On an annual basis, the School Board adopts a Six-Year Capital Improvement Plan (CIP) that addresses the anticipated levels of student enrollment and shifts in enrollment, along with school facility condition and functionality from an educational perspective. This plan delineates the construction priorities for the District over each succeeding six-year period. It is reviewed annually as conditions change.

With nearly 94 school buildings in our care, a few major renovation and construction projects are needed nearly every year to keep all of our facilities in good, safe condition and to ensure they are highly effective learning environments. Extending the debt reimbursement program to July 1, 2010, will help meet school construction needs in areas of the state that are able to bond for school facilities. It will also provide stability in state funding, subject to annual appropriation by the legislature and approval of bonds by local taxpayers, to enable the Anchorage School District and others to meet future construction needs.

Keeping a promise made to voters last fall, Anchorage School District Superintendent Carol Comeau did not propose school bonds for the April 2005 municipal ballot. We pledged to voters and taxpayers that if the school bonds on the November 2, 2004 special election ballot were approved, then we would not seek additional bonds in April. We are keeping that promise. School bonds, however, are needed in coming years and 60% - 70% debt reimbursement is critical to our municipalities in the state.

The Anchorage School District supports HB 13.

(Currently, the Anchorage School District has 126 portables it is using to house students.)

**Debt Reimbursement**

Safe, efficient, and technologically appropriate infrastructure is an essential ingredient in achieving academic success. This has largely been accomplished through the successful partnership between the Legislature and local taxpayers. The Anchorage School Board requests the Legislature and the Governor's Office to continue this partnership by fully honoring all past commitments for bonded indebtedness reimbursement.

To meet future school construction needs, the Anchorage School Board requests that the Legislature and the Governor's Office reinstate and extend the school debt reimbursement program for new local bond propositions and continue to fully fund that program.

- 2005 ASD Legislative Priority

cc: Anchorage School Board

Grayson Carlile

4/07/05

## Supportive Testimony on HB 173

My name is Grayson Carlile. I am a seventh grade student at Dzantik'I Heeni Middle School, and have been born and raised in Juneau. I would like to thank you for the opportunity to give my opinion on House Bill Number 173. I am here to speak to you in strong support of HB 173.

First off, I believe that school funding is one of the most important priorities for our legislature and should always receive strong attention.

After the 1998 methodology for determining district cost factors was considered unusable, the American Institute for Research developed new district cost factors. Now with a new study done by ISER showing the inaccuracy of AIR's study, alternative cost factors for all the districts (excluding Anchorage) have been developed with more accurate consideration of teacher turnover, energy costs, and other areas. Although many may question whether ISER's study is accurate and statistically correct, we know that the new factors proposed are at least better than what we now have. ISER has proven to us that AIR's study and factors are inaccurate. Maybe it will be proven that ISER's study as well, is not completely accurate, in which case further refinements can be made in the future. But we need to keep taking steps forward, always moving towards improving our school system and especially creating more equal learning opportunities for all Alaskan students. It is only fair that a student in the smallest bush community should receive an education equivalent to what students here in Juneau receive.

However, the funds required to make these new changes should not be taken from the Base Student Allocation. We must find new money that would leave the BSA unharmed. Alaska's education funding is already hurting deeply and we cannot afford to lose any more of the funding that we should and could be building on.

In conclusion, I strongly urge you to vote in support of HB 173. Educational equity is a key to Alaska's future. Thank you.