

LEG. FINANCE - BILLS 1977 - 1978 779

HB 680 cont., thru HB 681

4649
Utermohle

Introduced: 1/25/78
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY BUCHHOLDT AND GUY

2 HOUSE BILL NO. 680

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to bilingual public hearings under the
7 Administrative Procedure Act; and providing for an
8 effective date."

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

10 * Section 1. AS 44.62.210 is amended by adding a new subsection to read:

11 (c) Hearings under this section shall be conducted in the pre-
12 vailing local language, as well as in English, if the hearing is held
13 within an election district in which a significant portion of the popu-
14 lation does not speak English.

15 * Sec. 2. This Act takes effect July 1, 1978.

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE BILL NO. 680

By BUCHHOLDT AND GUY

"An Act relating to bilingual public hearings under the Administrative Procedure Act; and providing for an effective date."

Bilingual public hearings

Introduced in the House 1/25/78, 1978

HISTORY IN THE HOUSE

19	78	Read first time and referred to Committee on												
Jan	25	HESS & FINANCE												
		Reported back with recommendation that												
		Read second time and												
		Read third time and												
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		Reported correctly engrossed												
		Signed by Speaker												
		Sent to Senate												
CHIEF CLERK OF THE HOUSE														

HISTORY IN THE SENATE

19		Read first time and referred to Committee on												
		Reported back with recommendation that												
		Read second time and												
		Read third time and												
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Excused	Excused													
		Reported correctly engrossed												
		Signed by President												
		Returned to House												
SECRETARY OF THE SENATE														

HISTORY IN THE HOUSE

19		Received from Senate
		Concurred in Senate amendment thus adopting:
		Failed to concur in Senate amendment; asked Sen. to recede
		Senate receded from amendment
		Senate failed to recede from amendment
		FCC appointed by House
		FCC appointed by Senate
		FCC adopted
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
		Filed with Lt. Governor
		Chapter No.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

2/14/90
Date

COMMITTEE REPORT
SENATE

FURTHER: _____

6/1/78

Date: June 10, 1978

Mr. President:

The Committee on FINANCE has had CSHB 681 am
state aid for school construction

under consideration and (a majority of the committee) (the committee reports it back as follows)

recommends it do pass () recommends it do not pass

() recommends it do pass with attached amendment(s)

recommends it be replaced with CS for CSHB 681 am

and CSHB 681 am () new title () same title

() AND attaches a Letter of Intent () New Fiscal Note

() reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
Chairman

Original sponsors: Cotten, Duncan,
Gardiner et al

IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 681
IN THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to schools; and providing for an
effective date."

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

* Section 1. AS 14.08.101 is amended by adding a new paragraph to read:

(9) by resolution adopted by a majority of all the members of
the board and provided to the commissioner of the department, assume
ownership of all land and buildings used in relation to the schools in
the regional educational attendance area.

* Sec. 2. AS 14.08.151 is amended to read:

Sec. 14.08.151. LAND AND BUILDINGS. (a) Except as provided in
(b) of this section and sec. 161(g) of this chapter, the [THE] ownership
of land and buildings used in relation to regional educational atten-
dance area schools shall remain vested in the state, and use permits
shall be given to the regional school boards.

* Sec. 3. AS 14.08.151 is amended by adding a new subsection to read:

(b) A regional school board may, by resolution, request, and the
commissioner of the department having responsibility shall convey, title
to land and buildings used in relation to regional educational atten-
dance area schools. If the state holds less than fee title to the land,
the commissioner of the department having responsibility shall convey
the entire interest of the state in the land to the regional school
board.

* Sec. 4. AS 14.08.161(d) and (e) are amended to read:

(d) Regional school boards may apply to the Department of Trans-

1 portation and Public Facilities [PUBLIC WORKS] for a grant of all or
2 part of the funds allocated for their school construction, repair, and
3 improvement projects. When a regional school board applies for a grant
4 of funds, the department shall [THE DEPARTMENT OF PUBLIC WORKS MAY]
5 grant funds to a regional school board for a school construction, re-
6 pair, or improvement project, and, if the request is for all funds
7 allocated, shall provide for the assumption by the regional school board
8 of all of the department's responsibilities relating to the planning,
9 design and construction of an educational facility. Thereafter, the
10 board shall

11 (1) select the appropriate professional personnel to develop
12 the designs;

13 (2) approve or disapprove the appropriate designs or revised
14 designs; and

15 (3) undertake construction, repair or improvement of the
16 educational facility.

17 (e) To carry out the purpose of this section, the Department of
18 Transportation and Public Facilities [PUBLIC WORKS] shall adopt regu-
19 lations relating to the application for and the making and the manner of
20 administration [CONDITIONS] of grants wherein the responsibility for
21 school construction, repair and improvement is assumed [AND THE ASSUMP-
22 TION OF RESPONSIBILITIES] by regional school boards under (d) of this
23 section. The department may require different terms in grant contracts
24 for different projects to meet local conditions and unique requirements
25 and to assure compliance with the public facilities procurement policies
26 developed by the department under AS 35.10.160 - 35.10.200.

* Sec. 5. AS 14.08.161(g) is repealed and re-enacted to read:

(g) Title or sufficient interest determined acceptable by the
department to an approved site for a school building to be constructed,

repaired or improved by a regional school board shall be vested in the state or in the respective regional school board.

* Sec. 6. AS 35.15.080(a) - (c) are amended to read:

(a) A municipality or, if the public work is an educational facility, a regional educational attendance area established under AS 14.08 may, by resolution of its governing body, request the assumption of all of the department's responsibilities relating to the planning and construction of a public works project of the state which is to be located within the boundaries or operating area of the municipality or regional educational attendance area and which would otherwise be constructed in the manner provided in sec. 10 of this chapter. After receipt of the request, the department

(1) shall provide for the assumption by the municipality or regional educational attendance area of all of the department's responsibilities relating to the planning, design and construction of an educational facility;

(2) may provide by agreement for transfer to and assumption by the municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] of the department's responsibilities relating to the planning, design, and construction of a [THE] public works project, unless the commissioner determines that assumption of responsibilities by the municipality [OR AREA] is not practicable or not in the best interests of the state. [THE PARTIES MAY BY MUTUAL AGREEMENT PROVIDE FOR JOINT OR COOPERATIVE ASSUMPTION OF RESPONSIBILITIES BY THE DEPARTMENT AND THE MUNICIPALITY OR REGIONAL EDUCATIONAL ATTENDANCE AREA.]

(b) If the commissioner of transportation and public facilities [PUBLIC WORKS] determines that assumption of responsibilities by a municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] under (a)(2) of this section is not practicable or not in the best interests of the

state, he shall notify the governing body of the municipality [OR AREA] of his finding and specify reasons for it. If the governing body requests reconsideration of the decision, he shall hold a hearing in the municipality within 30 days following mailing of the request. Following the hearing, he may affirm, modify or reverse his initial decision and shall specify in writing the reasons.

(c) A municipality may request joint assumption of responsibilities with the department relating to the planning, design and construction of a public works project. A regional educational attendance area may request joint assumption of responsibilities with the department relating to the planning, design and construction of an educational facility. Two or more municipalities or regional educational attendance areas may by mutual agreement provide for cooperative assumption of responsibilities relating to the planning and construction of a public works project. If two or more municipalities or regional educational attendance areas request assumption of responsibilities for a project and meet the standard of practicability set out in (a)(2) of this section, the commissioner shall determine which municipality or regional educational attendance area is best able to direct planning, design, and construction of the project and enter into an agreement with that municipality [SUBDIVISION] or regional educational attendance area, or provide for joint or cooperative administration, as the parties may agree or the commissioner may determine. Decisions of the commissioner under this subsection are final.

* Sec. 7. AS 35.15.080(f) is amended to read:

(f) To carry out the purpose of this section, the commissioner of transportation and public facilities [PUBLIC WORKS] shall adopt regulations relating to the application for and the making and the conditions of agreements and the local assumption of responsibilities for the

1 planning, design and construction of public works under this section.
2 He may require different terms in agreements for different projects to
3 meet local conditions and unique requirements and to assure compliance
4 with the public facilities procurement policies developed by the depart-
5 ment under AS 35.10.160 - 35.10.200. If necessary, the commissioner may
6 require as a condition of an agreement approval of the agreement by the
7 federal government. Regulations adopted, amended or repealed by the
8 department under this section which relate to educational facilities
9 shall be developed in conjunction with the Alaska Association of School
10 Boards and the Alaska Association of School Administrators and reviewed
11 by those associations before final action on the regulations is taken by
12 the department.

13 * Sec. 8. AS 35.15.090 is amended to read:

14 Sec. 35.15.090. USE OF APPROPRIATED FUNDS. Upon assumption by a
15 municipality or regional educational attendance area of the department's
16 responsibilities under sec. 80(a)(1) of this chapter, or upon [UPON]
17 execution of an agreement under sec. 80(a)(2) of this chapter, state
18 funds appropriated for a public works project which is the subject of
19 the assumption or the agreement shall be transferred to a special ac-
20 count in the state treasury. A municipality or regional educational
21 attendance area administering the project under the assumption or agree-
22 ment may draw on the account for costs of the project, under fiscal
23 control of the department. If an agreement provides for joint or co-
24 operative administration of the project, payment of costs shall be made
25 to the party incurring the costs.

26 * Sec. 9. AS 35.15.110(a) is amended to read:

27 (a) Title acceptable to the department to a suitable project site
28 shall be vested in the state before work is begun on the site, except
29 that, if the project involves construction of an educational facility,

1 title or sufficient interest determined acceptable by the department to
2 an approved site for a school building shall be vested in the muni-
3 cipality, the regional educational attendance area or the state before
4 advertisement for bids or initiation of construction contract negotia-
5 tions.

6 * Sec. 10. AS 14.07.020 is amended by adding a new paragraph to read:

7 (10) review plans for construction of new public elementary
8 and secondary schools and for additions to and major rehabilitation of
9 existing public elementary and secondary schools and, in accordance with
10 regulations adopted by the department, determine the extent of eligi-
11 bility for state aid of a school construction project begun after the
12 effective date of this Act; for purposes of this paragraph, a "plan"
13 includes educational specifications, schematic designs, and final con-
14 tract documents.

15 * Sec. 11. AS 14.14.060(e) is amended to read:

16 (e) The borough school board is responsible for the design cri-
17 teria of school buildings. To the maximum extent consistent with edu-
18 cation needs, a design of a school building shall provide for multiple
19 use of the building for community purposes. Subject to the approval of
20 the assembly, the school board shall select the appropriate professional
21 personnel to develop the designs. The school board shall submit pre-
22 liminary and subsequent designs for a school building to the assembly
23 for approval or disapproval; if the design is disapproved, a revised
24 design shall be prepared and presented to the assembly. A design or
25 revised design approved by the assembly shall be submitted by the board
26 to the department in accordance with AS 14.07.020(10).

27 * Sec. 12. AS 43.18.100(a) is repealed and re-enacted to read:

28 (a) During each fiscal year, the state shall allocate to an or-
29 ganized borough or a city which is a school district, the following

1 sums :

2 (1) payments made by the borough or city during the fiscal
3 year two years earlier for the retirement of principal and interest on
4 outstanding bonds, notes or other indebtedness incurred before July 1,
5 1977 to pay costs of school construction;

6 (2) 50 per cent of

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

12 (B) cash payments made after June 30, 1976 and before
13 July 1, 1978 by the borough or city during the fiscal year two
14 years earlier to pay costs of school construction;

15 (3) 80 per cent of

16 (A) payments made by the borough or city during the
17 fiscal year two years earlier for the retirement of principal and
18 interest on outstanding bonds, notes or other indebtedness incurred
19 after June 30, 1978 to pay costs of school construction projects
20 approved under AS 14.07.020(10);

21 (B) cash payments made after June 30, 1978 by the bor-
22 ough or city during the fiscal year two years earlier to pay costs
23 of school construction projects approved under AS 14.07.020(10).

24 * Sec. 13. AS 43.18 is amended by adding new sections to read:

25 Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE
26 ACCOUNT. The public school facilities construction advance account is
27 established. The account consists of appropriations for distribution
28 under secs. 105 - 135 of this chapter to boroughs and cities which are
29 school districts to assist in paying the costs of public school facil-

ities projects approved under AS 14.07.020(10) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978.

Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construction project for funding assistance under secs. 105 - 135 of this chapter shall be determined by the department based on standards and criteria established by regulation. The standards and criteria to be considered in determining eligibility include the following:

- (1) emergency requirements;
- (2) number of unhoused students;
- (3) new elementary or secondary programs;
- (4) existing community and school facilities and their condition; and
- (5) economic and social stability of the community.

Sec. 43.18.115. STATE AID. (a) The amount of state aid payable in advance under secs. 105 - 135 of this chapter is the amount by which the cost of construction of the approved school construction project would cause the debt-to-valuation ratio of the municipality to exceed 12 per cent.

(b) A payment under (a) of this section is limited to an amount which, when combined with estimated payments to the school district for the retirement of the principal and interest on bonds, notes or other indebtedness or reimbursement of cash payments for a school construction project for which payment is made under sec. 100(a)(1) or (2) of this chapter or for an approved school construction project for which payment is made under sec. 100(a)(3) of this chapter, does not exceed 80 per cent of the cost of the school construction project.

(c) For purposes of this section,

- (1) "debt" means the principal amount of the direct and

1 general obligation indebtedness of the municipality for which all tax-
2 able property is subject to taxation to pay the bond, note or other
3 evidence of the debt, determined and reported in accordance with AS
4 14.17.140(c);

5 (2) "valuation" means the full and true value of the real and
6 personal property of the municipality determined in accordance with AS
7 14.17.140(a).

8 Sec. 43.18.120. APPLICATION FOR AID. (a) The commissioner shall
9 prescribe the necessary forms and procedures to be used in applying for
10 construction cost assistance under secs. 105 - 135 of this chapter.

11 (b) A borough or city which is a school district seeking con-
12 struction cost aid shall apply to the department by October 15 of the
13 prior fiscal year.

14 (c) Based on his review of applications and his determination of
15 project eligibility, the commissioner shall recommend to the governor an
16 appropriation of funds for state aid for those projects under secs.
17 105 - 135 of this chapter.

18 Sec. 43.18.125. CONDITIONS OF STATE AID. (a) Funds distributed
19 to a borough or city which is a school district during a school year
20 under secs. 105 - 135 of this chapter shall be received, held, and
21 expended by the district in accordance with the applicable provisions of
22 law and of regulations adopted by the department. Funds provided under
23 secs. 105 - 135 of this chapter, but which are not required for the
24 project for which they were granted or which are in excess of that
25 borough's or city which is a district's entitlement for aid under sec.
26 115 of this chapter shall be returned to the department and deposited in
27 the general fund.

28 (b) Each borough or city which is a school district shall maintain
29 financial records of the receipt and disbursement of state funds re-

1 received under secs. 105 - 135 of this chapter and money provided toward
2 local effort. The records shall be in the form prescribed by the de-
3 partment and are subject to audit by it at any time.

4 (c) Upon completion of the construction project, the chief school
5 administrator of the district shall report the total cost of the project
6 and means of financing it to the commissioner.

7 (d) Boroughs and cities that are school districts shall secure and
8 maintain in full force and effect adequate property loss insurance for
9 the replacement cost of all facilities constructed after July 1, 1978
10 and for which state funds are available under this chapter.

11 Sec. 43.18.130. CONSTRUCTION AND IMPLEMENTATION. (a) Sections
12 105 - 135 of this chapter may not be construed so as to create a debt to
13 the state.

14 (b) Funds to carry out the provisions of secs. 105 - 135 of this
15 chapter may be appropriated annually by the legislature into the public
16 school facilities construction advance account. If amounts in the
17 account are insufficient to meet the allocations authorized by the
18 commissioner under secs. 105 - 135 of this chapter, such funds as are
19 available shall be distributed pro rata among each borough and city
20 which is a school district based upon its computed entitlement.

21 Sec. 43.18.135. DEFINITIONS. In secs. 100 - 135 of this chapter,
22 unless the context requires otherwise,

23 (1) "approved school construction project" means the plan for
24 a new school or an addition to or major rehabilitation of an existing
25 school to the extent to which approved by the commissioner in accordance
26 with AS 14.07.020(10);

27 (2) "commissioner" means the commissioner of education;

28 (3) "department" means the Department of Education.

29 * Sec. 14. AS 14.17.140 is amended by adding a new subsection to read:

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(c) To determine the debt-to-valuation ratio to be applied to the determination of state aid for school construction under AS 43.18.105 - 43.18.135, the Department of Community and Regional Affairs, in consultation with the responsible financial officer of each municipality which is a school district, shall annually determine the debt of the municipality and report the determination to the mayor of the municipality and the commissioner of the Department of Education. The determination shall be made by October 1 of each year and shall report the outstanding debt as of July 1 each year.

* Sec. 15. AS 43.18.100(f) is repealed.

* Sec. 16. The commissioner of the Department of Education may make payments of amounts appropriated for advance funding of school construction in accordance with AS 43.18.105 - 43.18.135 for approved school construction projects during a one-year period following the effective date of this Act without regard to prior application by a city or borough school district for aid under AS 43.18.120(b) added by sec. 13 of this Act.

* Sec. 17. This Act takes effect July 1, 1978.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB-681 am
 Title Relating to state aid for school construction; and providing for an effective date.
 Requested by House Finance Date 5/19/78

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Education
 Budget Request Unit(s) Affected Financial Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			3,997.3	9,964.0	8,780.2	8,480.5
TOTAL			3,997.3	9,964.0	8,780.2	8,480.5

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND			3,997.3	9,964.0	8,780.2	8,480.5
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME			-0-	-0-	-0-	-0-
PART TIME			-0-	-0-	-0-	-0-
TEMPORARY			-0-	-0-	-0-	-0-

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

	FY-79	FY-80	FY-81	FY-82
Section 3	933.9	2,256.5	2,100.0	4,200.0
Section 4	<u>3,063.4</u>	<u>7,707.5</u>	<u>6,680.2</u>	<u>4,280.5</u>
Total	3,997.3*	9,964.0	8,780.2	8,480.5

*Represents increase over the department's FY-79 request.

IV. DATE May 26, 1978 PREPARED BY Nathaniel Cole, Deputy Commissioner
 AGENCY Education
 PHONE 465-2800
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

ADVANCE ACCOUNT AND SCHOOL CONSTRUCTION PRIORITIES

ELIGIBLE CITY OR BOROUGH	TOTAL COST	STATE		LOCAL		FY-79	FY-80	FY-81	FY-82
		AID	%		%	STATE COST	STATE COST	STATE COST	STATE COST
WRANGELL	15,000.0	11,063.4	(73.7)	3,936.6	(26.3)	3,063.4	4,000.0	4,000.0	
PETERSBURG	4,000.0	3,200.0	(80.0)	800.0	(20.0)		3,200.0		
KAKE	2,000.0	1,600.0	(80.0)	400.0	(20.0)			1,600.0	
DILLINGHAM	3,000.0	1,080.2	(36.0)	1,919.8	(64.0)			1,080.2	
CRAIG	1,000.0	507.5	(50.7)	492.5	(49.3)		507.5		
NOME	7,500.0	4,280.5	(57.0)	3,219.5	(43.0)				4,280.5
TOTAL	32,500.0	21,731.6	** (66.9)	10,768.4	* (33.1)	3,063.4	7,707.5	6,680.2	4,280.5

* This amount will be reduced by the provisions of Sec. 3

** This amount will be increased by the provisions of Sec. 3

Section 1 of this bill provides for departmental review and approval of all proposed school construction. This section imposes no fiscal impact upon either the districts or the department.

Section 2 amends present statutes to require a borough school board to submit to the department for approval that proposed school design or revised design which has been approved by the borough assembly. This section has no fiscal impact.

Section 3 provides for three basic changes in present school construction statutes. As proposed, AS 43.18.100(a)(1) provides for total state reimbursement of payments made by cities or boroughs for the retirement of indebtedness incurred before July 1, 1977, to pay for school construction.

FY-79 (1,322.6)

Subsection 2 (A) provides for the continuation of the present rate of state reimbursement to cities and boroughs for the same payments made in subsection 1 during FY-78.

FY-79 2,256.5

Subsection 2 (B) provides for 50% reimbursement of cash payments made in subsection 1 during FY-78,

FY-80 2,256.5

Subsection 3 of Section 3 provides for the future state 80% reimbursement of approved school construction debt retirement and cash payments made by districts in the second prior fiscal year. In computing the cost of this subsection, we can only assume that cities or boroughs which are school districts will acquire approval under Section 1 of this bill before commencing construction. The increase this subsection incurs over present statutes is estimated to be

FY-81 2,100.00
FY-82 4,200.00

Section 4 provides for advanced state funding to cities and boroughs for school construction. The essential elements of the section provide for districts which have met department eligibility and approval criteria to receive front-end state aid in the amount equal to the total cost of school construction which is remaining after the city or borough has incurred bonded indebtedness equal to 12 percent of its assessed valuation. More simply, this means that if a hypothetical city qualified for assistance under this provision, proposed to construct a \$6 million facility, and had bonded indebtedness equal to eight percent of a 30,000,000 assessed valuation, or \$2,400.0; the amount of state aid payable would be 4,800.0 after the city had secured the 1,200.0 which would raise the total indebtedness to 12 percent of the valuation. (30,000.0 value x 12% = 3,600.0) State aid = (6,000.0 school cost - (3,600.0 required indebtedness minus 2,400.0 existing indebtedness) = 1,200.0 required from local sources) 4,800.0. The maximum amount of state aid under this bill may not exceed 80 percent of approved construction costs.

The cost of full funding of this section, based upon a review of the Municipal Property Assessments document for FY-77, and what we presently know about proposed school construction, is estimated to be

FY-79	3,063.4
FY-80	7,707.5
FY-81	6,680.2
FY-82	4,280.5

<u>School District</u>	<u>FY-77 Debt Service</u>	<u>FY-77 Cash Payments</u>
Anchorage	11,969,389	1,942,254
Bristol Bay	149,585	--
Dillingham		
Fairbanks	3,959,632	392,444
Galena	--	76,812
Haines	95,948	--
Hydaburg	--	--
Juneau	1,050,000	-- est
Kenai	--	45,072
Ketchikan	2,300,759	1,624,771
King Cove	650,498	--
Kodiak	--	--
Kodiak	419,413	1,097
Mat-Su	2,085,979	189,120
Nenana	21,540	35,545
Nome	--	40,370
North Slope	2,797,263	5,086
Pelican	--	--
Petersburg	343,855	--
Sitka	410,390	--
Skagway	26,784	--
St. Mary's	--	133,198
Unalaska	--	12,248
Valdez	125,000	-- est
Wrangell	24,651	15,000
Yakutat	--	--
	<hr/>	<hr/>
	26,430,686	4,513,017
 FY-77 Cigarette Tax	 <u>2,199,510</u>	
	24,231,176	

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

REVISED FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 681

Title An Act relating to state aid for school construction

Requested by House HESS

Date April 19, 1978

II. FISCAL DETAIL

Agency Affected Education

Program Category Affected Education

Budget Request Unit(s) Affected Financial Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			8,164.2*	3,450.0	5,550.0	7,650.0
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND			8,164.2	3,450.0	5,550.0	7,650.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

*This amount is based upon 100% funding of this bill and the increase it represents over the Governor's FY-79 request, which is based upon an 80% proration of entitlements. The increase over the Department's FY-79 request would be 3,103.4.

See attached.

IV. DATE April 19, 1978

PREPARED BY Nathaniel Cole, Deputy Commissioner

AGENCY Education

PHONE 465-2600

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

HB-681

The FY-79 increase is derived as follows:

<u>FY-77 Debt Service</u>	<u>FY-77 Cash Payments</u>	<u>Total</u>
26,430,686	4,513,017	30,943,703
	Minus Cigarette Tax	2,286,500
	Total FY-79 entitlement	28,657,203
FY-79 Governor's Budget Request:		20,493.0
FY-79 100% funding of this bill:		28,657.2
	Total increase	8,164.2

FY-79 entitlement is based upon 100% reimbursement of FY-77 expenditures; subsequent entitlements are based upon reimbursement at 80% of second prior year expenditures.

<u>School District</u>	<u>FY-77 Debt Service</u>	<u>FY-77 Cash Payments</u>
Anchorage	11,969,389	1,942,254
Bristol Bay	149,585	--
Dillingham		
Fairbanks	3,959,632	392,444
Galena	--	76,812
Haines	95,948	--
Hydaburg	--	--
Juneau	1,050,000	-- est
Kake	--	45,072
Kenai	2,300,759	1,624,771
Ketchikan	650,498	--
King Cove	--	--
Kodiak	419,413	1,097
Mat-Su	2,085,979	189,120
Nenana	21,540	35,545
Nome	--	40,370
North Slope	2,797,263	5,086
Pelican	--	--
Petersburg	343,855	--
Sitka	410,390	--
Skagway	26,784	--
St. Mary's	--	133,198
Unalaska	--	12,248
Valdez	125,000	-- est
Wrangell	24,651	15,000
Yakutat	--	--
	<hr/>	<hr/>
	26,430,686	4,513,017

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB-681
 Title An Act relating to state aid for school construction
 Requested by Cotton, Duncan, Gardiner, et.al. Date January 23, 1978

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Education
 Budget Request Unit(s) Affected Financial Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			-0-	3,450.0	5,550.0	7,650.0
TOTAL			-0-	3,450.0	5,550.0	7,650.0

FUNDING (Thousands of Dollars)

GENERAL FUND			-0-	3,450.0	5,550.0	7,650.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached analysis.

IV. DATE February 1, 1978 PREPARED BY Nathaniel Cole, Deputy Commissioner
 AGENCY Education
 PHONE 465-2800
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL ANALYSIS
HB-681

Fiscal Year	Total Debt Service Less Cig. Tax	Debt Service under HB 681 @ 100% before July 1, 1979 and @ 80% after July 1, 1977, less cig. tax	Debt Service under pres. statute @ 100% before July 1, 1977 and @ 50% after July 1, 1977, less cig. tax	Difference (Column 3 minus Column 4)
79	\$26,066.3 /1	N/A	26,066.3 /1	N/A
80	37,566.3 /2	35,266.3 /2	31,614.5 /2	3,450.0
81	44,566.3	40,866.3	35,316.3	5,550.0
82	51,566.3	46,466.0	38,316.3	7,650.0
83	58,566.3	52,066.0	42,316.3	9,750.0

1. Based on audit reports from school districts for FY-77 and assumes the cash payment balance prior to July 1, 1977 (\$20,462.9) will be prorated over 20 years @ \$1,023.1 per year. The Governor's budget for FY-79 assumes proration of 80% of entitlement. A district by district analysis of the proration is attached.

2. FY80-83 increases are based on the assumption that cash payments will continue at about \$4,500 per year (actual FY-77 was \$4,513.0) and that there will be an annual increase in bond redemption (principal and interest) cost of \$7,000.0 per year over the next four years. A telephone survey of planned school bond issues to be sold in the three years between July 1, 1977 and July 1, 1980 (3), revealed that \$196,070.0 in school bond sales are being planned in the next three years. Assuming the balance of the school districts sell only \$14,000.0 in the same time frame the total would be \$210,000.0 or \$70,000.0 per year. Given the present interest rates and bond redemption schedules, the annual payments for principal and interest would increase by about \$7,000.0 per year.

Chapter 120
SLA-1977

Debt Retirement

<u>School Districts</u>	<u>Payment @ 100%</u>	<u>Payment @ 80%</u>	<u>Difference</u>
Anchorage	11,034,593	8,609,529	2,425,064
Bristol Bay	154,673	121,102	33,571
Fairbanks	3,865,755	3,033,563	832,192
Galena	13,720	-	19,199
Haines	74,046	54,856	200,687
Juneau	940,466	739,779	559,133
Kenai	2,526,617	1,987,484	539,133
Ketchikan	570,411	437,803	132,608
Kodiak	399,461	304,823	94,638
Mat-Su	2,010,182	1,586,504	423,678
Nenana	18,908	13,118	5,790
North Slope	2,772,388	2,209,395	562,993
Petersburg	338,811	265,928	72,883
Sitka	358,623	274,595	84,028
Skagway	15,192	9,835	5,357
Valdez	981,812	779,278	202,534
Wrangell	4,386	-0-	4,386
Totals	26,066,324	20,427,592	5,638,732

PLANNED SCHOOL
BOND SALE
July 1, 1977 through July 1, 1980

<u>School District</u>	<u>Bond Sale</u>
Anchorage	\$ 35,400.0
Craig	1,800.0
Dillingham	5,000.0
Juneau	4,000.0
Kenai	47,970.0
Ketchikan	300.0
Kodiak	5,000.0
Mat-Su	30,600.0
Nome	7,000.0
North Slope	40,000.0
Petersburg	4,000.0
Wrangell	15,000.0
	<hr/>
Total	\$ 196,070.0

Original sponsors: Cotten, Duncan,
Gardiner, et al

Offered: 5/19/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 681 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construction;
7 and providing for an effective date."

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

9 * Section 1. AS 14.07.020 is amended by adding new paragraphs to read:

10 (10) review plans for construction of new public elementary
11 and secondary schools and for additions to and major rehabilitation of
12 existing public elementary and secondary schools and, in accordance with
13 regulations adopted by the department, determine the extent of eligi-
14 bility for state aid of a school construction project begun after the
15 effective date of this Act; for purposes of this paragraph, a "plan"
16 includes educational specifications, schematic designs, and final
17 contract documents.

18 * Sec. 2. AS 14.14.060(e) is amended to read:

19 (e) The borough school board is responsible for the design cri-
20 teria of school buildings. To the maximum extent consistent with edu-
21 cation needs, a design of a school building shall provide for multiple
22 use of the building for community purposes. Subject to the approval of
23 the assembly, the school board shall select the appropriate professional
24 personnel to develop the designs. The school board shall submit pre-
25 liminary and subsequent designs for a school building to the assembly
26 for approval or disapproval; if the design is disapproved, a revised
27 design shall be prepared and presented to the assembly. A design or
28 revised design approved by the assembly shall be submitted by the board
29 to the department in accordance with AS 14.07.020(10).

1 * Sec. 3. AS 43.18.100(a) is repealed and re-enacted to read:

2 (a) During each fiscal year, the state shall allocate to an or-
3 ganized borough or a city which is a school district, the following
4 sums:

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

9 (2) 50 per cent of

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

15 (B) cash payments made after June 30, 1976 and before
16 July 1, 1978 by the borough or city during the fiscal year two
17 years earlier to pay costs of school construction;

18 (3) 80 per cent of

19 (A) payments made by the borough or city during the
20 fiscal year two years earlier for the retirement of principal and
21 interest on outstanding bonds, notes or other indebtedness incurred
22 after June 30, 1978 to pay costs of school construction projects
23 approved under AS 14.07.020(10);

24 (B) cash payments made after June 30, 1978 by the bor-
25 ough or city during the fiscal year two years earlier to pay costs
26 of school construction projects approved under AS 14.07.020(10).

27 * Sec. 4. AS 43.18 is amended by adding new sections to read:

28 Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE
29 ACCOUNT. The public school facilities construction advance account is
CSHB 681 am

1 established. The account consists of appropriations for distribution
2 under secs. 105 - 135 of this chapter to boroughs and cities which are
3 school districts to assist in paying the costs of public school facil-
4 ities projects approved under AS 14.07.020(10) for which construction is
5 commenced after June 30, 1978 and for which no bonding, notes, or other
6 indebtedness was incurred before July 1, 1978.

7 Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construc-
8 tion project for funding assistance under secs. 105 - 135 of this chap-
9 ter shall be determined by the department based on standards and cri-
10 teria established by regulation. The standards and criteria to be
11 considered in determining eligibility include the following:

- 12 (1) emergency requirements;
- 13 (2) number of unhoused students;
- 14 (3) new elementary or secondary programs;
- 15 (4) existing community and school facilities and their condi-
16 tion; and
- 17 (5) economic and social stability of the community.

18 Sec. 43.18.115. STATE AID. (a) The amount of state aid payable
19 in advance under secs. 105 - 135 of this chapter is the amount by which
20 the cost of construction of the approved school construction project
21 would cause the debt-to-valuation ratio of the municipality to exceed 12
22 per cent.

23 (b) A payment under (a) of this section is limited to an amount
24 which, when combined with estimated payments to the school district for
25 the retirement of the principal and interest on bonds, notes or other
26 indebtedness or reimbursement of cash payments for a school construction
27 project for which payment is made under sec. 100(a)(1) or (2) of this
28 chapter or for an approved school construction project for which payment
29 is made under sec. 100(a)(3) of this chapter, does not exceed 80 per

1 cent of the cost of the school construction project.

2 (c) For purposes of this section,

3 (1) "debt" means the principal amount of the direct and
4 general obligation indebtedness of the municipality for which all tax-
5 able property is subject to taxation to pay the bond, note or other
6 evidence of the debt, determined and reported in accordance with AS
7 14.17.140(c);

8 (2) "valuation" means the full and true value of the real and
9 personal property of the municipality determined in accordance with AS
10 14.17.140(a).

11 Sec. 43.18.120. APPLICATION FOR AID. (a) The commissioner shall
12 prescribe the necessary forms and procedures to be used in applying for
13 construction cost assistance under secs. 105 - 135 of this chapter.

14 (b) A borough or city which is a school district seeking con-
15 struction cost aid shall apply to the department by October 15 of the
16 prior fiscal year.

17 (c) Based on his review of applications and his determination of
18 project eligibility, the commissioner shall recommend to the governor an
19 appropriation of funds for state aid for those projects under secs.
20 105 - 135 of this chapter.

21 Sec. 43.18.125. CONDITIONS OF STATE AID. (a) Funds distributed
22 to a borough or city which is a school district during a school year
23 under secs. 105 - 135 of this chapter shall be received, held, and
24 expended by the district in accordance with the applicable provisions of
25 law and of regulations adopted by the department. Funds provided under
26 secs. 105 - 135 of this chapter, but which are not required for the
27 project for which they were granted or which are in excess of that
28 borough's or city which is a district's entitlement for aid under sec.
29 115 of this chapter shall be returned to the department and deposited in

1 the general fund.

2 (b) Each borough or city which is a school district shall maintain
3 financial records of the receipt and disbursement of state funds re-
4 ceived under secs. 105 - 135 of this chapter and money provided toward
5 local effort. The records shall be in the form prescribed by the de-
6 partment and are subject to audit by it at any time.

7 (c) Upon completion of the construction project, the chief school
8 administrator of the district shall report the total cost of the project
9 and means of financing it to the commissioner.

10 (d) Boroughs and cities that are school districts shall secure and
11 maintain in full force and effect adequate property loss insurance for
12 the replacement cost of all facilities constructed after July 1, 1978
13 and for which state funds are available under this chapter.

14 Sec. 43.18.130. CONSTRUCTION AND IMPLEMENTATION. (a) Sections
15 105 - 135 of this chapter may not be construed so as to create a debt to
16 the state.

17 (b) Funds to carry out the provisions of secs. 105 - 135 of this
18 chapter may be appropriated annually by the legislature into the public
19 school facilities construction advance account. If amounts in the
20 account are insufficient to meet the allocations authorized by the
21 commissioner under secs. 105 - 135 of this chapter, such funds as are
22 available shall be distributed pro rata among each borough and city
23 which is a school district based upon its computed entitlement.

24 Sec. 43.18.135. DEFINITIONS. (a) In secs. 100 - 135 of this
25 chapter, unless the context requires otherwise,

26 (1) "approved school construction project" means the plan
27 for a new school or an addition to or major rehabilitation of an exist-
28 ing school to the extent to which approved by the commissioner in
29 accordance with AS 14.07.020(10);

1 (2) "commissioner" means the commissioner of education;

2 (3) "department" means the Department of Education.

3 * Sec. 5. AS 14.17.140 is amended by adding a new subsection to read:

4 (c) To determine the debt-to-valuation ratio to be applied to the
5 determination of state aid for school construction under AS 43.18.105 -
6 43.18.135, the Department of Community and Regional Affairs, in consul-
7 tation with the responsible financial officer of each municipality which
8 is a school district, shall annually determine the debt of the munici-
9 pality and report the determination to the mayor of the municipality and
10 the commissioner of the Department of Education. The determination
11 shall be made by October 1 of each year and shall report the outstanding
12 debt as of July 1 each year.

13 * Sec. 6. AS 43.18.100(f) is repealed.

14 * Sec. 7. The commissioner of the Department of Education may make pay-
15 ments of amounts appropriated for advance funding of school construction in
16 accordance with AS 43.18.105 - 43.18.135 for approved school construction
17 projects during a one-year period following the effective date of this Act
18 without regard to prior application by a city or borough school district for
19 aid under AS 43.18.120(b) added by sec. 4 of this Act.

20 * Sec. 8. This Act takes effect July 1, 1978.
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28
29

Original sponsors: Cotten, Duncan,
Gardiner, et al

Offered: 5/19/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construction;
7 and providing for an effective date."

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

9 * Section 1. AS 14.07.020 is amended by adding new paragraphs to read:

10 (10) review plans for construction of new public elementary
11 and secondary schools and for additions to and major rehabilitation of
12 existing public elementary and secondary schools and, in accordance with
13 regulations adopted by the department, determine the extent of eligi-
14 bility for state aid of a school construction project begun after the
15 effective date of this Act; for purposes of this paragraph, a "plan"
16 includes educational specifications, schematic designs, and final
17 contract documents.

18 * Sec. 2. AS 14.14.060(e) is amended to read:

19 (e) The borough school board is responsible for the design cri-
20 teria of school buildings. To the maximum extent consistent with edu-
21 cation needs, a design of a school building shall provide for multiple
22 use of the building for community purposes. Subject to the approval of
23 the assembly, the school board shall select the appropriate professional
24 personnel to develop the designs. The school board shall submit pre-
25 liminary and subsequent designs for a school building to the assembly
26 for approval or disapproval; if the design is disapproved, a revised
27 design shall be prepared and presented to the assembly. A design or
28 revised design approved by the assembly shall be submitted by the board
29 to the department in accordance with AS 14.07.020(10).

1 * Sec. 3. AS 43.18.100(a) is repealed and re-enacted to read:

2 (a) During each fiscal year, the state shall allocate to an or-
3 ganized borough or a city which is a school district, the following
4 sums:

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

9 (2) 50 per cent of

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

15 (B) cash payments made after June 30, 1977 and before
16 July 1, 1978 by the borough or city during the fiscal year two
17 years earlier to pay costs of school construction;

18 (3) 80 per cent of

19 (A) payments made by the borough or city during the
20 fiscal year two years earlier for the retirement of principal and
21 interest on outstanding bonds, notes or other indebtedness incurred
22 after June 30, 1978 to pay costs of school construction projects
23 approved under AS 14.07.020(10);

24 (B) cash payments made after June 30, 1978 by the bor-
25 ough or city during the fiscal year two years earlier to pay costs
26 of school construction projects approved under AS 14.07.020(10).

27 * Sec. 4. AS 43.18 is amended by adding new sections to read:

28 Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE
29 ACCOUNT. The public school facilities construction advance account is

1 established. The account consists of appropriations for distribution
2 under secs. 105 - 135 of this chapter to boroughs and cities which are
3 school districts to assist in paying the costs of public school facil-
4 ities projects approved under AS 14.07.020(10) for which construction is
5 commenced after June 30, 1978 and for which no bonding, notes, or other
6 indebtedness was incurred before July 1, 1978.

7 Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construc-
8 tion project for funding assistance under secs. 105 - 135 of this chap-
9 ter shall be determined by the department based on standards and cri-
10 teria established by regulation. The standards and criteria to be
11 considered in determining eligibility include the following:

- 12 (1) emergency requirements;
- 13 (2) number of unhoused students;
- 14 (3) new elementary or secondary programs;
- 15 (4) existing community and school facilities and their condi-
16 tion; and
- 17 (5) economic and social stability of the community.

18 Sec. 43.18.115. STATE AID. (a) The amount of state aid payable
19 in advance under secs. 105 - 135 of this chapter is the amount by which
20 the cost of construction of the approved school construction project
21 would cause the debt-to-valuation ratio of the municipality to exceed 12
22 per cent.

23 (b) A payment under (a) of this section is limited to an amount
24 which, when combined with estimated payments to the school district for
25 the retirement of the principal and interest on bonds, notes or other
26 indebtedness or reimbursement of cash payments for a school construction
27 project for which payment is made under sec. 100(a)(1) or (2) of this
28 chapter or for an approved school construction project for which payment
29 is made under sec. 100(a)(3) of this chapter, does not exceed 80 per

1 cent of the cost of the school construction project.

2 (c) For purposes of this section,

3 (1) "debt" means the principal amount of the direct and
4 general obligation indebtedness of the municipality for which all tax-
5 able property is subject to taxation to pay the bond, note or other
6 evidence of the debt, determined and reported in accordance with AS
7 14.17.140(c);

8 (2) "valuation" means the full and true value of the real and
9 personal property of the municipality determined in accordance with AS
10 14.17.140(a).

11 Sec. 43.18.120. APPLICATION FOR AID. (a) The commissioner shall
12 prescribe the necessary forms and procedures to be used in applying for
13 construction cost assistance under secs. 105 - 135 of this chapter.

14 (b) A borough or city which is a school district seeking con-
15 struction cost aid shall apply to the department by October 15 of the
16 prior fiscal year.

17 (c) Based on his review of applications and his determination of
18 project eligibility, the commissioner shall recommend to the governor an
19 appropriation of funds for state aid for those projects under secs.
20 105 - 135 of this chapter.

21 Sec. 43.18.125. CONDITIONS OF STATE AID. (a) Funds distributed
22 to a borough or city which is a school district during a school year
23 under secs. 105 - 135 of this chapter shall be received, held, and
24 expended by the district in accordance with the applicable provisions of
25 law and of regulations adopted by the department. Funds provided under
26 secs. 105 - 135 of this chapter, but which are not required for the
27 project for which they were granted or which are in excess of that
28 borough's or city which is a district's entitlement for aid under sec.
29 115 of this chapter shall be returned to the department and deposited in

1 the general fund.

2 (b) Each borough or city which is a school district shall maintain
3 financial records of the receipt and disbursement of state funds re-
4 ceived under secs. 105 - 135 of this chapter and money provided toward
5 local effort. The records shall be in the form prescribed by the de-
6 partment and are subject to audit by it at any time.

7 (c) Upon completion of the construction project, the chief school
8 administrator of the district shall report the total cost of the project
9 and means of financing it to the commissioner.

10 (d) Boroughs and cities that are school districts shall secure and
11 maintain in full force and effect adequate property loss insurance for
12 the replacement cost of all facilities constructed after July 1, 1978
13 and for which state funds are available under this chapter.

14 Sec. 43.18.130. CONSTRUCTION AND IMPLEMENTATION. (a) Sections
15 105 - 135 of this chapter may not be construed so as to create a debt to
16 the state.

17 (b) Funds to carry out the provisions of secs. 105 - 135 of this
18 chapter may be appropriated annually by the legislature into the public
19 school facilities construction advance account. If amounts in the
20 account are insufficient to meet the allocations authorized by the
21 commissioner under secs. 105 - 135 of this chapter, such funds as are
22 available shall be distributed pro rata among each borough and city
23 which is a school district based upon its computed entitlement.

24 Sec. 43.18.135. DEFINITIONS. (a) In secs. 100 - 135 of this
25 chapter, unless the context requires otherwise,

26 (1) "approved school construction project" means the plan
27 for a new school or an addition to or major rehabilitation of an exist-
28 ing school to the extent to which approved by the commissioner in
29 accordance with AS 14.07.020(10);

1 (2) "commissioner" means the commissioner of education;

2 (3) "department" means the Department of Education.

3 * Sec. 5. AS 14.17.140 is amended by adding a new subsection to read:

4 (c) To determine the debt-to-valuation ratio to be applied to the
5 determination of state aid for school construction under AS 43.18.105 -
6 43.18.135, the Department of Community and Regional Affairs, in consul-
7 tation with the responsible financial officer of each municipality which
8 is a school district, shall annually determine the debt of the munici-
9 pality and report the determination to the mayor of the municipality and
10 the commissioner of the Department of Education. The determination
11 shall be made by October 1 of each year and shall report the outstanding
12 debt as of July 1 each year.

13 * Sec. 6. AS 43.18.100(f) is repealed.

14 * Sec. 7. The commissioner of the Department of Education may make pay-
15 ments of amounts appropriated for advance funding of school construction in
16 accordance with AS 43.18.105 - 43.18.135 for approved school construction
17 projects during a one-year period following the effective date of this Act
18 without regard to prior application by a city or borough school district for
19 aid under AS 43.18.120(b) added by sec. 4 of this Act.

20 * Sec. 8. This Act takes effect July 1, 1978.

Original sponsors: Cotten, Duncan,
Gardiner, et al

Offered: 5/19/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construction;
7 and providing for an effective date."

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

9 * Section 1. AS 14.07.020 is amended by adding new paragraphs to read:

10 (10) review plans for construction of new public elementary
11 and secondary schools and for additions to and major rehabilitation of
12 existing public elementary and secondary schools and, in accordance with
13 regulations adopted by the department, determine the extent of eligi-
14 bility for state aid of a school construction project begun after the
15 effective date of this Act; for purposes of this paragraph, a "plan"
16 includes educational specifications, schematic designs, and final
17 contract documents.

18 * Sec. 2. AS 14.14.060(e) is amended to read:

19 (e) The borough school board is responsible for the design cri-
20 teria of school buildings. To the maximum extent consistent with edu-
21 cation needs, a design of a school building shall provide for multiple
22 use of the building for community purposes. Subject to the approval of
23 the assembly, the school board shall select the appropriate professional
24 personnel to develop the designs. The school board shall submit pre-
25 liminary and subsequent designs for a school building to the assembly
26 for approval or disapproval; if the design is disapproved, a revised
27 design shall be prepared and presented to the assembly. A design or
28 revised design approved by the assembly shall be submitted by the board
29 to the department in accordance with AS 14.07.020(10).

1 * Sec. 3. AS 43.18.100(a) is repealed and re-enacted to read:

2 (a) During each fiscal year, the state shall allocate to an or-
3 ganized borough or a city which is a school district, the following
4 sums:

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

9 (2) 50 per cent of

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

15 (B) cash payments made after June 30, 1977 and before
16 July 1, 1978 by the borough or city during the fiscal year two
17 years earlier to pay costs of school construction;

18 (3) 80 per cent of

19 (A) payments made by the borough or city during the
20 fiscal year two years earlier for the retirement of principal and
21 interest on outstanding bonds, notes or other indebtedness incurred
22 after June 30, 1978 to pay costs of school construction projects
23 approved under AS 14.07.020(10);

24 (B) cash payments made after June 30, 1978 by the bor-
25 ough or city during the fiscal year two years earlier to pay costs
26 of school construction projects approved under AS 14.07.020(10).

27 * Sec. 4. AS 43.18 is amended by adding new sections to read:

28 Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE
29 ACCOUNT. The public school facilities construction advance account is

1 established. The account consists of appropriations for distribution
2 under secs. 105 - 135 of this chapter to boroughs and cities which are
3 school districts to assist in paying the costs of public school facil-
4 ities projects approved under AS 14.07.020(10) for which construction is
5 commenced after June 30, 1978 and for which no bonding, notes, or other
6 indebtedness was incurred before July 1, 1978.

7 Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construc-
8 tion project for funding assistance under secs. 105 - 135 of this chap-
9 ter shall be determined by the department based on standards and cri-
10 teria established by regulation. The standards and criteria to be
11 considered in determining eligibility include the following:

- 12 (1) emergency requirements;
- 13 (2) number of unhoused students;
- 14 (3) new elementary or secondary programs;
- 15 (4) existing community and school facilities and their condi-
16 tion; and
- 17 (5) economic and social stability of the community.

18 Sec. 43.18.115. STATE AID. (a) The amount of state aid payable
19 in advance under secs. 105 - 135 of this chapter is the amount by which
20 the cost of construction of the approved school construction project
21 would cause the debt-to-valuation ratio of the municipality to exceed 12
22 per cent.

23 (b) A payment under (a) of this section is limited to an amount
24 which, when combined with estimated payments to the school district for
25 the retirement of the principal and interest on bonds, notes or other
26 indebtedness or reimbursement of cash payments for a school construction
27 project for which payment is made under sec. 100(a)(1) or (2) of this
28 chapter or for an approved school construction project for which payment
29 is made under sec. 100(a)(3) of this chapter, does not exceed 80 per

1 cent of the cost of the school construction project.

2 (c) For purposes of this section,

3 (1) "debt" means the principal amount of the direct and
4 general obligation indebtedness of the municipality for which all tax-
5 able property is subject to taxation to pay the bond, note or other
6 evidence of the debt, determined and reported in accordance with AS
7 14.17.140(c);

8 (2) "valuation" means the full and true value of the real and
9 personal property of the municipality determined in accordance with AS
10 14.17.140(a).

11 Sec. 43.18.120. APPLICATION FOR AID. (a) The commissioner shall
12 prescribe the necessary forms and procedures to be used in applying for
13 construction cost assistance under secs. 105 - 135 of this chapter.

14 (b) A borough or city which is a school district seeking con-
15 struction cost aid shall apply to the department by October 15 of the
16 prior fiscal year.

17 (c) Based on his review of applications and his determination of
18 project eligibility, the commissioner shall recommend to the governor an
19 appropriation of funds for state aid for those projects under secs.
20 105 - 135 of this chapter.

21 Sec. 43.18.125. CONDITIONS OF STATE AID. (a) Funds distributed
22 to a borough or city which is a school district during a school year
23 under secs. 105 - 135 of this chapter shall be received, held, and
24 expended by the district in accordance with the applicable provisions of
25 law and of regulations adopted by the department. Funds provided under
26 secs. 105 - 135 of this chapter, but which are not required for the
27 project for which they were granted or which are in excess of that
28 borough's or city which is a district's entitlement for aid under sec.
29 115 of this chapter shall be returned to the department and deposited in

1 the general fund.

2 (b) Each borough or city which is a school district shall maintain
3 financial records of the receipt and disbursement of state funds re-
4 ceived under secs. 105 - 135 of this chapter and money provided toward
5 local effort. The records shall be in the form prescribed by the de-
6 partment and are subject to audit by it at any time.

7 (c) Upon completion of the construction project, the chief school
8 administrator of the district shall report the total cost of the project
9 and means of financing it to the commissioner.

10 (d) Boroughs and cities that are school districts shall secure and
11 maintain in full force and effect adequate property loss insurance for
12 the replacement cost of all facilities constructed after July 1, 1978
13 and for which state funds are available under this chapter.

14 Sec. 43.18.130. CONSTRUCTION AND IMPLEMENTATION. (a) Sections
15 105 - 135 of this chapter may not be construed so as to create a debt to
16 the state.

17 (b) Funds to carry out the provisions of secs. 105 - 135 of this
18 chapter may be appropriated annually by the legislature into the public
19 school facilities construction advance account. If amounts in the
20 account are insufficient to meet the allocations authorized by the
21 commissioner under secs. 105 - 135 of this chapter, such funds as are
22 available shall be distributed pro rata among each borough and city
23 which is a school district based upon its computed entitlement.

24 Sec. 43.18.135. DEFINITIONS. (a) In secs. 100 - 135 of this
25 chapter, unless the context requires otherwise,

26 (1) "approved school construction project" means the plan
27 for a new school or an addition to or major rehabilitation of an exist-
28 ing school to the extent to which approved by the commissioner in
29 accordance with AS 14.07.020(10);

1 (2) "commissioner" means the commissioner of education;

2 (3) "department" means the Department of Education.

3 * Sec. 5. AS 14.17.140 is amended by adding a new subsection to read:

4 (c) To determine the debt-to-valuation ratio to be applied to the
5 determination of state aid for school construction under AS 43.18.105 -
6 43.18.135, the Department of Community and Regional Affairs, in consul-
7 tation with the responsible financial officer of each municipality which
8 is a school district, shall annually determine the debt of the munici-
9 pality and report the determination to the mayor of the municipality and
10 the commissioner of the Department of Education. The determination
11 shall be made by October 1 of each year and shall report the outstanding
12 debt as of July 1 each year.

13 * Sec. 6. AS 43.18.100(f) is repealed.

14 * Sec. 7. The commissioner of the Department of Education may make pay-
15 ments of amounts appropriated for advance funding of school construction in
16 accordance with AS 43.18.105 - 43.18.135 for approved school construction
17 projects during a one-year period following the effective date of this Act
18 without regard to prior application by a city or borough school district for
19 aid under AS 43.18.120(b) added by sec. 4 of this Act.

20 * Sec. 8. This Act takes effect July 1, 1978.

Introduced: 1/25/78
Referred: Health, Education &
Social Services and Finance

BY COTTEN, DUNCAN, GARDINER,
GRUENING, HAUGEN, MALONE AND
PARR

1 IN THE HOUSE

2 HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construction;
7 and providing for an effective date."

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

9 * Section 1. AS 43.18.100(a) is repealed and re-enacted to read:

10 (a) During each fiscal year, the state shall allocate to an
11 'organized borough or a city which is a school district, the following
12 sums:

13 (1) payments made by the borough or city during the fiscal
14 year two years earlier for the retirement of principal and interest on
15 outstanding bonds, notes or other indebtedness incurred before July 1,
16 1977 to pay costs of school construction, and cash payments made by the
17 borough or city before July 1, 1977 to pay the cost of school construc-
18 tion;

19 (2) 80 per cent of

20 (A) payments made by the borough or city during the
21 fiscal year two years earlier for the retirement of principal and
22 interest on outstanding bonds, notes or other indebtedness incurred
23 after July 1, 1977 to pay costs of school construction;

24 (B) cash payments made after July 1, 1977 by the borough
25 or city during the fiscal year two years earlier to pay costs of
26 school construction.

27 * Sec. 2. This Act takes effect July 1, 1978.
28
29

ADVANCE ACCOUNT AND SCHOOL CONSTRUCTION PRIORITIES

ELIGIBLE CITY OR BOROUGH	TOTAL COST	STATE AID	%	LOCAL	%	FY-79 STATE COST	FY-80 STATE COST	FY-81 STATE COST	FY-82 STATE COST
WRANGELL	15,000.0	11,063.4	(73.7)	3,936.6	(26.3)	3,063.4	4,000.0	4,000.0	
PETERSBURG	4,000.0	3,200.0	(80.0)	800.0	(20.0)		3,200.0		
KAKE	2,000.0	1,600.0	(80.0)	400.0	(20.0)			1,600.0	
DILLINGHAM	3,000.0	1,080.2	(36.0)	1,919.8	(64.0)			1,080.2	
CRAIG	1,000.0	507.5	(50.7)	492.5	(49.3)		507.5		
NOME	7,500.0	4,280.5	(57.0)	3,219.5	(43.0)				4,280.0
TOTAL	32,500.0	21,731.6	** (66.9)	10,768.4	* (33.1)	3,063.4	7,707.5	6,680.2	4,280.0

* This amount will be reduced by the provisions of Sec. 3

** This amount will be increased by the provisions of Sec. 3

Section 1 of this bill provides for departmental review and approval of all proposed school construction. This section imposes no fiscal impact upon either the districts or the department.

Section 2 amends present statutes to require a borough school board to submit to the department for approval that proposed school design or revised design which has been approved by the borough assembly. This section has no fiscal impact.

Section 3 provides for three basic changes in present school construction statutes. As proposed, AS 43.18.100(a)(1) provides for total state reimbursement of payments made by cities or boroughs for the retirement of indebtedness incurred before July 1, 1977, to pay for school construction.

FY-79 (1,322.6)

Subsection 2 (A) provides for the continuation of the present rate of state reimbursement to cities and boroughs for the same payments made in subsection 1 during FY-78.

FY-79 2,256.5

Subsection 2 (B) provides for 50% reimbursement of cash payments made during fiscal years 1977 and 1978.

FY-80 2,256.5

Subsection 3 of Section 3 provides for the future state 80% reimbursement of approved school construction debt retirement and cash payments made by districts in the second prior fiscal year. In computing the cost of this subsection, we can only assume that cities or boroughs which are school districts will acquire approval under Section 1 of this bill before commencing construction. The increase this subsection incurs over present statutes is estimated to be

FY-81 2,100.00
FY-82 4,200.00

Section 4 provides for advanced state funding to cities and boroughs for school construction. The essential elements of the section provide for districts which have met department eligibility and approval criteria to receive front-end state aid in the amount equal to the total cost of school construction which is remaining after the city or borough has incurred bonded indebtedness equal to 12 percent of its assessed valuation. More simply, this means that if a hypothetical city qualified for assistance under this provision, proposed to construct a \$6 million facility, and had bonded indebtedness equal to eight percent of a 30,000,000 assessed valuation, or \$2,400.0; the amount of state aid payable would be 4,800.0 after the city had secured the 1,200.0 which would raise the total indebtedness to 12 percent of the valuation. (30,000.0 value x 12% = 3,600.0) State aid = (6,000.0 school cost - (3,600.0 required indebtedness minus 2,400.0 existing indebtedness) = 1,200.0 required from local sources) 4,800.0. The maximum amount of state aid under this bill may not exceed 80 percent of approved construction costs.

The cost of full funding of this section, based upon a review of the Municipal Property Assessments document for FY-77, and what we presently know about proposed school construction, is estimated to be

FY-79	3,063.4
FY-80	7,707.5
FY-81	6,680.2
FY-82	4,280.5

<u>School District</u>	<u>FY-77 Debt Service</u>	<u>FY-77 Cash Payments</u>
Anchorage	11,969,389	1,942,254
Bristol Bay	149,585	--
Dillingham		
Fairbanks	3,959,632	392,444
Galena	--	76,812
Haines	95,948	--
Hydaburg	--	--
Juneau	1,050,000	-- est
Kake	--	45,072
Kenai	2,300,759	1,624,771
Ketchikan	650,498	--
King Cove	--	--
Kodiak	419,413	1,097
Mat-Su	2,085,979	189,120
Nenana	21,540	35,545
Nome	--	40,370
North Slope	2,797,263	5,086
Pelican	--	--
Petersburg	343,855	--
Sitka	410,390	--
Skagway	26,784	--
St. Mary's	--	133,198
Unalaska	--	12,248
Valdez	125,000	-- est
Wrangell	24,651	15,000
Yakutat	--	--
	<hr/>	<hr/>
	26,430,686	4,513,017

FY-77 Cigarette Tax

2,199,510

24,231,176



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

2/14/90
Date

COMMITTEE REPORT

HOUSE

3/13/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HS 681

"An Act relating to state aid for school construction; effective date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

() recommends it do pass () recommends it do not pass

() recommends it do pass with attached amendment(s)

(X) recommends it be replaced with CS for _____

and _____ () new title () same title

() AND attaches a Letter of Intent () New Fiscal Note

() reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

Original sponsors: Cotten, Duncan,
Gardiner, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 681

IN THE LEGISLATURE OF THE STATE OF ALASKA

3 TENTH LEGISLATURE - SECOND SESSION

4 A BILL

5 For an Act entitled: "An Act relating to state aid for school construction;
and providing for an effective date."

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

7 * Section 1. AS 14.07.020 is amended by adding new paragraphs to read:

8 (10) review plans for construction of new public elementary
9 and secondary schools and for additions to and major rehabilitation of
10 existing public elementary and secondary schools and, in accordance with
11 regulations adopted by the department, determine the extent of eligi-
12 bility for state aid of a school construction project begun after the
13 effective date of this Act; for purposes of this paragraph, a "plan"
14 includes educational specifications, schematic designs, and final
15 contract documents.

16 * Sec. 2. AS 14.14.060(e) is amended to read:

17 (e) The borough school board is responsible for the design cri-
18 teria of school buildings. To the maximum extent consistent with edu-
19 cation needs, a design of a school building shall provide for multiple
20 use of the building for community purposes. Subject to the approval of
21 the assembly, the school board shall select the appropriate professional
22 personnel to develop the designs. The school board shall submit pre-
23 liminary and subsequent designs for a school building to the assembly
24 for approval or disapproval; if the design is disapproved, a revised
25 design shall be prepared and presented to the assembly. A design or
26 revised design approved by the assembly shall be submitted by the board
27 to the department in accordance with AS 14.07.020(10).

* Sec. 3. AS 43.18.100(a) is repealed and re-enacted to read:

(a) During each fiscal year, the state shall allocate to an organized borough or a city which is a school district, the following sums:

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

(2) 50 per cent of

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

(B) cash payments made after June 30, 1977 and before July 1, 1978 by the borough or city during the fiscal year two years earlier to pay costs of school construction;

(3) 80 per cent of

(A) payments made by the borough or city during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1978 to pay costs of school construction projects approved under AS 14.07.020(10);

(B) cash payments made after June 30, 1978 by the borough or city during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(10).

* Sec. 4. AS 43.18 is amended by adding new sections to read:

Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT. The public school facilities construction advance account is

established. The account consists of appropriations for distribution under secs. 105 - 135 of this chapter to boroughs and cities which are school districts to assist in paying the costs of public school facilities projects approved under AS 14.07.020(10) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978.

Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construction project for funding assistance under secs. 105 - 135 of this chapter shall be determined by the department based on standards and criteria established by regulation. The standards and criteria to be considered in determining eligibility include the following:

- (1) emergency requirements;
- (2) number of unhoused students;
- (3) new elementary or secondary programs;
- (4) existing community and school facilities and their condition; and
- (5) economic and social stability of the community.

Sec. 43.18.115. STATE AID. (a) The amount of state aid payable in advance under secs. 105 - 135 of this chapter is the amount by which the cost of construction of the approved school construction project would cause the debt-to-valuation ratio of the municipality to exceed 12 per cent.

(b) A payment under (a) of this section is limited to an amount which, when combined with estimated payments to the school district for the retirement of the principal and interest on bonds, notes or other indebtedness or reimbursement of cash payments for a school construction project for which payment is made under sec. 100(a)(1) or (2) of this chapter or for an approved school construction project for which payment is made under sec. 100(a)(3) of this chapter, does not exceed 80 per

cent of the cost of the school construction project.

(c) For purposes of this section,

(1) "debt" means the principal amount of the direct and general obligation indebtedness of the municipality for which all taxable property is subject to taxation to pay the bond, note or other evidence of the debt, determined and reported in accordance with AS 14.17.140(c);

(2) "valuation" means the full and true value of the real and personal property of the municipality determined in accordance with AS 14.17.140(a).

Sec. 43.18.120. APPLICATION FOR AID. (a) The commissioner shall prescribe the necessary forms and procedures to be used in applying for construction cost assistance under secs. 105 - 135 of this chapter.

(b) A borough or city which is a school district seeking construction cost aid shall apply to the department by October 15 of the prior fiscal year.

(c) Based on his review of applications and his determination of project eligibility, the commissioner shall recommend to the governor an appropriation of funds for state aid for those projects under secs. 105 - 135 of this chapter.

Sec. 43.18.125. CONDITIONS OF STATE AID. (a) Funds distributed to a borough or city which is a school district during a school year under secs. 105 - 135 of this chapter shall be received, held, and expended by the district in accordance with the applicable provisions of law and of regulations adopted by the department. Funds provided under secs. 105 - 135 of this chapter, but which are not required for the project for which they were granted or which are in excess of that borough's or city which is a district's entitlement for aid under sec. 115 of this chapter shall be returned to the department and deposited in

the general fund.

(b) Each borough or city which is a school district shall maintain financial records of the receipt and disbursement of state funds received under secs. 105 - 135 of this chapter and money provided toward local effort. The records shall be in the form prescribed by the department and are subject to audit by it at any time.

(c) Upon completion of the construction project, the chief school administrator of the district shall report the total cost of the project and means of financing it to the commissioner.

(d) Boroughs and cities that are school districts shall secure and maintain in full force and effect adequate property loss insurance for the replacement cost of all facilities constructed after July 1, 1978 and for which state funds are available under this chapter.

Sec. 43.18.130. CONSTRUCTION AND IMPLEMENTATION. (a) Sections 105 - 135 of this chapter may not be construed so as to create a debt to the state.

(b) Funds to carry out the provisions of secs. 105 - 135 of this chapter may be appropriated annually by the legislature into the public school facilities construction advance account. If amounts in the account are insufficient to meet the allocations authorized by the commissioner under secs. 105 - 135 of this chapter, such funds as are available shall be distributed pro rata among each borough and city which is a school district based upon its computed entitlement.

Sec. 43.18.135. DEFINITIONS. (a) In secs. 100 - 135 of this chapter, unless the context requires otherwise,

(1) "approved school construction project" means the plan for a new school or an addition to or major rehabilitation of an existing school to the extent to which approved by the commissioner in accordance with AS 14.07.020(10);

(2) "commissioner" means the commissioner of education;

(3) "department" means the Department of Education.

* Sec. 5. AS 14.17.140 is amended by adding a new subsection to read:

(c) To determine the debt-to-valuation ratio to be applied to the determination of state aid for school construction under AS 43.18.105 - 43.18.135, the Department of Community and Regional Affairs, in consultation with the responsible financial officer of each municipality which is a school district, shall annually determine the debt of the municipality and report the determination to the mayor of the municipality and the commissioner of the Department of Education. The determination shall be made by October 1 of each year and shall report the outstanding debt as of July 1 each year.

* Sec. 6. AS 43.18.100(f) is repealed.

* Sec. 7. The commissioner of the Department of Education may make payments of amounts appropriated for advance funding of school construction in accordance with AS 43.18.105 - 43.18.135 for approved school construction projects during a one-year period following the effective date of this Act without regard to prior application by a city or borough school district for aid under AS 43.18.120(b) added by sec. 4 of this Act.

* Sec. 8. This Act takes effect July 1, 1978.

FORM 02-001BC
FOR BRIEF COMMUNICATIONS
MAY BE HANDWRITTEN

MEMORANDUM

State of Alaska

TO:

DEPT. _____
DIV. _____
SEC. _____

Legislative Affairs

DATE : May 18, 1978

FROM:

Vicki Wilson
House Finance Committee
Rm 411 - Phone 3795/3796

SUBJECT: HB 681

Please prepare new page one for Finance Committee
Substitute for HB 681 as ~~per~~ per attached.

Thanks.

Original sponsors: Cotten, Duncan,
Gardiner, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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10 and secondary schools and for additions to and major rehabilitation of
11 existing public elementary and secondary schools and, in accordance with
12 regulations adopted by the department [under AS 43.18.110,] determine ^{the} ~~the~~
13 ^{extent of} eligibility of a school construction project, begun after the effective
14 date of this Act for state financial assistance; for purposes of this
15 paragraph, a "plan" includes educational specifications, schematic
16 designs, and final contract documents.

17 * Sec. 2. AS 14.14.060(e) is amended to read:

18 (e) The borough school board is responsible for the design cri-
19 teria of school buildings. To the maximum extent consistent with edu-
20 cation needs, a design of a school building shall provide for multiple
21 use of the building for community purposes. Subject to the approval of
22 the assembly, the school board shall select the appropriate professional
23 personnel to develop the designs. The school board shall submit pre-
24 liminary and subsequent designs for a school building to the assembly
25 for approval or disapproval; if the design is disapproved, a revised
26 design shall be prepared and presented to the assembly. A design or
27 revised design approved by the assembly shall be submitted by the board
28 to the department in accordance with AS 14.07.020(10).

Original sponsors: Cotten, Duncan,
Gardiner, et al

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 681

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

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

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

* Section 1. AS 14.07.020 is amended by adding new paragraphs to read:

(10) review plans for construction of new public elementary
and secondary schools and for additions to and major rehabilitation of
existing public elementary and secondary schools and, in accordance with
regulations adopted by the department under AS 43.18.110, determine
eligibility of a school construction project begun after the effective
date of this Act for state financial assistance; for purposes of this
paragraph, a "plan" includes educational specifications, schematic
designs, and final contract documents.

* Sec. 2. AS 14.14.060(e) is amended to read:

(e) The borough school board is responsible for the design cri-
teria of school buildings. To the maximum extent consistent with edu-
cation needs, a design of a school building shall provide for multiple
use of the building for community purposes. Subject to the approval of
the assembly, the school board shall select the appropriate professional
personnel to develop the designs. The school board shall submit pre-
liminary and subsequent designs for a school building to the assembly
for approval or disapproval; if the design is disapproved, a revised
design shall be prepared and presented to the assembly. A design or
revised design approved by the assembly shall be submitted by the board
to the department in accordance with AS 14.07.020(10).

* Sec. 3. AS 43.18.100(a) is repealed and re-enacted to read:

(a) During each fiscal year, the state shall allocate to an organized borough or a city which is a school district, the following sums:

(1) payments made by the borough or city during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred before July 1, 1977 to pay costs of school construction; ^{and cash payments made by the} _{borough or city before July 1, 1977 to pay costs of school construction;} #1386

(2) 50 per cent of

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

(B) cash payments made after June 30, 1977 and before July 1, 1978 by the borough or city during the fiscal year two years earlier to pay costs of school construction;

(3) 80 per cent of

(A) payments made by the borough or city during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1978 to pay costs of school construction projects approved under AS 14.07.020(10);

(B) cash payments made after June 30, 1978 by the borough or city during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(10).

* Sec. 4. AS 43.18 is amended by adding new sections to read:

Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT. The public school facilities construction advance account is

Rhode
Amendment
- Failed -

established. The account consists of appropriations for distribution under secs. 105 - 135 of this chapter to boroughs and cities which are school districts to assist in paying the costs of public school facilities projects approved under AS 14.07.020(10) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978.

Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construction project for funding assistance under secs. 105 - 135 of this chapter shall be determined by the department based on standards and criteria established by regulation. The standards and criteria to be considered in determining eligibility include the following:

- (1) emergency requirements;
- (2) number of unhoused students;
- (3) new elementary or secondary programs;
- (4) existing community and school facilities and their condition; and
- (5) economic and social stability of the community.

Sec. 43.18.115. STATE AID. (a) The amount of state aid payable in advance under secs. 105 - 135 of this chapter is the amount by which the cost of construction of the approved school construction project would cause the debt-to-valuation ratio of the municipality to exceed 12 per cent.

(b) A payment under (a) of this section is limited to an amount which, when combined with estimated payments to the school district for the retirement of the principal and interest on bonds, notes or other indebtedness or reimbursement of cash payments for a school construction project for which payment is made under sec. 100(a)(1) or (2) of this chapter or for an approved school construction project for which payment is made under sec. 100(a)(3) of this chapter, does not exceed 50 per

cent of the cost of the school construction project.

(c) For purposes of this section,

(1) "debt" means the principal amount of the direct and general obligation indebtedness of the municipality for which all taxable property is subject to taxation to pay the bond, note or other evidence of the debt, determined and reported in accordance with AS 14.17.140(c);

(2) "valuation" means the full and true value of the real and personal property of the municipality determined in accordance with AS 14.17.140(a).

Sec. 43.18.120. APPLICATION FOR AID. (a) The commissioner shall prescribe the necessary forms and procedures to be used in applying for construction cost assistance under secs. 105 - 135 of this chapter.

(b) A borough or city which is a school district seeking construction cost aid shall apply to the department by October 15 of the prior fiscal year.

(c) Based on his review of applications and his determination of project eligibility, the commissioner shall recommend to the governor an appropriation of funds for state aid for those projects under secs. 105 - 135 of this chapter.

Sec. 43.18.125. CONDITIONS OF STATE AID. (a) Funds distributed to a borough or city which is a school district during a school year under secs. 105 - 135 of this chapter shall be received, held, and expended by the district in accordance with the applicable provisions of law and of regulations adopted by the department. Funds provided under secs. 105 - 135 of this chapter, but which are not required for the project for which they were granted or which are in excess of that borough's or city which is a district's entitlement for aid under sec. 115 of this chapter shall be returned to the department and deposited in

the general fund.

(b) Each borough or city which is a school district shall maintain financial records of the receipt and disbursement of state funds received under secs. 105 - 135 of this chapter and money provided toward local effort. The records shall be in the form prescribed by the department and are subject to audit by it at any time.

(c) Upon completion of the construction project, the chief school administrator of the district shall report the total cost of the project and means of financing it to the commissioner.

(d) Boroughs and cities that are school districts shall secure and maintain in full force and effect adequate property loss insurance for the replacement cost of all facilities constructed after July 1, 1978 and for which state funds are available under this chapter.

Sec. 43.18.130. CONSTRUCTION AND IMPLEMENTATION. (a) Sections 105 - 135 of this chapter may not be construed so as to create a debt to the state.

(b) Funds to carry out the provisions of secs. 105 - 135 of this chapter may be appropriated annually by the legislature into the public school facilities construction advance account. If amounts in the account are insufficient to meet the allocations authorized by the commissioner under secs. 105 - 135 of this chapter, such funds as are available shall be distributed pro rata among each borough and city which is a school district based upon its computed entitlement.

Sec. 43.18.135. DEFINITIONS. (a) In secs. 100 - 135 of this chapter, unless the context requires otherwise,

(1) "approved school construction project" means the plan for a new school or an addition to or major rehabilitation of an existing school to the extent to which approved by the commissioner in accordance with AS 14.07.020(10);

(2) "commissioner" means the commissioner of education;

(3) "department" means the Department of Education.

* Sec. 5. AS 14.17.140 is amended by adding a new subsection to read:

(c) To determine the debt-to-valuation ratio to be applied to the determination of state aid for school construction under AS 43.18.105 - 43.18.135, the Department of Community and Regional Affairs, in consultation with the responsible financial officer of each municipality which is a school district, shall annually determine the debt of the municipality and report the determination to the mayor of the municipality and the commissioner of the Department of Education. The determination shall be made by October 1 of each year and shall report the outstanding debt as of July 1 each year.

* Sec. 6. AS 43.18.100(f) is repealed.

* Sec. 7. The commissioner of the Department of Education may make payments of amounts appropriated for advance funding of school construction in accordance with AS 43.18.105 - 43.18.135 for approved school construction projects during a one-year period following the effective date of this Act without regard to prior application by a city or borough school district for aid under AS 43.18.120(b) added by sec. 4 of this Act.

* Sec. 8. This Act takes effect July 1, 1978.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB-681 am
Title Relating to state aid for school construction; and providing for an effective date.
Requested by House Finance Date 5/19/78

II. FISCAL DETAIL

Agency Affected Education
Program Category Affected Education
Budget Request Unit(s) Affected Financial Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			3,997.3	9,964.0	8,780.2	8,480.5
TOTAL			3,997.3	9,964.0	8,780.2	8,480.5

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND			3,997.3	9,964.0	8,780.2	8,480.5
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME			-0-	-0-	-0-	-0-
PART TIME			-0-	-0-	-0-	-0-
TEMPORARY			-0-	-0-	-0-	-0-

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

	FY-79	FY-80	FY-81	FY-82
Section 3	933.9	2,256.5	2,100.0	4,200.0
Section 4	3,063.4	7,707.5	6,680.2	4,280.5
Total	3,997.3*	9,964.0	8,780.2	8,480.5

*Represents increase over the department's FY-79 request.

IV. DATE May 26, 1978 PREPARED BY Nathaniel Cole, Deputy Commissioner

Original: Legislative Finance AGENCY Education

cc: Budget and Management PHONE 465-2800

Prime Sponsor (First Legislator Named)

ADVANCE ACCOUNT AND SCHOOL CONSTRUCTION PRIORITIES

ELIGIBLE CITY OR BOROUGH	TOTAL COST	STATE AID	%	LOCAL	%	FY-79	FY-80	FY-81	FY-82
						STATE COST	STATE COST	STATE COST	STATE COST
WRANGELL	15,000.0	11,063.4	(73.7)	3,936.6	(26.3)	3,063.4	4,000.0	4,000.0	
PETERSBURG	4,000.0	3,200.0	(80.0)	800.0	(20.0)		3,200.0		
KAKE	2,000.0	1,600.0	(80.0)	400.0	(20.0)			1,600.0	
DILLINGHAM	3,000.0	1,080.2	(36.0)	1,919.8	(64.0)			1,080.2	
CRAIG	1,000.0	507.5	(50.7)	492.5	(49.3)		507.5		
NOME	7,500.0	4,280.5	(57.0)	3,219.5	(43.0)				4,280.5
TOTAL	32,500.0	21,731.6	** (66.9)	10,768.4	* (33.1)	3,063.4	7,707.5	6,680.2	4,280.5

* This amount will be reduced by the provisions of Sec. 3

** This amount will be increased by the provisions of Sec. 3

Section 1 of this bill provides for departmental review and approval of all proposed school construction. This section imposes no fiscal impact upon either the districts or the department.

Section 2 amends present statutes to require a borough school board to submit to the department for approval that proposed school design or revised design which has been approved by the borough assembly. This section has no fiscal impact.

Section 3 provides for three basic changes in present school construction statutes. As proposed, AS 43.18.100(a)(1) provides for total state reimbursement of payments made by cities or boroughs for the retirement of indebtedness incurred before July 1, 1977, to pay for school construction.

FY-79 (1,322.6)

Subsection 2 (A) provides for the continuation of the present rate of state reimbursement to cities and boroughs for the same payments made in subsection 1 during FY-78.

FY-79 2,256.5

Subsection 2 (B) provides for 50% reimbursement of cash payments made during fiscal years 1977 and 1978.

FY-80 2,256.5

Subsection 3 of Section 3 provides for the future state 80% reimbursement of approved school construction debt retirement and cash payments made by districts in the second prior fiscal year. In computing the cost of this subsection, we can only assume that cities or boroughs which are school districts will acquire approval under Section 1 of this bill before commencing construction. The increase this subsection incurs over present statutes is estimated to be

FY-81 2,100.00

FY-82 4,200.00

Section 4 provides for advanced state funding to cities and boroughs for school construction. The essential elements of the section provide for districts which have met department eligibility and approval criteria to receive front-end state aid in the amount equal to the total cost of school construction which is remaining after the city or borough has incurred bonded indebtedness equal to 12 percent of its assessed valuation. More simply, this means that if a hypothetical city qualified for assistance under this provision, proposed to construct a \$6 million facility, and had bonded indebtedness equal to eight percent of a 30,000,000 assessed valuation, or \$2,400.0; the amount of state aid payable would be 4,800.0 after the city had secured the 1,200.0 which would raise the total indebtedness to 12 percent of the valuation. $(30,000.0 \text{ value} \times 12\% = 3,600.0)$ State aid = $(6,000.0 \text{ school cost} - (3,600.0 \text{ required indebtedness} \text{ minus } 2,400.0 \text{ existing indebtedness}) = 1,200.0 \text{ required from local sources})$ 4,800.0. The maximum amount of state aid under this bill may not exceed 80 percent of approved construction costs.

The cost of full funding of this section, based upon a review of the Municipal Property Assessments document for FY-77, and what we presently know about proposed school construction, is estimated to be

FY-79	3,063.4
FY-80	7,707.5
FY-81	6,680.2
FY-82	4,280.5

<u>School District</u>	<u>FY-77 Debt Service</u>	<u>FY-77 Cash Payments</u>
Anchorage	11,969,389	1,942,254
Bristol Bay	149,585	--
Dillingham		
Fairbanks	3,959,632	392,444
Galena	--	76,812
Haines	95,948	--
Hydaburg	--	--
Juneau	1,050,000	-- est
Kake	--	45,072
Kenai	2,300,759	1,624,771
Ketchikan	650,498	--
King Cove	--	--
Kodiak	419,413	1,097
Mat-Su	2,035,979	189,120
Nenana	21,540	35,545
Nome	--	40,370
North Slope	2,797,263	5,086
Pelican	--	--
Petersburg	343,855	--
Sitka	410,390	--
Skagway	26,784	--
St. Mary's	--	133,198
Unalaska	--	12,248
Valdez	125,000	-- est
Wrangell	24,651	15,000
Yakutat	--	--
	<hr/>	<hr/>
	26,430,686	4,513,017
 FY-77 Cigarette Tax	 <u>2,199,510</u>	
	24,231,176	

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB-681 am
 Title Relating to state aid for school construction; and providing for an effective date.
 Requested by House Finance Date 5/19/78

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Education
 Budget Request Unit(s) Affected Financial Support

CSHB 681 am

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			3,997.3	9,964.0	8,780.2	8,480.5
TOTAL			3,997.3	9,964.0	8,780.2	8,480.5

FUNDING (Thousands of Dollars)

GENERAL FUND			3,997.3	9,964.0	8,780.2	8,480.5
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

	FY-79	FY-80	FY-81	FY-82
Section 3	933.9	2,256.5	2,100.0	4,200.0
Section 4	<u>3,063.4</u>	<u>7,707.5</u>	<u>6,680.2</u>	<u>4,280.5</u>
Total	3,997.3*	9,964.0	8,780.2	8,480.5

*Represents increase over the department's FY-79 request.

IV. DATE May 26, 1978 PREPARED BY Nathaniel Cole, Deputy Commissioner
 AGENCY Education
 PHONE 465-2800
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

ADVANCE ACCOUNT AND SCHOOL CONSTRUCTION PRIORITIES

ELIGIBLE CITY OR BOROUGH	TOTAL COST	STATE AID	%	LOCAL	%	FY-79 STATE COST	FY-80 STATE COST	FY-81 STATE COST	FY-82 STATE COST
WRANGELL	15,000.0	11,063.4	(73.7)	3,936.6	(26.3)	3,063.4	4,000.0	4,000.0	
PETERSBURG	4,000.0	3,200.0	(80.0)	800.0	(20.0)		3,200.0		
KAKE	2,000.0	1,600.0	(80.0)	400.0	(20.0)			1,600.0	
DILLINGHAM	3,000.0	1,080.2	(36.0)	1,919.8	(64.0)			1,080.2	
CRAIG	1,000.0	507.5	(50.7)	492.5	(49.3)		507.5		
NOME	7,500.0	4,280.5	(57.0)	3,219.5	(43.0)				4,280.5
TOTAL	32,500.0	21,731.6	** (66.9)	10,768.4	* (33.1)	3,063.4	7,707.5	6,680.2	4,280.5

* This amount will be reduced by the provisions of Sec. 3
 ** This amount will be increased by the provisions of Sec. 3

Section 1 of this bill provides for departmental review and approval of all proposed school construction. This section imposes no fiscal impact upon either the districts or the department.

Section 2 amends present statutes to require a borough school board to submit to the department for approval that proposed school design or revised design which has been approved by the borough assembly. This section has no fiscal impact.

Section 3 provides for three basic changes in present school construction statutes. As proposed, AS 43.18.100(a)(1) provides for total state reimbursement of payments made by cities or boroughs for the retirement of indebtedness incurred before July 1, 1977, to pay for school construction.

FY-79 (1,322.6)

Subsection 2 (A) provides for the continuation of the present rate of state reimbursement to cities and boroughs for the same payments made in subsection 1 during FY-78.

FY-79 2,256.5

Subsection 2 (B) provides for 50% reimbursement of cash payments made during fiscal years 1977 and 1978.

FY-80 2,256.5

Subsection 3 of Section 3 provides for the future state 80% reimbursement of approved school construction debt retirement and cash payments made by districts in the second prior fiscal year. In computing the cost of this subsection, we can only assume that cities or boroughs which are school districts will acquire approval under Section 1 of this bill before commencing construction. The increase this subsection incurs over present statutes is estimated to be

FY-81 2,100.00

FY-82 4,200.00

Section 4 provides for advanced state funding to cities and boroughs for school construction. The essential elements of the section provide for districts which have met department eligibility and approval criteria to receive front-end state aid in the amount equal to the total cost of school construction which is remaining after the city or borough has incurred bonded indebtedness equal to 12 percent of its assessed valuation. More simply, this means that if a hypothetical city qualified for assistance under this provision, proposed to construct a \$6 million facility, and had bonded indebtedness equal to eight percent of a 30,000,000 assessed valuation, or \$2,400.0; the amount of state aid payable would be 4,800.0 after the city had secured the 1,200.0 which would raise the total indebtedness to 12 percent of the valuation. (30,000.0 value x 12% = 3,600.0) State aid = (6,000.0 school cost - (3,600.0 required indebtedness minus 2,400.0 existing indebtedness) = 1,200.0 required from local sources) 4,800.0. The maximum amount of state aid under this bill may not exceed 80 percent of approved construction costs.

The cost of full funding of this section, based upon a review of the Municipal Property Assessments document for FY-77, and what we presently know about proposed school construction, is estimated to be

FY-79	3,063.4
FY-80	7,707.5
FY-81	6,680.2
FY-82	4,280.5

<u>School District</u>	<u>FY-77 Debt Service</u>	<u>FY-77 Cash Payments</u>
Anchorage	11,969,389	1,942,254
Bristol Bay	149,585	--
Dillingham		
Fairbanks	3,959,632	392,444
Galena	--	76,812
Haines	95,948	--
Hydaburg	--	--
Juneau	1,050,000	-- est
Kake	--	45,072
Kenai	2,300,759	1,624,771
Ketchikan	650,498	--
King Cove	--	--
Kodiak	419,413	1,097
Mat-Su	2,085,979	189,120
Nenana	21,540	35,545
Nome	--	40,370
North Slope	2,797,263	5,086
Pelican	--	--
Petersburg	343,855	--
Sitka	410,390	--
Skagway	26,784	--
St. Mary's	--	133,198
Unalaska	--	12,248
Valdez	125,000	-- est
Wrangell	24,651	15,000
Yakutat	--	--
	<hr/>	<hr/>
	26,430,686	4,513,017

FY-77 Cigarette Tax 2,199,510

24,231,176

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

REVISED FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 681
Title An Act relating to state aid for school construction
Requested by House HESS Date April 19, 1978

II. FISCAL DETAIL

Agency Affected Education
Program Category Affected Education
Budget Request Unit(s) Affected Financial Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			8,164.2*	3,450.0	5,550.0	7,650.0

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND			8,164.2	3,450.0	5,550.0	7,650.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

*This amount is based upon 100% funding of this bill and the increase it represents over the Governor's FY-79 request, which is based upon an 80% proration of entitlements. The increase over the Department's FY-79 request would be 3,103.4.

See attached.

IV. DATE April 19, 1978 PREPARED BY Nathaniel Cole, Deputy Commissioner
AGENCY Education
Original: 1 Legislative Finance PHONE 465-2800
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB-681

The FY-79 increase is derived as follows:

<u>FY-77 Debt Service</u>	<u>FY-77 Cash Payments</u>	<u>Total</u>
26,430,686	4,513,017	30,943,703
	Minus Cigarette Tax	2,286,500
	Total FY-79 entitlement	28,657,203
FY-79 Governor's Budget Request:		20,493.0
FY-79 100% funding of this bill:		28,657.2
	Total increase	8,164.2

FY-79 entitlement is based upon 100% reimbursement of FY-77 expenditures; subsequent entitlements are based upon reimbursement at 80% of second prior year expenditures.

<u>School District</u>	<u>FY-77 Debt Service</u>	<u>FY-77 Cash Payments</u>
Anchorage	11,969,389	1,942,254
Bristol Bay	149,585	--
Dillingham		
Fairbanks	3,959,632	392,444
Galena	--	76,812
Haines	95,948	--
Hydaburg	--	--
Juneau	1,050,000	-- est
Kake	--	45,072
Kenai	2,300,759	1,624,771
Ketchikan	650,498	--
King Cove	--	--
Kodiak	419,413	1,097
Mat-Su	2,085,979	189,120
Nenana	21,540	35,545
Nome	--	40,370
North Slope	2,797,263	5,086
Pelican	--	--
Petersburg	343,855	--
Sitka	410,390	--
Skagway	26,784	--
St. Mary's	--	133,198
Unalaska	--	12,248
Valdez	125,000	-- est
Wrangell	24,651	15,000
Yakutat	--	--
	<hr/>	<hr/>
	26,430,686	4,513,017

Introduced: 1/25/78
Referred: Health, Education &
Social Services and Finance

BY COTTEN, DUNCAN, GARDINER,
GRUENING, HAUGEN, MALONE AND
PARR

1 IN THE HOUSE

2 HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construction;
7 and providing for an effective date."

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

9 * Section 1. AS 43.18.100(a) is repealed and re-enacted to read:

10 (a) During each fiscal year, the state shall allocate to an
11 organized borough or a city which is a school district, the following
12 sums:

13 (1) payments made by the borough or city during the fiscal
14 year two years earlier for the retirement of principal and interest on
15 outstanding bonds, notes or other indebtedness incurred before July 1,
16 1977 to pay costs of school construction, and cash payments made by the
17 borough or city before July 1, 1977 to pay the cost of school construc-
18 tion;

19 (2) 80 per cent of

20 (A) payments made by the borough or city during the
21 fiscal year two years earlier for the retirement of principal and
22 interest on outstanding bonds, notes or other indebtedness incurred
23 after July 1, 1977 to pay costs of school construction;

24 (B) cash payments made after July 1, 1977 by the borough
25 or city during the fiscal year two years earlier to pay costs of
26 school construction.

27 * Sec. 2. This Act takes effect July 1, 1978.

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Original sponsors: Cotten, Duncan,
Gardiner, et al

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 681

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

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

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

* Section 1. AS 14.07.020 is amended by adding new paragraphs to read:

(10) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department under AS 43.18.110, determine eligibility of a school construction project begun after the effective date of this Act for state financial assistance; for purposes of this paragraph, a "plan" includes educational specifications, schematic designs, and final contract documents.

* Sec. 2. AS 14.14.060(e) is amended to read:

(e) The borough school board is responsible for the design criteria of school buildings. To the maximum extent consistent with education needs, a design of a school building shall provide for multiple use of the building for community purposes. Subject to the approval of the assembly, the school board shall select the appropriate professional personnel to develop the designs. The school board shall submit preliminary and subsequent designs for a school building to the assembly for approval or disapproval; if the design is disapproved, a revised design shall be prepared and presented to the assembly. A design or revised design approved by the assembly shall be submitted by the board to the department in accordance with AS 14.07.020(10).

* Sec. 3. AS 43.18.100(a) is repealed and re-enacted to read:

(a) During each fiscal year, the state shall allocate to an organized borough or a city which is a school district, the following sums:

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

(2) 50 per cent of

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

(B) cash payments made after June 30, 1977 and before July 1, 1978 by the borough or city during the fiscal year two years earlier to pay costs of school construction;

(3) 80 per cent of

(A) payments made by the borough or city during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1978 to pay costs of school construction projects approved under AS 14.07.020(10);

(B) cash payments made after June 30, 1978 by the borough or city during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(10).

* Sec. 4. AS 43.18 is amended by adding new sections to read:

Sec. 43.18.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT. The public school facilities construction advance account is

established. The account consists of appropriations for distribution under secs. 105 - 135 of this chapter to boroughs and cities which are school districts to assist in paying the costs of public school facilities projects approved under AS 14.07.020(10) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978.

Sec. 43.18.110. ELIGIBILITY. Eligibility of a proposed construction project for funding assistance under secs. 105 - 135 of this chapter shall be determined by the department based on standards and criteria established by regulation. The standards and criteria to be considered in determining eligibility include the following:

- (1) emergency requirements;
- (2) number of unhoused students;
- (3) new elementary or secondary programs;
- (4) existing community and school facilities and their condition; and
- (5) economic and social stability of the community.

Sec. 43.18.115. STATE AID. (a) The amount of state aid payable in advance under secs. 105 - 135 of this chapter is the amount by which the cost of construction of the approved school construction project would cause the debt-to-valuation ratio of the municipality to exceed 12 per cent.

(b) A payment under (a) of this section is limited to an amount which, when combined with estimated payments to the school district for the retirement of the principal and interest on bonds, notes or other indebtedness or reimbursement of cash payments for a school construction project for which payment is made under sec. 100(a)(1) or (2) of this chapter or for an approved school construction project for which payment is made under sec. 100(a)(3) of this chapter, does not exceed 80 per