

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 380

350

HB

380

**HOUSE COMMITTEE REPORT**

(11)

Date referred: 3/4/88

FURTHER REFERRALS:

DATE: 3/15/88

The Finance Committee has considered HB 380

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

**RECOMMENDS:**

- replace with CS HB 380 (Fin.)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

**SIGNING OTHER RECOMMENDATIONS:**

BUYER M. A. Boyer GOLL John Goll

RIEGER Steve Rieger DO PASS! DAVIS Mike Davis

FRANK Frank

WALLIS Kay Wallis

BROWN Taylor Brown

SWACK-HAMMER Swack-Hammer

LARSON Ronald Larson

FOURCHOT Pat Fourchot

Pat Fourchot - Vice-Chair  
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: March 15, 1988  
Title: An Act relating to state aid for school construction....  
Sponsor: Swackhammer  
Requestor: House Finance

Agency Affected: Legislature  
BRU: Legislative Council on Subcommittees  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   | 0     | 0     | 0     | 0     | 0     | 0     |
|                   |       |       |       |       |       |       |
| CAPITAL           | 0     | 0     | 0     | 0     | 0     | 0     |
|                   |       |       |       |       |       |       |
| REVENUE           | 0     | 0     | 0     | 0     | 0     | 0     |

FUNDING: (Thousands of Dollars)

|               |   |   |   |   |   |   |
|---------------|---|---|---|---|---|---|
| GENERAL FUND  |   |   |   |   |   |   |
| FEDERAL FUNDS |   |   |   |   |   |   |
| OTHER         |   |   |   |   |   |   |
| TOTAL         | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The public member under section three of CSHB 380 (Fin) will be paid per diem under AS 39.20.180 and will be paid through the Legislative Council on Subcommittees.

Prepared by: Al Adams, Chairman <sup>APA</sup> Phone: 465-3706  
Division: House Finance Date: March 15, 1988

Approved by Commissioner: Al Adams Date: March 15, 1988  
Agency: House Finance Committee

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Original sponsors: Swackhammer and Navarre

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 380 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A. BILL

6 For an Act entitled: "An Act relating to state aid for school construc-  
7 tion; establishing a school construction policy task  
8 force; and providing for an effective date."

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

10 \* Section 1. AS 14.11.100(c) is amended to read:

11 (c) The school construction account is established. Funds to  
12 carry out the provisions of this section shall be included within the  
13 general appropriation bill submitted to the legislature under AS 37.-  
14 07.020 and may be appropriated annually by the legislature to the  
15 account. If amounts in the account are insufficient for the purpose  
16 of providing the share to which a borough or city is entitled under  
17 this section, those funds that are available shall be distributed pro  
18 rata among the eligible local governments except that the legislature  
19 may direct that additional debt service on refunding bonds that ex-  
20 ceeds the total debt service on the refunded bonds be disregarded in  
21 whole or in part.

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

23 (j) Except as provided in (1) of this section, the state may not  
24 allocate money to a municipality for a school construction project  
25 under (a)(5) of this section unless the municipality complies with the  
26 requirements of (1) - (4) of this subsection, the project is approved  
27 by the commissioner before the local vote on the bond issue for the  
28 project, and the local vote occurs before July 1, 1987, or after  
29 June 30, 1990 [1988]. In approving a project under this subsection,

1 the commissioner shall require

2 (1) the municipality to include on the ballot for the bond  
3 issue the estimated total cost of each project including estimated  
4 total interest, estimated annual operation and maintenance costs, the  
5 estimated amounts that will be paid by the state and by the municipal-  
6 ity, and the approximate amount that would be due in annual taxes on  
7 \$100,000 in assessed value to retire the debt;

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

11 (3) that the bonds must be repaid in approximately equal  
12 annual principal payments or approximate equal debt service payments  
13 over a period of at least 10 years;

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

16 (A) projected long-term student enrollment that indi-  
17 cates the district has inadequate facilities to meet present or  
18 projected enrollment; or

19 (B) facilities that require repair or replacement in  
20 order to meet health and safety laws or regulations or building  
21 codes.

22 \* Sec. 3. TASK FORCE CREATED. (a) The school construction policy task  
23 force is established by the legislature to recommend options for planning,  
24 financing, and constructing public elementary and secondary schools in the  
25 state. Members of the task force serve without compensation, but the  
26 public member is entitled to per diem and travel expenses authorized by law  
27 for state boards under AS 39.20.180.

28 (b) Membership on the task force consists of

29 (1) the governor or a designee of the governor;

- 1 (2) one public member appointed by the governor;  
2 (3) two senators appointed by the president of the senate,  
3 one of whom shall co-chair the task force;  
4 (4) two members appointed by the speaker of the house, one  
5 of whom shall co-chair the task force;  
6 (5) one representative of the State Board of Education;  
7 (6) one representative of local government or school dis-  
8 trict interests from each judicial district, appointed by the gover-  
9 nor; and  
10 (7) one representative of rural educational attendance  
11 areas, appointed by the governor.

12 (c) By November 15, 1989, the task force shall report its rec-  
13 ommendations to the legislature.

14 \* Sec. 4. Section 3 of this Act is repealed June 30, 1990.

15 \* Sec. 5. This Act takes effect July 1, 1988.

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: . . state aid for school  
construction. . .  
Sponsor: Swackhammer  
Requestor: Senate HESS

Agency Affected: Education  
BRU: Debt Retirement  
Components: Debt Retirement

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

| OPERATING              | FY 88    | FY 89    | FY 90    | FY 91    | FY 92    | FY 93    |
|------------------------|----------|----------|----------|----------|----------|----------|
| PERSONAL SERVICES      |          |          |          |          |          |          |
| TRAVEL                 |          |          |          |          |          |          |
| CONTRACTUAL            |          |          |          |          |          |          |
| SUPPLIES               |          |          |          |          |          |          |
| EQUIPMENT              |          |          |          |          |          |          |
| LAND & STRUCTURES      |          |          |          |          |          |          |
| GRANTS, CLAIMS         |          |          |          |          |          |          |
| MISCELLANEOUS          |          |          |          |          |          |          |
| <b>TOTAL OPERATING</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| REVENUE |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

**FUNDING: (Thousands of Dollars)**

|               |   |   |   |   |   |   |
|---------------|---|---|---|---|---|---|
| GENERAL FUND  | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS |   |   |   |   |   |   |
| OTHER         |   |   |   |   |   |   |
| <b>TOTAL</b>  |   |   |   |   |   |   |

**POSITIONS:**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

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

Prepared by: Steve Hole Phone: 465-2800  
Division: Commissioner's Office Date: 3-25-88

Approved by Commissioner: William G. Demmert Date: 3-25-88  
Agency: Department of Education

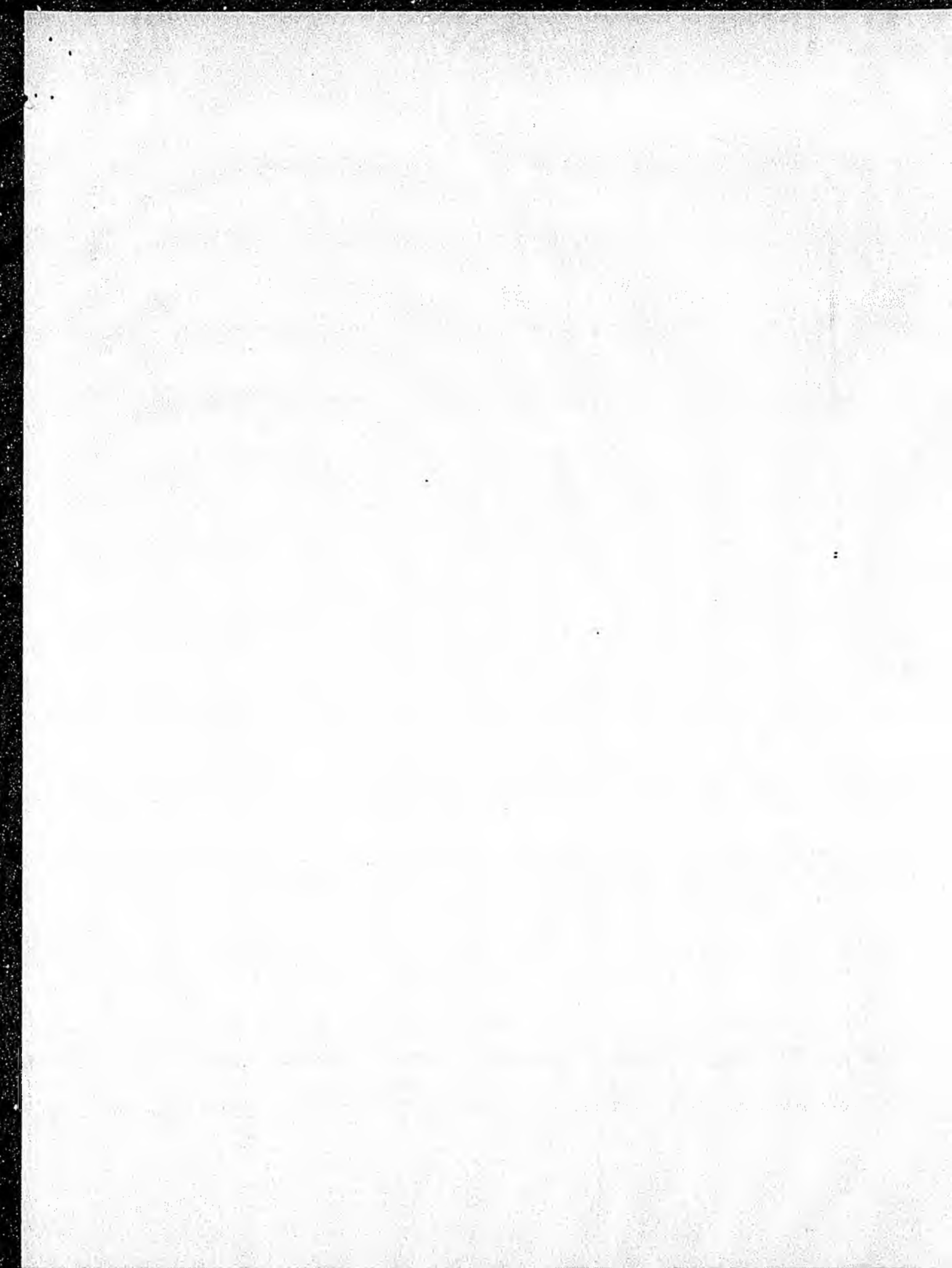
Distribution (by preparer) :  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

MAR 20 1988

COMMITTEE SUBSTITUTE FOR HOUSE BILL 380 (HESS)

## INDEX

1. Sectional Analysis
2. Fiscal Note
3. Governor's Intent for New Legislation
4. Research-Other States' School Construction Policies
5. Letters or Resolutions of Support





SECTIONAL ANALYSIS OF CS FOR HOUSE BILL 380 (HESS)

SECTION ONE OFFERS A TECHNICAL CHANGE TO INCLUDE RESPONSIBILITY FOR THE NEW GRANT PROGRAM AMONG THE DUTIES OF THE DEPARTMENT UNDER AS 14.11.

SECTION TWO ESTABLISHES BOARD OF EDUCATION REVIEW OF GRANT APPLICATIONS AND THAT FINAL APPROVAL AUTHORITY FOR GRANTS RESTS WITH THE BOARD.

A TECHNICAL CHANGE IS ADDRESSED IN SECTION THREE WHICH PROVIDES AUTHORITY FOR A REGIONAL SCHOOL BOARD TO RECOMMEND SCHOOL CONSTRUCTION PROJECTS TO THE DEPARTMENT OF EDUCATION AS SPECIFIED IN NEW LANGUAGE UNDER AS 14.11.011 (B).

A NEW SCHOOL CONSTRUCTION GRANT ACCOUNT IS ESTABLISHED IN SECTION FOUR. LEGISLATIVE APPROPRIATIONS FOR SCHOOL CONSTRUCTION WOULD BE DEPOSITED IN THE FUND AND GENERAL OBLIGATION BOND SALE PROCEEDS MAY ALSO BE DEPOSITED.

SECTION FIVE ADDS NEW SECTIONS TO AS 14.11.

1) THE FIRST NEW SECTION OUTLINES THE APPLICATION PROCESS. THE PROCESS IS IDENTICAL TO THE CURRENT APPLICATION EXCEPT THAT PROJECT APPLICATIONS WOULD BE REQUIRED FOR ALL REQUESTS ON A DISTRICT'S SIX YEAR PLAN, NOT THOSE FOR THE SUBSEQUENT FISCAL YEAR AS IS NOW DONE. ADDITIONALLY, A REQUIREMENT IS ADDED THAT ALL FACILITIES IN THE DISTRICT BE INSURED FOR REPLACEMENT COST.

2) THE NEW SECOND SECTION AS DESCRIBED IN AS 14.11.013 ASSIGNS TO THE DEPARTMENT OF EDUCATION THE RESPONSIBILITY FOR REVIEWING, EVALUATING AND RECOMMENDING PROJECTS FOR APPROVAL TO THE STATE SCHOOL BOARD. THE DEPARTMENT WILL VERIFY THAT EACH PROJECT QUALIFIES AS A PROJECT REQUIRED TO AVERT IMMINENT DANGER OR TO CORRECT LIFE THREATENING SITUATIONS, HOUSE STUDENTS THAT WOULD OTHERWISE NOT HAVE HOUSING, PROTECT THE STRUCTURE OF EXISTING SCHOOL FACILITIES, CORRECT BUILDING CODE DEFICIENCIES THAT REQUIRE MAJOR REPAIR OR REHABILITATION IN ORDER FOR ITS CONTINUED USE AS AN EDUCATIONAL FACILITY, ACHIEVE A MAJOR COST SAVINGS, MODIFY OR REHABILITATE FACILITIES TO IMPROVE INSTRUCTIONAL PROGRAMS OR MEET ANOTHER EDUCATIONAL NEED.

THE DEPARTMENT WOULD NO LONGER ESTABLISH TWO SEPARATE PRIORITIZED LISTS, ONE FOR R.E.A.A.'S AND THE OTHER FOR MUNICIPAL SCHOOL DISTRICTS WHICH IS THE CURRENT PRACTICE. IN PLACE OF THE CURRENT PROCESS, THE DEPARTMENT IS DIRECTED TO CREATE SIX LISTS, ONE FOR EACH FISCAL YEAR AS PART OF A SIX YEAR PLANNING CYCLE FOR SCHOOL CONSTRUCTION PROJECTS. THESE LISTS WOULD CONTAIN ONLY THOSE PROJECTS WHICH HAVE MET QUALIFICATIONS ESTABLISHED BY THE NEW STATUTE AND THE DEPARTMENT. THE STATE BOARD WOULD HAVE THE DISCRETION TO SCHEDULE OR PHASE PROJECTS AS DEEMED NECESSARY. AT LEAST ONE OF THE FOLLOWING FACTORS WILL BE EVALUATED BY THE DEPARTMENT WHEN ESTABLISHING PRIORITIES:

- A) EMERGENCY REQUIREMENTS;
- B) PRIORITIES ASSIGNED BY THE SCHOOL DISTRICT TO THE PROJECTS REQUESTED;
- C) NUMBER OF STUDENTS WITHOUT CLASSROOM SPACE;
- D) NEW LOCAL ELEMENTARY AND SECONDARY PROGRAMS;
- E) EXISTING REGIONAL, COMMUNITY AND SCHOOL FACILITIES AND THEIR CONDITION;
- AND F) ALTERNATE OPTIONS FOR ACCOMPLISHING THE PROJECT'S OBJECTIVES.

THE CRITERIA AND DETERMINATIONS THAT WERE OUTLINED ARE ESSENTIALLY THE SAME AS THOSE CURRENTLY USED BY D.O.E. THE PRIORITY SYSTEM IS NOW A PART OF STATUTE RATHER THAN REGULATIONS.

PROJECT REQUESTS MAY BE REJECTED AND OMITTED FROM THE SIX YEAR PLAN DUE TO INCOMPLETE INFORMATION OR DOCUMENTATION PROVIDED BY THE DISTRICT, A DETERMINATION THAT EXISTING FACILITIES CAN ADEQUATELY SERVE PROGRAM REQUIREMENTS OR THAT ALTERNATIVE PROJECTS ARE IN THE BEST INTERESTS OF THE STATE, A DETERMINATION THAT THE PROJECT IS INAPPROPRIATE AND SHOULD BE A DISTRICT MAINTENANCE OR OPERATIONS EXPENDITURE OR THAT THE PROJECT IS NOT IN THE BEST INTEREST OF THE STATE. THIS ALLOWS D.O.E. TO PROVIDE A CREDIBLE LIST TO THE GOVERNOR AND THE LEGISLATURE. THE BOARD WILL ALSO BE IN POSITION TO ACCELERATE PROGRAMS AS DEEMED NECESSARY BASED UPON AVAILABILITY OF FUNDS AND SUPPORTIVE EVIDENCE.

PROJECT BUDGETS WOULD BE REDUCED BY THE COST OF THOSE PORTIONS OF THE PROJECT THAT THE DEPARTMENT DETERMINES ARE FOR CONSTRUCTION OF STUDENT RESIDENTIAL SPACE OR OTHER FACILITIES FOR SINGLE PURPOSE SPORTING OR RECREATION USES NOT DEEMED SUITABLE FOR OTHER ACTIVITIES WITH THE EXCEPTION OF HOCKEY RINKS WHICH WAS ADOPTED IN THE HOUSE HESS COMMITTEE.

AN APPEAL PROCESS IS ESTABLISHED WHICH WOULD ALLOW DISTRICTS THE OPPORTUNITY TO APPEAL THE DEPARTMENT'S DECISION SHOULD THEY FEEL THE NEED TO DO SO.

3) THE DEPARTMENT CANNOT AWARD A GRANT UNLESS THE APPLICATION IS APPROVED BY THE BOARD.

4) SECTION AS.11.017 PROVIDES AUTHORITY TO ESTABLISH GUIDELINES FOR EQUIPMENT PURCHASES AND GIVES THE DEPARTMENT THE AUTHORITY TO REDUCE OR INCREASE THE GRANT AMOUNT DEPENDING UPON PROJECT REQUEST VARIATIONS WHICH MAY OCCUR DURING THE BIDDING PROCESS OR THE CONSTRUCTION PHASE. ANY INCREASE IN THE PROJECT AMOUNT WOULD BE SUBJECT TO THE AVAILABILITY OF FUNDS AND DEPARTMENT APPROVAL.

SECTION SIX ESTABLISHES A JULY 1, 1988, TERMINATION DATE FOR REIMBURSEMENT ELIGIBILITY OF DEBT SERVICE PROJECTS AND ESTABLISHES A JULY 1, 1989, TERMINATION DATE FOR THE CASH PAYMENT REIMBURSEMENT PROGRAM. THE LATTER PROVIDES A YEAR'S GRACE DURING THE PHASE IN OF THE NEW STATUTE.

A DISTRICT IS PERMITTED TO USE OTHER REVENUE FOR SCHOOL CONSTRUCTION UNDER SECTION SEVEN. A MUNICIPALITY MAY INCREASE THE SCOPE OF A BOARD APPROVED PROJECT AT THEIR OWN EXPENSE. SCHOOL CONSTRUCTION PROJECTS WHICH HAVE NOT BEEN AWARDED A GRANT MAY ALSO BE UNDERTAKEN AT THE MUNICIPALITY'S OWN EXPENSE.

SECTION EIGHT MODIFIES THE DEFINITION OF SCHOOL CONSTRUCTION. CURRENT STATUTE LANGUAGE RELATING TO FINANCING COSTS, BONDING COSTS, LEGAL FEES, PAYING AGENCIES AND OTHER ENTITIES BASICALLY RELATED TO THE SALE OF BONDS IS DELETED.

A DEFINITION OF DISTRICT, AS USED IN THE DEFINITION OF SCHOOL CONSTRUCTION, IS PROVIDED FOR IN SECTION 9.

SECTION TEN IS ANOTHER TECHNICAL AMENDMENT UPDATING THE REFERENCE TO AS 14.11. THIS SECTION DEFINES STATE FINANCIAL ASSISTANCE.

SEVEN SECTIONS ARE REPEALED IN SECTION 11.

- 1) AS 14.11.010 RELATING TO RECOMMENDATION AND EVALUATION OF PROJECTS IS REPLACED BY THE NEW SECTION FOUR WHICH ADDRESSES GRANT APPLICATIONS.
- 2) EVALUATION OF PROJECTS DESCRIBED IN AS 14.11.102 IS REPEALED BECAUSE IT APPLIES TO D.O.E. EVALUATION OF PROJECTS PROPOSED FOR DEBT RETIREMENT. SECTION SIX OF HOUSE BILL 380 ENDS THE NEED FOR SUCH APPROVAL.
- 3) THE REPEAL OF AS 14.11.105, THE PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT, IS ALSO CONSISTENT WITH SECTION 6 OF THE NEW BILL. THE REPEAL ALSO ELIMINATES CONFUSION WITH THE NEW SECTION FOUR RELATING TO THE SCHOOL CONSTRUCTION GRANT ACCOUNT.
- 4) AS 14.11.110, ELIGIBILITY, IS REPEALED BECAUSE IT APPLIES TO APPROVAL OF PROJECTS PROPOSED FOR DEBT RETIREMENT WHICH IS ELIMINATED IN HOUSE BILL 380.
- 5) THE LAST THREE REPEALED SECTIONS RELATE TO STATE AID, APPLICATION FOR AID AND CONDITIONS OF STATE AID APPLY TO FUNDING THROUGH THE PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT AND ARE NO LONGER NECESSARY.



STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB-380  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: . . . State aid for school construction . . .  
Sponsor: Swackhammer  
Requestor: House HESS

Agency Affected: Education  
BRU: Debt Retirement  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING              | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES      |       |       |       |       |       |       |
| TRAVEL                 |       |       |       |       |       |       |
| CONTRACTUAL            |       |       |       |       |       |       |
| SUPPLIES               |       |       |       |       |       |       |
| EQUIPMENT              |       |       |       |       |       |       |
| LAND & STRUCTURES      |       |       |       |       |       |       |
| GRANTS, CLAIMS         |       |       |       |       |       |       |
| MISCELLANEOUS          |       |       |       |       |       |       |
| <b>TOTAL OPERATING</b> |       | 0     | 0     | 0     | 0     | 0     |
| <b>CAPITAL</b>         |       | 0     | 0     | 0     | 0     | 0     |
| <b>REVENUE</b>         |       |       |       |       |       |       |

FUNDING: (Thousands of Dollars)

|               |  |   |   |   |   |   |
|---------------|--|---|---|---|---|---|
| GENERAL FUND  |  | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS |  |   |   |   |   |   |
| OTHER         |  |   |   |   |   |   |
| <b>TOTAL</b>  |  |   |   |   |   |   |

POSITIONS:

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

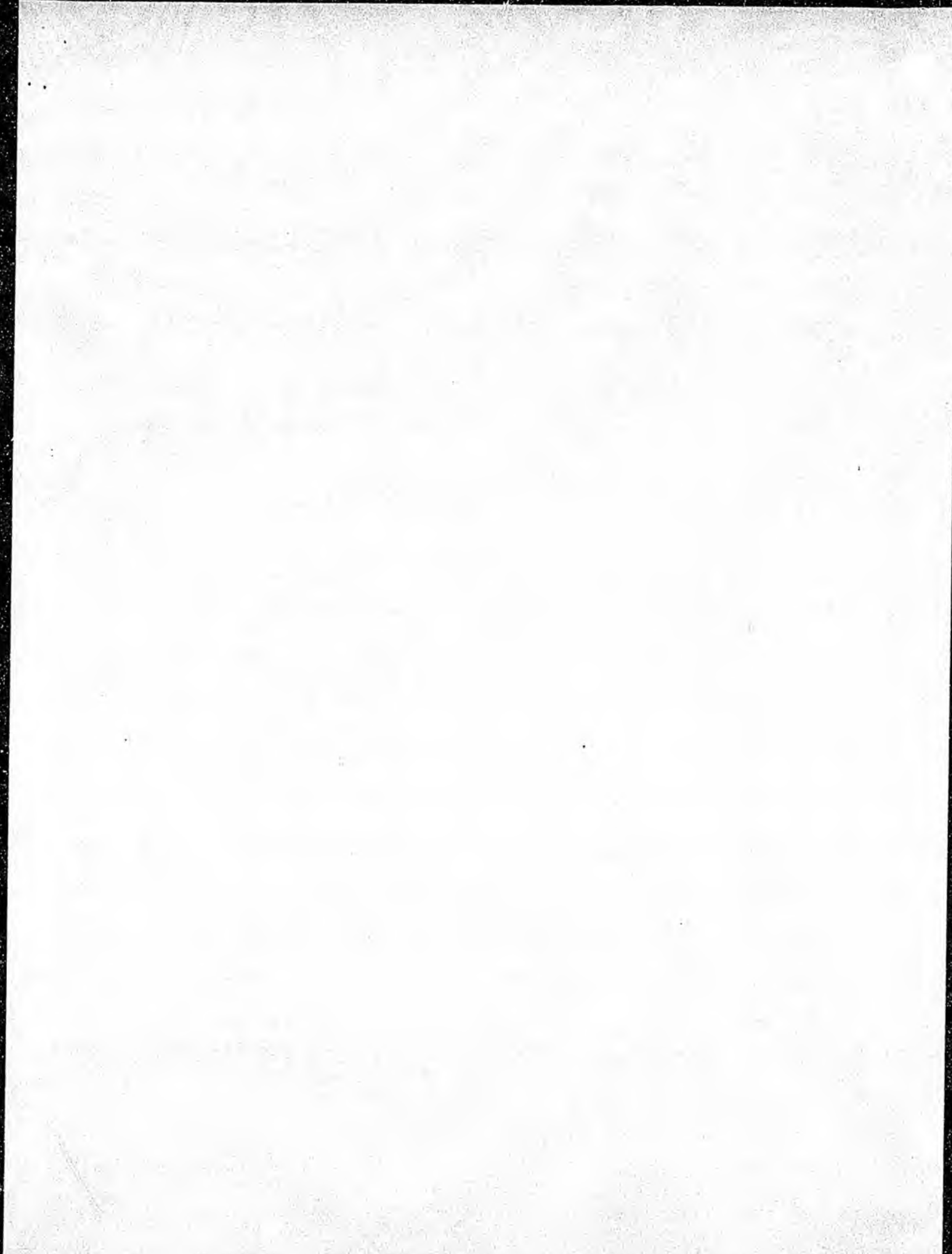
ANALYSIS : (Attach a separate page if necessary)

This estimate is based upon the assumption that grants awarded under this legislation will off set savings achieved through elimination of prospective debt service obligations.

Prepared by: Steve Hole Phone: 465-2800  
Division: Commissioner's Office Date: 3-2-88  
Approved by Commissioner: William G. Demmert Date: 3-2-88  
Agency: Department of Education

Distribution (by preparer):

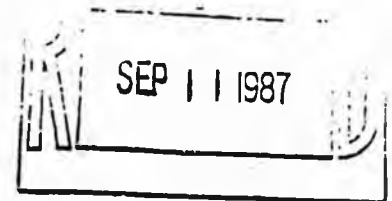
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)



STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU



May 12, 1987

The Honorable Al Adams, Chairman  
House Finance Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Adams:

SUBJECT: SB 150-Relating to bonds issued for school construction.

Many municipal and borough officials have met with me and my staff to express concern over the proposed level of funding for school debt retirement. To mitigate the impact of reduced revenues, they have requested legislation to allow restructuring of their current debt, extending the term for repayment. While restructuring will lower the present payments on the debt, it will obligate the state to reimbursement for school construction debt for years beyond the revenue curve generated by Prudhoe Bay.

The State can no longer afford to continue the existing and ever increasing obligation for debt reimbursement under school construction debt retirement program. It is my intent to work during the interim with municipal and borough officials, school district personnel, legislators, and members of my administration to develop a new proposal for school construction finance for introduction next legislative session. It is imperative that a program be developed which adequately addresses the needs for school construction and major renovations statewide, while maintaining the proper checks and balances to assure fiscal prudence.

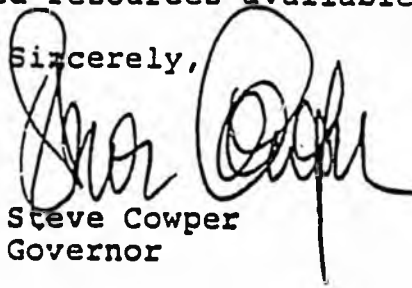
I have agreed to support SB 150 with the proposed amendments to allow for restructuring of existing debt. However, my support is contingent on maintaining in this legislation the cutoff date for the existing school debt reimbursement program. Those bonds which have been

May 12, 1987

authorized but unissued under this program would continue to be eligible for reimbursement, but the state would incur no additional obligation until a new program is in place.

I am confident that together we will be able to develop a new program for school construction which will adequately provide for the many needs of school districts around the state while increasing public confidence in our ability to effectively manage the limited resources available.

Sincerely,



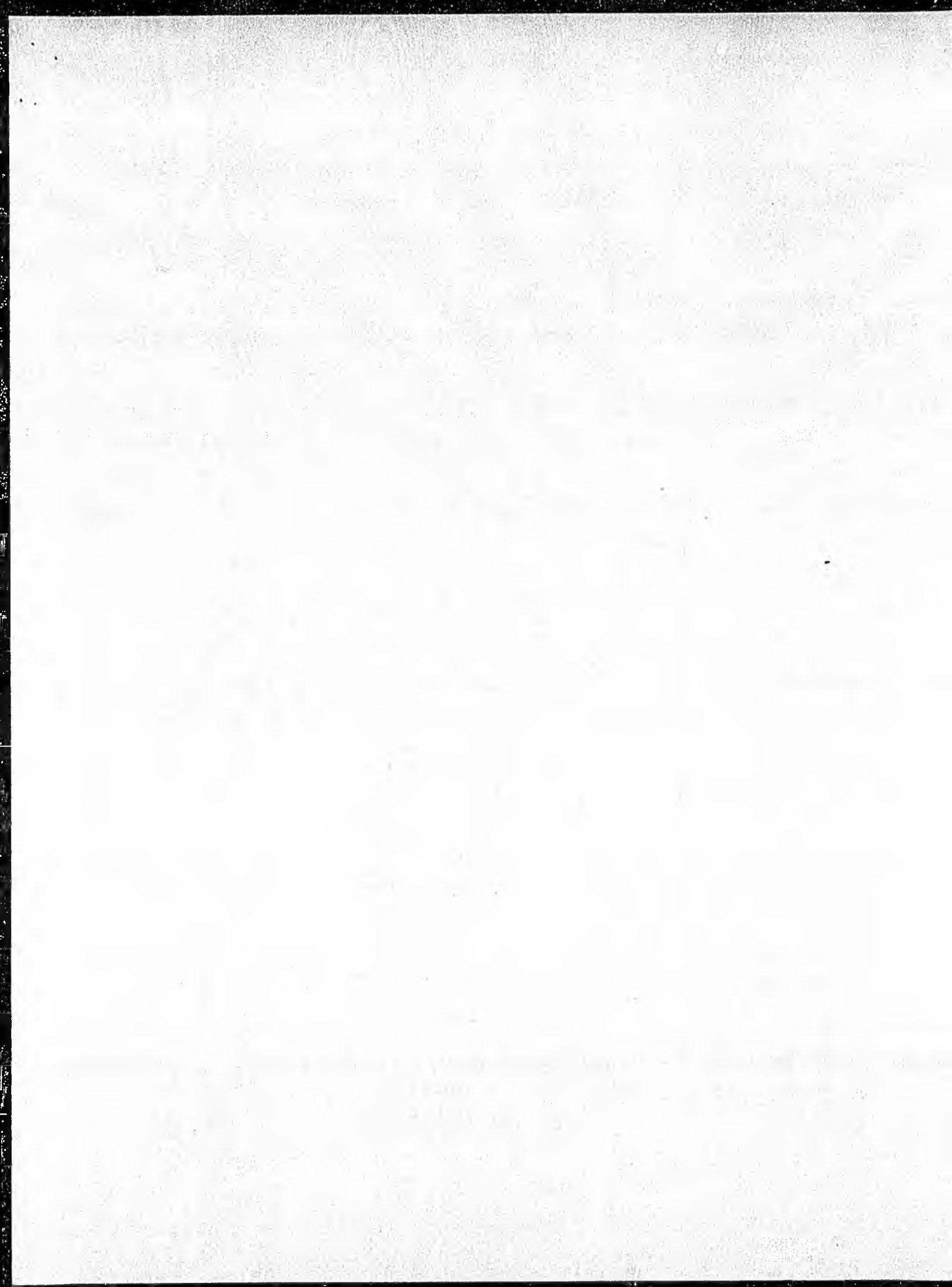
Steve Cowper  
Governor

cc: The Honorable C.E. Swackhammer  
Alaska State Legislature

The Honorable Paul Fischer  
Alaska State Legislature

Hugh Malone, Commissioner  
Department of Revenue

Bill Demmert, Commissioner  
Department of Education



## SUMMARY -- METHODS OF FUNDING SCHOOL CONSTRUCTION

| <u>STATE</u>   | <u>METHOD OF FUNDING</u>   | <u>EQUITY</u>                  |
|----------------|--|--------------------------------|
| Alabama        | Mostly local taxes - \$60/Classroom Unit per year State funded.  | No                             |
| Arkansas       | 84 Million in FY87 - All local taxes - No State contribution.  | No<br>1 mil = \$2500 to \$7500 |
| Hawaii         | 25 million in FY87 - Direct appropriation.   | Yes - Single School District   |
| Florida        | Plan 8.8 billion in construction in 10 years - need 573 elem., 174 middle, 94 H.S. facilities - State Board issues bonds - Board allocates funds based on enrplment growth compared to base years, and requires plant survey - Local levy limit of 10 mils for schools.  | "Yes - substantially equal"    |
| Indiana        | State provides a \$250,000 advance to school districts with less than \$8400 AV/Pupil (ADA).   | No                             |
| Kentucky       | Foundation program includes \$1,800 per classroom per year "capital funds". Facilities needs established by State DOE - but largest part of project locally funded.  | "No Answer"                    |
| Georgia        | Required local effort of 10 - 25% of project based on wealth. State effort limited by statute to total of 100 million --- Each LEA entitled to a portion of total authorizations set by State Board based on ratio of LEAs need to total of all system needs. Program excludes: pools, tanks, stadiums, athletic facilities, and central administrative offices. Requires annual 5 year forecast and survey every five years. DOE sets qualifying standards and reviews and certifies surveys. State Board approves or rejects survey recommendations. | Yes                            |
| Massachussetts | 120 million in grants - distributed by AV/P equalized funding pays interest only up to 50% of project cost.  | No                             |

|                |  |  |
|----------------|--|--|
| Nebraska       | 31 million FY86 from local bond issues - minimal State funds.  | No   |
| New York       | \$400 million/year - principal and interest reimbursed up to 51% of project.   | Yes: For wealthy districts State % is less. For poorer districts it is more. |
| North Carolina | State Board issues capital money on per student basis (ADM) to districts - 25% local funds required. Commission on School Facility Needs - is studying ways to reduce incentive to delay maintenance.  | No   |
| Ohio           | 10 million in grants per year. Debt retirement assistance must be paid back to the State.  | No   |
| Texas          | \$1 billion/year - local bonds and taxes - State guarantees bonds to raise ratings and save interest cost.   | No   |
| Virginia       | \$81 million new - \$80 million additions and alterations - local funds - VPSA purchases general obligations bonds from localities - LEAs do not need voter approval for bonds sold to VPSA - VPSA sells <u>bonds to finance purchase</u> - <u>VPSA</u> bonds rank Aa. | No   |
| Wisconsin      | 98.4 million P & I - State pays minor share of P & I - districts that spend at the same level per student will tax at the same rate.   | "Yes - some"   |
| Oklahoma       | All local funds.   | No   |
| South Carolina | Total expenditures \$136 mill in FY87 - State provides only \$30/student/year from 10% sales tax for capital needs. Most construction funds are locally generated.   | No   |
| West Virginia  | All local funds.   | No   |
| Wyoming        | Local funding mostly. Since 1976 State grants up to 20% of some projects - 7 million this year to 25 qualifying districts (out of 49). No State standards for school buildings or sites.   | No   |



Pouch Y. State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

- Are there states which fund school construction through direct capital appropriation?
- Are there states which fund school construction through an administrative process?

In the case of states which use an administrative process to fund local school construction, we were also asked to provide examples of statutes used to authorize these programs.

We contacted the Education Commission of the States and obtained survey and descriptive information on the methods used by states to fund school construction. In addition, we contacted state education agencies in Alabama, Illinois, Indiana, Minnesota, Missouri, Nevada, Pennsylvania, South Carolina, Vermont, Washington, and Wisconsin to obtain specific information on school construction aid programs in these states.

#### Direct Legislative Appropriations

We have found only one example of a state other than Alaska which funds school construction through direct capital appropriation. Hawaii has only one school district, a statewide district, through which all school construction is funded. The Hawaii Legislature funds this construction on a project by project basis. According to Kay Jones of the Hawaii Department of Education, a statewide list of priorities is developed by the Department of Education; instructional space needs and facility rehabilitation are given top priority. Ms. Jones stated

Representative Pestinger  
January 26, 1984  
Page Three

provided as Attachment A. In addition, we have provided an appendix which contains authorizing statutes from other states for each type of program.

Full State Support. Under full state support programs, the state undertakes to fund all capital and debt service expenditures associated with the construction of local schools. Full support programs do not always pay for the entire cost of school construction. If the amount of funds available from the state is less than the cost of all planned construction, local districts may have to supplement state funding or cancel projects. In the case of Hawaii, with a single, statewide school district, local governments may supplement school construction funds by donating equipment or locating recreational facilities adjacent to schools. The source of state funding may be legislative appropriation, as in the case of Hawaii, the sale of bonds, a dedicated fund, or from some combination of all three.

States with full support programs generally have a mechanism for determining the capital needs of local districts. As noted earlier, Hawaii develops a priority list giving first preference to instructional space needs, with needs such as recreational facilities given less weight. Florida develops an annual allocation for each school district based on projection of school facility needs, the district's school bond debt, and the district's ability to obtain funding from other sources.

In the appendix, we have included the statutes from Florida authorizing its full state support program.

Advantages:       there is a high degree of fiscal equalization among districts;

                      the local districts avoid over-taxing a single revenue source by using the state's greater access to revenue source;

                      the state can develop an allotment mechanism based on need;

                      there are savings in the bond market resulting from consolidation of bond issues into a single state issuance; and

                      the long delays and costs that may be incurred by local bond referendums are avoided.

school districts without significant facility needs would not benefit from state assistance.

Flat-Rates. Some states reimburse local school districts for school construction costs based on a fixed amount per unit. This unit may be the average attendance of the district, the rated capacity of the facility, or the square footage of the project. The significant feature of a flat-rate support program is that it does not take into account the revenue capacity of the district, the level of local expenditure, or the need for the capital project.

In South Carolina, the Department of Public Instruction provides each district with \$30 per year for every student enrolled in the district. According to Dr. Henry Hollingsworth, with the Department of Public Instruction, South Carolina pays approximately \$18 million per year for school construction to the local district. This covers about 20 percent of the cost of school construction in the state. There is currently a proposal in the South Carolina Legislature to increase the amount per student to \$127 annually next year, with the amount to fluctuate over the next several years, leveling off at \$80 per year.

In Indiana, every district receives a grant of \$40 per registered student each year. The school district must apply this money to any debt service obligations; if there is a remainder, it may be transferred to the district's general fund. We have included the Indiana statute authorizing this program in the appendix.

Advantages: the control of school building programs remains at the local level;

some measure of equalization is provided since money is provided irrespective of the local contribution;

the flat-rate grants reduce the school district's dependency on local revenue sources; and

the program is easily administered, as it has a simple allocation formula.

Disadvantages: programs may not provide sufficient funds to finance projects; and

programs may not take into account the building needs of each district.

Representative Pestinger  
January 26, 1984  
Page Seven

Loans. In addition to providing grants to local school districts for school construction, states may also provide low-interest loans. Loans may be funded through direct appropriation, or the state may establish a revolving loan fund. State loans are generally not charged against the local school district's debt limit for bonding purposes. Some states may make loans available to any district, while some states may have provisions which favor needier districts. The amount of funds available to districts through state loans is usually modest.

Minnesota has a low-interest loan program established to assist newly emerging school districts and districts in areas of rapid population growth. According to Ron Laliberte, with the Minnesota Department of Education, these districts may be faced with a substantial school population before the local tax base has developed sufficiently to support the district's construction needs. Eligibility is determined by computing the taxable property valuation of the district per student. He noted that very few districts qualify for the program because their property valuation is too high.

In Minnesota, the loan program is funded by legislative appropriation. According to Mr. Laliberte, there have been no loans given out in the last two years due to a lack of appropriations from the legislature. There are currently no plans to reactivate the program.

Arkansas has a revolving loan program which makes approximately \$350,000 available annually for loans to local school districts at 6 percent interest. The loans are generally for six years, and the district is required to levy taxes to pay off the principal and interest in this period. Indiana has one loan program which makes a total of \$1.5 million available annually to school districts for school construction loans at an interest rate one percent below the current bond market rate. It also has a Veterans' Memorial School Construction Fund which makes a small amount of loans available at one percent interest rates.

We have included the statutes authorizing school construction loan programs from Indiana and Minnesota in the appendix.

**Advantages:** loan programs provide an economical way for local districts to borrow funds;

loans from the state are not generally charged against the district's debt limit;

the time required to obtain loans is generally less than for bonding; and

Representative Pestinger  
January 26, 1984  
Page Nine

Disadvantages: the creation of building authorities ignores the real problems of funding schools by circumventing tax and debt limitations;

building authorities generally use revenues bonds to finance school construction; these bonds have higher interest rates than general obligation bonds; and

the public's right to voter approval of school construction is circumvented by authorities.

In addition to the statutes included in the appendix and the article on school construction financing that is Attachment A, we have also attached to this memorandum a matrix chart prepared by the Education Commission of the States (Attachment B) which shows the operating and capital funding methods for the fifty states. For your purposes, the headings which run horizontally across the page are the pertinent categories; the vertical axis pertains to methods of funding operational expenditures. Unfortunately, the chart does not include information on states which permit building authorities.

There is a table in Attachment A which does show methods of capital funding by states and does include information on authorities; however, our telephone interviews have indicated that there are several inaccuracies in this table. It should be noted that we obtained information in our conversations with school officials in other states that was not in agreement with either chart. Therefore, while these summary tables provide somewhat useful indicators of the degree to which various types of programs are used, it appears likely that both contain at least some errors with regard to specific programs in individual states.

If you have any questions, or if we can provide further assistance, please do not hesitate to contact us.

JS

Attachments





# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

March 3, 1988

TO: Representative Al Adams, Chairman  
House Finance Committee members

FROM: Judy Salo *JS*

RE: CSHB 380

NEA-Alaska supports and encourages the passage of Committee Substitute for House Bill 380. The amendment made in HESS was minor in our opinion and we support HB 380 with or without that amendment.

We submitted written testimony in February regarding our support of this bill and I am reiterating that support for the following reasons:

- A. The passage of this legislation would institute a very sound public policy relative to construction of Alaska school facilities.
- B. School needs in the state should be prioritized and met based on a standardized criteria.
- C. Especially with the changing economic climate in our state we must undertake school construction in the most responsible manner.

Representative Hanley raised some interesting points regarding the submission of a six year plan during the HESS Committee hearing. The fact is that the process will always be somewhat politicized, but the changes this legislation propose would move us toward a better planned approach to construction and the considerable monetary investment it represents.

Thank you for the opportunity to contribute renewed support of this important legislation.


JS/HBS80/dl

# Alaska MUNICIPAL League

TELEPHONE  
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801

TO: Representative Niilo Koponen, Co-Chair  
Representative Johnny Ellis, Co-Chair  
Members of House Health, Education and Social Services  
Committee

FROM: Scott A. Burgess, Executive Director 

DATE: February 17, 1988

SUBJECT: HB 380 - State Aid for School Construction

The Alaska Municipal League supports the concept of HB 380 to address school construction costs past, present and future. The legislation would provide a mechanism for the State to meet its obligation to reimburse municipalities for school construction debt at statutory levels and to more effectively control the State's future capital cost in meeting its Constitutional responsibility for education. While the AML generally supports the direction of the bill, specific problems with HB 380 may arise during the hearings that must be addressed in order to implement the program.

HB 380 would continue the school debt reimbursement program for debt incurred prior to July 1, 1988. All school construction after that date would be financed by grants awarded on a state-wide priority basis. The bill reflects the efforts of the Department of Education and municipal and school officials who met during the interim as the School Construction Funding Review Committee to address the school construction program and the needs of municipalities and the State. The bill also responds to the moratorium on new school construction debt imposed as a part of SB 150 which passed the Legislature last year allowing municipalities to refinance existing debt. Governor Cooper had asked for the moratorium to give the State time to develop a mechanism to control future debt and state cost for school construction. The bill provides for that certainty for the Administration. HB 380 also maintains the Legislature prerogative to review priorities and determine the appropriation level on an annual basis. Presumably the new grant program will still retain local control over design and construction under state guidelines and the ability of municipalities and districts to pay for new facilities outside the grant program and to add to approved facilities beyond the "basics" at their cost.

House HESS Re: HB 380  
February 17, 1988  
Page 2

The shortcoming of the bill is the lack of guarantee that future appropriations will fully fund statutory obligations for debt reimbursement. While that guarantee does not exist now, i.e. it is subject to legislative appropriation, and cannot be given without a constitutional amendment or a ballot measure to authorize a state general obligation bond, the acceptance by municipalities of a grant process for future school construction is offered as a compromise in exchange for full funding of existing debt. Some commitment to this compromise by the Governor and the Legislature is needed.

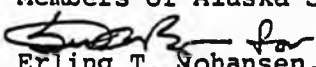
The AML supports the concept of HB 380 and looks forward to working with the sponsor and Legislature to crafting a bill that meets existing state obligations, the desire of the State to more effectively control future costs, and to meet the education needs of our children.

cc: Representative Swackhammer

# ALASKA CONFERENCE OF MAYORS

105 Municipal Way, Suite 301  
Juneau, Alaska 99801  
907 - 586-1325

TO: Governor Steve Cowper  
Members of Alaska State Legislature

FROM:   
Erling T. Johansen, President

DATE: February 15, 1988

SUBJECT: Positions on Legislation

The Alaska Conference of Mayors met in Juneau, February 9-10, 1988 and discussed a variety of legislative issues. With this letter and the enclosed resolutions, I am asking you to note the positions taken on several issues and consider them in your deliberations during the Second Session of the 15th Alaska State Legislature. State and local government leaders must work together in a partnership to address the problems facing Alaska so that the actions taken by the State do not restrict or burden the municipalities at the local level.

Enclosed are Alaska Conference of Mayors Resolutions Nos. 88-15, 17, 18 and 19, passed February 9, 1988 by the Alaska Conference of Mayors.

Resolution 88-15: Opposing reductions in U.S. Coast Guard budget  
Resolution 88-17: Supporting the Trans-Alaska Gas System  
Resolution 88-18: Supporting the school account legislation  
Resolution 88-19: Supporting the establishment of the Alaska Science Foundation

In addition to passing the above resolutions, the Alaska Conference of Mayors took action on several current and prospective legislative items:

Education funding: The ACoM passed a motion to support House CS for CS for Senate Bill 330 (HESS).

Tourism tax: The ACoM passed, unanimously, a motion endorsing the concept of a uniform state system of tourism taxation with the net receipts of those taxes to be distributed to tourism-impacted communities.

Alaska Railroad Corporation Board makeup: The ACoM passed a motion to support legislation increasing the Alaska Corporation Board from 7 to 9 members and that at least one member should be from Fairbanks, Seward and Anchorage (see HB 349).

School construction: The ACoM passed a motion to support the concept of funding current school construction debt at statutory levels and providing for all future school construction through a grant process as recommended in HB 380 introduced by Representative Swackhammer.

I hope you will consider the positions of the Alaska Conference of Mayors and that they will be helpful in guiding your action. If you have any questions, you can contact me in Cordova at 424-6200.

Enclosures



# Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 743-4801

BOROUGH ASSEMBLY

February 18, 1988

Co-Chairman Niilo E. Koponen  
Co-Chairman Johnny Ellis  
Health, Education and Social Services Committee  
House of Representatives  
State of Alaska  
Box B  
Juneau, AK 99811

and

Representative C.E. Swackhammer  
House of Representatives  
State of Alaska  
P.O. Box V  
Juneau, AK 99811

RE: House Bill 380

Dear Committee Members:

I am pleased to present Resolution Serial No. 88-025 supporting House Bill 380. The Assembly supports House Bill 380 since it establishes a needs-based program for school construction in the state of Alaska. The Bill establishes for a priority list of projects to be reviewed by the Department of Education based upon objective needs-based criteria. The affect of this bill, in the Borough's opinion, removes the decision to construct schools from the political process and provides for an objective needs-based approach to school construction. This approach should ensure that only those school projects that are truly required are constructed. House Bill 380 should also insure that unnecessary items such as saunas are not included in the cost of school construction.

Very truly yours,

*Dorothy A. Jones*  
Dorothy A. Jones, Mayor

DAJ:mlm

Encl:

(mlml:10001)

cc: Representatives Gruenberg, Donley, Hudson, Phillips and  
Hanley  
Representative Curt Menard  
Representative Ron Larson

Requested By: Assemblyman Cypra

MATANUSKA SUSITNA BOROUGH

Resolution No. 88- 025

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH, ALASKA, SUPPORTING HOUSE BILL 380 ENTITLED "AN ACT RELATING TO STATE AID FOR SCHOOL CONSTRUCTION; AND PROVIDING FOR AN EFFECTIVE DATE"

---

WHEREAS, the Matanuska-Susitna Borough has outstanding debt service obligations for school construction projects, and;

WHEREAS, the ability of the Matanuska-Susitna Borough to service its debt obligation is directly related to the percentage of debt reimbursement the state of Alaska appropriates for any given year, and

WHEREAS, Article VII, Sec. 1, of the Alaska State Constitution requires the state of Alaska to establish and maintain a system of public schools open to all children of the state of Alaska, and

WHEREAS, the definition of basic educational need has never been established in the state of Alaska, and

WHEREAS, basic educational need consists of programmatic needs for grades K through 12, collateral programs such as community schools, etc., pupil transportation and school debt reimbursement for capital construction costs incurred by municipalities, and

WHEREAS, the right to education in Article VII, Sec. 1, of the Alaska State Constitution requires the state to fully fund debt reimbursement programs for municipalities throughout the state, and

WHEREAS, House Bill 380 establishes a school construction grant account and a review procedure which sets forth objective standards for construction of public schools on a "needs" basis, and

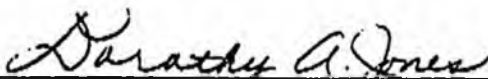
WHEREAS, the state of Alaska Department Review of Grant Applications provides objective criteria to analyze the necessity for a school construction project in the state of Alaska, and

WHEREAS, House Bill 380 authorizes the state of Alaska to disapprove a project if it is not in the best interest of the state, and

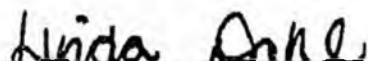
NOW, THEREFORE, BE IT RESOLVED THAT THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH, ALASKA:

Supports House Bill 380.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough, Alaska, this 1 day of March, 1988.

  
\_\_\_\_\_  
Dorothy A. Jones, Mayor

ATTEST:

  
\_\_\_\_\_  
Linda Dahl, Clerk

(SEAL)

(mlml:r0003)

5-1606X  
Ford  
3/15/88

Original sponsors: Swackhammer and Navarre

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
 2 CS FOR HOUSE BILL NO. 380 (Finance)  
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 4 FIFTEENTH LEGISLATURE - SECOND SESSION  
 5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construc-  
 7 tion; establishing a school construction policy task  
 8 force; and providing for an effective date."

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

10 \* Section 1. AS 14.11.100(c) is amended to read:

11 (c) The school construction account is established. Funds to  
 12 carry out the provisions of this section shall be included within the  
 13 general appropriation bill submitted to the legislature under AS 37.-  
 14 07.020 and may be appropriated annually by the legislature to the  
 15 account. If amounts in the account are insufficient for the purpose  
 16 of providing the share to which a borough or city is entitled under  
 17 this section, those funds that are available shall be distributed pro  
 18 rata among the eligible local governments except that the legislature  
 19 may direct that additional debt service on refunding bonds that ex-  
 20 ceeds the total debt service on the refunded bonds be disregarded in  
 21 whole or in part.

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

23 (j) Except as provided in (1) of this section, the state may not  
 24 allocate money to a municipality for a school construction project  
 25 under (a)(5) of this section unless the municipality complies with the  
 26 requirements of (1) - (4) of this subsection, the project is approved  
 27 by the commissioner before the local vote on the bond issue for the  
 28 project, and the local vote occurs before July 1, 1987, or after  
 29 June 30, 1990 [1988]. In approving a project under this subsection,

1 the commissioner shall require

2 (1) the municipality to include on the ballot for the bond  
3 issue the estimated total cost of each project including estimated  
4 total interest, estimated annual operation and maintenance costs, the  
5 estimated amounts that will be paid by the state and by the municipal-  
6 ity, and the approximate amount that would be due in annual taxes on  
7 \$100,000 in assessed value to retire the debt;

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

11 (3) that the bonds must be repaid in approximately equal  
12 annual principal payments or approximate equal debt service payments  
13 over a period of at least 10 years;

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

16 (A) projected long-term student enrollment that indi-  
17 cates the district has inadequate facilities to meet present or  
18 projected enrollment; or

19 (B) facilities that require repair or replacement in  
20 order to meet health and safety laws or regulations or building  
21 codes.

22 \* Sec. 3. TASK FORCE CREATED. (a) The school construction policy task  
23 force is established by the legislature to recommend options for planning,  
24 financing, and constructing public elementary and secondary schools in the  
25 state. Members of the task force serve without compensation, but the  
26 public member is entitled to per diem and travel expenses authorized by law  
27 for state boards under AS 39.20.180.

28 (b) Membership on the task force consists of

29 (1) the governor or a designee of the governor;

1 (2) one public member appointed by the governor;

2 (3) two senators appointed by the president of the senate,  
3 one of whom shall co-chair the task force;

4 (4) two members appointed by the speaker of the house, one  
5 of whom shall co-chair the task force;

6 (5) one representative of the State Board of Education;

7 (6) one representative of local government or school dis-  
8 trict interests from each judicial district, appointed by the gover-  
9 nor; and

10 (7) one representative of rural educational attendance  
11 areas, appointed by the governor.

12 (c) By January 19, 1990, the task force shall report its rec-  
13 ommendations to the legislature.

14 \* Sec. 4. Section 3 of this Act is repealed June 30, 1990.

15 \* Sec. 5. This Act takes effect July 1, 1988.

Original sponsors: Swackhammer, Navarre  
and Zawacki

1 IN THE HOUSE  
2 CS FOR HOUSE BILL NO. 380 (HESS)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to state aid for school construc-  
7 tion; 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(13) is amended to read:  
10 (13) administer the grants awarded under AS 14.11 [AS 14.-  
11 11.020];  
12 \* Sec. 2. AS 14.07.170 is amended by adding a new subsection to read:  
13 (b) The board shall review grant applications recommended under  
14 AS 14.11.013 and may approve grant applications under AS 14.11.015.  
15 \* Sec. 3. AS 14.08.101(7) is amended to read:  
16 (7) recommend to the department projects for construction,  
17 rehabilitation, and improvement of schools and education-related  
18 facilities as specified in AS 14.11.011(b) [AS 14.11.010(a)], and  
19 plan, design, and construct the project when the responsibility for it  
20 is assumed under AS 14.11.020;  
21 \* Sec. 4. AS 14.11 is amended by adding a new section to read:  
22 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is  
23 created a school construction grant fund as an account in the general  
24 fund. The fund shall be used to make grants to districts in the state  
25 public school system for the costs of school construction. Legisla-  
26 tive appropriations for school construction shall be deposited in the  
27 fund, and the proceeds from the sale of general obligation bonds for  
28 school construction may be deposited in the fund.  
29 \* Sec. 5. AS 14.11 is amended by adding new sections to read:

1           Sec. 14.11.011. GRANT APPLICATIONS. (a) A district may submit  
2 a grant request to the department for a school construction grant.

3           (b) To be eligible for a school construction grant the district  
4 shall submit

5           (1) a six-year capital improvement plan no later than  
6 September 1 of the fiscal year before the fiscal year for which the  
7 request is made; the six-year plan must contain for each proposed  
8 project a detailed scope of work, a project budget, and documentation  
9 of conditions justifying the project; and

10           (2) evidence that the district has secured and will main-  
11 tain adequate property loss insurance for the replacement cost of all  
12 facilities for which state funds are available under AS 14.11.005, or  
13 a program of insurance acceptable to the department.

14           Sec. 14.11.013. DEPARTMENT REVIEW OF GRANT APPLICATIONS. (a)  
15 With regard to projects for which grants are requested under AS 14.-  
16 11.011, the department shall

17           (1) annually review the six-year plans submitted by each  
18 district and recommend to the board a revised and updated six-year  
19 construction grant schedule that serves the best interests of the  
20 state and each district; in recommending projects for this schedule,  
21 the department shall verify that each proposed project qualifies as a  
22 project required to

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

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

26           (C) protect the structure of existing school facil-  
27 ities;

28           (D) correct building code deficiencies that require  
29 major repair or rehabilitation in order for the facility to

1 continue to be used for the educational program;  
2 (E) achieve an operating cost savings;  
3 (F) modify or rehabilitate facilities for the purpose  
4 of improving the instructional program;  
5 (G) meet an educational need not specified in (A) -  
6 (F) of this paragraph, identified by the department;  
7 (2) prepare an estimate of the amount of money needed to  
8 finance each project;  
9 (3) provide to the governor, by November 1, and to the  
10 legislature within the first 10 days of each regular legislative  
11 session, a revised and updated six-year construction grant schedule  
12 together with a proposed schedule of appropriations.  
13 (b) In establishing priorities among projects for which grants  
14 are requested, the department shall evaluate at least the following  
15 factors:  
16 (1) emergency requirements;  
17 (2) priorities assigned by the district to the projects  
18 requested;  
19 (3) the number of students without classroom space;  
20 (4) new local elementary and secondary programs;  
21 (5) existing regional, community, and school facilities,  
22 and their condition; and  
23 (6) alternate options for accomplishing the project's  
24 objectives.  
25 (c) The department may reject project requests and omit them  
26 from the six-year schedule due to  
27 (1) incomplete information or documentation provided by the  
28 district;  
29 (2) a determination by the department that existing

1 facilities can adequately serve the program requirements, or that  
2 alternative projects are in the best interests of the state;

3 (3) a determination that the project is inappropriate for  
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BY SWACKHAMMER

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HOUSE BILL NO. 380

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state aid for school construc-  
7 tion; 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(13) is amended to read:

10 (13) administer the grants awarded under AS 14.11 [AS 14.-  
11 11.020];

12 \* Sec. 2. AS 14.07.170 is amended by adding a new subsection to read:

13 (b) The board shall review grant applications recommended under  
14 AS 14.11.013 and may approve grant applications under AS 14.11.015.

15 \* Sec. 3. AS 14.08.101(7) is amended to read:

16 (7) recommend to the department projects for construction,  
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18 facilities as specified in AS 14.11.011(b) [AS 14.11.010(a)], and  
19 plan, design, and construct the project when the responsibility for it  
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22 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is  
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25 public school system for the costs of school construction. Legisla-  
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1           Sec. 14.11.011. GRANT APPLICATIONS. (a) A district may submit  
2 a grant request to the department for a school construction grant.

3           (b) To be eligible for a school construction grant the district  
4 shall submit

5           (1) a six-year capital improvement plan no later than  
6 September 1 of the fiscal year before the fiscal year for which the  
7 request is made; the six-year plan must contain for each proposed  
8 project a detailed scope of work, a project budget, and documentation  
9 of conditions justifying the project; and

10          (2) evidence that the district has secured and will main-  
11 tain adequate property loss insurance for the replacement cost of all  
12 facilities for which state funds are available under AS 14.11.005, or  
13 a program of insurance acceptable to the department.

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15 With regard to projects for which grants are requested under AS 14.-  
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18 district and recommend to the board a revised and updated six-year  
19 construction grant schedule that serves the best interests of the  
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7 (2) prepare an estimate of the amount of money needed to  
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