

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

HB 37 cont. 434 25

1 * Sec. 13. AS 14.14.060 is amended by adding a new subsection to read:

2 (i) Notwithstanding (e) and (f) of this section, a borough
3 assembly and a borough school board may divide the duties imposed
4 under (e) and (f) of this section by agreement between the borough
5 assembly and borough school board.

6 * Sec. 14. AS 46.11.900(8) is amended to read:

7 (8) "state financial assistance" means a loan, grant,
8 guarantee, insurance, payment, rebate, subsidy, or other form of state
9 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11,
10 [AS 14.11.100 - 14.11.135,] and AS 29.60, including the purchase by a
11 state agency of a loan to finance the construction of a new resi-
12 dential, commercial, or industrial building;

13 * Sec. 15. AS 46.11.900(8) is amended to read:

14 (8) "state financial assistance" means a loan, grant,
15 guarantee, insurance, payment, rebate, subsidy, or other form of state
16 assistance other than aid under AS 05.35.010 - 05.35.070, [AS 14.11,]
17 and AS 29.60, including the purchase by a state agency of a loan to
18 finance the construction of a new residential, commercial, or indus-
19 trial building;

20 * Sec. 16. AS 14.11.010, 14.11.105, 14.11.110, 14.11.115, 14.11.120,
21 and 14.11.125 are repealed.

22 * Sec. 17. AS 14.03.150; AS 14.07.020(a)(13), 14.07.170(b); AS 14.08.-
23 101(7); and AS 14.11 are repealed.

24 * Sec. 18. Notwithstanding AS 14.11.013(b), added by sec. 6 of this
25 Act, the Department of Education shall award school construction grants in
26 the following order:

27 (1) projects required to avert imminent danger or correct
28 life-threatening situations;

29 (2) projects that are in their final phase as of January 1,

1 1989, and that have received more than \$2,500,000 in school construc-
2 tion grant funds; and

3 (3) other projects approved under AS 14.11.015, added by
4 sec. 6 of this Act.

5 * Sec. 19. Except for secs. 15 and 17 of this Act, this Act takes
6 effect July 1, 1989.

7 * Sec. 20. Sections 15 and 17 of this Act take effect July 1, 1995.
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Ford
passed
on 4/12

A M E N D M E N T

by BROWN

OFFERED IN THE HOUSE

TO: CSHB 37()

Page 9, line 27 after "on":

Insert "(i)"

Page 9, line 27, after "AS 14.07.020(11)":

Insert ", or

(ii) outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality before July 1, 1989, and reauthorized before November 1, 1989, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11)"

**ANCHORAGE SCHOOL DISTRICT
 SCHEDULE OF CAPITAL PROJECTS
 FEBRUARY 15, 1989**

**PROJECTS AUTHORIZED BY THE DEPARTMENT OF EDUCATION
 AND THE VOTERS OF THE MUNICIPALITY OF ANCHORAGE:
 FOR WHICH NO GENERAL OBLIGATION BONDS HAVE BEEN ISSUED**

PROJECT NUMBER	PROJECT DESCRIPTION	AMOUNT	STATUS
05-86-108	CHUGIAK MBER-ELEMENTARY SCHOOL	\$12,000,000	CONSTRUCT FY 92-93
05-86-114	SADE II/SEARCH FACILITY (NEW)	\$6,000,000	CONSTRUCT FY 89-90
05-86-109	PLANNING/DES. NEW JR HIGH SCH.	\$1,500,000	ON HOLD
05-86-111	BAYSHORE ELEMENTARY ADDITION	\$3,600,000	REPROGRAM (A)
05-86-112	CAMPBELL ELEMENTARY ADDITION	\$4,950,000	REPROGRAM (A)
05-86-116	BIRCHWOOD ELEMENTARY ADDITION	\$2,500,000	REPROGRAM (A)
	TOTAL	\$30,550,000	

AMOUNT TO BE REPROGRAMMED \$11,050,000

SOUTH ANCHORAGE ELEMENTARY SCHOOL \$11,500,000

CS for HB 37 (FIN) APPEALS PROCESS

STATUTORY TIME FRAME	APPROX. DATE	ACTION
November 5		DOE provides public notice of approved grant applications
By December 1		DOE holds public hearing on established priorities
By December 1		Request for reconsideration must be received by DOE
15 days	December 16	DOE decision due
15 days	December 31	District may appeal DOE's decision to Commissioner
10 days	January 11	Commissioner appoints a hearing officer
60 days after appt.	March 13	Hearing officer issues decision
	Board meeting	Board of Education considers hearing officer findings
10 days	*April 20	Board of Education decision due in writing
		District may appeal to Superior Court

* April 20th date is contingent upon the date the Board meets.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99689
(907) 262-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 465-2889

House of Representatives CHANGES IN PROPOSED CS for HB 37 (FIN)

The following changes have been adopted by the House Finance Subcommittee on HB 37.

1. The appeals process defined under AS 14.11.016 is modified. Under CS for HB 37 (HESS), the appeal process was too lengthy and could last well past the end of a legislative session. Appeals for the commissioner's consideration and one review by the Board of Education were eliminated. The commissioner is still involved in the process but only to appoint a hearing officer. This function was handled by the board under the original legislation. An appeal may now be reviewed by all parties, with the exception of Superior Court review, by April 20th. The final date is, however, contingent upon the date the board meets. An outline of the new appeals process is attached.
2. In conjunction with the appeals process, the subcommittee adopted an amendment which establishes November 5th, rather than November 15, as the date the Department of Education must provide public notice of the grant applications which have been submitted and prioritized. The same amendment establishes that public hearings for the priority list must be held no later than December 1. The HESS committee substitute did not include a date for the public hearings. These dates are important in establishing the initial time line for the appeals process.
3. Section 14.11.017 (a) (2) of the HESS CS was moved to Section 14.11.011. This specifies that proposed projects not be part of a preventive maintenance program or a regular custodial care program. It was felt this subsection was more appropriate under the grant applications section (AS 14.11.011) rather than the school construction grant conditions (AS 14.11.017).
4. References to number of students affected by the project and not establishing priorities among projects based only on the number of students has been deleted.
5. Section 10 of the HESS committee substitute has been removed. This section set up an allocation of appropriations for school construction should either priority one projects under the new school construction grant account or the account for debt retirement be funded at less than 100%.

6. A new section, Section 18, is added which places schools that are in their final phase of construction before January 1, 1989, in the priority list. This category is a priority after projects required to avert imminent danger or correct life-threatening situations. Three schools fit under this category - Glennallen, Thorne Bay and Mountain Village.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 465-2889

SECTIONAL ANALYSIS OF PROPOSED CS FOR HOUSE BILL 37 (FIN)

SECTION ONE REQUIRES A SCHOOL DISTRICT OR MUNICIPALITY TO PURCHASE AND MAINTAIN PROPERTY INSURANCE FOR THE REPLACEMENT COST OF ALL SCHOOL FACILITIES AND EQUIPMENT. THE POLICY MAY CONTAIN A DEDUCTIBLE AMOUNT WITH DEPARTMENT APPROVAL. A SCHOOL DISTRICT MAY MAINTAIN A SELF-INSURANCE PROGRAM IF THE DEPARTMENT DETERMINES THAT ADEQUATE EVIDENCE HAS BEEN SUBMITTED TO INSURE THAT THE POLICY COVERS ALL FACILITIES AND EQUIPMENT. THE DEPARTMENT IS REQUIRED TO PURCHASE INSURANCE WITHIN THIRTY DAYS AFTER NOTIFICATION BY THE DEPARTMENT SHOULD A SCHOOL DISTRICT FAIL TO MAINTAIN ADEQUATE COVERAGE. A SCHOOL CONSTRUCTION GRANT MAY NOT BE AWARDED TO A MUNICIPALITY OR SCHOOL DISTRICT THAT DOES NOT HAVE ADEQUATE COVERAGE. THE AMOUNT OF STATE FOUNDATION AID FOR WHICH A SCHOOL DISTRICT MAY QUALIFY MAY BE REDUCED BY ANY AMOUNT PAID BY THE DEPARTMENT FOR INSURANCE COVERAGE.

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

SECTION THREE ESTABLISHES BOARD OF EDUCATION REVIEW OF GRANT APPLICATIONS AND FINAL APPROVAL FOR GRANTS.

A TECHNICAL CHANGE IS ADDRESSED IN SECTION FOUR 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 FIVE. LEGISLATIVE APPROPRIATIONS FOR SCHOOL CONSTRUCTION WOULD BE DEPOSITED IN THE FUND AND GENERAL OBLIGATION BOND SALE PROCEEDS MAY ALSO BE DEPOSITED. GRANTS FOR SCHOOL CONSTRUCTION MAY BE MADE FROM THIS ACCOUNT BY THE DEPARTMENT.

SECTION SIX ADDS NEW SECTIONS TO AS 14.11.

1: THE FIRST NEW SECTION (AS 14.11.011) OUTLINES THE APPLICATION PROCESS. PROJECT APPLICATIONS WOULD BE REQUIRED FOR ALL REQUESTS AS PART OF A SIX YEAR CAPITAL IMPROVEMENT PLAN. INCLUDED IN THE SIX YEAR PLAN IS A DESCRIPTION OF THE DISTRICT'S FIXED ASSET INVENTORY SYSTEM AND PREVENTIVE MAINTENANCE PROGRAM. (A FIXED ASSET WOULD BE ANYTHING OVER A FIXED AMOUNT OF MONEY WHOSE LIFE IS MORE THAN X NUMBER OF YEARS. A REQUIREMENT IS ADDED THAT ALL FACILITIES IN THE DISTRICT BE INSURED FOR REPLACEMENT COST). EVIDENCE MUST ALSO BE SUBMITTED THAT THE PROPOSED PROJECT IS A CAPITAL CONSTRUCTION PROJECT AND NOT A PREVENTIVE MAINTENANCE OR REGULAR CUSTODIAL CARE PROGRAM.

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;
- ACHIEVE A MAJOR COST SAVINGS;
- MODIFY OR REHABILITATE FACILITIES TO IMPROVE INSTRUCTIONAL PROGRAMS; OR,
- MEET ANOTHER EDUCATIONAL NEED.

THE REVISED AND UPDATED SIX YEAR SCHEDULE WILL BE SUBMITTED TO THE GOVERNOR BY NOVEMBER 1 AND TO THE LEGISLATURE WITHIN THE FIRST 10 DAYS OF EACH REGULAR LEGISLATIVE SESSION WITH A PROPOSED SCHEDULE OF APPROPRIATIONS.

THE DEPARTMENT WOULD PLACE ALL PROJECTS ON ONE LIST, ELIMINATING THE TWO SEPARATE PRIORITIZED LISTS; ONE FOR R.E.A.A.'S, THE OTHER FOR MUNICIPAL SCHOOL DISTRICTS. 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. GRANTS ARE TO BE AWARDED IN THE PRIORITIES AS ESTABLISHED BY THE DEPARTMENT. AT LEAST ONE OF THE FOLLOWING FACTORS WILL BE EVALUATED BY THE DEPARTMENT WHEN ESTABLISHING PRIORITIES:

- EMERGENCY REQUIREMENTS;
- PRIORITIES ASSIGNED BY THE SCHOOL DISTRICT TO THE PROJECTS REQUESTED;
- NEW LOCAL ELEMENTARY AND SECONDARY PROGRAMS;
- EXISTING REGIONAL, COMMUNITY AND SCHOOL FACILITIES AND THEIR CONDITION;
AND,
- ALTERNATE EDUCATION PROGRAM 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;
- EXISTING FACILITIES CAN ADEQUATELY SERVE PROGRAM REQUIREMENTS OR THAT ALTERNATIVE PROJECTS ARE IN THE BEST INTERESTS OF THE STATE; OR,
- 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.

PUBLIC NOTICE OF GRANT APPLICATIONS SHALL BE PROVIDED BY NOVEMBER 5TH. PUBLIC HEARINGS WILL THEN BE HELD BY DECEMBER 1ST REGARDING THE PRIORITIES ESTABLISHED AMONG PROJECTS FOR WHICH GRANTS ARE REQUESTED.

3: UNDER AS 14.11.015, THE DEPARTMENT CANNOT AWARD A GRANT UNLESS THE APPLICATION IS APPROVED BY THE BOARD. GRANTS WILL BE AWARDED IN THE ORDER OF THE PROJECTS' PRIORITY ON THE DATE THE APPROPRIATION BILL IS PASSED BY THE LEGISLATURE, REGARDLESS OF PENDING APPEALS. IN THE EVENT A PROJECT IS ASSIGNED A NEW PRIORITY RANKING AFTER GOING THROUGH THE APPEAL PROCESS, THE PROJECT MUST BE FUNDED IN ACCORDANCE WITH THE NEW PRIORITY RANKING AT THE NEXT TIME SCHOOL CONSTRUCTION GRANTS ARE AWARDED. THIS WILL OCCUR IF THE LEGISLATURE HAS ALREADY PASSED THE APPROPRIATION BILL FUNDING THE ACCOUNT.

4: ESTABLISHES AN ADMINISTRATIVE AND JUDICIAL REVIEW PROCESS UNDER AS 14.11.016 AND AS OUTLINED UNDER THE ADMINISTRATIVE PROCEDURES ACT (AS 44.62). AN OUTLINE OF THE APPEALS PROCESS IS ATTACHED TO THIS SECTIONAL.

5: ADDS AS 14.11.017 WHICH PROVIDES AUTHORITY TO THE DEPARTMENT TO ESTABLISH GUIDELINES FOR SCHOOL CONSTRUCTION GRANTS. THE MUNICIPALITY OR DISTRICT IS REQUIRED TO:

- AGREE TO CONSTRUCTION OF FACILITY OF APPROPRIATE SIZE AND USE MEETING DEPARTMENTAL CRITERIA;
- PROVIDE ASSURANCE THAT THE COST OF THE PROJECT IS COMPARABLE WITH COSTS OF CURRENT CONSTRUCTION PROJECTS IN THE AREA;
- ACCOUNT FOR ALL EQUIPMENT PURCHASED FOR THE PROJECT UNDER A FIXED ASSET INVENTORY SYSTEM APPROVED BY THE DEPARTMENT. (MANY SCHOOL DISTRICTS HAVE ALREADY ADOPTED THIS SYSTEM TO CONTROL AND MAINTAIN INVENTORY PURCHASED UNDER THIS GRANT).
- SUBMIT PROJECT BUDGETS AND AGREE THAT THE GRANT AMOUNT MAY BE REDUCED OR INCREASED DUE TO CONTRACT VARIANCE FROM BUDGET AMOUNTS APPROVED BY THE DEPARTMENT;
- SUBMIT A PLAN FOR SCHOOL CONSTRUCTION WHICH INCLUDES EDUCATIONAL SPECIFICATIONS, FINAL CONSTRUCTION DRAWINGS AND CONTRACT DOCUMENTS. THIS MUST BE ACCOMPLISHED PRIOR TO THE AWARDED OF THE CONSTRUCTION CONTRACT.

THE COST OF ANY SCHOOL CONSTRUCTION ACTIVITY IS PAYABLE UNDER A GRANT WITHOUT REGARD TO COSTS INCURRED PRIOR TO AWARDED OF THE GRANT, APPROVAL OF THE GRANT APPLICATION BY THE BOARD OR EFFECTIVE DATE OF THE APPROPRIATION TO THE CONSTRUCTION GRANT ACCOUNT FOR THE YEAR IN WHICH THE GRANT IS FUNDED.

6: ADDS AS 14.11.019 WHICH REQUESTS THE GOVERNOR TO INCLUDE AN APPROPRIATION FOR SCHOOL CONSTRUCTION GRANTS IN THE GENERAL APPROPRIATION BILL SUBMITTED TO THE LEGISLATURE.

SECTION SEVEN ESTABLISHES A JULY 1, 1989, TERMINATION DATE FOR REIMBURSEMENT ELIGIBILITY OF DEBT SERVICE PROJECTS AND ESTABLISHES A JULY 1, 1990, TERMINATION DATE FOR THE CASH PAYMENT REIMBURSEMENT PROGRAM. THE LATTER PROVIDES A YEAR'S GRACE DURING THE PHASE IN OF THE NEW STATUTE.

SECTION EIGHT AMENDS AS 14.11.100 (C). THIS SECTION PROVIDES THAT FUNDS FOR THE SCHOOL CONSTRUCTION ACCOUNT (SCHOOL BOND DEBT REIMBURSEMENT) SHALL BE INCLUDED WITHIN THE GENERAL APPROPRIATION BILL SUBMITTED TO THE LEGISLATURE UNDER AS 37.07.020.

SECTION NINE CHANGES AS 14.11.102 TO REMOVE REFERENCE TO EVALUATION OF PROJECTS REQUESTED BY SCHOOL DISTRICTS THAT MAY BE ELIGIBLE FOR DEBT REIMBURSEMENT.

SECTION TEN EXPLAINS THAT A SCHOOL DISTRICT IS NOT PROHIBITED FROM USING OTHER REVENUES TO EXPAND OR ADD FACILITIES AS PART OF APPROVED SCHOOL CONSTRUCTION PROJECTS.

SECTION ELEVEN MODIFIES THE DEFINITION OF SCHOOL CONSTRUCTION. THE REIMBURSABLE COSTS FOR SCHOOL CONSTRUCTION PRIOR TO JULY 1, 1989, ARE OUTLINED.

A NEW PARAGRAPH TO AS 14.11.135 IS ADDED IN SECTION TWELVE. THIS ENSURES THE DEFINITION OF DISTRICT CONFORMS TO THE DEFINITION REFERENCED IN AS 14.12.010.

AS 14.14.060 IS AMENDED IN SECTION THIRTEEN BY ADDING A NEW SUBSECTION. THIS ALLOWS THE MUNICIPALITY AND THE SCHOOL DISTRICT TO DIVIDE DUTIES IMPOSED UNDER AS 14.14.060 (e) AND (f). SUBSECTION (e) DEFINES THE RESPONSIBILITY FOR THE DESIGN CRITERIA OF SCHOOL BUILDINGS. SUBSECTION (f) REFERS TO THE RESPONSIBILITY FOR CUSTODIAL SERVICES AND ROUTINE MAINTENANCE.

SECTION FOURTEEN ADDS STATUTORY REFERENCE OF AS 14.11 FOR THE SCHOOL CONSTRUCTION GRANT ACCOUNT TO THE DEFINITION OF STATE FINANCIAL ASSISTANCE IN AS 46.11.900 (8).

SECTION FIFTEEN IS ANOTHER TECHNICAL AMENDMENT ELIMINATING THE REFERENCE TO AS 14.11 UPON SUNSET OF THE LEGISLATION. THIS SECTION DEFINES STATE FINANCIAL ASSISTANCE.

SIX SECTIONS ARE REPEALED IN SECTION SIXTEEN.

- AS 14.11.010 RELATING TO RECOMMENDATION AND EVALUATION OF PROJECTS IS REPLACED BY THE NEW SECTION FOUR WHICH ADDRESSES GRANT APPLICATIONS.
- AS 14.11.105, THE PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT, IS NO LONGER NECESSARY.
- AS 14.11.110, ELIGIBILITY, IS REPEALED BECAUSE IT APPLIES TO APPROVAL OF PROJECTS PROPOSED FOR DEBT RETIREMENT.
- 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.

SECTION SEVENTEEN REPEALS THE CHANGES MADE BY THIS LEGISLATION ON JULY 1, 1995.

A NEW SECTION IS ADDED IN SECTION EIGHTEEN WHICH REQUIRES THE DEPARTMENT OF EDUCATION TO AWARD GRANTS TO SCHOOLS THAT WERE IN THEIR FINAL PHASE OF CONSTRUCTION PRIOR TO JANUARY 1, 1989, AND HAVE RECEIVED MORE THAN \$2.5 MILLION IN SCHOOL GRANT FUNDS. THREE SCHOOLS - GLENNALLEN, THORNE BAY AND MOUNTAIN VILLAGE - FIT THIS CRITERIA. THIS PRIORITY FOLLOWS PROJECTS REQUIRED TO AVERT IMMINENT DANGER OR CORRECT LIFE THREATENING SITUATIONS.

SECTION NINETEEN ESTABLISHES JULY 1, 1989 AS THE EFFECTIVE DATE OF ALL SECTIONS WITH THE EXCEPTION OF SECTIONS 15 AND 17.

SECTION TWENTY ENACTS SECTIONS 15 AND 17 ON JULY 1, 1995.

CS for HB 37 (FIN) APPEALS PROCESS

STATUTORY TIME FRAME	APPROX. DATE	ACTION
November 5		DOE provides public notice of approved grant applications
By December 1		DOE holds public hearing on established priorities
By December 1		Request for reconsideration must be received by LOE
15 days	December 16	DOE decision due
15 days	December 31	District may appeal DOE's decision to Commissioner
10 days	January 11	Commissioner appoints a hearing officer
60 days after appt.	March 13	Hearing officer issues decision
	Board meeting	Board of Education considers hearing officer findings
10 days	*April 20	Board of Education decision due in writing
		District may appeal to Superior Court

* April 20th date is contingent upon the date the Board meets.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 465-2689

CHANGES IN CS for HB 37 (HESS)

1. The legislation now sunsets in 1995, rather than 1993.
2. The HESS CS removes language that will re-establish the bond reimbursement program once the proposed program sunsets in 1995. The legislature must take action either to institute a new program or maintain the proposed program by adopting a new sunset date prior to 1995.
3. References to district have been changed to a "municipality that is a school district or a regional attendance area" throughout the bill. These changes occur on page 2, line 3; page 3, line 1; page 3, line 4; page 8, line 18; and, page 12, line 6. This language change was adopted in order to keep consistent the duties assumed by municipalities and school districts under current statutes.
4. On page 4, line 25, language is changed from "students without classroom space" to "students affected by the project" and page 5, line 26, adds a new subsection (f) addressing number of students. This states that the number of students affected by the project may be considered when establishing priorities but would not be the sole factor when making a determination.
5. Section 10 is amended by beginning the allocation process in 1991 rather than 1990 and renumbering the corresponding fiscal years accordingly. This allows implementation of the program after this year's appropriations and for the regulations to be approved.
6. Section 12 adds all costs associated with the school bond debt reimbursement program. This corrects an oversight and makes all costs associated with the current program reimbursable. These costs were not included in the original draft.
7. A new subsection is added to AS 14.14.060 which allows the municipality and the school district, by an agreement between the two entities, to divide duties imposed under AS 14.14.060 (e) and (f). Subsection (e) defines the responsibility for the design criteria of school buildings. Subsection (f) refers to the responsibility for custodial services and routine maintenance.

8. A new section is added which requests the Department of Education to endeavor to complete construction of public schools that were in the final phase of construction before January 1, 1989. Primarily three schools - Glennallen, Thorne Bay and Mountain Village - fit under this category.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



SOLDOTNA
312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU
BOX V
JUNEAU, ALASKA 99811
(907) 465-2689

House of Representatives

SECTIONAL ANALYSIS OF CS FOR HOUSE BILL 37 (HESS)

SECTION ONE REQUIRES A SCHOOL DISTRICT OR MUNICIPALITY TO PURCHASE AND MAINTAIN PROPERTY INSURANCE FOR THE REPLACEMENT COST OF ALL SCHOOL FACILITIES AND EQUIPMENT. THE POLICY MAY CONTAIN A DEDUCTIBLE AMOUNT, WITH THE APPROVAL OF THE DEPARTMENT. A SCHOOL DISTRICT MAY MAINTAIN A SELF-INSURANCE PROGRAM IF THE DEPARTMENT DETERMINES THAT ADEQUATE EVIDENCE HAS BEEN SUBMITTED INSURING THAT THE POLICY WILL COVER ALL FACILITIES AND EQUIPMENT. THE DEPARTMENT IS REQUIRED TO PURCHASE INSURANCE SHOULD A SCHOOL DISTRICT FAIL TO MAINTAIN ADEQUATE COVERAGE WITHIN THIRTY DAYS AFTER NOTIFICATION BY THE DEPARTMENT. A SCHOOL CONSTRUCTION GRANT MAY NOT BE AWARDED TO A MUNICIPALITY OR SCHOOL DISTRICT THAT DOES NOT HAVE ADEQUATE COVERAGE. THE AMOUNT OF STATE FOUNDATION AID FOR WHICH A SCHOOL DISTRICT MAY QUALIFY MAY BE REDUCED BY ANY AMOUNT PAID BY THE DEPARTMENT FOR INSURANCE COVERAGE.

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

SECTION THREE ESTABLISHES BOARD OF EDUCATION REVIEW OF GRANT APPLICATIONS AND FINAL APPROVAL FOR GRANTS.

A TECHNICAL CHANGE IS ADDRESSED IN SECTION FOUR 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 FIVE. LEGISLATIVE APPROPRIATIONS FOR SCHOOL CONSTRUCTION WOULD BE DEPOSITED IN THE FUND AND GENERAL OBLIGATION BOND SALE PROCEEDS MAY ALSO BE DEPOSITED. GRANTS FOR SCHOOL CONSTRUCTION MAY BE MADE FROM THIS ACCOUNT BY THE DEPARTMENT.

SECTION SIX ADDS NEW SECTIONS TO AS 14.11.

1: THE FIRST NEW SECTION (AS 14.11.011) OUTLINES THE APPLICATION PROCESS. PROJECT APPLICATIONS WOULD BE REQUIRED FOR ALL REQUESTS AS PART OF A SIX YEAR CAPITAL IMPROVEMENT PLAN. INCLUDED IN THE SIX YEAR PLAN IS A DESCRIPTION OF THE DISTRICT'S FIXED ASSET INVENTORY SYSTEM AND PREVENTIVE MAINTENANCE PROGRAM. (A FIXED ASSET WOULD BE ANYTHING OVER A FIXED AMOUNT OF MONEY WHOSE LIFE IS MORE THAN X NUMBER OF YEARS. 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;
- ACHIEVE A MAJOR COST SAVINGS;
- MODIFY OR REHABILITATE FACILITIES TO IMPROVE INSTRUCTIONAL PROGRAMS; OR,
- MEET ANOTHER EDUCATIONAL NEED.

THE REVISED AND UPDATED SIX YEAR SCHEDULE WILL BE SUBMITTED TO THE GOVERNOR BY NOVEMBER 1 AND TO THE LEGISLATURE WITHIN THE FIRST 10 DAYS OF EACH REGULAR LEGISLATIVE SESSION WITH A PROPOSED SCHEDULE OF APPROPRIATIONS.

THE DEPARTMENT WOULD PLACE ALL PROJECTS ON ONE LIST, ELIMINATING THE TWO SEPARATE PRIORITIZED LISTS; ONE FOR R.E.A.A.'S, THE OTHER FOR MUNICIPAL SCHOOL DISTRICTS. 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. GRANTS ARE TO BE AWARDED IN THE PRIORITIES AS ESTABLISHED BY THE DEPARTMENT. AT LEAST ONE OF THE FOLLOWING FACTORS WILL BE EVALUATED BY THE DEPARTMENT WHEN ESTABLISHING PRIORITIES:

- EMERGENCY REQUIREMENTS;
- PRIORITIES ASSIGNED BY THE SCHOOL DISTRICT TO THE PROJECTS REQUESTED;
- NUMBER OF STUDENTS WITHOUT CLASSROOM SPACE;
- NEW LOCAL ELEMENTARY AND SECONDARY PROGRAMS;
- EXISTING REGIONAL, COMMUNITY AND SCHOOL FACILITIES AND THEIR CONDITION;
AND,
- ALTERNATE EDUCATION PROGRAM 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;
- EXISTING FACILITIES CAN ADEQUATELY SERVE PROGRAM REQUIREMENTS OR THAT ALTERNATIVE PROJECTS ARE IN THE BEST INTERESTS OF THE STATE; OR,
- 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.

PUBLIC NOTICE OF GRANT APPLICATIONS SHALL BE PROVIDED BY NOVEMBER 15TH. PUBLIC HEARINGS WILL THEN BE HELD REGARDING THE PRIORITIES ESTABLISHED AMONG PROJECTS FOR WHICH GRANTS ARE REQUESTED.

THE DEPARTMENT MAY NOT ESTABLISH PRIORITIES AMONG PROJECTS BASED ONLY ON THE NUMBER OF STUDENTS AFFECTED BY THE PROJECT.

3: UNDER AS 14.11.015, THE DEPARTMENT CANNOT AWARD A GRANT UNLESS THE APPLICATION IS APPROVED BY THE BOARD. GRANTS WILL BE AWARDED IN THE ORDER OF THE PROJECTS' PRIORITY ON THE DATE THE APPROPRIATION BILL IS PASSED BY THE LEGISLATURE, REGARDLESS OF PENDING APPEALS. IN THE EVENT A PROJECT IS ASSIGNED A NEW PRIORITY RANKING AFTER GOING THROUGH THE APPEAL PROCESS, THE PROJECT MUST BE FUNDED IN ACCORDANCE WITH THE NEW PRIORITY RANKING AT THE NEXT TIME SCHOOL CONSTRUCTION GRANTS ARE AWARDED. THIS WILL OCCUR IF THE LEGISLATURE HAS ALREADY PASSED THE APPROPRIATION BILL FUNDING THE ACCOUNT.

4: ESTABLISHES AN ADMINISTRATIVE AND JUDICIAL REVIEW PROCESS UNDER AS 14.11.016 AND AS OUTLINED UNDER THE ADMINISTRATIVE PROCEDURES ACT (AS 44.62).

5: ADDS AS 14.11.017 WHICH PROVIDES AUTHORITY TO THE DEPARTMENT TO ESTABLISH GUIDELINES FOR SCHOOL CONSTRUCTION GRANTS. THE MUNICIPALITY OR DISTRICT IS REQUIRED TO:

- AGREE TO CONSTRUCTION OF FACILITY OF APPROPRIATE SIZE AND USE MEETING DEPARTMENTAL CRITERIA;
- DEMONSTRATE THAT THE PROJECT IS NOT A PREVENTIVE MAINTENANCE NOR A REGULAR CUSTODIAL CARE PROGRAM;
- PROVIDE ASSURANCE THAT THE COST OF THE PROJECT IS COMPARABLE WITH COSTS OF CURRENT CONSTRUCTION PROJECTS IN THE AREA;
- ACCOUNT FOR ALL EQUIPMENT PURCHASED FOR THE PROJECT UNDER A FIXED ASSET INVENTORY SYSTEM APPROVED BY THE DEPARTMENT. (MANY SCHOOL DISTRICTS HAVE ALREADY ADOPTED THIS SYSTEM TO CONTROL AND MAINTAIN INVENTORY PURCHASED UNDER THIS GRANT).
- SUBMIT PROJECT BUDGETS AND AGREE THAT THE GRANT AMOUNT MAY BE REDUCED OR INCREASED DUE TO CONTRACT VARIANCE FROM BUDGET AMOUNTS APPROVED BY THE DEPARTMENT;
- SUBMIT A PLAN FOR SCHOOL CONSTRUCTION WHICH INCLUDES EDUCATIONAL SPECIFICATIONS, FINAL CONSTRUCTION DRAWINGS AND CONTRACT DOCUMENTS. THIS MUST BE ACCOMPLISHED PRIOR TO THE AWARDED OF THE CONSTRUCTION CONTRACT.

THE COST OF ANY SCHOOL CONSTRUCTION ACTIVITY IS PAYABLE UNDER A GRANT WITHOUT REGARD TO COSTS INCURRED PRIOR TO AWARDING OF THE GRANT, APPROVAL OF THE GRANT APPLICATION BY THE BOARD OR EFFECTIVE DATE OF THE APPROPRIATION TO THE CONSTRUCTION GRANT ACCOUNT FOR THE YEAR IN WHICH THE GRANT IS FUNDED.

6: ADDS AS 14.11.019 WHICH REQUESTS THE GOVERNOR TO INCLUDE AN APPROPRIATION FOR SCHOOL CONSTRUCTION GRANTS IN THE GENERAL APPROPRIATION BILL SUBMITTED TO THE LEGISLATURE.

SECTION SEVEN ESTABLISHES A JULY 1, 1989, TERMINATION DATE FOR REIMBURSEMENT ELIGIBILITY OF DEBT SERVICE PROJECTS AND ESTABLISHES A JULY 1, 1990, TERMINATION DATE FOR THE CASH PAYMENT REIMBURSEMENT PROGRAM. THE LATTER PROVIDES A YEAR'S GRACE DURING THE PHASE IN OF THE NEW STATUTE.

SECTION EIGHT AMENDS AS 14.11.100 (C). THIS SECTION PROVIDES THAT FUNDS FOR THE SCHOOL CONSTRUCTION ACCOUNT (SCHOOL BOND DEBT REIMBURSEMENT) SHALL BE INCLUDED WITHIN THE GENERAL APPROPRIATION BILL SUBMITTED TO THE LEGISLATURE UNDER AS 37.07.020.

SECTION NINE CHANGES AS 14.11.102 TO REMOVE REFERENCE TO EVALUATION OF PROJECTS REQUESTED BY SCHOOL DISTRICTS THAT MAY BE ELIGIBLE FOR DEBT REIMBURSEMENT.

SECTION TEN ADDRESSES THE ALLOCATION OF FUNDS BETWEEN THE OLD SCHOOL CONSTRUCTION DEBT RETIREMENT ACCOUNT AND THE NEW SCHOOL CONSTRUCTION GRANT ACCOUNT SHOULD THE AMOUNT TO FUND EITHER PROGRAM BE LESS THAN FULL ENTITLEMENT.

SECTION ELEVEN EXPLAINS THAT A SCHOOL DISTRICT IS NOT PROHIBITED FROM USING OTHER REVENUES TO EXPAND OR ADD FACILITIES AS PART OF APPROVED SCHOOL CONSTRUCTION PROJECTS.

SECTION TWELVE MODIFIES THE DEFINITION OF SCHOOL CONSTRUCTION. THE REIMBURSEABLE COSTS FOR SCHOOL CONSTRUCTION PRIOR TO JULY 1, 1989, ARE OUTLINED.

A NEW PARAGRAPH TO AS 14.11.135 IS ADDED IN SECTION THIRTEEN. THIS ENSURES THE DEFINITION OF DISTRICT CONFORMS TO THE DEFINITION REFERENCED IN AS 14.12.010.

AS 14.14.060 IS AMENDED IN SECTION FOURTEEN. THIS ALLOWS THE MUNICIPALITY AND THE SCHOOL DISTRICT TO DIVIDE DUTIES IMPOSED UNDER AS 14.14.060 (e) AND (f). SUBSECTION (e) DEFINES THE RESPONSIBILITY FOR THE DESIGN CRITERIA OF SCHOOL BUILDINGS. SUBSECTION (f) REFERS TO THE RESPONSIBILITY FOR CUSTODIAL SERVICES AND ROUTINE MAINTENANCE.

SECTION FIFTEEN ADDS STATUTORY REFERENCE OF AS 14.11 FOR THE SCHOOL CONSTRUCTION GRANT ACCOUNT TO THE DEFINITION OF STATE FINANCIAL ASSISTANCE IN AS 46.11.900 (8).

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

SIX SECTIONS ARE REPEALED IN SECTION SEVENTEEN.

- AS 14.11.010 RELATING TO RECOMMENDATION AND EVALUATION OF PROJECTS IS REPLACED BY THE NEW SECTION FOUR WHICH ADDRESSES GRANT APPLICATIONS.
- AS 14.11.105, THE PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT, IS NO LONGER NECESSARY.
- AS 14.11.110, ELIGIBILITY, IS REPEALED BECAUSE IT APPLIES TO APPROVAL OF PROJECTS PROPOSED FOR DEBT RETIREMENT.
- 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.

SECTION EIGHTEEN REPEALS THE CHANGES MADE BY THIS LEGISLATION ON JULY 1, 1995.

A NEW SECTION IS ADDED IN SECTION NINETEEN WHICH REQUESTS THE DEPARTMENT OF EDUCATION TO ENDEAVOR TO COMPLETE SCHOOLS THAT WERE IN THEIR FINAL PHASE OF CONSTRUCTION PRIOR TO JANUARY 1, 1989. THREE SCHOOLS - GLENNALLEN, THORNE BAY AND MOUNTAIN VILLAGE - FIT THIS CRITERIA.

SECTION TWENTY ESTABLISHES JULY 1, 1989 AS THE EFFECTIVE DATE OF ALL SECTIONS WITH THE EXCEPTION OF SECTIONS 16 AND 18.

SECTION TWENTY-ONE ENACTS SECTIONS 16 AND 18 ON JULY 1, 1995.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 465-2889

House of Representatives

SUMMARY OF HOUSE BILL 37

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

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

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

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

House Bill 37 addresses both the accountability and equity issues in school construction.

The proposed legislation would:

- * Require districts to submit a six year plan for school construction to the state, updated on an annual basis.
- * Require DOE to review, evaluate and recommend projects for approval

by the State Board of Education. Each project would be assigned a priority. Top priority would be given to projects required to avert imminent danger or correct life-threatening situations. A single, prioritized list would be approved by the State Board. An appeals process is also established for districts contesting the priority assigned to a project. (The priority criteria is currently under review by a subcommittee of the Alaska Coalition for Education).

- * Establish a new school construction grant fund to hold legislative appropriations for school construction. The legislature would appropriate funds to the grant fund, but not for individual projects. Projects would then be funded in priority order to the extent of the funding.
- * Require all districts to maintain property insurance for replacement cost of all school facilities and equipment. An uninsured loss could jeopardize the system by catapulting a replacement project to the top of the list.
- * All state funded new construction would be funded by this process. The state would not reimburse municipalities for bonds sold after passage of the bill. When the bonds which have been previously sold are retired, all state funding for school construction would be by direct appropriation through the grant account. This does not preclude a municipality from selling bonds to finance school construction, but the state would not be responsible for any of the debt incurred through a reimbursement program.

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

On January 3, 1989 the sub-committee appointed by the coalition for education met in Anchorage to discuss two concerns relating to HB37. Concern number one involved the appeal process that is written into the bill. Concern number two related to the application of the criteria for project evaluation by the Department of Education.

Consensus of the committee was that if the criteria for prioritization was reviewed and modified that the concern relating to the appeal process would be greatly reduced. As a result of this decision a committee was appointed to review the Department's present process for evaluating projects.

This committee consisted of the following people:

James Tozer, Chair, Department of Education
Rick Arndt, Anchorage School District
John Dahlgren, Kenai Peninsula Borough Schools
John Witteveen, Kodiak Island Borough Schools
Len Mackler, Fairbanks North Star Borough Schools
Richard Holden, Consultant for Bering Strait Schools
Harry Rogers, Valdez City Schools
Ed Gonion, Bering Strait Schools was to appoint a
Superintendent to represent small school districts.

On January 12, 1989, this committee met in Anchorage and reached the following conclusions:

1. The seven categories contained in the bill and currently used by Department would remain unchanged.
2. Number of students affected would no longer be a consideration in prioritizing projects.
3. The Bill would remain unchanged with regard to the department's role in project prioritization.
4. The Department by regulation would develop criteria and procedures for project evaluation and prioritization within the seven identified categories.
5. The District's ranking of its own projects.
6. If two or more projects are rated in such a manner as to cause a tie, the projects will be listed as a tie.
7. On-site visits by DOE staff before prioritization of Health Life Safety projects.

After reaching these conclusions the committee made the following recommendations concerning the means for prioritizing projects in the top two categories. In order to be eligible for consideration as a priority one project the district must clearly demonstrate that conditions exist which are a direct threat to the life, health and/or safety of the building occupants, in this case building occupants refers primarily to school children. It is further recommended that the Department develop a check list for evaluating individual projects with respect to the following:

1. Fire code violations as documented by the State Fire Marshal and the evaluation of corroborating evidence provided by A&E Firms, building maintenance personnel.
2. Structural problems which if left unattended could result in structural failure. Such structural problems must be identified by a structural engineer, building maintenance personnel, DOE staff, or other qualified technical experts.
3. Problems, or potential problems, relating to sewage, water, air, and/or hazardous materials as identified by the Department of Environmental Conservation and/or supported by other evidence supplied by the District.
4. The availability of alternative means to house students or otherwise provide the required educational services.
5. The number of years that the project has been on the Department's prioritize list and not funded.
6. Emergency situations or natural disasters which have caused total or partial destruction of the facility.

The committee's recommendations for priority type two, unhoused students, are as follows:

1. Number and/or percentage of students over the building's design capacity.
2. Demographic analysis of community or District.
3. Number of years project has been on the Department's priority list but remain unfunded.
4. Analysis of existing alternatives and District's capabilities for alternative housing and the District's current solution to the existing problem.

Due to time constraints and other considerations the committee chose not to review the last five categories. If the coalition of education approves the means described above for prioritization of projects within the first two categories, the Committee would be willing to continue to address the remaining categories in a similar manner.

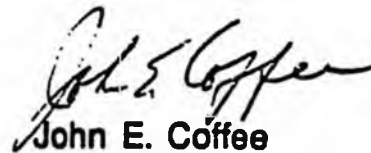
Copper River Schools
Box 108
Glennallen, AK 99588

February 21, 1989

Dear Legislator:

I have enclosed a copy of a Copper River School District position paper on House Bill 37 and the need to complete construction of Glennallen Secondary School. Your support of this project will be appreciated.

Sincerely,



John E. Coffee
Educational Planner
South East Regional Resource Center
210 Ferry Way, Suite 200
Juneau, AK 99801

JC/dec

Copper River School District



Superintendent's Office
Box 108
Glennallen, Alaska 99588
(907) 822-3234

POSITION PAPER-SCHOOL CAPITAL CONSTRUCTION FUNDING

Copper River School District supports House Bill 37 which addresses many school construction issues including debt containment. In particular, House Bill 37 calls for FY'90 school construction funds to be used as follows:

- 89%-for retirement of school construction debt
- 11%-a grant account to fund school health/life safety projects

The grant account gradually becomes a larger percentage over the next decade until it reaches 62% of the total in FY'99. We feel this is a good long range plan. However, as HB 37 is now written, a few substantially completed school projects will remain unfinished. All are highly rated projects that have received large financial commitments from the State in recent years, but due to cost were phased.

Special attention needs to be given this legislative session to those projects that are planned, partially constructed and have only a final phase to complete. Only projects in Glennallen, Thorne Bay and Mountain Village fit this description. We suggest a two-year window be built into HB. 37 whereby funds to complete these schools would be made available out of the grant account in FY'90 and FY'91. \$10,500,000 is required to complete these projects, which the State has an obligation to finish.

Our District's Glennallen Secondary School is two-thirds complete. A final phase of classrooms and vocational facilities remains to be funded and constructed. State funding has supported this project regularly since 1984.

Facts about the Glennallen Secondary School Project:

•Funding History

FY'84 \$1,000,000	design and site development
FY'86 \$3,000,000	phase I construction
FY'87 \$2,500,000	phase II construction
FY'88 \$ 100,000	<u>phase II construction</u>
\$6,600,000	total State commitment

•Construction Cost

48,850 square feet of educational space has been constructed in phases I and II. Total project

cost has been just under \$140. per square foot. In addition to State funding, over \$200,000 in interest funds have helped to pay for this project. This has been a model construction project with virtually no change orders (under \$20,000.). These phases have included general classroom space, the library, multi-purpose areas, business education classroom and supplementary spaces. This construction now ends and is sealed off at a point where Phase III will be added to complete the school.

•Phase III Needs & Costs

24,929 square feet of educational space needs to be constructed to complete the school. Even though phases I & II are fully operational there is an extreme need for classroom space, much of it specialized space. Exact spaces needed:

Secondary classrooms -2,800 sq. ft.
Science classrooms -3,200 sq. ft.
Vocational education facilities -8,800 sq. ft.
(Automechanics, welding, computer facilities, etc.)

Completion of business education facility-
1,400 sq. ft.
Home economics facility-2,200 sq. ft.
Supplementary spaces- 6,529 sq. ft.

Phase III cost will be \$4,337,646. Total project cost for phase III should be just under \$175. per square foot. Specialized facilities account for the somewhat higher square foot cost of phase III along with increased mobilization costs since the contractor has left the site.

It is our position that consideration should be given to setting aside a portion of grant account funds in HB. 37 to insure completion of partially finished school projects to which substantial amounts of State funding has already been devoted. The problem would be solved if this could be done for FY '90 and, possibly FY '91. Projects, such as our Glennallen Secondary School Project, which are over 50% complete, should be finished before new school projects are begun.



ANNETTE ISLANDS SCHOOL DISTRICT

P.O. Box 7 • Metlakatla, AK 99926

Accredited by Northwest Accreditation Association.

Superintendent's Office
(907) 886-5332

High School Principals Office
(907) 886-6000

Elementary Principals Office
(907) 886-4121

February 20, 1989

REPRESENTATIVE C. E. SWACKHAMMER
PO Box V
Juneau, AK 99811

Dear Rep. Swackhammer,

Last week I had an opportunity to discuss House Bill 37 with Tom Wright who is associated with your office. He called to get some reaction to the language in House Bill 37. I would like to make the following remarks.

First, as a concept I favor the idea of having an organized method of managing the capital construction projects that are required to appropriately offer educational programs in the State of Alaska. I believe that most superintendents, regardless of the size of their school district or the manner in which the school districts are organized, (REAA, single site, dual site, city and borough), also support some form of orderly distribution of construction monies.

The system that is set forth in House Bill 37 suffers lack of support from small school districts and single site and dual site school districts for the following reasons:

1. The perception is that this is a bill which is designed primarily to solve the economic problems associated with past construction in the larger school districts.
2. The ratio between debt redemption and new construction costs clearly places the past expenditure decisions of the larger school districts as the first priority for payment.
3. The structure of the bond redemption verses new construction schedule, particularly when tied into the five year sunset provision, assures that larger school districts who have already indebted themselves for projects, based upon questionable need, receive higher priority consideration than real life-safety issues in all other school districts. This is to say that under the current language, eighty-nine percent of the total amount allocated, some \$120 million, will be granted to five or six school districts to redeem their debts which were, in many cases, unrelated to life-safety considerations. The only opportunity that the other school districts, under current language considerations, will have to receive capital improvement project monies is by qualifying within the priority of life-safety category.

4. Because of the sunset provision, the small schools and rural schools will probably never receive any substantial help. This situation is further complicated by the fact that the larger school districts will also be competing for additional monies within the eleven percent (11%) which is not identified for bond redemption. These school districts with their teams of architects, engineers, attorneys, and administrators, will have a substantially easier time validating their claimed needs than will a superintendent in a small school district who is also the principal and perhaps the music teacher. The point being, that the Department of Education has always been more responsive to large city schools because of their size. This is another bill which is designed to favor the condition of the large school district at the expense of the small and rural school districts.

Some remediation which the small schools and rural schools need in order to make House Bill 37 acceptable include the following:

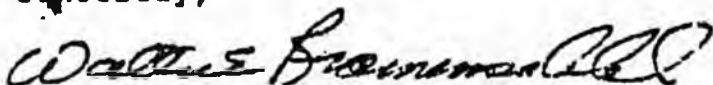
1. A better balance between debt redemption and new construction with some provisions which will guarantee the small schools and rural schools access to a greater amount of new construction money even in the first year of House Bill 37.
2. Within the new construction category a balance between life-safety issues and an effort to provide equitable school facilities in all school districts across the state.

Currently, the larger school districts enjoy substantially better facilities than do the small districts and rural districts. It is not uncommon for larger school districts to have complete gymnasias attached to each school, a separate music facility including band and choral facilities, extensive physical education grounds near buildings, outdoor recreation facilities such as ice rinks and running tracks, paved parking lots and covered walkway areas between buildings. None of these are enjoyed by the Metlakatla community, nor, I believe, in other communities throughout the State of Alaska which are located in rural environments.

I would be happy to meet with you or to converse with you regarding this topic. The Small Schools Consortium has committed itself to be supportive of an appropriately designed House Bill 37 and, in return, would be pleased to receive your support for the legislation which is being introduced on behalf of the single site and dual site school districts. That legislation calls for a minor revision in the finance formula which amounts to approximately a one-percent (1%) increase in educational funding to be distributed among twenty-eight representative school districts.

Representative Swackhammer, I want you to know that I am actively campaigning in favor of House Bill 37 providing it carries with it appropriate revisions which will guarantee that single site and dual site school districts will, in fact, be dealt with in an equitable fashion. The current language is unacceptable, but I am confident that the differences which exist related to language can be worked out in a way which would make it easy for superintendents and boards of education throughout the State to support your bond redemption and new construction interests.

Sincerely,



Walter E. Bromenschenkel, Ed.D.
Superintendent of Schools
Wmschc

HB 37



IDITAROD
Area School District

POST OFFICE BOX 105 • McGRATH, ALASKA 99627 • (907) 524-3599

February 15, 1989

The Honorable Kay Wallis
Alaska State Legislature
PO Box V (MS3100)
Juneau, Alaska 99811

Dear Kay,

I certainly hope this finds you feeling better. You've had more than your share of health problems this last year.

Representative Swackhammer did an excellent job conducting the teleconference on HB 4 and HB37 yesterday. We expressed our concerns and I felt he really listened to us.

Our main concern with HB 37 is the lack of an on-site independent assessment of capital projects which would be used by the State Board of Education in assigning funding priorities. In the Bill's present form the State Board will be assigning priorities based on the project documentation provided by the school districts.

I believe this will work in favor of large districts that have professional building trades people on staff and budgets to hire other consultants to prepare the required documentation. Small districts with limited budgets will not be able to generate the documentation of their need for capital projects on an equal basis. An independent onsite review of high priority requests is needed to assure equal consideration for capital improvement grants.

We do support the concept of HB 37. Unless there are restrictions placed on State obligations for reimbursement of debt retirement there will not be enough revenue to fund any small district capital improvement projects.

I appreciated the opportunity to discuss our concerns with Pat and Terry when I was in Juneau last month. I felt they were on top of the issues that were important to rural Alaska.

Sincerely,


Terry Chase
Facilities Coordinator

TAC/stc

NORTH SLOPE BOROUGH

OFFICE OF THE MAYOR

P.O. Box 69
Barrow, Alaska 99723

Phone: 907-852-2611

George N. Anmaogak, Sr., Mayor



February 10, 1989

Representative Eileen P. MacLean
House District 22
Juneau, AK

Dear Eileen:

I have reviewed and analyzed the work draft of House Bill 37 in light of the Borough's capital requirements for educational funding, which focus primarily on the reconstruction of Ipalook Elementary School, and have suggestions for modifications to it which I request that you consider and forward to Representative Swackhammer.

Although the Borough has benefitted from the School Debt Reimbursement program, I favor urging the state to move in a direction away from School Debt Reimbursement and toward a Direct Support Capital Program. In principle, under the proposed state-level granting format, the emphasis on education can become more concise, rather than remaining local, where insular economic vagaries often affect the quality of education that students receive state-wide.

HISTORY

As you are aware, exactly a year ago, a quarter of the 20 year-old Ipalook Elementary School facility was destroyed by fire, displacing 265 pupils to temporary and inadequate classroom space. Insurance on the segment destroyed would cover most of the costs to replace the 12 classrooms that were lost. However, the remaining Ipalook Elementary facility contains asbestos at levels which are federally unacceptable, and, moreover, is insufficient to handle the current as well as projected student population. It is, therefore, the Borough's desire to replace the facility.

FUNDING ISSUES

Although the bill permits school debt reimbursement on "grandfathered" debt retirement incurred prior to July 1, 1989 and recovery for cash expenditures incurred prior to July 1, 1990, I am reluctant to attempt to sell bonds within the former time frame (if at all), and, in the latter option, do not feel that the Borough

has adequate cash reserves to self-fund the entire project as it has been proposed.

The Borough's preference on review of this bill is that language be included which allows an exception to be made as a precondition, to grant fund the rebuild of Ipalook Elementary School, as an emergency replacement, rather than allowing the project to be subject to ranking through review criteria.

It appears that the table which addresses the allocation between the Grant account and the Reimbursement account would favor those municipalities (including the Borough) holding shorter debt maturities. The language of the bill should reflect through formulae or otherwise that no municipality would be adversely affected because of its "grandfathered" status.

REVIEW CRITERIA

The review criteria for the department to follow in ranking projects are vague and appear to be subject to both subjective and political determinations. There appears to be no provision for emergency replacement of facilities, as illustrated by Ipalook Elementary's # 32 ranking in a list of 170 proposed projects.

It is easy for me to envision the Ipalook project becoming caught somewhere in the middle of the qualification process and fairing poorly either way. Given the nature of the criteria, I don't see how the Ipalook Project could win through the grant process within the time frame that we require, for the good of our students, to replace it. Furthermore, were we to self-fund the rebuild, we would be severely penalized by the time moratoria.

ADMINISTRATIVE PROCEDURES

The Grant application procedures and the Administrative and Judicial Review procedures are cumbersome to the point of overkill. I would hope that in subsequent drafts of this legislation, the procedures could be more clearly codified for the benefit of all applicants.

Equity should be central in the grant qualification criteria. The uniqueness of educational settings and opportunities in rural Alaska should not be a matter of disadvantageous comparison, such as Barrow versus Anchorage. I suggest that school superintendents, who are intimately familiar with the concept of equity between school districts, be included in the discussions of the development of qualification criteria. After all, they fight the battle over operating dollars every year.

SUBMITTAL REQUIREMENTS

The stipulation requiring the development of a six year plan creates a further problem not addressed by emergency requirements, in that a project budget as submitted timely, if placed at the long end of a six-year track, will necessarily require modification, due

to changing economic conditions in terms of labor, capital, and material costs, and their normal interim increases.

INSURANCE

There are a number of references to the necessity for adequate insurance coverage, but in no case is the term "adequate" defined. I would like to see a definition developed. Furthermore, while it is obviously in the best interests of the state to protect its investment, the stipulations do not allude to the existence of alternatives to traditional insurance plans.

The Borough is presently covering "first dollar" portions of losses through the maintenance of a Self Insurance Retention (SIR) Reserve. Incorporation of the SIR in our insurance plan not only permits the Borough to bid more competitively for coverage in excess of our SIR, but makes us a vitally interested insuring partner in loss control efforts, while reducing premiums. I suggest that the bill be modified to stipulate that grantees submit proof of insurance somewhere in the process prior to the final grant payment.

Additionally, it should be noted that the Borough has constructed and owns, as well as insures, School District facilities. If this type of relationship is assumed in directing the bill toward School Districts, I request that it be quantified for purposes of clarity.

I appreciate your efforts on our behalf in this matter. For the sake of our children, I hope that you will convey our concerns regarding the necessity to recover as quickly as possible from the devastating fire loss at Ipalook.

Best regards,

George N. Ahmaogak, Sr.

George N. Ahmaogak, Sr., Mayor

cc: Senator Al Adams

STEVE COWPER
GOVERNOR

HB 37



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 21, 1989

Ms. Twyla Coughlin
Associate Director
South East Regional
Resource Center
210 Ferry Way, Suite 200
Juneau, AK 99801

Dear Ms. Coughlin:

Thank you for sharing your concerns about the unfinished school construction projects at Glennallen and Thorne Bay. I understand that revenue shortfalls have limited available school construction funding to life safety priority projects in recent years, and it appears that funding will be inadequate this year to fund even a major portion of the health life safety projects requested by school districts.

I agree with your comment that HB 37 has great merit. I support a new school construction program which would allocate our limited resources on a needs basis.

For any new program to work it will need broad based support so that adequate appropriations are generated through the legislative process each year. If that happens, then certainly an approach like HB 37 could do the job for Glennallen, Thorne Bay and other schools across Alaska. Thanks again for your insight into this important public policy issue.

By copy of this letter, I will share your thoughts concerning a priority set-aside for the completion of phased projects with the sponsor of House Bill 37, Representative Swackhammer.

Sincerely,

Steve Cowper
Governor

cc: Representative Swackhammer



SOUTH EAST REGIONAL RESOURCE CENTER, INC.

210 Ferry Way, Suite 200 • Juneau, AK 99801
Phone: (907) 586-6806

JAN 30 1989

January 27, 1989

GOVERNOR'S OFFICE

The Honorable Steve Cowper, Governor
State of Alaska
Juneau, AK

Dear Governor Cowper:

As consideration is given to which school construction projects should be funded for FY '90, special attention needs to be given to a few projects that have received State funding over the years and are now partially complete. I am writing to bring such a project to your attention. Since 1984 the Copper River Schools Glennallen School project has been receiving State funds so that various phases could be completed. The school is now two-thirds complete, with only the final phase to go. Through the years the project has always received a high State Department of Education rating in the unhouseed student category. Funding has been allotted as follows:

FY '84 - \$1,000,000	design and site development
FY '86 - \$3,000,000	phase I construction
FY '87 - \$2,500,000	phase II construction
FY '88 - \$ <u>100,000</u>	phase II construction
\$6,600,000	total State commitment

The final third phase that now needs to be funded and completed will cost \$4,337,546 and will include 24,929 square feet of education space (secondary classrooms, science classrooms, vocational education areas, business education classroom, home economics classroom and supplementary spaces). These areas are necessary so that a comprehensive secondary school program can be offered in Glennallen.

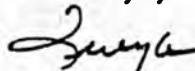
There is great merit to House Bill 37 which addresses many school construction issues in a straight forward, orderly fashion. As you know, House Bill 37 calls for FY '90 school construction funds to be used as follows:

- 89% - for retirement of school construction debt
- 11% - a grant account to fund school health/life safety projects

I wish to suggest that consideration be given to setting aside a portion of the grant account funds to insure completion of partially finished school projects to which substantial amounts of State funding has already been devoted. If this could be done for FY '90 and, possibly, FY '91, the few projects that fit this description could be completed. I know of only two school projects Statewide that are over half completed and have been high State priorities. They cannot be funded under the current version of House Bill 37 because they have not been designated to be health/life safety projects. The projects are the Glennallen Secondary School and a school at Thorne Bay.

Thank you for your consideration of this suggestion. Should further information be necessary, I shall be pleased to provide it.

Sincerely yours,



Twyla G. Coughlin, Associate Director
South East Regional Resource Center

LD/lac

cc: Senator Jack Coghill
Representative Dick Shultz
Leland Dishman, Supt., Copper River Schools



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

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

January 13, 1989

To: Rep. Dave Donley, Chair
Members, House Labor & Commerce Committee

Re: House Bill No. 37; "An Act relating to insurance for school facilities and equipment and state aid for school construction and providing for an effective date."

NEA-Alaska supports and encourages your expeditious attention to HB 37.

It provides for a fair, equitable, and orderly procedure and process which is essential in determining priorities for school construction costs. For far too long Alaska has needed such a systematic approach.

The requirement that each district develop a 6-year capital improvement plan is commendable in that it will raise a consciousness which is essential to more effective planning and use of limited financial resources. The Legislature and Administration, as a result, will have a more dynamic and reliable data base relating to statewide needs.

The appeals procedure is another highly commendable component of the bill in that it provides each district an opportunity to have a comprehensive review of an adverse determination. Further, its presence in the process will only serve to build confidence in this new approach.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Secretary

cc: Rep. Swackhammer

f1j89h37

ASSOCIATION OF ALASKA SCHOOL BOARDS

316 W. 11th St. • Juneau, Alaska 99801-1510 • (907) 586-1083

POSITION PAPER

HB37 DEBT RETIREMENT

AASB recognizes the need for sound public policy that will provide for a fair and equitable balance between the costs of school debt retirement and future capital construction of schools.

The Association of Alaska School Boards supports and encourages passage of HB 37 regarding debt retirement and school construction. We believe the bill address the issue of past and future construction needs in a fair and equitable way.

This bill provides sound public policy in four specific areas:

1. The bill includes an insurance clause to protect the state's investment in schools. The bill provides for "first dollar coverage" for property loss insurance. This means school districts would be required to provide adequate property loss insurance. The Department of Education will monitor this requirement and determine if insurance coverages are adequate. If DOE determines inadequate coverage exists, DOE will purchase first dollar coverage for individual school districts and in turn will withhold the costs of coverage from the district's foundation allotment.
2. The bill curtails state involvement in future municipal bonded indebtedness for future school construction.
3. The bill addresses the issue of retirement of current state bonded debt.
4. The bill provides for a statewide competitive grant program for future school construction needs. This means that future school construction funds will be distributed from one construction account. Regulations will be developed to determine priority status of projects and a process of appeal.

The purpose of this bill is to address the state's bonded school construction debt and to control future capital improvement spending in view of the current state financial situation.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Resolution 211

Supporting Proposed New School Construction Legislation


WHEREAS, the Alaska Coalition for Education has been working to draft legislation replacing the current debt retirement system with a school construction grant program; and,

WHEREAS, the Fairbanks North Star Borough Board of Education's support of any new program for funding school construction is contingent on state reimbursement of existing bond indebtedness and upon equitable treatment of both organized boroughs and REAA's; and,

WHEREAS, the Fairbanks Board of Education believes the most recent draft legislation (6-0083E, dated 11/9/88) with its amendment providing a 90-10% ratio between debt reimbursement and new construction funds addresses most of their concerns;

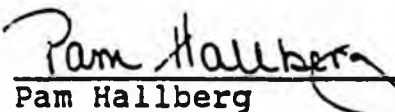
NOW, THEREFORE, BE IT RESOLVED that the Fairbanks Board of Education supports the most recent version of "An Act relating to insurance for school facilities and equipment and state aid for school construction," along with the aforementioned amendment, provided that the proposed legislation includes specific language acknowledging the state's responsibility to provide for the capital needs of on-base schools.

PASSED AND APPROVED DECEMBER 6, 1988.



Mike Kramer, President
Board of Education

ATTEST:



Pam Hallberg
Secretary to the Board

Kodiak Island Borough School District Board of Education
Position on 1989 Proposed Legislation

SB-10 Educational Funding Deadlines

The Kodiak School Board supports the concept of early funding of the foundation program prior to March 15, 1989. Early funding prior to that date will enable school districts to know the level of state support prior to the issuance of tenured teacher contracts. In addition, it is critical that full funding of the educational unit remain at the \$60,000 level.

HB-15, HB-31, SB-15 Collective Bargaining

The Kodiak School Board opposes collective bargaining legislation resulting in binding arbitration in any form. If legislation is passed resulting in binding arbitration local school districts must be protected from an increase in operating costs due to arbitration. Terms and conditions of employment should also be considered as part of any legislation on binding arbitration.

HB-6 Pacific-Rim Language

The Kodiak School Board supports legislation to assist local school districts to provide Pacific-Rim language study programs. The Kodiak School District has close ties with many Pacific-Rim nations through our fisheries and also has a large migrant population from several Pacific-Rim nations.

HB-37 School Construction

The Kodiak School Board is supportive of legislation that supports payment of the ~~bonded~~ indebtedness of Borough and City school districts. The school district is also supportive of the grant program to fund future school projects, provided that the criteria used to establish placement of those projects on a state-wide priority basis are objective and clear to all districts. The criteria as presented for the grant program are acceptable as submitted in the bill. Department of Education regulations must be implemented to ensure that the criteria meet the test of objectivity and clarity.



REC 020 - 1 11 1988
SUPERINTENDENT

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

MEMORANDUM

TO: Alaska Coalition for Education

FROM: Dick Clevenger, Superintendent
Ketchikan Gateway Borough School District

DATE: November 29, 1988

RE: Proposed School Construction Bill (formerly HB 380)

First I would like to apologize for not being in attendance, but local negotiations demand my time and efforts on this date. On behalf of my Board of Education and School District I want to commend the Coalitions efforts to speak to the educational priorities of the State of Alaska. Trying to represent the diversity of the Alaskan educational community is not an easy task.

Please inform Representative Swackhammer we support his efforts to reduce current construction debt and control new construction costs. It appears that the recent draft of the school construction bill calls for accountability on the part of both those submitting construction request and those responsible for approving such requests. Understanding the realities of the political process and the requirement to speak to all sides of an issue - Sec. 14.11.127 Allocation of Appropriation For School Construction (percentages) represents a necessary item for the bills success as it travels the legislative road to passage.

Again Ketchikan has a real need, asbestos and the related renovation/construction costs at Kayhi. A need we have no control over, but one we are willing to meet as a district and community. Ketchikan

Alaska Coalition for Education
November 29, 1988
Page -2-

ranks at the top in the state for local financial support of education, we have maintained the high school facility for 34 years, while many others have built for the sake of building. We would hope that Ketchikan does not have to pay a price for being fiscally responsible.

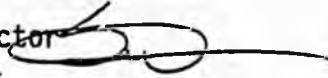
Once again we support the logic of retiring past construction debt and controlling new construction costs. Certainly we support accountability when it comes to spending educational dollars. Please let me know the results of the December 8th meeting.

Alaska
MUNICIPAL
League

TELEPHONE
(907) 586-1125

217 SECOND ST., SUITE 200
JUNEAU, ALASKA 99801

TO: Representative Ron Larson, Co-Chair
Representative Lyman Hoffman, Co-Chair
Members of the House Finance Committee

FROM: Scott A. Burgess, Executive Director 

DATE: April 12, 1989

SUBJECT: Proposed CSHB 37 (FIN) - School Construction Program

The Alaska Municipal League supports the House Finance Subcommittee's proposed CSHB 37 (FIN). The AML formed the AML Task Force on HB 37/SB 100 to review the legislation, follow it through the legislative process, and to work for its passage as an AML priority.

Legislation resolving the issues surrounding the school construction debt reimbursement program is one of the AML's top legislative priorities for 1989 as outlined in our Municipal Platform. Similar legislation was introduced by Representative Swackhammer in the Second Session of the 15th Alaska Legislature, HB 380. This legislation was developed jointly by municipal officials, school officials, legislators and the Department of Education in response to SB 150 and the moratorium imposed on new school debt and requested by Governor Cowper to give the Administration time to develop legislation to provide more state control over school construction and cost.

There have been several revisions of the current reimbursement levels over the years and just as many attempts to change the program. The major State concern has been the lack of control it had over school construction costs and specifically its obligation to reimburse municipalities for school debt incurred to meet the State's school construction needs. Municipalities have suffered shortfalls in the amount of state reimbursement obligations in the amount of over \$29 million since FY 85. Both the State and municipalities and REAA's are concerned that adequate schools are built to meet the education needs of Alaskans.

Municipalities are sacrificing a lot in supporting HB 37. Specifically, some local control, guaranteed reimbursement of existing debt, no new debt reimbursement, and any certainty for future school construction.

o Loss of local control - 1) Municipalities will no longer be able to respond as well to local needs and demands for schools by bonding with assistance of the State, and 2) the decisions of what schools will be built is left entirely left to the State Board of Education and the legislature.

o Little guarantee for existing debt - The proposed legislation does not provide any guarantee or even intent language that the State will meet its debt reimbursement obligations in the future to those municipalities with existing debt other than the commitments made in the hearings on HB 37 and under existing statutes.

o No new debt reimbursement - Under the proposed legislation, the State would no longer reimburse municipalities for new school debt.

o No future certainty - New schools will be built depending on the state appropriations to the new account either directly or through state general obligation bond funds. Also, as proposed, the State's school construction program sunsets entirely as of 1995.

However, the AML believes the benefits of HB 37 outweigh the sacrifices. The benefits include a commitment to existing debt reimbursement, 100 percent funding, some local control, equity, a priority system, and state control.

o Commitment to existing debt - The existing statutes entitle municipalities to be reimbursed for a statutorily defined amount of debt for school construction. Municipalities are supporting the proposed legislation with the understanding that the legislature and the Governor will meet its obligations under AS 14.11.100 (NOTE: the Governor's commitment in HB 100 to full funding of debt in FY 90 with the passage of legislation similar to HB 37); however, there appears to be no legal or meaningful way to reinforce this obligation in the legislation.

o 100 percent funding - Under HB 37, the State would assume the cost of all school construction through a 100 percent grant program.

o Retaining local control - Municipalities and school districts would retain local control over design, location, construction and ownership of its schools under HB 37. Municipalities could also add local dollars to enhance an approved school and have the ability, if not the voter approval or financial capacity to bond locally for 100 percent of the cost of a new school.

o Equity - The legislation, as proposed, would treat all school construction equally. The highest priority schools would be built first, all would have to be approved by the State under the same criteria, and the State will pay 100 percent of the cost.

o Priority system - As stated above, all schools would be judged on an equal basis and the highest priority school facility needs will be addressed first. Currently, the Department of Education priorities are not followed by the Governor or the legislature.

o State control - Because the State does the evaluation, ranking and funding of all schools built with state funds, the State has the fiscal control it seeks.

The AML supports the following changes made by the Finance Subcommittee in the proposed CSHB 37 (FIN):

1. Appeals process - As requested by AML, the appeals process has been shortened in order that any appeal can be resolved prior to the end of the legislative session when the appropriation amount is set.
2. Number of students criteria removed - AML supports removing the number of students as a criteria for ranking projects because it would unnecessarily discriminate against smaller schools and districts.
3. Removal of Section 10 - AML supports removing Section 10 (formerly Section 19) which would have provided an allocation formula between existing debt and new construction in the event of underfunding. The formula was intended to provide a floor for funding and to provide some comfort to those municipalities with existing debt. The formula did neither well and, in fact, under some funding scenarios over funded one account at the expense of further under funding the other account. Under the legislation, there are two accounts, existing debt and new construction, and the legislature will make an appropriation each year to both. Municipalities will be lobbying the legislature each year to fully meet its past obligations and for the highest level of funding possible to meet future school construction needs.

Again, the AML supports the proposed CSHB 37 (FIN).



TELEPHONE
(907) 586-1325
FAX 463-5480

217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801

Resolution of the School Construction Debt Reimbursement Issue

The Alaska Municipal League supports the reintroduction and passage of legislation that would establish a system of financing all school construction by grants.

Background

The Alaska Municipal League believes that greater equity and certainty need to be brought into the school construction financing programs in the State of Alaska and that reasonable cost containment and control may be appropriate. The basic approach taken in House Bill 380, as introduced and as refined during the Fifteenth Legislature, would be a major step in implementing such measures as well as addressing the concerns of the State. The need for new school facilities has leveled off recently and the Legislature should take advantage of this opportunity to revise the program during a time when participants may make a more dispassionate and unbiased review of proposed changes than would be possible when the demands for new school construction are heavy and increasing.

The current system used by the State of Alaska to construct or assist in the cost of constructing schools has several problems. The problems vary depending on the perspective of the viewer. The state administration believes that the burden of the school debt reimbursement program is affecting or will affect the State's credit rating, particularly if the reimbursement obligation continues to expand. There is also some concern on the part of state officials that districts' deferred or poor maintenance practices are resulting in unnecessary major repairs; that districts are not adequately insuring school facilities; that districts are acquiring excessive amounts of equipment or equipment not related to the construction project; and that some districts are building facilities that are more expensive than they should be.

From the perspective of the municipalities, funding uncertainty, local control, and inequity are the main problems of the current program. In incurring debt for school construction, municipalities rely on the statutory entitlement for reimbursement (AS 14.11.100), which the Legislature may or may not fully fund from year to year. Municipalities and their voters have made financial decisions

order of their priority. Facilities that were too low on the priority list to receive funding would be reconsidered for funding in the following year.

The State would provide a grant for the full, approved, construction cost of priority projects. If a municipality wanted to build more than what had been approved by the State or to construct a project that was too low a priority to be funded, it could do so with its own funds.

Following the committee's recommendation, the Legislature would be encouraged to fund all school projects under this program and not make special direct legislative grants for school facilities. Legislators would, instead, have an incentive to work for a funding level that would be adequate to include their particular projects.

The existing debt reimbursement program would be phased out but would continue for debt and expenditures incurred or authorized under the program prior to a cutoff date. The administration would be required to request full funding of the reimbursement entitlement each year in its budget request to the Legislature until all existing debt had been retired. Another approach to financing existing debt which the League supports is placing a proposition on the ballot for the next statewide general election that would enable the State of Alaska to sell its general obligation bonds to refinance all existing municipal school debt.

The recommended approach to school construction financing would:

1. Put a cap on the reimbursement obligation of the State with a commitment by the Legislature to fully fund the existing reimbursement program each year until current debt has been paid off.
2. Establish a system of funding school construction that would equitably consider needs on a statewide basis without consideration of the type of school district involved.
3. Eliminate the need for municipalities to incur debt to finance their basic school construction needs.
4. Give the State the ability to get better control over the "unnecessary" costs associated with school construction but still leave room for "upgrading" of school facilities to the extent municipalities are willing to pay for such upgrading.
5. Encourage the Legislature to fully fund statewide school construction debt and debt reimbursement needs resulting from the current program.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



TELEPHONE
(907) 586-1325
FAX 463-5480

217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801

Resolution of the School Construction Debt Reimbursement Issue

The Alaska Municipal League supports the reintroduction and passage of legislation that would establish a system of financing all school construction by grants.

Background

The Alaska Municipal League believes that greater equity and certainty need to be brought into the school construction financing programs in the State of Alaska and that reasonable cost containment and control may be appropriate. The basic approach taken in House Bill 380, as introduced and as refined during the Fifteenth Legislature, would be a major step in implementing such measures as well as addressing the concerns of the State. The need for new school facilities has leveled off recently and the Legislature should take advantage of this opportunity to revise the program during a time when participants may make a more dispassionate and unbiased review of proposed changes than would be possible when the demands for new school construction are heavy and increasing.

The current system used by the State of Alaska to construct or assist in the cost of constructing schools has several problems. The problems vary depending on the perspective of the viewer. The state administration believes that the burden of the school debt reimbursement program is affecting or will affect the State's credit rating, particularly if the reimbursement obligation continues to expand. There is also some concern on the part of state officials that districts' deferred or poor maintenance practices are resulting in unnecessary major repairs; that districts are not adequately insuring school facilities; that districts are acquiring excessive amounts of equipment or equipment not related to the construction project; and that some districts are building facilities that are more expensive than they should be.

From the perspective of the municipalities, funding uncertainty, local control, and inequity are the main problems of the current program. In incurring debt for school construction, municipalities rely on the statutory entitlement for reimbursement (AS 14.11.100), which the Legislature may or may not fully fund from year to year. Municipalities and their voters have made financial decisions

from year to year. Municipalities and their voters have made financial decisions based on the reimbursement rate in effect when they proposed bonding for school construction and based their long-range budget and financial plans on this obligation and commitment of the State. However, as state resources have shrunk in recent years and the Legislature has underfunded this entitlement program, these decisions and plans have been undermined by uncertainty. The funds available for the debt reimbursement program have been prorated to eligible communities, and the municipal budget process has been upset.

For municipalities with a heavy school construction debt burden and in which education is a major function, underfunding of debt reimbursement can place a heavy burden on local budgets and millage rates. For example, a 10 percent underfunding of entitlement would have an impact equal to about .75 mills in property tax in the Kenai Peninsula Borough, 1.1 mills in the Matanuska-Susitna Borough, and .61 mills in the Fairbanks North Star Borough, based on FY 89 property values and reimbursement entitlements. These translate into millage increases of 13, 16, and 5.5 percent respectively.

Cities and boroughs that have been able to obtain direct legislative grants for school construction are less affected by underfunding of the reimbursement program, and REAA communities are not affected at all by such underfunding. Both the reimbursement program itself and the disparate impacts of underfunding raise serious constitutional questions of equity.

In 1987 the Department of Education brought together a committee consisting of legislators, Department of Education officials, and local government and education officials or their representatives in response to Governor Steve Cowper's expressed interest in finding an alternative approach to funding school construction. The recommendation of the committee was that funding of all school construction, whether REAA, city, or borough, be a state responsibility. The committee recommended that the Department of Education adopt regulations setting out standards for school construction that would help control excessive costs. The program would also address insurance and deferred maintenance problems.

Under the committee's proposal, the Legislature would establish standards for prioritizing school construction needs statewide, and the department would refine these standards. Procedures would be established for the municipalities and REAAs to submit requests for school construction and other capital needs to the State. The department would then evaluate and prioritize the requests and the State Board of Education would approve a final prioritization of the requests. A request to fund school construction would be made to the Legislature and funds appropriated would then be committed to the construction of the facilities in the

order of their priority. Facilities that were too low on the priority list to receive funding would be reconsidered for funding in the following year.

The State would provide a grant for the full, approved, construction cost of priority projects. If a municipality wanted to build more than what had been approved by the State or to construct a project that was too low a priority to be funded, it could do so with its own funds.

Following the committee's recommendation, the Legislature would be encouraged to fund all school projects under this program and not make special direct legislative grants for school facilities. Legislators would, instead, have an incentive to work for a funding level that would be adequate to include their particular projects.

The existing debt reimbursement program would be phased out but would continue for debt and expenditures incurred or authorized under the program prior to a cutoff date. The administration would be required to request full funding of the reimbursement entitlement each year in its budget request to the Legislature until all existing debt had been retired. Another approach to financing existing debt which the League supports is placing a proposition on the ballot for the next statewide general election that would enable the State of Alaska to sell its general obligation bonds to refinance all existing municipal school debt.

The recommended approach to school construction financing would:

1. Put a cap on the reimbursement obligation of the State with a commitment by the Legislature to fully fund the existing reimbursement program each year until current debt has been paid off.
2. Establish a system of funding school construction that would equitably consider needs on a statewide basis without consideration of the type of school district involved.
3. Eliminate the need for municipalities to incur debt to finance their basic school construction needs.
4. Give the State the ability to get better control over the "unnecessary" costs associated with school construction but still leave room for "upgrading" of school facilities to the extent municipalities are willing to pay for such upgrading.
5. Encourage the Legislature to fully fund statewide school construction debt and debt reimbursement needs resulting from the current program.

6. Rationalize the decision-making process involved in selecting which schools will be built.

This concept was incorporated into House Bill 380 introduced during the second session of the Fifteenth Legislature (1988) and passed by the House. The Senate Finance Committee proposed a substitute that would have extended the freeze on new debt reimbursement authorizations until June 30, 1989, and would have established a task force to review the problem and make recommendations. Neither version of the bill passed the Senate.

It is the League's understanding that Representative C.E. Swackhammer has prefiled a bill on school construction financing that includes many of the concepts supported by the Alaska Municipal League.

Tom Wright / Rep.
Swackhammer

1 ALASKA DEPARTMENT OF EDUCATION
2 DEBT RETIREMENT FY76 - FY89
3 ENTITLEMENT VS. ACTUAL STATE AID
4 UPDATED 1/30/89

[DISTRIBUTION COPY]

7 FISCAL	8 YEAR	9 ENTITLEMENT	10 ACTUAL STATE AID	11 STATE AID % OF ENTITLEMENT
12	FY-76	\$9,242,312	\$8,810,500	95.33%
13	FY-77	\$10,107,336	\$9,051,600	89.55%
14	FY-78	\$11,408,304	\$11,408,304	100.00%
15	FY-79	\$27,868,182	\$22,273,300	79.92%
16	FY-80	\$30,823,133	\$24,081,000	78.13%
17	FY-81	\$38,380,174	\$38,380,174	100.00%
18	FY-82	\$38,262,156	\$38,262,156	100.00%
19	FY-83	\$60,772,910	\$56,169,700	92.43%
20	FY-84	\$90,600,074	\$90,600,074	100.00%
21	FY-85	\$93,161,981	\$93,161,981	100.00%
22	FY-86	\$109,707,936	\$106,315,600	96.91%
23	FY-87	\$125,272,615	\$115,845,000	92.47%
24	FY-88	\$118,701,313	\$109,472,700	92.23%
25	EST. FY-89	\$118,536,667	\$109,034,809	91.98%

26
27

FY85-FY89 SCHOOL CONSTRUCTION FUNDING

	DOE PRIORITY ONE REQUESTS		ACTUAL FUNDING	
	<u>REAA</u>	<u>MUNICIPALITY</u>	<u>TOTAL \$ FUNDED</u>	<u>PRIORITY 1 FUNDED</u>
FY85	14,817.0	33,564.0	162,784.3	22,599.3
FY86	16,230.0	24,965.6	46,011.9	5,794.2
FY87	21,131.2	11,486.1	28,522.0	15,817.0
FY88	12,843.0	7,010.0	7,968.8	5,864.6
FY89	11,078.8	12,084.2	16,068.2	6,965.0
FY90	18,451.7	17,917.1		

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL
Bering St.	23	1989	School Dist code upgrade	500.0		1 (1)	capital
Metlakatla	2	1989	Annette School Roof Replace	650.0		1 (2)	capital
Kotzebue	22	1989	Jr. High renovation	3500.0		1 (3)	capital
McGrath	24	1989	Sch Dist waste water	450.0		1 (4)	capital
Nome	23	1989	Nome Beltz-life/safety upgrade	500.0		1 (5)	capital
Kipnuk	25	1989	School replacement	500.0		1 (5)	capital
Fire Cove	1	1989	Fire Cove Floating School	865.0		1 (7)	reapprop
Seward	6	1989	Design & Construct Elem School	2150.0		2 (7)	reapprop
Allakaket	24	1989	School design & planning	145.0		6 (44)	reapprop
Ketchikan	1	1989	Various projects	698.3			reapprop
Sitka	3	1989	High School residing	100.0			capital
Anchorage	7	1989	N. Lights Elem Hlth/Saf/Lib	30.0			reapprop
Anchorage	7	1989	Huffman Elem Access lighting	50.0			reapprop
Anchorage	7	1989	Bayshore School misc improve	40.0			reapprop
Anchorage	7	1989	Abbott Loop School recarpeting	47.6			reapprop
Anchorage	7	1989	Rogers Park School improve	40.7			reapprop
Anchorage	7	1989	Taku School classroom wall	6.0			reapprop
Salcha	18	1989	FNSB-Salcha Elem int. renovate	20.2			reapprop
Fairbanks	19	1989	Far North Sch outdoor PE fac	20.0			reapprop
Fairbanks	20	1989	FNSB-school repairs & upgrade	389.0			reapprop
Barrow	22	1989	Barrow Ipalook Sch-disaster	317.6	3727.7		specapp
Wainwright	22	1989	School fire-disaster	1199.3			specapp
Bering St.	23	1989	Water system upgrade	70.0			reapprop
Aniak	24	1989	Yupit Sch Dist sewer plant	51.8			reapprop

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL
NW Arctic	22	1988	Dist health & life saefty proj	425.0		1 (1)	capital
Bering St.	23	1988	Dist health & life safety proj	425.0		1 (1)	capital
SW Region	26	1988	Dist health & life safety proj	400.0		1 (2)	capital
Fairbanks	20	1988	Joy School asbestos remove	500.0		1 (3)	capital
Nome	23	1988	Dist health & life safety proj	900.0		1 (4)	capital
Kipnuk	25	1988	School replacement	500.0		1 (5)	capital
Yupit	25	1988	Water/sewer replace	100.0		1 (5)	capital
Thorne Bay	2	1988	Classroom Completion	600.0		1 (6)	capital
Pribilof Island	26	1988	Boiler replace, dist code upg	212.6		1 (7)	capital
Chignik Lag.	27	1988	Chignik Lagoon school	1802.0		1 (8)	capital
Glennallen	17	1988	Glennallen school	100.0		2 (9)	capital
SE Island	2	1988	Dist generator upgrade	65.0		3 (16)	capital
Tok	17	1988	K-12 school	240.0		4 (24)	capital
Anchorage	7	1988	Aurora Elem site dev, improve	62.5		6 (52)	capital
Anchorage	7	1988	Ptarmigan Elem site dev.	62.5		6 (67)	capital
Anchorage	7	1988	Susitna El handicapped play	200.0		7 (115)	capital
Anchorage	7	1988	Eagle River Elem rec grounds	25.0		7 (122)	capital
Anchorage	7	1988	Gruening Jr Hi safety lights	9.2			capital
Mat-Su	16	1988	Skwetna School play equip	10.0			capital
Fairbanks	19	1988	Northern Lts school site	100.0			capital
Holy Cross	24	1988	School completion	1170.0			capital
Kuspuk	24	1988	Sleetmute school sewer	60.0			capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL
Kotzebue	22	1987	Elem sch remodel & addition	5400.0		1 (1)	capital
Nome	23	1987	Elem school Phase 2	5670.0		1 (1)	capital
Klawock	2	1987	Fire safety upgrade	50.0		1 (3)	capital
SW Region	26	1987	School power generation fac	630.0		1 (3)	capital
Thorne Bay	2	1987	School Relocate Phase 2	1200.0		1 (4)	capital
Tanana	24	1987	Dist fire/safety code upgrade	67.0		1 (4)	capital
Holy Cross	24	1987	Elem school replace	1900.0		1 (5)	capital
Perryville	27	1987	School addition	900.0		1 (6)	capital
Glennallen	17	1987	Secondary school-Phase 2	1800.0		2 (09)	capital
Glennallen	17	1987	Copper Rvr School Dist-Phase 2	700.0		2 (09)	reapprop
Unalakleet	23	1987	Elem school replace	4080.0		2 (11)	capital
Huslia	24	1987	School addition	750.0		2 (14)	capital
Chenega Bay	6	1987	Phase 1 site prep	80.0		2 (15)	capital
Annette Island	2	1987	Elem school add-Phase 2	2250.0		2 (8)	capital
Cordova	6	1987	Roof retro fit & repair	400.0		4 (26)	capital
Kipnuk	25	1987	School	750.0		4 (29)	reapprop
Chalkysitsk	24	1987	School construct & repair	1000.0		4 (35)	reapprop
Adak	27	1987	Sch improve, equip & material	130.0		6 (42)	reapprop
Tatitlek	6	1987	Classroom	100.0		6 (47)	capital
Craig	2	1987	High School add & remodel	100.0			reapprop
Soldotna	5	1987	School aquatic timing system	25.0			reapprop
Whittier	6	1987	School renovate & replace	40.0			capital
Eagle	17	1987	School water well	300.0			capital
Naknek	26	1987	School constr	200.0			capital

COMMUNITY	E. D.	FY	DESCRIPTION	G. F.	O. F.	PRIORITY	BILL
Anchorage	7	1986	Asbestos removal	1948.0		1 (1)	capital
Kodiak	27	1986	School expansion, upg. repair	2000.0		1 (2)	capital
Craig	2	1986	High school renovate & constr	941.0		1 (3)	capital
Thorne Bay	2	1986	Thorne Bay School Constr	.0	635.0	1 (4)	capital
Thorne Bay	2	1986	School Constr Phase 1	270.2		1 (4)	reapprop
Klawock	2	1986	Elem school addition	800.0		2 (10)	capital
Yakutat	2	1986	Elem school design & construct	300.0		2 (11)	capital
Manly	24	1986	School upgrade	1000.0		2 (11)	capital
Hope	6	1986	New school	.0	100.0	2 (12)	capital
Anchorage	7	1986	Chugiak High School Constr	5500.0	6966.0	2 (4)	capital
Annette Island	2	1986	Elem school add. construct	1000.0		2 (6)	capital
Mat-Su	16	1986	School construction & remodel	1010.0		2 (6)	capital
Tununak	25	1986	Elem school add, Phase 1	2300.0		2 (8)	capital
Tununak	25	1986	Elem school add, Phase 1	700.0		2 (8)	reapprop
NW Arctic Boro	22	1986	Major maintenance	800.0		3 (14)	capital
Fairbanks	19	1986	FNSB-school fire/life safety	160.0		3 (15)	capital
Houghtaling	1	1986	School roof rebuild, code upgr.	545.0		3 (17)	capital
Sitka	3	1986	Blatchley Jr Hi handicap acc.	20.0		5 (30)	capital
Anchorage	7	1986	Denali School rehab	1200.0		5 (31)	capital
Tatitlek	6	1986	Oil tank berm liner maint	25.0		5 (32)	capital
St. Mary's	24	1986	Community Ed bldg	150.0		6 (103)	capital
Fairbanks	19	1986	FNSB-school roof repairs	434.2		6 (33)	capital
Delta/Greely	17	1986	Classroom replace, media ctr	734.6		6 (36)	reapprop
Kivalina	22	1986	Elem school	1200.0		6 (46)	capital
Fairbanks	19	1986	Tanana Jr. Hi addition	1282.0		6 (51)	capital
Anchorage	7	1986	Huffman Elem School Constr	3000.0		6 (70)	capital
Cordova	6	1986	School cafeteria	100.0		6 (90)	capital
Haines	2	1986	School emer. repairs	30.0			capital
Hydaburg	2	1986	School repairs & improvements	15.0			capital
Tenakee Springs	3	1986	Construction Phase 2	318.7			capital
8 Fathom Bight	3	1986	Modular School	175.0			capital
Soldotna	5	1986	Elem school safety path	40.0			capital
Whittier	6	1986	School modification-Phase 2	300.0			capital
Anchorage	7	1986	Sand Lake School Constr	3300.0			capital
Anchorage	7	1986	Mt. View Elem site dev	281.0			capital
Anchorage	7	1986	Williwaw School repairs	272.0			capital
Glennallen	17	1986	Secondary school construction	3000.0			capital
Fairbanks	20	1986	FNSB-roof repairs	109.2			reapprop

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY	BILL
Anvik	24	1986	School roof repair	50.0			
Stevens Vill.	24	1986	School completion	1000.0			reappropriation
Venetie	24	1986	School Phase 2	400.0			capital
Venetie	24	1986	Elem school constr	1000.0			capital
Akutan	26	1986	School completion	210.0			reappropriation
False Pass	26	1986	School completion	390.0			capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY (RANK)	BILL
Fairbanks	19	1985	Asbestos removal	1385.0		1 (1)	capital
Nome	23	1985	Elem school Phase 1	5000.0		1 (10)	reapprop
Kake	2	1985	Fire safety/upgrade	616.0		1 (12)	capital
Anchorage	7	1985	Asbestos removal	10101.3		1 (2,3,5,7)	capital
Tri-Valley	17	1985	Health/life safety upgrade	2500.0		1 (3)	capital
Anchorage	7	1985	East High asbestos removal	26.0		1 (4)	capital
Anchorage	7	1985	Clark Jr Hi asbestos removal	351.0		1 (6)	capital
Brevig Mission	23	1985	School improvements	2600.0		1 (6)	capital
Sitka	3	1985	Pressure vessel replacement	20.0		1 (9)	capital
Mentasta Lake	17	1985	Tobeluk-High school constr	1600.0		2 (00)	capital
Tetlin	17	1985	Tobeluk-High school constr	1600.0		2 (00)	capital
Hooper Bay	23	1985	Tobeluk-High school constr	600.0		2 (00)	capital
Beaver	24	1985	Tobeluk-High school constr	1705.0		2 (00)	capital
Takotna	24	1985	New school construction	1100.0		2 (00)	capital
Takotna	24	1985	School construction	1100.0		2 (00)	capital
Venetie	24	1985	School construction	700.0		2 (00)	capital
Whittier	6	1985	Gymnasium/multi-purpose room	2038.0		2 (13)	capital
Minto	24	1985	Sec. school addition	1000.0		2 (14)	capital
Anchorage	7	1985	Eagle River Elem Sch add.	4644.0		2 (15)	capital
SE Isl. Schools	2	1985	Dist school construction	630.0		2 (16 & 19)	capital
Gakona	17	1985	Sch remodel, multi-purp room	400.0		2 (17)	capital
Yakutat	2	1985	High school addition & remodel	2250.0		2 (18)	capital
Galena	24	1985	Elem school addition	3000.0		2 (19)	capital
Mosquito Lake	2	1985	School site work	34.0		2 (21)	capital
Tenakee Springs	3	1985	Tenakee School	1300.0		2 (21)	capital
False Pass	26	1985	Tobeluk-High school constr	785.0		2 (22)	capital
Russian Miss.	24	1985	Tobeluk-High school constr	500.0		2 (23)	capital
Stevens Vill.	24	1985	Tobeluk-High school constr	1800.0		2 (24)	capital
Wales	23	1985	Tobeluk-High school constr	1700.0		2 (25)	capital
Clarks Point	26	1985	K-12 school constr	1750.0		2 (29)	reapprop
Grayling	24	1985	School improvements	1300.0		2 (31)	capital
Birch Creek	24	1985	Tobeluk-High schhol constr	250.0		2 (32)	capital
Akutan	26	1985	Tobeluk-High school constr	677.0		2 (33)	capital
Oscarville	25	1985	Tobeluk-High school constr	275.0		2 (35)	capital
Glennallen	17	1985	Secondary school replacement	1000.0		2 (7)	capital
Fairbanks	19	1985	School district roof replace	800.0		3 (22)	capital
Fairbanks	19	1985	Woodriver roof repairs	30.0		3 (22)	capital
Juneau	4	1985	District wide major maint	2250.0		3 (23)	capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY (RANK)	BILL
Petersburg	2	1985	High school remodel	3500.0		3 (26)	capital
Anchorage	7	1985	Russian Jack roof & drainage	127.0		3 (27)	capital
Sitka	3	1985	Jr. High repairs	270.0		3 (28)	capital
Kake	2	1985	Upgrade/Design/Ph 1 Constr	1900.0		3 (29)	capital
Petersburg	2	1985	Elem School playground design	23.9		3 (30)	capital
Bristol Bay	26	1985	School dist improvements	300.0		3 (32)	capital
St. Mary's	24	1985	Code upgrade	550.0		3 (33)	capital
St. Mary's	24	1985	Code upgrade	200.0		3 (33)	capital
Thorne Bay	2	1985	School floor repair	35.0		3 (36)	capital
Sitka	3	1985	High School repairs	100.0		3 (85)	capital
Mat-Su	16	1985	School dist computer system	400.0		4 (34)	capital
Mat-Su	16	1985	School district warehouse	1000.0		4 (35)	capital
Delta/Greely	17	1985	School central fuel storage	60.0		4 (38)	capital
Yukon-Koyukuk	24	1985	District wide upgrade	1250.0		4 (39)	capital
Quinhagak	25	1985	School Phase 1	1000.0		4 (43)	capital
Quinhagak	25	1985	Elem school Phase 1	2500.0		4 (43)	reapprop
Skagway	2	1985	Skagway School Constr	1500.0		4 (46)	capital
Napaskiak	25	1985	School improvements	2800.0		4 (46)	capital
Northway	17	1985	New classrooms	450.0		4 (49)	capital
Mekoryuk	25	1985	School improvements	1900.0		4 (50)	capital
Eagle	17	1985	Eagle School replacement	2750.0		4 (52)	capital
Tuntutuliak	25	1985	Elem School relocate	60.0		4 (53)	capital
Chalkyitsik	24	1985	Tobeluk-High school constr	1250.0		4 (55)	capital
Thorne Bay	2	1985	Voc/spec service add	523.0		4 (85)	capital
Fairbanks	19	1985	Major rehab & renovation	1200.0		5 (47)	capital
Anchorage	7	1985	Baxter Elem roof & multi purp.	70.0		5 (52)	capital
Nenana	17	1985	High school completion	5800.0		5 (57)	capital
Lake & Pen.	26	1985	Dist wide code upgrade	150.0		5 (60)	capital
Chignik Lagoon	27	1985	Major repairs	130.0		5 (60)	capital
Perryville	27	1985	Major repairs	140.0		5 (60)	capital
King Cove	26	1985	High school completion	3200.0		6 (105)	capital
Anchorage	7	1985	Girdwood Elem classrooms	1622.0		6 (107)	capital
Anchorage	7	1985	Sect. 16 Elem School Constr	10202.6		6 (115)	capital
Anchorage	7	1985	Voc Ed equip & fac remodel	1500.0		6 (116)	capital
Anchorage	7	1985	Dimond/Mears fire alarm upgr.	150.0		6 (61)	capital
Fairbanks	19	1985	Lathrop design & engineering	290.0		6 (64)	capital
Ruby	24	1985	Voc agr. facility upgrade	489.0		6 (64)	capital
Anchorage	7	1985	Wendler Jr. High maintenance	236.0		6 (65)	capital
Fort Greely	17	1985	Multi purp room & renovate	3000.0		6 (65)	capital
Anchorage	7	1985	Clark Jr Hi major maint	716.0		6 (66)	capital

COMMUNITY	E. D.	FY	DESCRIPTION	G. F.	O. F.	PRIORITY (RANK)	BILL
Tok	17	1985	Energy upgrade or move site	1000.0		6 (67)	capital
Delta Junction	17	1985	Delta-Voc Ed Bldg completion	400.0		6 (68)	capital
Fairbanks	19	1985	W. Valley storeroom addition	440.0		6 (68)	capital
Kodiak	27	1985	H.S. auditorium & elem sch	900.0		6 (70 & 91)	capital
Ft. Yukon	24	1985	Voc Ed student housing	450.0		6 (71)	capital
Mt. Village	24	1985	Elem school replace	2321.0		6 (72)	capital
Tanana	24	1985	School eng., plan & design	150.0		6 (73)	capital
Holy Cross	24	1985	Elem school constr	1450.0		6 (74)	reapprop
Chuathbaluk	24	1985	Elementary addition	1000.0		6 (81)	capital
Hoonah	2	1985	Multi Purpose Ed. Facility	2012.5		6 (96)	capital
Dillingham	26	1985	Elem school addition	1400.0		6 (98)	capital
Dillingham	26	1985	Elem school addition	1400.0		6 (98)	capital
Anchorage	7	1985	Clark School	34.2		7 (147)	capital
North Pole	18	1985	School land purchase	130.0		7 (148)	capital
Anchorage	7	1985	Central ABC School	35.6		7 (149)	capital
Anchorage	7	1985	Mt. View heat/ventilation	273.0		7 (166)	capital
Anchorage	7	1985	Bayshore Elem site dev.	410.0		7 (174 & 175)	capital
Anchorage	7	1985	Huffman School design	350.0		7 (187)	capital
Anchorage	7	1985	Sand Lake Elem	350.0		7 (192)	capital
Anchorage	7	1985	Susitna Elem carpeting	65.0		7 (193)	reapprop
Anchorage	7	1985	Birchwod School paving	100.0		7 (198)	reapprop
Anchorage	7	1985	Fairview School	14.6		7 (201)	capital
Anchorage	7	1985	Williwaw School	14.1		7 (207)	capital
Anchorage	7	1985	Government Hill School	13.3		7 (210)	capital
Anchorage	7	1985	Gov't Hill stage add. plan	77.5		7 (210)	capital
Anchorage	7	1985	Inlet View School	12.4		7 (213)	capital
Anchorage	7	1985	Inlet View remodel & enlarge	332.3		7 (214 & 215)	capital
Anchorage	7	1985	Inlet View Elem library	693.6		7 (215)	capital
Anchorage	7	1985	Denali Fundamental School	9.3		7 (217)	capital
Anchorage	7	1985	Chugach Optional School	438.6		7 (218)	capital
Anchorage	7	1985	Chugach Optional school site	290.7		7 (219)	capital
Kotzebue	22	1985	Tech center dorm	1700.0		7 (88)	capital
Crooked Crook	27	1985	School warm storage	200.0		7 (90)	capital
Cube Cove	2	1985	Cube Cove School	150.0			capital
Hydaburg	2	1985	Teacher housing	90.0			capital
SE Isl. Schools	2	1985	Teacher housirg/logging camps	165.0			capital
Sitka	3	1985	Dist maintenance bldg	240.0			capital
Sitka	3	1985	Dist maintenance bldg	957.0			capital
Kenai Pen Boro	5	1985	Tustemena & Nikiski earth stat	10.0			reapprop
Chenega	6	1985	School water/sewer line	132.0			capital

COMMUNITY	E.D.	FY	DESCRIPTION	G.F.	O.F.	PRIORITY (RANK)	BILL
Anchorage	7	1985	Fire Lake Elem School	9914.7			capital
Anchorage	7	1985	School district roof repair	1727.3			capital
Anchorage	7	1985	Denali School heating system	700.9			capital
Anchorage	7	1985	School dist micro-computer	153.6			capital
Anchorage	7	1985	Airport Hts. Elem	11.2			capital
Anchorage	7	1985	Chugiak Jr Hi add design	1400.0			capital
Anchorage	7	1985	Northern Lts ABC School design	500.0			capital
Anchorage	7	1985	Save One School equip	100.0			capital
Anchorage	7	1985	School site acquisition	1500.0			capital
Anchorage	7	1985	Muldoon School library	212.6			capital
Anchorage	7	1985	Ptarmigan Elem light & safety	150.0			capital
Anchorage	7	1985	Abbott Loop School design	100.0			reappropriation
Mat-Su	16	1985	Butte Elem playground	47.5			capital
Mat-Su	16	1985	Snowshoe Elem School equip	30.0			capital
Mat-Su	16	1985	Portable classrooms	838.0			capital
Mat-Su	16	1985	Schools plan & design	250.0			capital
Palmer	16	1985	High school add. design	500.0			capital
Palmer	16	1985	High school add. construction	1850.0			capital
Skwenta	16	1985	Elem playground erosion	25.0			capital
Wasilla	16	1985	Parks Hwy Elem Des/Cons/AC	3200.0			capital
Wasilla	16	1985	Sec school site acq & design	500.0			capital
Tok	17	1985	Unheated sports fac complete	500.0			capital
North Pole	18	1985	North Pole hockey arena design	87.0			capital
Fairbanks	19	1985	Joy School improvements	575.0			capital
Fairbanks	19	1985	Lathrop auditorium rehab	2450.0			capital
Fairbanks	19	1985	W. Valley track completion	390.0			capital
Fairbanks	19	1985	School dist agri. equip	100.0			capital
Fairbanks	19	1985	Univ. Park Elem energy manage	79.5			capital
Fairbanks	19	1985	W. Valley men's showers rehab	40.0			capital
Fairbanks	19	1985	Woodriver playground equip	25.0			capital
Fairbanks	19	1985	Woodriver Elem energy manage.	50.0			capital
Barrow	22	1985	NSB-Barrow Voc Ed fac	463.5			capital
Selawik	22	1985	Library/multi use fac & equip	400.0			capital
Shageluk	24	1985	School planning & design	250.0			capital
Stony River	24	1985	Elem school completion	440.0			capital
Atmautluak	25	1985	School sewage lagoon	150.0			capital
Newtok	25	1985	School sewage lagoon	100.0			capital

FISCAL NOTE

REQUEST:

Revision Dates: _____
 Title: An Act relating to insurance for school facilities and equipment, etc.
 Sponsor: Swackhammer
 Requestor: House Labor & Commerce Comm.

Agency Affected: Commerce & Economic Dev.
 BRU: Insurance
 Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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)

This bill has no impact on the Division of Insurance.

Prepared by: Joan Brown Phone: 456-2597
 Division: Insurance Date: 1/17/89

Approved by Commissioner: Larry Mercurieff Date: 1/17/89
 Agency: Commerce & Economic Development

Distribution (by preparer):

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

received
1-18-89

H

B

3

7

SENATE COMMITTEE REPORT

10:30
5/9

FURTHER

4/14/89

DATE TURNED INTO OFFICE 5/9/89

Mr. President:

Finance

Committee considered CSHB 37 (FIN) am

insurance for school facilities and equipment and state aid for school construction; division of duties between a borough and a borough school board; efd

and recommended

- replace with SCG CS HB 37 (Finance)) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

- FISCAL NOTE(S) ^{DOE} zero fiscal impact appropriation no FN
- new updated previous
- same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Bob Schaff No Rec -
one Rec - no rec
Paul Fink - no rec

Paul Schaff No Rec

Chairman signature and recommendation

Committee Backup attached

John [Signature] No Rec
CO-CHAIR

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 37 (L&C)
PUBLISH DATE: HOUSE 1/27/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
Title: An Act relating to Insurance for BRU: _____
School Facilities and State Aid for School
Sponsor: Swackhammer Construction Components: CIP Capital Improvement
Requestor: House L&C Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

This bill will not result in increased administrative costs to the Department

Prepared by: Tom Ryan
Division: Education Finance & Support

Phone: 465-2865
Date: January 17, 1989

Approved by Commissioner: William G. Demmert
Agency: Education

Date: January 17, 1989-

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

Adopted

6-0083F
Ford
5/9/89

Original sponsors: Swackhammer, Navarre,
C.Davis, and Zawacki

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 37 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance for school facilities
7 and equipment and state aid for school construction;
8 division of duties between a borough and a borough
9 school board; and providing for an effective date."

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

11 * Section 1. AS 14.03 is amended by adding a new section to read:

12 Sec. 14.03.150. INSURANCE REQUIRED. (a) Each school district
13 shall purchase and maintain or provide proof of adequate property
14 insurance for the replacement cost of all school facilities and equip-
15 ment. Insurance purchased to comply with this section may contain a
16 deductible amount, if approved by the department. A school district
17 may comply with this section by initiating and maintaining a program
18 of self-insurance, if the department annually determines that the
19 school district has submitted adequate evidence of the district's
20 ability to self-insure for the replacement cost of all school facili-
21 ties and equipment. A copy of the insurance policy or other informa-
22 tion indicating compliance with this section shall be provided to the
23 department.

24 (b) If the department determines that a school district is not
25 insured as required under (a) of this section, the department shall
26 notify the school district of the determination. Unless the school
27 district obtains adequate insurance within 30 days after the school
28 district receives notice under this subsection, the department shall
29 purchase the insurance required by (a) of this section for that school

1 district.

2 (c) The department may not award a school construction grant
3 under AS 14.11 to a municipality that is a school district or a re-
4 gional educational attendance area that is not in compliance with (a)
5 of this section. The department shall reduce the amount of state
6 foundation aid under AS 14.17.021 for which a school district may
7 qualify, by the amount, if any, paid by the department under (b) of
8 this section.

9 * Sec. 2. AS 14.07.020(a)(13) is amended to read:

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

12 * Sec. 3. 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. 4. 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. 5. 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 for the costs of school
25 construction. Legislative appropriations for school construction
26 shall be deposited in the fund, and the proceeds from the sale of
27 general obligation bonds for school construction may be deposited in
28 the fund.

29 * Sec. 6. AS 14.11 is amended by adding new sections to read:

1 Sec. 14.11.011. GRANT APPLICATIONS. (a) A municipality that is
2 a school district or a regional educational attendance area may submit
3 a grant request to the department for a school construction grant.

4 (b) For a municipality that is a school district or a regional
5 educational attendance area to be eligible for a school construction
6 grant the district shall submit

7 (1) a six-year capital improvement plan that includes a
8 description of the district's fixed asset inventory system and preven-
9 tive maintenance program no later than September 1 of the fiscal year
10 before the fiscal year for which the request is made; the six-year
11 plan must contain for each proposed project a detailed scope of work,
12 a project budget, and documentation of conditions justifying the
13 project;

14 (2) evidence that the district has secured and will main-
15 tain adequate property loss insurance for the replacement cost of all
16 facilities for which state funds are available under AS 14.11.005 or a
17 program of insurance acceptable to the department; and

18 (3) evidence acceptable to the department that the proposed
19 project should be a capital construction project and not part of a
20 preventive maintenance program or regular custodial care program.

21 Sec. 14.11.013. DEPARTMENT REVIEW OF GRANT APPLICATIONS. (a)
22 With regard to projects for which grants are requested under AS 14.-
23 11.011, the department shall

24 (1) annually review the six-year plans submitted by each
25 district under AS 14.11.011(b) and recommend to the board a revised
26 and updated six-year construction grant schedule that serves the best
27 interests of the state and each district; in recommending projects for
28 this schedule, the department shall verify that each proposed project
29 qualifies as a project required to

1 (A) avert imminent danger or correct life-threatening
2 situations;

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

4 (C) protect the structure of existing school facil-
5 ities;

6 (D) correct building code deficiencies that require
7 major repair or rehabilitation in order for the facility to
8 continue to be used for the educational program;

9 (E) achieve an operating cost savings;

10 (F) modify or rehabilitate facilities for the purpose
11 of improving the instructional program;

12 (G) meet an educational need not specified in (A) -
13 (F) of this paragraph, identified by the department;

14 (2) prepare an estimate of the amount of money needed to
15 finance each project;

16 (3) provide to the governor, by November 1, and to the
17 legislature within the first 10 days of each regular legislative
18 session, a revised and updated six-year construction grant schedule
19 together with a proposed schedule of appropriations.

20 (b) In preparing the construction grant schedule, the department
21 shall establish priorities among projects for which grants are re-
22 quested and shall award school construction grants in the order of
23 priority established. In establishing priorities the department shall
24 evaluate at least the following factors:

25 (1) emergency requirements;

26 (2) priorities assigned by the district to the projects
27 requested;

28 (3) new local elementary and secondary programs;

29 (4) existing regional, community, and school facilities,

1 and their condition; and

2 (5) alternate education program options for accomplishing
3 the project's objectives.

4 (c) The department may reject project requests and omit them
5 from the six-year schedule due to

6 (1) incomplete information or documentation provided by the
7 district;

8 (2) a determination by the department that existing facili-
9 ties can adequately serve the program requirements, or that alterna-
10 tive projects are in the best interests of the state;

11 (3) a determination that the project is not in the best
12 interest of the state.

13 (d) The department shall reduce a project budget by the cost of
14 those portions of a project design that the department determines are
15 for construction of student residential space, planetariums, hockey
16 rinks, saunas, and other facilities for single purpose sporting or
17 recreational uses that are not suitable for other activities. This
18 subsection does not apply to funding for swimming pools that meet
19 criteria established by the department.

20 (e) By November 5, the department shall provide public notice of
21 the grant applications submitted under (a) of this section and the
22 priorities established under (b) of this section. After public notice
23 has been given, the department shall, not later than December 1, hold
24 a public hearing on the priorities established under (b) of this sec-
25 tion. In this subsection, "public notice" means notice published in a
26 newspaper of general circulation and notice to every person who has
27 requested notice about the grant application program from the depart-
28 ment.

29 Sec. 14.11.015. APPROVAL OF GRANT APPLICATIONS. (a) The board

1 shall review grant applications that have been recommended by the
2 department under AS 14.11.013, and may approve a grant application if
3 the board determines that the project meets the criteria specified in
4 AS 14.11.013(a)(1). The department may not award a school construc-
5 tion grant unless the grant application is approved by the board.

6 (b) The department shall award grants approved under (a) of this
7 section in the order of the projects' priority on the date the appro-
8 priation bill funding the school construction grant fund is passed
9 by the legislature, regardless of any appeal pending under AS 14.11.016.
10 Appeals pending under AS 14.11.016 at the time that grants are awarded
11 may not delay the funding of grants awarded under this section.

12 (c) If a project is assigned a new priority ranking under
13 AS 14.11.016 after the date of passage by the legislature of the
14 appropriation bill for the school construction grant fund, the project
15 must be funded in accordance with the new priority ranking at the next
16 time that school construction grants are awarded.

17 Sec. 14.11.016. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) A
18 district may request reconsideration of a decision of the department
19 assigning a priority to the district's project, establishing the scope
20 of the project, or establishing the budget for the project. The
21 request must be in writing and must include a statement of the spe-
22 cific changes desired, and a summary of the evidence supporting the
23 district's claim that the department has erred in its review of the
24 district's grant application. A request for reconsideration must be
25 received by the department by the day of the public hearing held under
26 AS 14.11.013(e). The department shall review its decision on the
27 basis of the request by the district and determine whether its deci-
28 sion should be changed. The department shall issue its determination
29 in writing within 15 days after the last day of the public hearing

1 held under AS 14.11.013(e).

2 (b) A district may appeal an adverse decision of the department
3 under (a) of this section by filing a written notice of appeal with
4 the commissioner within 15 days after the date of the department's
5 decision. The notice of appeal must state the legal and factual basis
6 for the appeal and the precise relief sought. The failure of the
7 district to include an issue in a notice of appeal constitutes a
8 waiver of the right to have the issue considered. Not later than 10
9 days after receipt of a notice of appeal, the commissioner shall
10 appoint a hearing officer who is qualified under AS 44.62.350(c) to
11 consider the appeal. If the hearing officer finds that the notice of
12 appeal does not raise a reasonable issue of fact or law, the hearing
13 officer shall issue a written decision denying the appeal. Denial of
14 an appeal by a hearing officer is a final decision that may be ap-
15 pealed under (d) of this section. If the hearing officer finds that
16 the notice of appeal raises a reasonable issue of fact or law, the
17 hearing officer shall conduct a hearing on those issues and recommend
18 a decision to the board. The hearing officer shall issue a decision
19 on the appeal not later than 60 days after being appointed. The board
20 shall consider the recommended decision of the hearing officer at its
21 next regularly scheduled meeting and may adopt all, part, or none of
22 the recommended decision or may remand the issue to the hearing offi-
23 cer for further hearings. The board shall issue its decision in
24 writing within 10 days after consideration of the hearing officer's
25 decision.

26 (c) The hearing officer may consolidate appeals under (b) of
27 this section, if the notices of appeal raise related issues of fact or
28 law.

29 (d) A district may appeal an adverse decision of a hearing

1 officer or the board under (b) of this section to the superior court
2 in the manner provided by AS 44.62.560 - 44.62.570.

3 (e) The board shall adopt regulations governing procedures for
4 the reconsideration and appeal of decisions under this section. The
5 regulations adopted under this subsection are not required to conform
6 to AS 44.62.330 - 44.62.630, but shall be consistent with minimum
7 standards of due process.

8 (f) A district may not request reconsideration of or appeal a
9 priority determination on the grounds that a revised priority assigned
10 to another project, due to a reconsideration or appeal under this sec-
11 tion, has resulted in a lower priority being accorded to the dis-
12 trict's project.

13 Sec. 14.11.017. SCHOOL CONSTRUCTION GRANT CONDITIONS. (a) The
14 department shall require in the grant agreement that a municipality
15 that is a school district or a regional educational attendance area

16 (1) agree to construction of a facility of appropriate size
17 and use that meets criteria adopted by the department;

18 (2) provide reasonable assurance by a means acceptable to
19 the department, that the cost of the project will be uniform with the
20 costs of the most current construction projects in the area;

21 (3) agree to limit equipment purchases to that required for
22 the approved school construction plan and account for all equipment
23 purchased for the project under a fixed asset inventory system ap-
24 proved by the department;

25 (4) submit project budgets for department approval and
26 agree that the grant amount may, at the discretion of the department,
27 be reduced or increased by amounts equal to the amounts by which
28 contracts vary from the budget amounts approved by the department; and

29 (5) submit to the department for approval, before award of

1 the construction contract, a plan for school construction that in-
2 cludes educational specifications, final construction drawings, and
3 contract documents.

4 (b) The cost of any school construction activity encompassed by
5 the definition of "costs of school construction" under AS 14.11.135 is
6 payable under a grant awarded under AS 14.11.015 without regard to
7 whether the costs were incurred prior to the

8 (1) award of the grant;

9 (2) approval of the grant application by the board; or

10 (3) effective date of an appropriation to the school con-
11 struction grant account for the year in which the grant is funded.

12 Sec. 14.11.019. SCHOOL CONSTRUCTION GRANT APPROPRIATIONS.
13 Within the general appropriation bill submitted to the legislature
14 under AS 37.07.020, the governor shall include an appropriation for
15 school construction grants in the succeeding fiscal year as determined
16 by the six-year construction grant schedule prepared under AS 14.-
17 11.013.

18 * Sec. 7. AS 14.11.100(a)(5) is amended to read:

19 (5) subject to (h), (i), and (j) of this section, 80 per-
20 cent of

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

23 (i) outstanding bonds, notes or other indebted-
24 ness authorized by the qualified voters of the municipality
25 after June 30, 1983, but before November 1, 1989, to pay
26 costs of school construction, additions to schools, and
27 major rehabilitation projects that exceed \$25,000 and are
28 approved under AS 14.07.020(11);

29 (ii) outstanding bonds, notes, or other

1 indebtedness authorized by the qualified voters of the
2 municipality before July 1, 1989, and reauthorized before
3 November 1, 1989, to pay costs of school construction,
4 additions to schools, and major rehabilitation projects that
5 exceed \$25,000 and are approved under AS 14.07.020(11); and

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

11 * Sec. 8. AS 14.11.100(c) is amended to read:

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

23 * Sec. 9. AS 14.11.102 is amended to read:

24 Sec. 14.11.102. ALLOCATION REQUESTS. [EVALUATION OF PROJECTS.
25 THE DEPARTMENT SHALL EVALUATE PROJECTS FOR WHICH RETIREMENT OF SCHOOL
26 CONSTRUCTION DEBT IS REQUESTED BY SCHOOL DISTRICTS IN ACCORDANCE WITH
27 THE PROCEDURES SET OUT IN AS 14.11.010.] A request for an allocation
28 of funds under AS 14.11.100 must be submitted to the department by the
29 school district not [NO] later than October 15 of the fiscal year

1 before the fiscal year for which the request is made.

2 * Sec. 10. AS 14.11.130 is repealed and reenacted to read:

3 Sec. 14.11.130. CONSTRUCTION OF CHAPTER. This chapter may not
4 be construed to prevent a municipality that is a school district or a
5 regional educational attendance area from using other revenue to
6 include additional or expanded facilities as part of approved school
7 construction projects.

8 * Sec. 11. AS 14.11.135(3) is amended to read:

9 (3) "costs of school construction" means the cost of ac-
10 quiring, constructing, enlarging, repairing, remodeling, equipping or
11 furnishing of public elementary and secondary schools that are owned
12 or operated by the state, a municipality, or a district [SCHOOL BUILD-
13 INGS] and includes the sum total of all costs of financing and carry-
14 ing out the project; these include, but are not limited to, the costs
15 of all necessary studies, surveys, plans and specifications, architec-
16 tural, engineering or other special services, acquisition of real
17 property, site preparation and development, purchase, construction,
18 reconstruction and improvement of real property and the acquisition of
19 machinery and equipment as may be necessary in connection with the
20 project; an allocable portion of the administrative and operating
21 expenses of the grantee; the cost of financing the project, including
22 interest on bonds issued to finance the project; and the cost of other
23 items, including any indemnity and surety bonds and premiums on insur-
24 ance, legal fees, fees and expenses of trustees, depositaries, finan-
25 cial advisors, and paying agents for the bonds issued as the issuer
26 considers necessary;

27 * Sec. 12. AS 14.11.135 is amended by adding a new paragraph to read:

28 (5) "district" means the districts described in AS 14.12.-

29 010.

1 * Sec. 13. AS 14.14.060 is amended by adding a new subsection to read:

2 (i) Notwithstanding (e) and (f) of this section, a borough
3 assembly and a borough school board may divide the duties imposed
4 under (e) and (f) of this section by agreement between the borough
5 assembly and borough school board.

6 * Sec. 14. AS 46.11.900(8) is amended to read:

7 (8) "state financial assistance" means a loan, grant,
8 guarantee, insurance, payment, rebate, subsidy, or other form of state
9 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11,
10 [AS 14.11.100 - 14.11.135,] and AS 29.60, including the purchase by a
11 state agency of a loan to finance the construction of a new resi-
12 dential, commercial, or industrial building;

13 * Sec. 15. AS 14.11.010, 14.11.105, 14.11.110, 14.11.115, 14.11.120,
14 and 14.11.125 are repealed.

15 * Sec. 16. Notwithstanding AS 14.11.013(b), added by sec. 6 of this
16 Act, the Department of Education shall award school construction grants in
17 the following order:

18 (1) projects required to avert imminent danger or correct life-
19 threatening situations;

20 (2) projects that are in their final phase as of January 1,
21 1989, and that have received more than \$2,500,000 in school construction
22 grant funds;

23 (3) projects that are:

24 (A) approved by the Department of Education before July 1,
25 1989;

26 (B) approved for reconstruction or renovation by the qual-
27 ified voters before July 1, 1989; and

28 (C) designed to remedy conditions determined by a federal
29 or state agency to be a threat to the welfare of the public; and

1 (4) other projects approved under AS 14.11.015, added by sec. 6
2 of this Act.

3 * Sec. 17. This Act takes effect July 1, 1989.
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

*Distributed
4/19/89*

A M E N D M E N T

OFFERED IN THE SENATE

BY FISCHER

TO CSHB 37(Finance) am

Page 2, line 22:

Delete "and"

Page 3, lines 23 - 24:

Delete all material.

Insert new paragraphs to read:

"(3) projects that are:

(A) approved by the Department of Education before
W. Nov
July 1, 1989;

(B) approved for reconstruction or renovation by the
qualified voters before *W. Nov*
~~July~~ 1, 1989; and

(C) designed to remedy conditions determined by a
federal or state agency to be a threat to the welfare of the
public; and

(4) other projects approved under AS 14.11.015, added by
Section 6 of this Act."

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

DIFFERENCES BETWEEN CS for HB 37 (FIN) AM & CS for SB 100 (HESS)

There are three differences between CS for HB 37 (FIN) am and CS for SB 100 (HESS):

1. SB 100 contains provisions for allowing the number of students to be considered when ranking projects within the different priorities. These provisions are found on page 4, line 27 and page 5, line 29. These were eliminated in HB 37 during House Finance Committee hearings.
2. SB 100 sunsets on July 1, 1995. House Bill 37 was amended on the floor of the House to remove any reference to the sunset provisions.
3. Section 18 of SB 100, page 13, line 6-12, creates a temporary priority for schools that are approved by the Dept. of Education and the voters prior to July 1, 1989 and determined by a federal or state agency to be a threat to the welfare of the public. This change was not considered by the House.

4/19/89
Swackhammer

SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 465-2689

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

MEMORANDUM

TO: Sen. Rick Uehling, Co-Chairman
Sen. John Binkley, Co-Chairman
Senate Finance Committee

FROM: Rep. C.E. Swackhammer *Swack*

DATE: April 17, 1989

RE: CS for HB 37 (FIN) am

Please consider this request to hear CS for HB 37 (FIN) am at your earliest possible convenience.

CS for HB 37 (FIN) am is the companion bill to CS for Senate Bill 100 (HESS), sponsored by Sen. Sturgulewski, which is scheduled to be heard by the Senate Finance Committee this Wednesday, April 19, 1989.

Attached are related materials pertaining to CS for HB 37 (FIN) am. If you have any questions, please contact Tom Wright of my staff or myself.

Thank you for your consideration.

CES/tw

Attachments

SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 465-2889

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 465-2689

SUMMARY OF CS for HOUSE BILL 37 (FIN) AM

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

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

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

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

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

The proposed legislation will:

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

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

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

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 282-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 485-2689

SECTIONAL ANALYSIS OF GS FOR HOUSE BILL 37 (FIN) am

SECTION ONE REQUIRES A SCHOOL DISTRICT OR MUNICIPALITY TO PURCHASE AND MAINTAIN PROPERTY INSURANCE FOR THE REPLACEMENT COST OF ALL SCHOOL FACILITIES AND EQUIPMENT. THE POLICY MAY CONTAIN A DEDUCTIBLE AMOUNT WITH DEPARTMENT APPROVAL. A SCHOOL DISTRICT MAY MAINTAIN A SELF-INSURANCE PROGRAM IF THE DEPARTMENT DETERMINES THAT ADEQUATE EVIDENCE HAS BEEN SUBMITTED TO INSURE THAT THE POLICY COVERS ALL FACILITIES AND EQUIPMENT. THE DEPARTMENT IS REQUIRED TO PURCHASE INSURANCE WITHIN THIRTY DAYS AFTER NOTIFICATION BY THE DEPARTMENT SHOULD A SCHOOL DISTRICT FAIL TO MAINTAIN ADEQUATE COVERAGE. A SCHOOL CONSTRUCTION GRANT MAY NOT BE AWARDED TO A MUNICIPALITY OR SCHOOL DISTRICT THAT DOES NOT HAVE ADEQUATE COVERAGE. THE AMOUNT OF STATE FOUNDATION AID FOR WHICH A SCHOOL DISTRICT MAY QUALIFY MAY BE REDUCED BY ANY AMOUNT PAID BY THE DEPARTMENT FOR INSURANCE COVERAGE.

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

SECTION THREE ESTABLISHES BOARD OF EDUCATION REVIEW OF GRANT APPLICATIONS AND FINAL APPROVAL FOR GRANTS.

A TECHNICAL CHANGE IS ADDRESSED IN SECTION FOUR 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 FIVE. LEGISLATIVE APPROPRIATIONS FOR SCHOOL CONSTRUCTION WOULD BE DEPOSITED IN THE FUND AND GENERAL OBLIGATION BOND SALE PROCEEDS MAY ALSO BE DEPOSITED. GRANTS FOR SCHOOL CONSTRUCTION MAY BE MADE FROM THIS ACCOUNT BY THE DEPARTMENT.