

ALBANY DISTRICT COURT

3221

HHESS

HB

520

-

HB

524

97

formula, the distribution of revenue sharing will change dramatically. In addition reductions in State revenue from the 20 mill oil tax will result as local municipalities increase their mill rates to cover increased costs of school construction.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

127

REQUEST HB 520 - # 1
 Bill/Resolution No.: 377-087-86
 Title: An Act relating to Public School Construction
 Sponsor: Governor
 Requestor: Governor
 Date of Request: January 24, 1986

Revision Date: _____

FISCAL DETAIL
 Agency Affected: Education
 BRU: Education Finance - Support Services
 Components: Facilities
Debt Retirement

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 85	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

This bill will result in a net savings to the State. Because the savings will be associated with future school construction projects, the precise amount saved in any fiscal year is indeterminate.

Prepared by: Steve Hole Phone: 2800
 Division: Commissioner's Office Date: 1/25/86

Approved by Commissioner: Harold Reynolds, Jr. Date: 1/25/86
 Agency: Education

Distribution (by agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency (ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Aug 1 of 3

HB 520 # 2

Revision Date: _____

REQUEST

Bill/Resolution No.: 377-807-86
 Title: An Act relating to public school construction
 Sponsor: Governor
 Requestor: Governor
 Date of Request: January 24, 1986

FISCAL DETAIL

Agency Affected: Education
 BRJ: Education Finance - Support Services
 Components: Facilities
Debt Retirement

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
DEBT SERVICES						
REVENUE		55,000.0	10,000.0	10,000.0	10,000.0	10,000.0
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND		55,000.0	10,000.0	10,000.0	10,000.0	10,000.0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

Under the bill, the state will only reimburse the principal of bonds approved by local voters after March 31, 1986 and an absolute cap is placed on the amount of reimbursements that will be made in any year for that debt. The bill sets the limit at \$10,000,000 or an amount established by the state bond committee.

Prepared by: Jay Hoban Phone: 3568
 Division: Budget Review Date: 1/25/86

Approved by Commissioner: _____ Date: _____
 Agency: Office of Management and Budget

Distribution by Agency (including fiscal note):
 Legislative Finance
 Legislative Sponsor
 Reporter
 Office of Management and Budget
 Impacted Agency(ies)

MEMORANDUM

State of Alaska

TO The File

DATE January 17, 1986

HB 520 *Page 2 of 3*
#2

FILE NO: 003

FROM

~~Steve Hole~~

TELEPHONE NO 465-2800

SUBJECT FY-87 Debt Retirement

The current FY-87 Debt Retirement cost projection is \$145,831,214. This is an increase of \$1,345,316 over November, 1985, estimates, broken out as follows:

	Change
Kodiak	[186,995.6]
Juneau	129,266.82
Kenai	1,351,570.90
Dillingham	41,380.00
Subtotal	<u>\$1,345,316.10</u>

This estimate is based upon the most current data available from school districts as of 1/14/86.

cc: Jay Hogan

OFFICE OF
MANAGEMENT & BUDGET
JAN 20 1986

BUDGET REVIEW

HB 520 #2
Page 323

TOTAL APPROPRIATIONS 1 FY 02-06 (AUTHORIZED) AND FY 07 (PROPOSED)
(In Millions; Nominal Dollars)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>
	/ - - - - (Authorized) - - - - /					(Proposed)
<u>Operating Agencies/1</u>						
Unrestricted General Funds	\$1,666.1	\$1,841.6	\$1,864.2	\$2,015.5	\$1,999.6	1,991.0
Other Funds	476.8	539.9	479.4	575.2	672.0	678.7
Total Operating Funds	2,142.9	2,381.5	2,343.6	2,590.7	2,671.6	2,669.7
<u>Debt Service/2</u>						
Unrestricted General Funds	142.5	199.8	272.4	264.5	268.6	261.3
Other Funds	1.8	2.0	2.0	5.6	5.6	10.2
Total Debt Service	144.3	201.8	274.4	270.1	274.2	271.5
<u>Capital (Auth.)/3</u>						
Unrestricted General Funds	1,164.9	470.1	778.4	1,241.9	471.1	349.2
Other Funds	72.4	239.7	398.5	192.1	431.7	307.4
Total Capital Funds	1,237.3	709.8	1,176.9	1,434.0	902.8	656.6
<u>Loan Programs (Auth.)/4</u>						
Unrestricted General Funds	471.8	337.0	171.9	140.0	79.8	63.6
Other Funds	1.0	1.0	20.4	0.9	0.2	19.3
Total Loan Funds	472.8	338.0	192.3	140.9	79.8	82.9
<u>Total</u>						
Unrestricted General Funds	3,445.3	2,848.5	3,086.9	3,661.9	2,818.9	2,665.1
Other Funds	552.0	782.6	900.3	773.0	1,102.5	1,015.6
Total Funds	\$3,997.3	\$3,631.1	\$3,987.2	\$4,435.7	\$3,920.4	\$3,680.7
<u>Extraordinary Items/5</u>						
Unrestricted General Funds	1,167.0	708.3	300.0	510.0	(186.5)	0.0
Other Funds	0.0	41.0	198.9	155.1	403.8	272.9
Total Extraordinary Items	1,167.0	749.3	498.9	665.1	217.3	272.9
<u>GRAND TOTAL</u>						
Unrestricted General Funds	4,612.3	3,556.8	3,386.9	4,171.9	2,632.4	2,665.1
Other Funds	552.0	823.6	1,099.2	928.9	1,513.3	1,288.5
GRAND TOTAL	\$5,164.3	\$4,380.4	\$4,486.1	\$5,100.8	\$4,145.7	\$3,953.6

1/ Agency FY 02-04 operating totals from OMB adjusted base totals plus special and supplemental operating appropriations; FY 05 and FY 06 agency authorized totals from Alaska State Appropriations Digest.

2/ This line includes General Obligation and International Airport bond payments, and Local School debt retirement appropriations.

3/ Session totals; OMB has adjusted some FY 79-04 figures to reflect repeals and reappropriations, as well as the definition of capital projects enacted in 1983 (AS 37.07.120[4]).

4/ Loan totals reflect new appropriations to various loan programs.

5/ Extraordinary Items include special, one-time appropriations such as General Fund deposits to the Permanent Fund, Permanent Fund of bond payments, State Income Tax refunds, legal settlements, special loan guarantee appropriations and appropriations to the Harry Lay Fund. The negative General Fund entry for FY 06 reflects statutory reductions to prior loan, capital and refund credit programs. (See 1905 Alaska State Appropriation Digest, p.5)

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 1/27/86

REQUEST 187 NB 520 # 3
 Bill/Resolution No.: Proposed
 Title: An Act Relating to Public School Construction
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: 1/21/86

FISCAL DETAIL
 Agency Affected: DOT&PF and D.O.E.
 BRU: Planning/Programming Engineering and Operations Standards Design and Construction
 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	0	261.0	200.3	173.6	182.2	191.4
TRAVEL						
CONTRACTUAL	0	529.2	405.6	425.9	447.2	469.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0					

CAPITAL	0	790.2	605.9	599.5	629.4	660.9
---------	---	-------	-------	-------	-------	-------

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND	0	790.2	605.9	599.5	629.4	660.9
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME	0	4	3	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

SEE ATTACHED ANALYSIS STATEMENT

Prepared by: Rod Wilson Phone: 465-2951
 Division: Engineering and Operations Standards Date: _____

Approved by Commissioner: _____ Date: _____
 Agency: Department of Transportation and Public Facilities

Distribution (by Agency preparing fiscal note):

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

ANALYSIS STATEMENT RE:
An Act Relating To Public School
Construction

FISCAL NOTE PREPARATION FOR:
Draft #11; January 21, 1986

HB 520 #3
247

Specific tasks required by the proposed legislation:

(Associated costs are reflected in the attached Table A)

- (1) Creation of design standards for each geographic region [A.S. 35.15.230; AS 14.11.100(h)].
- (2) Establish construction cost guidelines commensurate with the design standards for each geographic region [AS 35.15.210(a); AS 35.15.210(b) and (c)(3)].
- (3) Development of an estimate for the costs of construction on each project as approved by D.O.E. [AS 14.11.010(b)(2); AS 14.11.102(b) and (3); AS 35.15.210(a); AS 35.15.220(a)].
- (4) Make recommendation to the legislature by January 25, 1988 of a plan of school construction through the year 2001. (*Sec. 17)

Specific tasks assigned to D.O.E. that need involvement by DOT&PF: (As both these items will have a direct bearing on DOT&PF's performance as required under AS 35.15.210(b) and AS 35.15.220(c)).

- (5) With respect to the school condition survey: DOT&PF should be involved in the process of formulating standards addressing facility condition, compliance with laws and regulations relating to health and safety, and building codes [14.11.102(a)].
- (6) With respect to establishing required information or documentation: DOT&PF should be involved in the process of formulating minimum requirements for submittals involving (1) code related emergency requirements and (2) facilities that require repair or replacement... to meet... building codes. [AS 14.11.010(c)(2); AS 14.11.100(j)(4)(b)].

Assumptions made in the preparation of this analysis included:

- (1) Based on information received from the Department of Education the number of applications received under the direct appropriation program in 1985 totaled approximately 100 and requests for debt retirement in 1985 numbered 250. These quantities have formed the basis of the expenditures as generated and assumes the number of requests in future years to be consistent with the 1985 numbers.
- (2) The Department would have to rely heavily on outside consultants with only minimal staffing increases. In addition the majority of the staffing positions to be added would be of professional (registered) caliber.
- (3) The review of applications shall continue at a uniform rate during the course of the year so as to make optimum use of staff personnel. High rates of application influx will be reviewed by consultants.
- (4) Under Task #3 above, (i.e., construction costs estimates), it has been assumed that 85% of all projects would only require minor involvement. Whereas 15% of the projects would be large scale "new construction/major renovation" types of projects and require a more in-depth (consultant oriented) analysis.

TABLE "A"

HB 520 #3 - P. 3 of 7

TASK	1987	1988	1989	1990	1991	1992	Pos Add/Yr
(1)(a) Develop Dept. Regs, Guidelines and P&P's	16,400						.5/86
(1)(b) Establish Efficient Design Standards With Consultant	(115,940) 18,605						.75/86
(2) Establish Construction Cost Standards	(27,100) 42,475						.35/86
(3)(a) Cost Estimate For Debt Retirement Projects (100 projects/yr)	(99,725) 147,875	(104,710) 155,270	(109,950) 163,030	(115,440) 171,180	(121,220) 179,740	(127,280) 188,730	.75/86
(3)(b) Cost Estimates For Direct Grant Projects (250 project/yr)	(286,540) 395,860	(300,370) 415,550	(315,910) 436,640	(331,710) 458,260	(348,290) 481,170	(365,700) 505,230	1.75/86
(4) Development Long Range Construction Strategy		35,000					.5/87
Consultant	(529,205)	(405,580)	(425,860)	(447,150)	(469,510)	(492,990)	
TOTALS	790,215	605,920	599,470	629,440	660,910	693,960	

LEGEND: Parenthesis () indicate consultant budget
All non parened figures represent total projected budgets



Dept. of Transportation & Public Facilities

Position Paper

BILL NO: (Proposed)

HB 520

APPROVED: *R. J. Knapp*
R. J. Knapp
Commissioner

TITLE: An Act Relating to Public School
Construction

DATE: 1/27/86

The Department supports the proposed bill and perceives its duties and responsibilities to consist of the following:

- (1) Concerning the quality or extent of the construction for which the State of Alaska shall participate, the Department shall establish efficient "standards" of design and construction for each geographic region.
- (2) Concerning the extent of allowable costs for which the State of Alaska shall participate, the Department shall establish construction cost guidelines commensurate with the "standards" for each geographic region.
- (3) Shall provide an estimate of allowable construction costs for each project based on established standards and cost guidelines.
- (4) Shall perform technical evaluations and where appropriate provide alternate means of construction which will adequately correct the deficiency.
- (5) Shall in cooperation with the Department of Education jointly study, evaluate and prepare a plan of school construction through the year 2001.

The Department fully supports the goals of the bill. However it should be realized that our duties and responsibilities will only be attainable through adequate funding.

Consideration should be given to establishing a means for assessing the project budgets for the costs required to carry out the Department's responsibility under this bill. If this can be done, the flexibility required to adjust staff needs to the size of the program will be provided and the impact to the operating budget will be minimal.

4 of 7
 HB 520#3

Table I

State Debt Service Burden
 in \$ Millions and as a % of Unrestricted Revenues ^{1/}

Fiscal Year	1		2		3		4	
	Existing Debt Service and Lease Obligations		Existing School Debt Reimbursement		Total Existing Debt Service (1 & 2)		Existing Law	
86	\$178	5.7%	\$105	3.4%	\$283	9.1%	\$283	9.1%
87	168	6.2	109	4.0	277	10.2	319	11.7
88	161	7.1	100	4.4	261	11.5	324	14.2
29	150	7.1	109	5.1	259	12.2	325	15.3
90	135	6.8	90	4.5	225	11.3	287	14.4
91	110	5.7	78	4.0	188	9.7	247	12.8
92	82	4.4	72	3.8	154	8.2	212	11.4
93	73	3.8	63	3.3	136	7.1	191	9.9
94	44	2.3	56	3.0	100	5.3	151	8.0
95	32	1.7	47	2.5	79	4.2	128	6.8
96	28	1.5	33	1.8	61	3.3	107	5.8
97	24	1.3	16	.9	40	2.2	59	3.2
98	21	1.2	14	.8	35	2.0	42	2.4
99	16	1.2	14	1.1	30	2.3	37	2.8
00	9	.8	12	1.0	21	1.8	27	2.4

^{1/} Unrestricted revenues are January 1926 30th percentile estimates.

527

HB 520 #3

Column Key

1. Debt service on State general obligation bonds, University of Alaska revenue bonds, ASHA lease revenue bonds, and lease payments on Seward Student Service Center and Correctional Center.
2. 80%, 90%, or 100% State reimbursement of debt service paid by municipalities on school debt outstanding as of December 31, 1985.
3. Total of columns 1 and 2.
4. Column 3 plus lease payments on Anchorage Court Building plus State reimbursement on \$312.5 million of authorized but unissued school debt and \$31.4 million of school debt to be authorized by the voters in January and March of 1986. Of this \$343.9 million new school debt, \$230.2 million is scheduled for issuance in FY 86. Reimbursement of school debt is 80% of current debt service payments on 10 year debt with level principal payments.

Prepared by: Department of Revenue
January 23, 1986

STATE OF ALASKA
DEPARTMENT OF REVENUE

687
NB 520 # 3
M E M O R A N D U M

TO: The Honorable Loren Lounsbury
Chairman
State Bond Committee

FROM: Tomas H. Boutin
Debt Manager
Treasury Division
Department of Revenue

DEC 27 1985

BUDGET REVIEW

DATE: December 27, 1985

RE: Debt Capacity

The estimated capacity of the State to issue debt in the form of general obligation bonds and lease purchase financing has increased. Growth in expected near term unrestricted revenues as forecasted by the Department of Revenue and declining long term interest rates have raised estimated debt capacity over the level derived from the September revenue forecast. Debt capacity accorded by the December 1985 Department of Revenue forecast is shown below:

<u>Fiscal Year</u>	<u>Mean Revenue Estimate</u>	<u>30th Percentile Estimate</u>
1986	---	---
1987	---	---
1988	---	---
1989	---	---
1990	---	---
1991	83	---
1992	186	76
1993	128	71
1994	207	185
1995	116	75
1996	22	6
TOTAL	742	413

It is anticipated that lease purchase financing for as much as \$65 million may be arranged for the Anchorage Court Building. This financing would eliminate state debt capacity through 1992 under the 30th percentile estimate and through 1991 under the mean forecast.

In addition to debt service on State general obligation bonds, debt service on Alaska State Housing Authority and University

777
HBS 20 #3

of Alaska revenue bonds and lease payments on the Seward Student Service Center and the Spring Creek Correctional Center Certificates of Participation are included in the calculation of State debt capacity.

The rating agencies view lease financing obligations in the same light as general obligations of the State. A lease purchase obligation may take the form of either revenue bonds or certificates of participation. In either case State lease payments are the sole security for the obligations and the State's name is displayed prominently throughout the security. The fact that these lease payments are subject to annual appropriations precludes the obligations from being considered State debt under the constitution and requiring voter approval. Lease purchase obligations provide for the acquisition of the property by the lessee at the end of the lease. The term of the lease and purchase price are such that the lessee (State) is considered the owner of the property for federal tax purposes from the outset of the lease. This makes a portion of the lease payments considered tax-exempt interest under the federal income tax.

The above estimates of debt capacity are based on the December 1985 Department of Revenue revenue estimates. They adhere to the premise that debt service should not exceed 5% of the State's unrestricted revenue if the State is to maintain its credit rating.

Consideration of lease purchase financing complicates the analysis of debt capacity in that interest rates are likely to be higher but terms possibly longer than on general obligation debt. For simplicity's sake, and because these estimates serve as a general guideline, and because it is unknown how much future debt will be general obligation bonds as opposed to lease purchase financing, the estimates are made as if all future debt is general obligation debt -- an assumed 5% interest rate and 10 year maturity.

Attached Tables I, II, and III show the derivation of the above debt capacity estimates.

Attachments

cc: Mary Nordale
Eleanor Andrews
Ray Gillespie
Gordon Harrison
Jay Hogan
Terry Elder
Jon Rubini

14520 #3

Government Finance Associates, Inc.

101 Carnegie Center, Princeton, New Jersey 08540
(609)452-4575
Corporate Headquarters

New York City Offices
Suite 1301
71 Broadway
New York, New York 10003
(212)909-5700

Northwest Offices
Suite 1200
1211 SW Fifth Avenue
Portland, Oregon 97204
(503)222-1405

December 6, 1985

The Honorable Bill Sheffield
Governor
State of Alaska
3rd Floor, Capitol
Pouch A
Juneau, AK 99811

DEC 11 1985

BUDGET REVIEW

Dear Governor Sheffield:

At the outset, I want to say that the trip you took to New York and Chicago to meet with representatives of the investment community, including the rating agencies, underwriters and other participants, was definitely a success. Since those meetings, we have heard positive comments both about the State's presentations and the desire for many of the representatives to maintain continuing dialogue with the chief financial and administrative officers of the State.

This week, we were informed by Anthony Arthur of Standard & Poor's Corporation that the rating agency is in the process of preparing a review on the rating it assigns to the State of Alaska. It is anticipated that this review will take several weeks to complete and will be distributed in appropriate publications by Standard & Poor's. It is not unusual for a rating agency to conduct this type of review subsequent to a briefing of the type presented by the State in November.

During conversations with Anthony Arthur, he requested that certain materials prepared prior to the presentation be updated so that they will have more current data on which to base their credit review. In particular, it will be necessary for the State to develop more recent information on the debt position of State agencies and the State itself. Members of the Department of Revenue are at present preparing that material. Most importantly in this respect, however, is the subject of school debt. For the first time, we expect the agency to include the proportionate share of local school debt paid by the State in determining the State's overall debt load. Apparently, the agency has not been aware of this school assistance program until recently, and based upon the method employed by the agency in handling local school debt paid by other states, we would anticipate the applicable portion to be added to the

Government Finance Associates, Inc.

HB 520 # 3

overall debt liability of Alaska. Due to the fact that the agency will now be including such debt, we can expect Standard & Poor's to ask the following question regarding this matter. The agency will desire to know the policy that the State expects to employ to control the amount of local school debt that will be paid by the State. In fact, if you recall, at the New York luncheon, one analyst raised the issue by asking if the State had plans for controlling local debt issues in the future. In response to this possible inquiry by Standard & Poor's, you should know that in most circumstances in which other states pay a large portion of debt service for local school buildings, before the local issuer is authorized to sell the school debt, approval by the particular state education department is required, which department also receives certain affordability guidelines for the program by the chief financial officers of the individual state. Standard & Poor's would find it helpful to receive some specific discussion on this important point.

In conjunction with this analysis by Standard & Poor's, it will also review the State's proposed two-year debt management policy. Based on recent discussions with Standard & Poor's, we do not expect a definitive response by the agency on the policy until later in the month when all relevant members of the rating committee will be available for the review. It is important for the State to have a plan it can present to the agency for the implementation of this policy whether the implementation is expected to be an executive proclamation, legislation, or the adoption by the Administration of particular guidelines for the State and State agencies to follow.

There are at least two additional items which, I believe, deserve attention at this point: The status of the recommendations of the lease/purchase options for State office buildings and the establishment of the appropriate approach toward analyzing infrastructure financing by the State. With respect to the first matter, as was noted often during our various visits with the investment community, the lease/purchase approach, as proposed by the State Office Building Task Force, is a cost-effective and the preferred method of financing State office facilities. In the past, the issuance of certificates of participation on an ad hoc basis has not been conducive to a well-organized debt management program for financing such facilities. Because of the substantial debt management advantages of utilizing the methodology presented by the Task Force, a process for State implementation of these recommendations would be met with a favorable response by the rating agency during the course of its evaluation. In this respect, any such facilities that would generally fall within those requiring

Government Finance Associates, Inc.

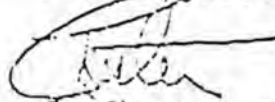
AB 520 #3

debt financing should be included immediately within the restrictions of the proposed structure in order for the State to indicate early and convincing adoption of the approach. It would also be helpful to make clear to the rating agency that the Sheffield Administration expects to make the implementation of the recommendations a significant part of the State's overall debt management operations.

Finally, the funding by the State of physical infrastructure requirements has been accomplished in two ways: The use of revenues for capital projects and the issuance of debt to raise proceeds for capital construction requirements. It would be helpful, from the credit analyst's perspective, to have a document which sets forth annually all payments for infrastructure financing by the State to be accomplished during the upcoming year. This information, consolidated into one document, would consist of three major parts. First, the document would present the amount of current revenues being applied to purchase or build long-term capital facilities. Second, the information would set forth the current debt service being paid for all capital facilities directly and indirectly by the State (i.e., general fund expenditures for lease/purchase facilities, general obligation payments, and debt service payments on local school debt). Third, the document would present the security issues to be sold during the current year through both general obligation bonds and related obligations (i.e., lease/purchase debt). Through this document, investors and credit analysts could determine, in a more simplified form, the State's commitment to capital financing of infrastructure requirements. Moreover, it would allow these persons to understand the overall credit of the State in a more comprehensive and persuasive manner. . .

Obviously, we will keep you informed about the progress of the review by Standard & Poor's on the State. If you have any questions or require any further clarification on the matters discussed in this letter, please do not hesitate to contact us. At present, I expect to be in Alaska in early January and would like the opportunity to meet with you then.

Best regards,



J. Chester Johnson

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

REQUEST <u>HB 520 # 4</u> Bill/Resolution No. : _____ Title : <u>An Act relating to Public</u> <u>School Construction</u> Sponsor : <u>Rules Committee at the request</u> Requestor : <u>of the Governor</u> Date of Request : <u>1/27/86</u>	Revision Date : _____ FISCAL DETAIL Agency Affected : <u>Revenue</u> BRU : <u>Treasury</u> Components : <u>Operating</u>
--	---

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

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

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : <u>Bill Baker</u>	Phone : <u>465-2350</u>
Division : <u>Treasury</u>	Date : <u>1/27/86</u>
Approved by Commissioner : <u>Stanley H. Lindgren</u>	Date : <u>1/27/86</u>
Agency : <u>Dept. of Revenue</u>	

- Distribution (by Agency preparing fiscal notes):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Dept. of Agency(ies)

\$20 Million of General Obligation Debt for School Construction
(\$Millions)

Level Principal			If State Pays 80% Debt Service		If State Pays 100% of Principal				
<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>	<u>YEAR</u>	<u>STATE PAYS</u>	<u>MUNICIPALITY PAYS</u>	<u>YEAR</u>	<u>STATE PAYS</u>	<u>MUNICIPALITY PAYS</u>
1	1.4	2.0	3.4	1	2.7	.7	1	2.0	1.4
2	1.3	2.0	3.3	2	2.6	.7	2	2.0	1.3
3	1.2	2.0	3.2	3	2.6	.6	3	2.0	1.2
4	1.0	2.0	3.0	4	2.4	.6	4	2.0	1.0
5	.9	2.0	2.9	5	2.3	.6	5	2.0	.9
6	.8	2.0	2.8	6	2.2	.6	6	2.0	.8
7	.6	2.0	2.6	7	2.1	.5	7	2.0	.6
8	.5	2.0	2.5	8	2.0	.5	8	2.0	.5
9	.3	2.0	2.3	9	1.8	.5	9	2.0	.3
10	.2	2.0	2.2	10	1.8	.4	10	2.0	.2
	8.2	20.0	28.2		22.5	5.7		20.0	8.2

Level Payment			If State Pays 80% Debt Service		If State Pays 100% of Principal				
<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>	<u>YEAR</u>	<u>STATE PAYS</u>	<u>MUNICIPALITY PAYS</u>	<u>YEAR</u>	<u>STATE PAYS</u>	<u>MUNICIPALITY PAYS</u>
1	1.5	1.4	2.9	1	2.3	.6	1	1.4	1.5
2	1.4	1.5	2.9	2	2.3	.6	2	1.5	1.4
3	1.3	1.6	3.9	3	2.3	.6	3	1.6	1.3
4	1.2	1.8	2.9	4	2.3	.6	4	1.8	1.2
5	1.0	1.9	2.9	5	2.3	.6	5	1.9	1.0
6	.9	2.0	2.9	6	2.3	.6	6	2.0	.9
7	.7	2.2	2.9	7	2.3	.6	7	2.2	.7
8	.6	2.3	2.9	8	2.3	.6	8	2.3	.6
9	.4	2.5	2.9	9	2.3	.6	9	2.5	.4
10	.2	2.7	2.9	10	2.3	.6	10	2.7	.2
	9.2	20.0	29.1		23.2	5.9		20.0	9.1

Step	July	Aug	Sept	Oct	Nov	Dec	Jan
#1 Application to Department of Education (DOE) by local school district	→						
#2 DOE evaluation of project Sec. 14.11.102 AS 14.11.010	←	←	←	←			
#3 DOT/PF review of project/cost estimate/appropriate design criteria. Sec. 14.11(b)(c)	←	←	←	←			
#4 DOT/PF submits its evaluation costs estimate to DOE				↔			
#5 DOE accepts or rejects the application Sec. 14.11.102(d)				←			
#6 DOE ranks project Sec. 14.11.102(c)				↔			
#7 DOE submits to State Board of Education for approval				↔			
#8 DOE approves project's eligibility for debt retirement. Sec. 14.11.103				←			
#9 Notify district that project has been approved and funded or approved and unfunded					→		
#10 District holds bond election					←	→	
#11 Notify Department of results of bond election.						→	

The actual design must be submitted to DOT/PF for them to evaluate.

Bond election can be held anytime after project has been approved.

Open end

Open

All time lines and dates are estimates.

Step	July	Aug	Sept	Oct	Nov	Dec	Jan
#1 Application to Department of Education (DOE) by local school district	→						
#2 DOE evaluation of project Sec. 14.11.102 AS 14.11.010	←	←	←	←			
#3 DOT/PF review of project/cost estimate/appropriate design criteria. Sec. 14.11(b)(c)	←	←	←	←			
#4 DOT/PF submits its evaluation costs estimate to DOE			↔				
#5 DOE accepts or rejects the application Sec. 14.11.102(d)			↔				
#6 DOE ranks project Sec. 14.11.102(c)				↔			
#7 DOE submits to State Board of Education for approval					↔		
#8 DOE approves project's eligibility for debt retirement. Sec. 14.11.103				←			
#9 Notify district that project has been approved and funded or approved and unfunded					→		
#10 District holds bond election						←	→ Open end
#11 Notify Department of results of bond election							→ Open

The actual design must be submitted to DOT/PF for them to evaluate.

Bond election can be held anytime after project has been approved.

All time lines and dates are estimates.

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: Representative Niilo Koponen, Co-Chair
Representative Max Gruenberg, Co-Chair
Members of the House Health, Education
and Social Services Committee

FROM: Scott A. Burgess, Executive Director 

DATE: February 26, 1986

SUBJECT: HB 520 - School Debt Limits

While the Alaska Municipal League supports fiscal responsibility for the State and municipalities, and recognizes the difficult policy decisions presented by declining oil revenues, the State must continue to recognize its Constitutional responsibilities for the education of its residents. The legislation before you proposes to drastically change the role and responsibility of the State in the financing and construction of schools. Without prior knowledge of the debt management legislation proposed this legislative session by the Governor, including HB 520, the League has not had sufficient time to adequately address the legislation and its impact on all of its 116 member municipalities; therefore, on behalf of the League, I will not speak in favor or in opposition to the bill but, instead, raise issues which the Legislature (and the League) should address in reviewing this legislation. With decreasing federal and state financial support and increasing mandates and shifts in responsibilities to local governments, municipalities are understandably suspect and "gun-shy" with might be seen as a reduced role of the State in providing for basic education while at the same time removing local control.

First of all, HB 520 should be reviewed and acted upon separately from the commitment to the current 80% reimbursement program resulting from SB 51 which you approved and was signed into law by the Governor last year. Fluctuating State reimbursement levels over the last few years and pent-up demand for new schools, resulted in over \$300 million in bonds for new schools this year. These were presented to the voters under reimbursement levels and approval criteria debated and decided last year, resulting in the approval of SB 51 and the 80% program, which is now law. Insufficient funds are requested in the Governor's budget to meet the commitment to reimburse municipalities for 80% of the costs of the schools approved under the Statute. More than \$40 million must be added to the current budget request of \$106 million to meet the requirements of the current reimbursement program, and that funding should not be subject to new requirements, after the fact, or the passage of subsequent legislation, e.g. HB 520.

Representative Niilo Koponen, Co-Chair
Representative Max Gruenberg, Co-Chair
Members of the House Health, Education
and Social Services Committee
February 26, 1986
Page 2

Other comments and concerns on HB 520 are as follows:

Involvement of the Department of Transportation and Public Facilities: The proposed legislation calls for additional review and approval by DOT/PF of local school construction requests, currently made to and reviewed by the Department of Education. The concerns raised here are: 1) Is this review necessary, and what delays will result? 2) Is the cost of the DOT/PF review proposed going to come from the project? 3) How will differences between the DOT/PF and the architects cost estimates be resolved? 4) With such additional review criteria, is the State more concerned with what is being built when it is paying only 40-80% than what will be built with 100% State funds through the capital budget?

Reimbursement: The legislation, again, proposes to change the State reimbursement program and level for schools funded by bonds. The effective level of debt reimbursement proposed appears to be less than 50% when only principal is reimbursed, interest is deducted, and not all project costs are allowed. Concerns include: 1) Is reimbursing only the principal on debt issued by municipalities to provide needed facilities to meet the educational needs of the residents of the State fair? 2) Why are cash payments not allowed under proposed AS 14.11.100(a)(5)(B)? 3) Why is there a two year lag proposed before reimbursement is made as proposed under Section 6 (AS 14.11.100(a)(6))? 4) Why are interest funds being deducted from the amount reimbursed by the State? 5) What incentive does the offsetting the State's reimbursement with the interest money provide to the municipality to manage its debt in terms of sale and structuring? 6) Why would the entire cost of the project not be eligible for reimbursement such as the cost of selling the bonds as proposed in Section 13 (AS 14.11.135(3))? How is the cost of bond counsel different from the architect?

Refunding: Section 10, specifically proposed AS 14.11.100(j)(2), would not allow bonds to be refunded unless there is more than a 5% savings. In talking to bond counsels doing business with Alaska municipalities, they indicate this may not be good public policy. They indicate that such refunding seldom shows more than a 5% savings but that the benefits of a short term cost for a 2-4% long term savings can be significant. Impending federal tax legislation, H.R. 3838, would already restrict refunding by removing 2-3% of the potential savings. Such a State restriction would appear to be short-sighted, and an infringement on local government to manage its debt, effectively and efficiently.

State Bond Committee: While it may be proper for some State department or agency to review and manage the State's debt, the involvement of the State Bond Committee and its staff in local decisions as to municipal debt management, as proposed, is questioned. Under HB 520, the reimbursement of principal up to \$10 million by the State is subject, not only to legislative appropriation, but, also, to the State Bond Committee, which can raise and lower that commitment. The Committee, which has no local government representation, can also control the structuring of local debt,

Representative Niilo Koponen, Co-Chair
Representative Max Gruenberg, Co-Chair
Members of the House Health, Education
and Social Services Committee
February 26, 1986
Page 3

removing local option to manage its financial affairs in the best interest of the community. What potential delays, costs and problems would the proposed involvement of this department cause?

Again, I have tried to raise the questions for the Legislature that come to mind after preliminary review and discussions on the legislation. The League has not had sufficient involvement or time to take a position on HB 520. I have alerted our membership on the legislation, and comments will undoubtedly be forthcoming. Perhaps you have already received comments from the municipalities directly. For your information, I have attached a copy of an internal memo from the Kenai Peninsula Borough with the permission of the author; however, the views contained, therein, are not necessarily those of the League.

I hope these comments are helpful. On behalf of the Board of Directors and our member municipalities, we will be following your review of this legislation and will be glad to assist you in any way we can. Thank you.

Attachment

A M E N D M E N T

Offered in the HOUSE

By the Health, Education and
Social Services Committee

TO: CSHB 520 (HESS)

Page 9, line 16, following "payment" insert:

"not subject to reimbursement by the state under AS 14.11.100."

Page 10, line 10, delete all material.

Renumber the following sections accordingly.

A M E N D M E N T

#1

Offered in the HOUSE

By the Health, Education and

TO: CSHR 520(HESS)

Social Services Committee

Page 5, line 29, through page 6, line 5, delete all material and insert:

"(6) subject to (h), (i), and (j) of this section, 50 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after March 31, 1986, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and that are approved under AS 14.11.102; and

(B) cash payments made after June 30, 1986, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.11.102."

Page 10, after line 15:

Insert: "(A)"

Page 10, line 17:

Delete: "(A)"

Delete: "(B)"

Page 10, line 18, following "AS 37.15.790,":

Insert: "or (B) result in total state allocations for cash payments
that do not exceed \$5,000,000,"

A M E N D M E N T

#2

Offered in the HOUSE

By the Health, Education and

TO: CSHB 520(HESS)

Social Services Committee

Page 3, line 7, delete all material and insert:

"annual [PRINCIPAL PAYMENTS OR APPROXIMATE EQUAL] debt service payments"

A M E N D M E N T

#3

Offered in the HOUSE

TO: CSHR 520(HESS)

By the Health, Education and
Social Services Committee

Page 11, lines 7 - 28, delete all material

Renumber remaining bill sections accordingly

A M E N D M E N T

#4

Offered in the HOUSE
TO: CSHB 520(HESS)

By the Health, Education and
Social Services Committee

Page 5, line 29, through page 6, line 5, delete all material and insert:

"(6) subject to (h), (i), and (j) of this section

(A) payments made by the municipality during the fiscal year for the retirement of principal on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after March 31, 1986, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and that are approved under AS 14.11.102; and

(B) 80 percent of cash payments made after June 30, 1986, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.11.102."

Page 10, after line 15:

Insert: "(A)"

Page 10, line 17:

Delete: "(A)"

Delete: "(B)"

Page 10, line 18, following "AS 37.15.790,":

Insert: "or (B) result in total state allocations for cash payments that do not exceed \$5,000,000,"

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 520 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 14.08.151 is amended by adding new subsections to read:

10 (c) The interest conveyed to the regional school board under
11 this section is subject to

12 (1) all the limitations imposed by the state's predecessors
13 in interest;

14 (2) the rights of municipalities established after the
15 effective date of this Act that are authorized by AS 29 to operate
16 schools in the community; and

17 (3) other terms, including possibilities of reverter and
18 reversions, that the department holding title imposes.

19 (d) If a school facility constructed by a regional educational
20 attendance area under authority assumed under AS 14.11.020, in which
21 the state retains an interest, ceases to be used for school purposes,
22 the department may dispose of the facility in accordance with law.

23 * Sec. 2. AS 14.11.010(b) is repealed and reenacted to read:

24 (b) With regard to projects requested under (a) of this section
25 the department shall

26 (1) with such technical assistance or comments as the
27 department may request from other state agencies, prepare an estimate
28 of the appropriation needed to finance each project approved by the
29 department;

1 (2) rank each project in the order of priority that serves
2 the best interests of the state;

3 (3) recommend to the governor appropriations for projects
4 to be included in the budget submitted to the legislature;

5 (4) provide the governor with a copy of the report of the
6 assembly, council, or regional school board that requested each proj-
7 ect approved by the department;

8 (5) provide to the legislature within the first 10 days of
9 each regular session a summary of the projects requested by each
10 assembly, council, or regional school board.

11 * Sec. 3. AS 14.11.010(c) is amended to read:

12 (c) In establishing priorities among requested projects the
13 department shall identify and evaluate at least the following factors:

14 (1) priorities assigned by the assembly, council, or school
15 board to the projects requested;

16 (2) emergency requirements;

17 (3) the number of students without classroom space;

18 (4) new local elementary or secondary programs;

19 (5) existing regional, community, and school facilities and
20 the condition of the facilities;

21 (6) the economic and social stability of the municipality
22 or region;

23 (7) demographic data indicating present and projected
24 enrollment, and population trends in the municipality or region; and

25 (8) after December 31, 1988, the condition of existing
26 school facilities in the community in comparison to all other schools
27 in the state.

28 * Sec. 4. AS 14.11 is amended by adding a new section to read:

29 Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) Each school

1 district requesting project approval under AS 14.11.010 or 14.11.102
2 shall inspect and inventory each of its schools and education related
3 facilities, under standards adopted by the department in compliance
4 with AS 44.62, noting their age, condition, compliance with laws and
5 regulations relating to health and safety, building codes, and annual
6 maintenance and operations costs. The inventory shall be submitted to
7 the department for review and analysis.

8 (b) The department may inspect and inventory the schools and
9 education related facilities in the state under standards adopted
10 under the Administrative Procedure Act (AS 44.62).

11 (c) Each school district shall annually revise its inventory by
12 including new schools constructed, rehabilitations or additions to
13 existing schools, and major maintenance and repairs paid for with
14 local money, state municipal grants, appropriations under AS 14.11.020
15 and debt reimbursed under AS 14.11.100. Each school district shall
16 also annually report the amount of money spent in the previous fiscal
17 year for maintenance and operations costs in a uniform manner as
18 required by the department. The annual revisions must be submitted to
19 the department for review and analysis.

20 (d) After December 31, 1988, the condition of the school dis-
21 trict's schools and education related facilities in comparison to all
22 other schools in the state must be a factor in evaluation of projects
23 under AS 14.11.010 and 14.11.102.

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

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

27 (A) payments made by the municipality during the
28 fiscal year for the retirement of principal and interest on
29 outstanding bonds, notes or other indebtedness authorized by the

1 qualified voters of the municipality after June 30, 1983, and
2 before April 1, 1986, to pay costs of school construction, addi-
3 tions to schools, and major rehabilitation projects that exceed
4 \$25,000 and are approved under AS 14.07.020(11); and

5 (B) cash payments made after June 30, 1983, and before
6 July 1, 1986, by the municipality during the fiscal year two
7 years earlier to pay costs of school construction, additions to
8 schools, and major rehabilitation projects that exceed \$25,000
9 and are approved under AS 14.07.020(11).

10 * Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

11 (6) subject to (h), (i), and (j) of this section

12 (A) payments made by the municipality during the
13 fiscal year for the retirement of principal on outstanding bonds,
14 notes or other indebtedness authorized by the qualified voters of
15 the municipality after March 31, 1986, to pay costs of school
16 construction, additions to schools, and major rehabilitation
17 projects that exceed \$25,000 and that are approved under AS 14.-
18 11.102; and

19 (B) 80 percent of cash payments made after June 30,
20 1986, by the municipality during the fiscal year two years earli-
21 er to pay costs of school construction, additions to schools, and
22 major rehabilitation projects that exceed \$25,000 and are app-
23 roved under AS 14.11.102.

24 * Sec. 7. AS 14.11.100(b) is amended to read:

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

1 shall exclude from the total school construction cost of the local
2 district all state and federal funds included in these costs except
3 funds provided under this section and AS 43.50.140. In approving
4 applications for reimbursement, the commissioner shall

5 [(1)] offset against the amount of reimbursement authorized
6 the amount of any funds distributed to the borough or city in the
7 second preceding fiscal year from the school fund provided for in
8 AS 43.50.140. [;

9 (2) Repealed]

10 * Sec. 8. AS 14.11.100(h) is amended to read:

11 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or
12 (6) of this section for school construction begun after July 1, 1982,
13 the costs of school construction must [SHALL] be reduced by the amount
14 of money used for the construction of residential space, hockey rinks,
15 planetariums, saunas, and other facilities for single purpose sporting
16 or recreational uses that are not suitable for other activities and by
17 the money used for construction that exceeds the amount needed for
18 construction of a facility of efficient design as determined by the
19 department. The costs of school construction [AN ALLOCATION UNDER (a)
20 (4) or (5) OF THIS SECTION] may not be reduced by the amount of money
21 used for construction of a small swimming pool, tank, or water storage
22 facility used for water sports. However, an allocation shall be
23 reduced by the difference between the amount of money used to con-
24 struct a swimming pool that exceeds the standards adopted by the
25 department and the amount of money that would have been used to con-
26 struct a small swimming pool, tank, or water storage facility, as
27 determined by the commissioner.

28 * Sec. 9. AS 14.11.100(i) is amended to read:

29 (i) For the purposes of (a)(4), [AND] (5), and (6) of this

1 section

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

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

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

8 * Sec. 10. AS 14.11.100(j) is amended to read:

9 (j) The state may not allocate money to a municipality for a
10 school construction project under (a)(5) or (6) of this section unless
11 the municipality complies with the requirements of (1) - (4) of this
12 subsection and the project is approved under AS 14.11.102 [BY THE
13 COMMISSIONER] before the local vote on the bond issue for the project.
14 In approving a project under this subsection, the commissioner shall
15 require

16 (1) the municipality to include on the ballot for the bond
17 issue the estimated total cost of each project including estimated
18 annual operation and maintenance costs and the estimated amounts that
19 will be paid by the state and by the municipality;

20 (2) that the bonds may not be refunded unless the present
21 value of the annual debt service on the refunding issue is not greater
22 than 95 percent of the present value of the annual debt service on the
23 original issue;

24 (3) that the bonds must be repaid in approximately equal
25 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]
26 over a period of [AT LEAST] 10 years or a different term that may be
27 established by the state bond committee under AS 37.15.790;

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

1 (A) projected long-term student enrollment that indi-
2 cates the district has inadequate facilities to meet present or
3 projected enrollment; or

4 (B) facilities that require repair or replacement in
5 order to meet health and safety laws or regulations or building
6 codes.

7 * Sec. 11. AS 14.11 is amended by adding a new section to read:

8 Sec. 14.11.101. MUNICIPAL DEBT. The portion of municipal school
9 debt subject to reimbursement by the state is not subject to a municipi-
10 pal debt limit unless the debt limit is adopted by the municipality
11 and expressly applies to reimbursable portions of school debt.

12 * Sec. 12. AS 14.11.102 is amended to read:

13 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall
14 evaluate projects for which retirement of school construction debt
15 under AS 14.11.100(a)(6) is requested by school districts in accor-
16 dance with the procedures and criteria set out in AS 14.11.010. [A
17 REQUEST FOR AN ALLOCATION OF FUNDS UNDER AS 14.11.100 MUST BE SUBMIT-
18 TED TO THE DEPARTMENT BY THE SCHOOL DISTRICT NO LATER THAN OCTOBER 15
19 OF THE FISCAL YEAR BEFORE THE FISCAL YEAR FOR WHICH THE REQUEST IS
20 MADE.]

21 * Sec. 13. AS 14.11.102 is amended by adding new subsections to read:

22 (b) The department shall develop, with technical assistance that
23 may be provided by other state agencies, an estimate of the amount
24 needed to construct each project for which retirement of school con-
25 struction debt is requested by a school district under appropriate
26 design standards for its geographic location.

27 (c) After reviewing all projects for which retirement of school
28 construction debt is requested, the department shall rank the projects
29 approved under this section in the order in which each serves the best

1 interests of the state. All projects approved, but for which n
2 allocation of money has been made under AS 14.11.103, shall be in
3 cluded in the same ranking.

4 (d) In considering requests under this section, the departmen
5 may reject requests due to

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

8 (2) a determination that existing facilities can adequately
9 serve the program requirements or that alternative projects are in the
10 best interests of the state;

11 (3) a determination that the project is inappropriate for
12 education construction and should be a district maintenance and opera-
13 tion expenditure; or

14 (4) a determination that the project is not in the best
15 interest of the state.

16 (e) The department may, based upon the estimate prepared, either
17 approve the project in the amount requested or approve the school
18 district's request in a lesser amount.

19 * Sec. 14. AS 14.11 is amended by adding a new section to read:

20 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

21 (a) A request for an allocation of money under AS 14.11.100 for
22 school construction debt retirement shall be submitted to the depart-
23 ment by the school district no later than October 15 of the fiscal
24 year before the fiscal year for which the request is made.

25 (b) Before a request for an allocation of money for retirement
26 of school construction debt under AS 14.11.100(a)(6) is submitted, the
27 project must have been approved and ranked under the provisions of
28 AS 14.11.102.

29 (c) The department shall approve requests for allocations for

1 debt retirement for which no previous allocation has been made in the
2 order of the priority established under AS 14.11.102,

3 (1) if state allocations under AS 14.11.100(a)(6), when
4 combined with all existing state allocations under AS 14.11.100(a)(6),
5 (A) result in total state allocations for retirement of principal that
6 do not exceed \$10,000,000, or a lesser amount determined by the state
7 bond committee under AS 37.15.790, or (B) result in total state allo-
8 cations for cash payments that do not exceed \$5,000,000, in any year
9 before the retirement of all debt entitled to an allocation under
10 AS 14.11.100(a)(6); and

11 (2) if the requests meet the requirements of AS 14.11.100.

12 * Sec. 15. AS 14.11 is amended by adding a new section to read:

13 Sec. 14.11.131. OTHER AID. This chapter does not limit the
14 authority of municipalities to acquire or construct schools or associ-
15 ated facilities by

16 (1) cash payment;

17 (2) debt authorized by local voters and falling under a
18 municipal debt limit but not subject to reimbursement by the state
19 under AS 14.11.100;

20 (3) lease-purchase duly authorized, when the lease-purchase
21 contract is with the Alaska State Housing Authority acting as the
22 Alaska State Building Authority;

23 (4) gift, bequest, grant, or deed; or

24 (5) acquisition of federal, state, or other surplus proper-
25 ty.

26 * Sec. 16. AS 37.15 is amended by adding a new section to read:

27 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
28 state bond committee, in its judgment, determines that the amount or
29 retirement of debt issued by municipalities subject to reimbursement

1 by the state under AS 14.11.100 is not in the best interests of the
2 state, the committee may

3 (1) establish an amount or amounts, for any or all years
4 before the maturity of all of that municipal debt, that may not be
5 exceeded by the Department of Education in approving requests for
6 allocations under AS 14.11.103; or

7 (2) establish, under AS 14.11.100(j)(3), a term required
8 for the maturities of municipal debt authorized by local voters after
9 March 31, 1986.

10 * Sec. 17. AS 14.11.100(k) is repealed.

11 * Sec. 18. The Department of Education and the Department of Transpor-
12 tation and Public Facilities shall study and evaluate school construction
13 requirements based upon projected enrollments and facility needs and recom-
14 mend to the legislature by January 25, 1988, a plan of school construction
15 to meet the enrollment demands and its estimated costs through the year
16 2001.

17 * Sec. 19. This Act takes effect July 1, 1986.
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 1/27/86
Referred: Health, Education &
Social Services, Community &
Regional Affairs and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 520

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 14.08.151 is amended by adding new subsections to read:

10 (c) The interest conveyed to the regional school board under
11 this section is subject to (1) all the limitations imposed in the
12 state's predecessors in interest; (2) the rights of municipalities
13 established after the effective date of this Act that are authorized
14 by AS 29 to operate schools in the community; and (3) other terms,
15 including possibilities of reverter and reversions, that the depart-
16 ment holding title imposes.

17 (d) If a school facility constructed by a regional educational
18 attendance area under authority assumed under AS 14.11.020, in which
19 the state retains an interest, ceases to be used for school purposes,
20 the department shall dispose of the facility in accordance with law.

21 * Sec. 2. AS 14.11.010(b) is amended to read:

22 (b) With regard to projects requested under (a) of this section
23 the department shall

24 (1) rank each project in the order of priority that serves
25 the best interests of the state;

26 (2) request [PREPARE] an estimate from the Department of
27 Transportation and Public Facilities of the amount of money needed to
28 finance each project approved by the department and recommend to the
29 governor appropriations, based upon the estimates prepared under

COMMITTEE COPY

-1-

HB 520

AS 35.15.210, for projects to be included in the budget submitted to the legislature;

(3) provide the governor with a copy of the report of the assembly, council, or regional school board that requested each project approved by the department;

(4) provide to the legislature within the first 10 days of each regular session a summary of the projects requested by each assembly, council, or regional school board.

* Sec. 3. AS 14.11.010(c) is amended to read:

(c) In establishing priorities among requested projects the department shall evaluate at least the following factors:

(1) priorities assigned by the assembly, council, or school board to the projects requested;

(2) emergency requirements;

(3) the number of students without classroom space;

(4) new local elementary or secondary programs;

(5) existing regional, community, and school facilities and the condition of the facilities;

(6) the economic and social stability of the municipality or region;

(7) demographic data indicating present and projected enrollment, and population trends in the municipality or region; and

(8) after December 31, 1988, the condition of existing school facilities in the community in comparison to all other schools in the state.

* Sec. 4. AS 14.11 is amended by adding a new section to read:

Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) Each school district requesting project approval under AS 14.11.010 or AS 14.11.-102 shall inspect and inventory each of its schools and education

1 related facilities, under standards adopted by the department in
2 compliance with AS 44.62, noting their age condition, compliance with
3 laws and regulations relating to health and safety, building codes,
4 and annual maintenance and operations costs. The inventory shall be
5 submitted to the department for review and analysis.

6 (b) The department may inspect and inventory the schools and
7 education related facilities in the state under standards adopted
8 under the Administrative Procedure Act (AS 44.62).

9 (c) Each school district shall annually revise its inventory by
10 including new schools constructed, rehabilitations or additions to
11 existing schools, and major maintenance and repairs paid for with
12 local money, state municipal grants, appropriations under AS 14.11.020
13 and debt reimbursed under AS 14.11.100. Each school district shall
14 also annually report the amount of money spent in the previous fiscal
15 year for maintenance and operations costs. The annual revisions must
16 be submitted to the department for review and analysis.

17 (d) After December 31, 1982, the condition of the school dis-
18 trict's schools and education related facilities in comparison to all
19 other schools in the state must be a factor in evaluation of projects
20 under AS 14.11.010 and 14.11.102.

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

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

24 (A) payments made by the municipality during the
25 fiscal year for the retirement of principal and interest on
26 outstanding bonds, notes or other indebtedness authorized by the
27 qualified voters of the municipality after June 30, 1983, and
28 before April 1, 1986, to pay costs of school construction, addi-
29 tions to schools, and major rehabilitation projects that exceed

525,000 and are approved under AS 14.07.020(11); and

(B) cash payments made after June 30, 1983, and before July 1, 1986, by the municipality during the fiscal year two years earlier 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).

* Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

(6) subject to (h), (i), and (j) of this section, payments made by a municipality during the fiscal year two years earlier for the retirement of principal on outstanding bonds, notes, or other indebtedness, authorized after March 31, 1986, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and that are approved under AS 14.11.102.

* Sec. 7. AS 14.11.100(b) is amended to read:

(b) The commissioner shall administer the program of reimbursement authorized under this section and shall provide by regulation for the filing of applications for reimbursement, the form of proof of costs for which application for reimbursement is made, and other regulations necessary to administer the program. The commissioner shall exclude from the total school construction cost of the local district all state and federal funds included in these costs except funds provided under this section and AS 43.50.140. In approving applications for reimbursement, the commissioner shall offset against the amount of the reimbursement authorized

(1) [OFFSET AGAINST THE AMOUNT OF REIMBURSEMENT AUTHORIZED] the amount of any funds distributed to the borough or city in the second preceding fiscal year from the school fund provided for in AS 43.50.140; and

(2) [Repealed, S.C. 10, ch. 92, SLA 1982.]

(3) an amount equal to the interest earned, which is not considered arbitrage, on the investment of the proceeds of bonds issued for a school construction project.

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

(h) In determining an [AN] allocation under (a)(4), [OR] (5), or (b) of this section for school construction begun after July 1, 1982, the costs of school construction must [SHALL] be reduced by the amount of money used for the construction of residential space, hockey rinks, planetariums, saunas, and other facilities for single purpose sporting or recreational uses that are not suitable for other activities and by the money used for construction that exceeds the amount needed for construction of a facility of efficient design as determined by the Department of Transportation and Public Facilities [DEPARTMENT] under AS 35.15.220. The costs of school construction [AN ALLOCATION UNDER (a)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of money used for construction of a small swimming pool, tank, or water storage facility used for water sports. However, an allocation shall be reduced by the difference between the amount of money used to construct a swimming pool that exceeds the standards adopted by the Department of Transportation and Public Facilities under AS 35.15.230 [DEPARTMENT] and the amount of money that would have been used to construct a small swimming pool, tank, or water storage facility, as determined by the commissioner.

* Sec. 9. AS 14.11.100(i) is amended to read:

(i) For the purposes of (a)(4), [AND] (5), and (6) of this section

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

(2) reimbursement for a cash payment may only be made after

COMMITTEE COPY

1 the payment is made to a vendor; and

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

4 * Sec. 10. AS 14.11.100(1) is amended to read:

5 (j) The state may not allocate money to a municipality for a
6 school construction project under (a)(5) or (6) of this section unless
7 the municipality complies with the requirements of (1) -- (4) of this
8 subsection and the project is approved under AS 14.11.102 [BY THE
9 COMMISSIONER] before the local vote on the bond issue for the project.
10 In approving a project under this subsection, the commissioner shall
11 require

12 (1) the municipality to include on the ballot for the bond
13 issue the estimated total cost of each project including estimated
14 annual operation and maintenance costs and the estimated amounts that
15 will be paid by the state and by the municipality;

16 (2) that the bonds may not be refunded unless the present
17 value of the annual debt service on the refunding issue is not greater
18 than 95 percent of the present value of the annual debt service on the
19 original issue;

20 (3) that the bonds must be repaid in approximately equal
21 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]
22 over a period of [AT LEAST] 10 years or a different term that may be
23 established by the state bond committee under AS 37.15.790;

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

26 (A) projected long-term student enrollment that indi-
27 cates the district has inadequate facilities to meet present or
28 projected enrollment; or

29 (B) facilities that require repair or replacement in

order to meet health and safety laws or regulations or building codes.

* Sec. 11. AS 14.11.102 is amended to read:

Sec. 14.11.102. EVALUATION OF PROJECTS. (a) The department shall evaluate projects for which retirement of school construction debt under AS 14.11.100(a)(6) is requested by school districts in accordance with the procedures and criteria set out in AS 14.11.010. [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER AS 14.11.100 MUST BE SUBMITTED TO THE DEPARTMENT BY THE SCHOOL DISTRICT NO LATER THAN OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL YEAR FOR WHICH THE REQUEST IS MADE.]

(b) The department shall request from the Department of Transportation and Public Facilities an estimate of the amount needed to construct each project for which retirement of school construction debt is requested by a school district under appropriate design standards for its geographic location.

(c) After reviewing all projects for which retirement of school construction debt is requested, the department shall rank the projects approved under this section in the order that which each serves the best interests of the state. All projects approved, but for which no allocation of money has been made under AS 14.11.103, must be included in the same ranking.

(d) In considering requests under this section, the department may reject requests due to

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

(2) a determination that existing facilities can adequately serve the program requirements or that alternative projects are in the best interests of the state;

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

(3) a determination that the project is inappropriate for education construction and should be a district maintenance and operation expenditure; or

(4) a determination that the project is not in the best interest of the state.

(c) The department may, based upon the estimate prepared by the Department of Transportation and Public Facilities under AS 35.15.220, either approve the project in the amount requested or approve the school district's request in a lesser amount.

* Sec. 12. AS 14.11 is amended by adding a new section to read:

Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

(a) A request for an allocation of money under AS 14.11.100 for school construction debt retirement must be submitted to the department by the school district no later than October 15 of the fiscal year before the fiscal year for which the request is made.

(b) Before a request for an allocation of money for retirement of school construction debt under AS 14.11.100(a)(6) is submitted, the project must have been approved and ranked under the provisions of AS 14.11.102.

(c) The department shall approve requests for allocations for debt retirement, for which no previous allocation has been made, in the order of the priority established under AS 14.11.102.

(1) if state allocations under AS 14.11.100(a)(6), when combined with all existing state allocations under AS 14.11.100(a)(6), result in total state allocations for retirement of principal which do not exceed (A) \$10,000,000, or (B) an amount determined by the state bond committee under AS 37.15.790, in any year before the retirement of all debt entitled to an allocation under AS 14.11.100(a)(6); and

(2) which meet the requirements of AS 14.11.100.

* Sec. 13. AS 14.11.135(3) is amended to read:

(3) "costs of school construction" means the cost of acquiring, constructing, enlarging, repairing, remodeling, equipping or furnishing of public elementary and secondary school buildings and includes the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary; however, for the purposes of AS 14.11.100(a)(6), "costs of school construction" does not include the costs of financing the project, such as interest on bonds, reserve funds for bonds, or fees and expenses of trustees, depositaries, financial advisors, bond counsel, and paying agents for bonds issued to finance the project;

* Sec. 14. AS 35.15 is amended by adding new sections to read:

ARTICLE 2. PUBLIC SCHOOL CONSTRUCTION.

Sec. 35.15.210. COST ESTIMATES OF SCHOOL CONSTRUCTION PROJECTS FINANCED BY APPROPRIATION. (a) The department shall prepare an estimate of the amount of money needed to construct each school construction project, under appropriate design standards for its geographic location, for which an appropriation has been requested under

AS 14.11.010.

(b) The department shall consider the following when making project estimates under this section:

- (1) existing plant maintenance and operation costs;
- (2) a technical evaluation of the proposed project;
- (3) educational program requirements established by the Department of Education under AS 14.07.020 and adopted in compliance with the Administrative Procedure Act (AS 44.62);
- (4) preliminary cost estimates provided by the school district under AS 14.11.010; and
- (5) alternative means, if any, to provide an adequate facility to correct any deficiencies which arise under health or safety laws or regulations, and under building codes.

Sec. 35.15.220. COST ESTIMATES OF SCHOOL CONSTRUCTION PROJECTS FINANCED WITH MUNICIPAL DEBT. (a) The department shall prepare an estimate of the amount of money needed to construct each school construction project submitted to it for review and analysis by the Department of Education for which a municipality may seek reimbursement under AS 14.11.100.

(b) The amount requested for project approval for school construction debt must be reduced by the amount of money used for the construction of residential space, hockey rinks, planetariums, saunas, and other facilities for single purpose sporting or recreational uses that are not suitable for other activities and by the money used for construction that exceeds the amount needed for construction of a facility of efficient design as determined by the department. A project approval under this section may not be reduced by the amount of money used for construction of a small swimming pool, tank, or water storage facility used for water sports. However, a project

1 approval must be reduced by the difference between the amount of money
2 used to construct a swimming pool that exceeds the standards adopted
3 by the department and the amount of money that would have been used to
4 construct a small swimming pool, tank, or water storage facility, as
5 determined by the commissioner.

6 (c) The department shall also consider, when estimating con-
7 struction costs,

8 (1) educational program requirements established by the
9 Department of Education under AS 14.07.020 and adopted in compliance
10 with AS 44

11 (2) preliminary cost estimates submitted by the school
12 district;

13 (3) construction costs for the proposed project under
14 appropriate design standards for its geographic location;

15 (4) maintenance and operation costs arising from the phys-
16 ical operation of the facility; and

17 (5) alternative means, if any, to provide an adequate
18 facility to correct any deficiencies that arise under health safety
19 laws or regulations, and under building codes.

20 Sec. 35.15.230. DESIGN STANDARDS. (a) The department shall
21 develop design standards for school construction projects for each
22 geographic region of the state which must be applied to cost estimates
23 prepared under AS 35.15.210 and 35.15.220.

24 (b) The standards developed under this section must incorporate
25 common design features, consistent with educational program standards
26 established by the Department of Education, to achieve

- 27 (1) reduced design and construction costs;
- 28 (2) reduced maintenance and operation costs;
- 29 (3) energy efficiency;

30 COMMITTEE COPY

- 1 (4) compliance with safety and health laws and regulations;
2 (5) compliance with building codes; and
3 (6) maximum use of the facility in support of the education
4 program.

5 * Sec. 15. AS 37.15 is amended by adding a new section to read:

6 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
7 state bond committee, in its judgment, determines that the amount or
8 retirement of debt issued by municipalities subject to reimbursement
9 by the state under AS 14.11.100 is not in the best interests of the
10 state, the committee may

11 (1) establish an amount or amounts, for any or all years
12 before the maturity of all of that municipal debt, which may not be
13 exceeded by the Department of Education in approving requests for
14 allocations under AS 14.11.103; or

15 (2) establish, under AS 14.11.100(j)(3), a term required
16 for the maturities of municipal debt authorized by local voters after
17 March 31, 1986.

18 * Sec. 16. AS 14.11.100(k) is repealed.

19 * Sec. 17. The Department of Education and the Department of Transpor-
20 tation and Public Facilities shall study and evaluate school construction
21 requirements based upon projected enrollments and facility needs and recom-
22 mend to the legislature by January 25, 1988, a plan of school construction
23 to meet the enrollment demands and its estimated costs through the year
24 2001.

25 * Sec. 18. This Act takes effect July 1, 1986.
26
27
28
29

Gov letter
2 3/10 7 note
2 7 note - Sup 77

Introduced: 1/27/86
Referred: Health, Education &
Social Services, Community &
Regional Affairs and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 520

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 14.08.151 is amended by adding new subsections to read:

10 (c) The interest conveyed to the regional school board under
11 this section is subject to (1) all the limitations imposed by the
12 state's predecessors in interest; (2) the rights of municipalities
13 established after the effective date of this Act that are authorized
14 by AS 29 to operate schools in the community; and (3) other terms,
15 including possibilities of reverter and reversions, that the depart-
16 ment holding title imposes.

17 (d) If a school facility constructed by a regional educational
18 attendance area under authority assumed under AS 14.11.020, in which
19 the state retains an interest, ceases to be used for school purposes,
20 the department shall dispose of the facility in accordance with law.

21 * Sec. 2. AS 14.11.010(b) is amended to read:

22 (b) With regard to projects requested under (a) of this section
23 the department shall

24 (1) rank each project in the order of priority that serves
25 the best interests of the state;

26 (2) request [7 PARE] an estimate from the Department of
27 Transportation and Public Facilities of the amount of money needed to
28 finance each project approved by the department and recommend to the
29 governor appropriations, based upon the estimates prepared under

1 AS 35.15.210, for projects to be included in the budget submitted to
2 the legislature;

3 (3) provide the governor with a copy of the report of the
4 assembly, council, or regional school board that requested each proj-
5 ect approved by the department;

6 (4) provide to the legislature within the first 10 days of
7 each regular session a summary of the projects requested by each
8 assembly, council, or regional school board.

9 * Sec. 3. AS 14.11.010(c) is amended to read:

10 (c) In establishing priorities among requested projects the
11 department shall evaluate at least the following factors:

12 (1) priorities assigned by the assembly, council, or school
13 board to the projects requested;

14 (2) emergency requirements;

15 (3) the number of students without classroom space;

16 (4) new local elementary or secondary programs;

17 (5) existing regional, community, and school facilities and
18 the condition of the facilities;

19 (6) the economic and social stability of the municipality
20 or region;

21 (7) demographic data indicating present and projected
22 enrollment, and population trends in the municipality or region; and

23 (8) after December 31, 1988, the condition of existing
24 school facilities in the community in comparison to all other schools
25 in the state.

26 * Sec. 4. AS 14.11 is amended by adding a new section to read:

27 Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) Each school
28 district requesting project approval under AS 14.11.010 or AS 14.11.-
29 102 shall inspect and inventory each of its schools and education

1 related facilities, under standards adopted by the department in
2 compliance with AS 44.62, noting their age condition, compliance with
3 laws and regulations relating to health and safety, building codes,
4 and annual maintenance and operations costs. The inventory shall be
5 submitted to the department for review and analysis.

6 (b) The department may inspect and inventory the schools and
7 education related facilities in the state under standards adopted
8 under the Administrative Procedure Act (AS 44.62).

9 (c) Each school district shall annually revise its inventory by
10 including new schools constructed, rehabilitations or additions to
11 existing schools, and major maintenance and repairs paid for with
12 local money, state municipal grants, appropriations under AS 14.11.020
13 and debt reimbursed under AS 14.11.100. Each school district shall
14 also annually report the amount of money spent in the previous fiscal
15 year for maintenance and operations costs. The annual revisions must
16 be submitted to the department for review and analysis.

17 (d) After December 31, 1988, the condition of the school dis-
18 trict's schools and education related facilities in comparison to all
19 other schools in the state must be a factor in evaluation of projects
20 under AS 14.11.010 and 14.11.102.

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

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

24 (A) payments made by the municipality during the
25 fiscal year for the retirement of principal and interest on
26 outstanding bonds, notes or other indebtedness authorized by the
27 qualified voters of the municipality after June 30, 1983, and
28 before April 1, 1986, to pay costs of school construction, addi-
29 tions to schools, and major rehabilitation projects that exceed

1 \$25,000 and are approved under AS 14.07.020(11); and

2 (B) cash payments made after June 30, 1983, and before
3 July 1, 1986, by the municipality during the fiscal year two
4 years earlier to pay costs of school construction, additions to
5 schools, and major rehabilitation projects that exceed \$25,000
6 and are approved under AS 14.07.020(11).

7 * Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

8 (6) subject to (h), (i), and (j) of this section, payments
9 made by a municipality during the fiscal year two year earlier for
10 the retirement of principal on outstanding bonds, notes, or other
11 indebtedness, authorized after March 31, 1986, to pay costs of school
12 construction, additions to schools, and major rehabilitation projects
13 that exceed \$25,000 and that are approved under AS 14.11.102.

14 * Sec. 7. AS 14.11.100(b) is amended to read:

15 (b) The commissioner shall administer the program of reimburse-
16 ment authorized under this section and shall provide by regulation for
17 the filing of applications for reimbursement, the form of proof of
18 costs for which application for reimbursement is made, and other
19 regulations necessary to administer the program. The commissioner
20 shall exclude from the total school construction cost of the local
21 district all state and federal funds included in these costs except
22 funds provided under this section and AS 43.50.140. In approving
23 applications for reimbursement, the commissioner shall offset against
24 the amount of the reimbursement authorized

25 (1) [OFFSET AGAINST THE AMOUNT OF REIMBURSEMENT AUTHORIZED]
26 the amount of any funds distributed to the borough or city in the
27 second preceding fiscal year from the school fund provided for in
28 AS 43.50.140; and

29 (2) [Repealed, sec. 10, ch. 92, SLA 1982.]

1 (3) an amount equal to the interest earned, which is not
2 considered arbitrage, on the investment of the proceeds of bonds
3 issued for a school construction project.

4 * Sec. 8. AS 14.11.100(h) is amended to read:

5 *Strike* (h) In determining an [AN] allocation under (a)(4), [OR] (5), or
6 (6) of this section for school construction begun after July 1, 1982,
7 the costs of school construction must [SHALL] be reduced by the amount
8 of money used for the construction of residential space, hockey rinks,
9 planetariums, saunas, and other facilities for single purpose sporting
10 or recreational uses that are not suitable for other activities and by
11 the money used for construction that exceeds the amount needed for
12 construction of a facility of efficient design as determined by the
13 *J* Department of Transportation and Public Facilities [DEPARTMENT] under
14 AS 35.15.220. The costs of school construction [AN ALLOCATION UNDER
15 (a)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of
16 money used for construction of a small swimming pool, tank, or water
17 storage facility used for water sports. However, an allocation shall
18 be reduced by the difference between the amount of money used to
19 construct a swimming pool that exceeds the standards adopted by the
20 Department of Transportation and Public Facilities under AS 35.15.230
21 [DEPARTMENT] and the amount of money that would have been used to
22 construct a small swimming pool, tank, or water storage facility, as
23 determined by the commissioner.

24 * Sec. 9. AS 14.11.100(i) is amended to read:

25 (i) For the purposes of (a)(4), [AND] (5), and (6) of this
26 section

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

29 (2) reimbursement for a cash payment may only be made after

1 the payment is made to a vendor; and

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

4 * Sec. 10. AS 14.11.100(j) is amended to read:

5 (j) The state may not allocate money to a municipality for a
6 school construction project under (a)(5) or (6) of this section unless
7 the municipality complies with the requirements of (1) -- (4) of this
8 subsection and the project is approved under AS 14.11.102 [BY THE
9 COMMISSIONER] before the local vote on the bond issue for the project.
10 In approving a project under this subsection, the commissioner shall
11 require

12 (1) the municipality to include on the ballot for the bond
13 issue the estimated total cost of each project including estimated
14 annual operation and maintenance costs and the estimated amounts that
15 will be paid by the state and by the municipality;

16 (2) that the bonds may not be refunded unless the present
17 value of the annual debt service on the refunding issue is not greater
18 than 95 percent of the present value of the annual debt service on the
19 original issue;

20 (3) that the bonds must be repaid in approximately equal
21 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]
22 over a period of [AT LEAST] 10 years or a different term that may be
23 established by the state bond committee under AS 37.15.790;

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

26 (A) projected long-term student enrollment that indi-
27 cates the district has inadequate facilities to meet present or
28 projected enrollment; or

29 (B) facilities that require repair or replacement in

1 order to meet health and safety laws or regulations or building
2 codes.

3 * Sec. 11. AS 14.11.102 is amended to read:

4 Sec. 14.11.102. EVALUATION OF PROJECTS. (a) The department
5 shall evaluate projects for which retirement of school construction
6 debt under AS 14.11.100(a)(6) is requested by school districts in
7 accordance with the procedures and criteria set out in AS 14.11.010.
8 [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER AS 14.11.100 MUST BE
9 SUBMITTED TO THE DEPARTMENT BY THE SCHOOL DISTRICT NO LATER THAN
10 OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL YEAR FOR WHICH THE
11 REQUEST IS MADE.]

12 (b) The department shall request from the Department of Trans-
13 portation and Public Facilities an estimate of the amount needed to
14 construct each project for which retirement of school construction
15 debt is requested by a school district under appropriate design stan-
16 dards for its geographic location.

17 (c) After reviewing all projects for which retirement of school
18 construction debt is requested, the department shall rank the projects
19 approved under this section in the order that which each serves the
20 best interests of the state. All projects approved, but for which no
21 allocation of money has been made under AS 14.11.103, must be included
22 in the same ranking.

23 (d) In considering requests under this section, the department
24 may reject requests due to

25 (1) incomplete information or documentation provided by the
26 school district;

27 (2) a determination that existing facilities can adequately
28 serve the program requirements or that alternative projects are in the
29 best interests of the state;

1 (3) a determination that the project is inappropriate for
2 education construction and should be a district maintenance and opera-
3 tion expenditure; or

4 (4) a determination that the project is not in the best
5 interest of the state.

6 (c) The department may, based upon the estimate prepared by the
7 Department of Transportation and Public Facilities under AS 35.15.220,
8 either approve the project in the amount requested or approve the
9 school district's request in a lesser amount.

10 * Sec. 12. AS 14.11 is amended by adding a new section to read:

11 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

12 (a) A request for an allocation of money under AS 14.11.100 for
13 school construction debt retirement must be submitted to the
14 department by the school district no later than October 15 of the
15 fiscal year before the fiscal year for which the request is made.

16 (b) Before a request for an allocation of money for retirement
17 of school construction debt under AS 14.11.100(a)(6) is submitted, the
18 project must have been approved and ranked under the provisions of
19 AS 14.11.102.

20 (c) The department shall approve requests for allocations for
21 debt retirement, for which no previous allocation has been made, in
22 the order of the priority established under AS 14.11.102,

23 (1) if state allocations under AS 14.11.100(a)(6), when
24 combined with all existing state allocations under AS 14.11.100(a)(6),
25 result in total state allocations for retirement of principal which do
26 not exceed (A) \$10,000,000, or (B) an amount determined by the state
27 bond committee under AS 37.15.790, in any year before the retirement
28 of all debt entitled to an allocation under AS 14.11.100(a)(6); and

29 (2) which meet the requirements of AS 14.11.100.

1 * Sec. 13. AS 14.11.135(3) is amended to read:

2 (3) "costs of school construction" means the cost of
3 acquiring, constructing, enlarging, repairing, remodeling, equipping
4 or furnishing of public elementary and secondary school buildings and
5 includes the sum total of all costs of financing and carrying out the
6 project; these include, but are not limited to, the costs of all
7 necessary studies, surveys, plans and specifications, architectural,
8 engineering or other special services, acquisition of real property,
9 site preparation and development, purchase, construction, reconstruc-
10 tion and improvement of real property and the acquisition of machinery
11 and equipment as may be necessary in connection with the project; an
12 allocable portion of the administrative and operating expenses of the
13 grantee; the cost of financing the project, including interest on
14 bonds issued to finance the project; and the cost of other items,
15 including any indemnity and surety bonds and premiums on insurance,
16 legal fees, fees and expenses of trustees, depositaries, financial
17 advisors, and paying agents for the bonds issued as the issuer consid-
18 ers necessary; however, for the purposes of AS 14.11.100(a)(6), "costs
19 of school construction" does not include the costs of financing the
20 project, such as interest on bonds, reserve funds for bonds, or fees
21 and expenses of trustees, depositaries, financial advisors, bond
22 counsel, and paying agents for bonds issued to finance the project;

23 * Sec. 14. AS 35.15 is amended by adding new sections to read:

24 ARTICLE 2. PUBLIC SCHOOL CONSTRUCTION.

25 Sec. 35.15.210. COST ESTIMATES OF SCHOOL CONSTRUCTION PROJECTS
26 FINANCED BY APPROPRIATION. (a) The department shall prepare an
27 estimate of the amount of money needed to construct each school con-
28 struction project, under appropriate design standards for its geo-
29 graphic location, for which an appropriation has been requested under

1 AS 14.11.010.

2 (b) The department shall consider the following when making
3 project estimates under this section:

4 (1) existing plant maintenance and operation costs;
5 (2) a technical evaluation of the proposed project;
6 (3) educational program requirements established by the
7 Department of Education under AS 14.07.020 and adopted in compliance
8 with the Administrative Procedure Act (AS 44.52);

9 (4) preliminary cost estimates provided by the school
10 district under AS 14.11.010; and

11 (5) alternative means, if any, to provide an adequate
12 facility to correct any deficiencies which arise under health or
13 safety laws or regulations, and under building codes.

14 Sec. 35.15.220. COST ESTIMATES OF SCHOOL CONSTRUCTION PROJECTS
15 FINANCED WITH MUNICIPAL DEBT. (a) The department shall prepare an
16 estimate of the amount of money needed to construct each school con-
17 struction project submitted to it for review and analysis by the
18 Department of Education for which a municipality may seek reimburse-
19 ment under AS 14.11.100.

20 (b) The amount requested for project approval for school con-
21 struction debt must be reduced by the amount of money used for the
22 construction of residential space, hockey rinks, planetariums, saunas,
23 and other facilities for single purpose sporting or recreational uses
24 that are not suitable for other activities and by the money used for
25 construction that exceeds the amount needed for construction of a
26 facility of efficient design as determined by the department. A
27 project approval under this section may not be reduced by the amount
28 of money used for construction of a small swimming pool, tank, or
29 water storage facility used for water sports. However, a project

1 approval must be reduced by the difference between the amount of money
2 used to construct a swimming pool that exceeds the standards adopted
3 by the department and the amount of money that would have been used to
4 construct a small swimming pool, tank, or water storage facility, as
5 determined by the commissioner.

6 (c) The department shall also consider, when estimating con-
7 struction costs,

8 (1) educational program requirements established by the
9 Department of Education under AS 14.07.020 and adopted in compliance
10 with AS 44.62;

11 (2) preliminary cost estimates submitted by the school
12 district;

13 (3) construction costs for the proposed project under
14 appropriate design standards for its geographic location;

15 (4) maintenance and operation costs arising from the phys-
16 ical operation of the facility; and

17 (5) alternative means, if any, to provide an adequate
18 facility to correct any deficiencies that arise under health safety
19 laws or regulations, and under building codes.

20 Sec. 35.15.230. DESIGN STANDARDS. (a) The department shall
21 develop design standards for school construction projects for each
22 geographic region of the state which must be applied to cost estimates
23 prepared under AS 35.15.210 and 35.15.220.

24 (b) The standards developed under this section must incorporate
25 common design features, consistent with educational program standards
26 established by the Department of Education, to achieve

27 (1) reduced design and construction costs;

28 (2) reduced maintenance and operation costs;

29 (3) energy efficiency;

- 1 (4) compliance with safety and health laws and regulations;
2 (5) compliance with building codes; and
3 (6) maximum use of the facility in support of the education
4 program.

5 * Sec. 15. AS 37.15 is amended by adding a new section to read:

6 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
7 state bond committee, in its judgment, determines that the amount or
8 retirement of debt issued by municipalities subject to reimbursement
9 by the state under AS 14.11.100 is not in the best interests of the
10 state, the committee may

11 (1) establish an amount or amounts, for any or all years
12 before the maturity of all of that municipal debt, which may not be
13 exceeded by the Department of Education in approving requests for
14 allocations under AS 14.11.103; or

15 (2) establish, under AS 14.11.100(j)(3), a term required
16 for the maturities of municipal debt authorized by local voters after
17 March 31, 1986.

18 * Sec. 16. AS 14.11.100(k) is repealed.

19 * Sec. 17. The Department of Education and the Department of Transpor-
20 tation and Public Facilities shall study and evaluate school construction
21 requirements based upon projected enrollments and facility needs and recom-
22 mend to the legislature by January 25, 1983, a plan of school construction
23 to meet the enrollment demands and its estimated costs through the year
24 2001.

25 * Sec. 18. This Act takes effect July 1, 1986.
26
27
28
29



RECORDS CERTIFICATION



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

James O. Smith
Signature of Camera Operator

7/25/89
Date

H B

5 2 4

Introduced: 1/29/86
Referred: Health, Education &
Social Services, Judiciary and
Finance

letter
1 3/20 7 note w/analysis } Supp 78
1 7 note

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 524

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to reporting of child abuse or
7 neglect."

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

9 * Section 1. AS 47.17.070(2) is amended to read:

10 (2) "child abuse or neglect" means the physical injury or
11 neglect, mental injury, sexual abuse, sexual exploitation, or mal-
12 treatment of a child under the age of 18 by a person who is respon-
13 sible for the child's welfare under circumstances which indicate that
14 the child's health or welfare is harmed or threatened thereby;

15 * Sec. 2. AS 47.17.070(10) is amended to read:

16 (10) "sexual exploitation" includes [MEANS]

17 (A) allowing, permitting, or encouraging [PERMISSION
18 OR ENCOURAGEMENT TO] a child to engage in [FOR] prostitution
19 prohibited by AS 11.66.100 -- 11.66.150, by a person responsible
20 for the child's welfare;

21 (B) allowing, permitting, encouraging, or engaging in
22 [PERMISSION, ENCOURAGEMENT, OR] activity [INVOLVED IN THE UNLAW-
23 FUL EXPLOITATION OF A MINOR] prohibited by AS 11.41.455(a)
24 [11.41.455], by a person responsible for the child's [MINOR'S]
25 welfare.

26
27
28
29
COMMITTEE COPY

BILL SHEFFIELD
GOVERNOR



HB524

Bill Sheffield
1/29

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 29, 1986

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill amending two definitions in the child protection statutes, to bring our statutes into compliance with federal law.

The first amendment expands AS 47.17.070(2)'s definition of "child abuse or neglect" to expressly include "mental injury."

The second amendment clarifies AS 47.17.070(10)'s definition of "sexual exploitation." It makes clear that "allowing," i.e., not preventing, a child's participation in acts of prostitution, or engaging in conduct that constitutes criminal exploitation of a minor, is considered sexual exploitation for the purposes of finding child abuse or neglect.

By bringing Alaska's child protection statutes into compliance with the Child Abuse and Prevention Act, 42 U.S.C. sec. 5101 et seq., the amendments make the state eligible to receive federal grants for developing, supporting, and implementing child abuse and neglect programs. Alaska is currently operating under a one-year waiver of the federal eligibility requirements, granted June 26, 1985 by the regional administrator of the U.S. Department of Health and

Human Services. Because child abuse and neglect is a pressing problem in our state, and because federal support for our efforts to prevent and treat the problem is highly desirable, I urge your prompt passage of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield". The signature is written in dark ink and is positioned above the printed name.

Bill Sheffield
Governor

1/29/85

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST HB 524 #1
 Bill/Resolution No. : Law #377-064-86
 Title : An Act relating to reporting of child abuse or neglect
 Sponsor : _____
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL
 Agency Affected : Public Safety
 BRU : Domestic Violence and Sexual Assault
 Components : Domestic Violence & Sexual Assault

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary. No financial impact. According to AS 18.66.010, the purpose of the Council on Domestic Violence and Sexual Assault is to provide for planning and coordination of services to victims of domestic violence, sexual assault or to their families; to perpetrators of domestic violence and sexual assault; to provide for crisis intervention and prevention programs. This fiscal note expands the definition in the Child Protection Statute of Alaska.

Prepared by : Joseph Reeves, Budget Analyst Phone : 465-4349
 Division : Administrative Services Date : 12/2/85

Approved by Commissioner : [Signature] Date : 12/3/85
 Agency : _____

Distribution (by Agency preparing fiscal note) :

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

1/29

STATE OF ALASKA 1986 LEGISLATIVE SESSION

pg 1 of 8 FISCAL NOTE

Revision Date : _____

REQUEST HB 524 # 2
 Bill/Resolution No. : 377-064-86
 Title : An Act relating to the protection of children - mental injury
 Sponsor : Judiciary
 Requestor : _____
 Date of Request : 12/18/85

FISCAL DETAIL
 Agency Affected : DHSS-DFYS
 BRU : _____
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		196.5	196.5	196.5	196.5	196.5
TRAVEL		10.5	10.5	10.5	10.5	10.5
CONTRACTUAL		27.3	2.5	2.5	2.5	2.5
SUPPLIES		2.5	2.5	2.5	2.5	2.5
EQUIPMENT		7.3				
LAND & STRUCTURES						
GRANTS, CLAIMS		248.4	248.4	248.4	248.4	248.5
MISCELLANEOUS						
TOTAL OPERATING		492.5	460.4	460.4	460.4	460.4

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		492.5	460.4	460.4	460.4	460.4
FEDERAL FUNDS						
OTHER						
TOTAL		492.5	460.4	460.4	460.4	460.4

POSITIONS :

FULL-TIME		5	5	5	5	5
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Michael J. Price
 Division : Family and Youth Services
 Approved by Commissioner : John R. Pugh
 Agency : DHSS

Phone : 465-3170
 Date : 12/24/85
 Date : 12/31/85

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

HB 524 #2
pg 278

FISCAL NOTE
FOR MENTAL INJURY

In FY 85, a zero fiscal note was submitted with similar legislation and was later amended in committee through a memo from Commissioner John Pugh to \$1.5 million based on subsequent analysis (copy attached). Recently the division has had an opportunity to discuss the analysis prepared for Representative Gruenberg with a national expert in mental injury, James Garbarino. Our fiscal note is revised based on his analysis of the probable financial impact. A brief summary of his analysis is presented under the heading "Assumptions" below. The division hopes to obtain, through contract with Mr. Garbarino in early January, an in-depth analysis of issues summarized below for attachment to this note.

Assumptions

Total caseload percentage growth per year for child abuse and neglect in Alaska has exceeded the national percentage for the past several years. Attached is a chart showing the national percentage increase in FY 84 to be 14%. The growth for the same time and client category in Alaska was 18%. Although caseloads continue to increase nationally, they are increasing at a lower rate. The trend in Alaska is expected to more closely parallel the national growth rate in upcoming years. Because Alaska is presently reporting at a higher rate than other states, it is anticipated that the total increase in caseload would not be as significant as previously thought. This is so because, unlike sexual abuse cases which increased dramatically after they were included in the definition of child abuse, mental injury cases are already being dealt with by other professionals such as private therapists and school personnel and are currently being reported to some extent under other categories of abuse/neglect. It is anticipated that the inclusion of mental injury would increase the caseload the first year 2% to 3% rather than 5% as previously indicated. Additionally, if the five clinical psychologist positions included in the Governor's budget are funded, the cost of evaluations for the division would decrease.

Program Summary

A caseload increase of two to three percent, rather than five percent, would translate into approximately half the resource requirements identified in the attached analysis prepared for Representative Gruenberg last year.

1. Positions Needed

5 Total

4 Social Workers
1 Clerical

Total Personnel and Support Costs

\$ 244,100

HB 524 # 2
JS 878

2. Psychological evaluations \$ 25,000

(This amount would be reduced even further if the request for funding of Division clinical psychologists is made available)

3. Psychological Counseling \$ 90,000

(This amount would be reduced even further if the request for funding of Division clinical psychologists is made available)

4. A. Substitute Care

19 FTE's @ 19.24 per day = \$ 133,422

TOTAL \$ 492,522

Federal Receipts

Passage of this legislation would place Alaska in compliance with the Child Abuse and Prevention Act causing the State to be eligible to receive federal grants for developing, supporting, and implementing child abuse and neglect programs. While the federal grant fund cannot replace or supplant State money or responsibilities, the grants greatly assist the State in developing child protection programs. During FY 85 (conditional upon attempts to secure passage of this legislation) the State is receiving \$109,939 in Child Abuse Prevention and Treatment Act Grant Funds. A minimum of \$79,000 in grant funds is anticipated for FY 87. If passage of the legislation is not secured, grant funds will not be available to Alaska after FY 87.

While securing federal funds is important during a period of declining oil revenues, this legislation is also sound social policy.

Prepared by: Michael L. Price, Director
Division: Division of Family and Youth Services

Frank Harkin
for

Position Title <u>Social Worker III</u>			No. of Positions <u>1</u>	Range/Step <u>16/A</u>	Barg. Unit <u>GGU</u>	Gov. <u>Leg.</u>	Approv. <u></u>	Disapp. <u></u>	
Time Status <u>PTF</u>	Staff Months <u>12</u>	RP Number <u></u>	Location <u>Juneau</u>		Election District <u></u>	Leg. <u></u>	Approv. <u></u>	Disapp. <u></u>	
Type of Expenditure			Justification						
		Amount	Responsibility to investigate reports of harm to children and to formulate a judgement to remove or not remove a child from an abusive situation. This entails an assessment of the client's emotional and environmental situation that may or may not be in crisis. Information is prepared for custody hearings based on established investigation techniques and close observation of client's actions and behaviors. Information must be verified and logically organized into a plan of treatment and care with recommendations for further action if necessary.						
1	2	3							
Salary	33,660								
Benefits	7,332								
Premium Pay									
Other									
Total Personal Services		40,992							
Travel		1,500							
Contractual		5,950							
Commodities		400							
Equipment		1,367							
Other									
Total Cost		50,109							
Receipt Code	Funding Source								
	Federal Receipts	1002							
	G. F. Match	1003							
	General Funds	1004							50,109
	I-A Receipts	1005							
	Program Receipts	1028							
	CIP Receipts	1061							
	Other								
For B&M Use Only									
Key Number _____									

**Request For
New Position**

Agency Health & Social Services
 DRU Social Services
 Component Southeastern

NB 524 #2

FY 87

Page 1 of 1
 Revised Date _____

PS 488

Position Title Social Worker III			No. of Positions 1	Range/Step 16/A	Barg. Unit GGU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Fairbanks		Election District	Leg.		
Type of Expenditure			Justification					
1		2	3					
Salary		38,772	Responsibility to investigate reports of harm to children and to formulate a judgement to remove or not remove a child from an abusive situation. This entails an assessment of the client's emotional and environmental situation that may or may not be in crisis. Information is prepared for custody hearings based on established investigation techniques and close observation of client's actions and behaviors. Information must be verified and logically organized into a plan of treatment and care with recommendations for further action if necessary.					
Benefits		6,431						
Premium Pay								
Other								
Total Personal Services		45,203						
Travel		1,500						
Contractual		5,950						
Commodities		400						
Equipment		1,367						
Other								
Total Cost		54,420						
Receipt Code		Funding Source						
		Federal Receipts 1002						
		G. F. Match 1003						
		General Funds 1004		54,420				
		I-A Receipts 1005						
		Program Receipts 1028						
		CIP Receipts 1061						
		Other						
For B&M Use Only Key Number _____								

**Request For
New Position**

Agency Health & Social Services
 BRU Social Services
 Component Northern

Page 1 of 1
 Revised Date

FY 87

HB 524 # 2

78598

Position Title Social Worker III			No. of Positions 2	Range/Step 16/A	Barg. Unit CGU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Type of Expenditure			Justification					
Amount			Responsibility to investigate reports of harm to children and to formulate a judgement to remove or not remove a child from an abusive situation. This entails an assessment of the client's emotional and environmental situation that may or may not be in crisis. Information is prepared for custody hearings based on established investigation techniques and close observation of client's actions and behaviors. Information must be verified and logically organized into a plan of treatment and care with recommendations for further action if necessary.					
1	2	3						
Salary	67,320							
Benefits	14,664							
Premium Pay								
Other								
Total Personal Services		81,984						
Travel		3,000						
Contractual		11,900						
Commodities		800						
Equipment		2,734						
Other								
Total Cost		100,418						
Receipt Code	Funding Source							
	Federal Receipts	1002						
	G. F. Match	1003						
	General Funds	1004	100,418					
	I-A Receipts	1005						
	Program Receipts	1028						
	CIP Receipts	1061						
	Other							
For B&M Use Only								
Key Number								

**Request For
New Position**

Agency Health & Social Services
 BRU Social Services
 Component Southcentral

HB 524 # 2
 Page 1 of 1
 Revised Date

FY 87

786 of 8

Position Title Clerk-Typist III			No. of Positions 1	Range/Step 8A	Barg. Unit CCU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Justification								
<p>The September 18, 1984 Report to the Governor on Child Abuse and Neglect in Alaska showed that clerical support staff had only increased 6% during the period FY 78 through FY 83 while the caseload increased 173%. The result was that social workers were performing a large amount of clerical work. While 15 clerical support positions were funded by the legislature for FY 86, the clerical shortage is a continuing problem.</p> <p>This clerk-typist III will perform a clerical support function in the Anchorage Service Unit, typing court documents and preparing other materials as required.</p>								
Type of Expenditure			Amount					
1	2	3						
Salary	20,316							
Benefits	5,963							
Premium Pay								
Other								
Total Personal Services		26,279						
Travel		-0-						
Contractual		5,950						
Commodities		400						
Equipment		1,367						
Other								
Total Cost		33,996						
Receipt Code		Funding Source						
		Federal Receipts 1002						
		G. F. Match 1003						
		General Funds 1004 33,996						
		I-A Receipts 1005						
		Program Receipts 1028						
		CIP Receipts 1061						
		Other						
For B&M Use Only Key Number _____								

**Request For
New Position**

Agency Health & Social Services
 DRU Social Services
 Component Southcentral

14B524 #2
 Page 1 of 1
 Revised Date

FY 87

75778

April 8, 1985

The Honorable Max Gruenberg
Alaska State House
Pouch V
Juneau, AK 99811

Dear Representative Gruenberg:

This letter is to provide you information regarding the impacts of inclusion of "mental injury" in HR 88.

While the per capita reporting of physical abuse and neglect in Alaska is twice the national average, the percentage breakdowns for physical abuse, child sexual abuse, and neglect are comparable ("Trends in Child Abuse and Neglect: A National Perspective"). That is to say, the proportions of abuse and neglect in Alaska parallel the national occurrence for these categories. Hence, it may be assumed that should the State implement mental injury reporting requirements, the impact would be comparable to the national experience. Nationally, emotional maltreatment was reported as a type of harm suffered in 17% of all reported cases of child abuse or neglect from 1976 - 1982. I estimate the ultimate number of mental injury reports in Alaska to be somewhat lower - approximately 10% of abuse/neglect reports - since some mental injury cases are already being dealt with under existing law, AS 47.10.010 (a)(2)(B), and because some overlap occurs. Reports of harm may include more than one type of maltreatment, e.g., physical abuse and mental injury so that the expected number of reports which involved only mental injury would be lower than 17% of the total, more likely about 10%. I would also expect that the full impact of implementing mental injury reporting requirements would not be experienced immediately. Rather, it would occur over a period of time as public awareness increased and reporting became more familiar with both the requirement to report and indicators of emotional maltreatment. As explained, I would estimate a 10% increase in total child protection reports to ultimately occur. However, I project only a 5% increase during the first year of implementation, with additional increases in succeeding years. Based on FY 84 caseloads, this would mean an additional 527 reports in FY 85, increasing to over 1,000 additional reports by FY 88.

Because of the nature and complexity of these cases, mental injury investigations are expected to require approximately twice the staff time needed to investigate reports of other types of harm. It is much easier to assess observable, physical evidence such as bruises, than it is to confirm a child's aberrant behavior as being the result of the parents' actions. A very conservative estimate of time needed would

indicate two full work days per mental injury investigation. At a minimum, five additional investigative staff would be required statewide in FY 86 to respond to these additional reports.

Of the 527 intakes, it is estimated that 150, or approximately 30%, would become ongoing cases. This percentage is significantly less than the 50 - 55% of all abuse and neglect reports that become open cases, according to our Anchorage line staff estimate. The difference again reflects the complexity of substantiating mental injury. Using the State's caseload standard of 50 cases per worker, 3 additional line workers would be required to provide ongoing services. Total investigative, ongoing services, and clerical staff need in FY 86 would be 10.

Because of the nature of the presenting problems, considerable treatment resources would need to be provided to children who are diagnosed as being mentally abused. These costs for FY 86 would be as follows:

1. Psychological evaluations	\$ 47,000
(50% of all reports @ \$150/evaluation - evaluation necessary to assess mental injury)	
2. Psychological counseling	\$120,000
(50% of ongoing cases will require psychological sessions for 3 months, twice monthly for 9 months @ \$80/session)	
3. Substitute Care	
A. Foster care	\$310,000
(33 FTE's @ \$ 19.24/day)	
B. Institutional care	\$473,500
(11 FTE's @ \$121.00/day)	

The number of psychological evaluations and the level of ongoing psychological counseling is expected to be higher than what is being provided to other abuse and neglect clients as a result of behavioral impairment. Substitute care estimates are based on the level of out-of-home care now being provided to children in custody.

The total estimated cost for FY 86 is as follows:

1. Staff/support costs	\$ 870.0
2. Psychological services	127.0
3. Institutional care	473.5
4. Foster care	310.5
	<u>\$ 1,801.0</u>

Rep. Max Gruenberg

- 3 -

April 8, 1985

Costs for succeeding years would, of course, reflect increases based on projections from actual cases in FY 85.

I hope this information is helpful when assessing the inclusion of mental injury in proposed legislation.

Sincerely,

John R. Pugh
Commissioner

cc: The Honorable Peter Goll
Alaska State House

JRP:MLP:FH:jsd

bcc: Division of Family and Youth Services

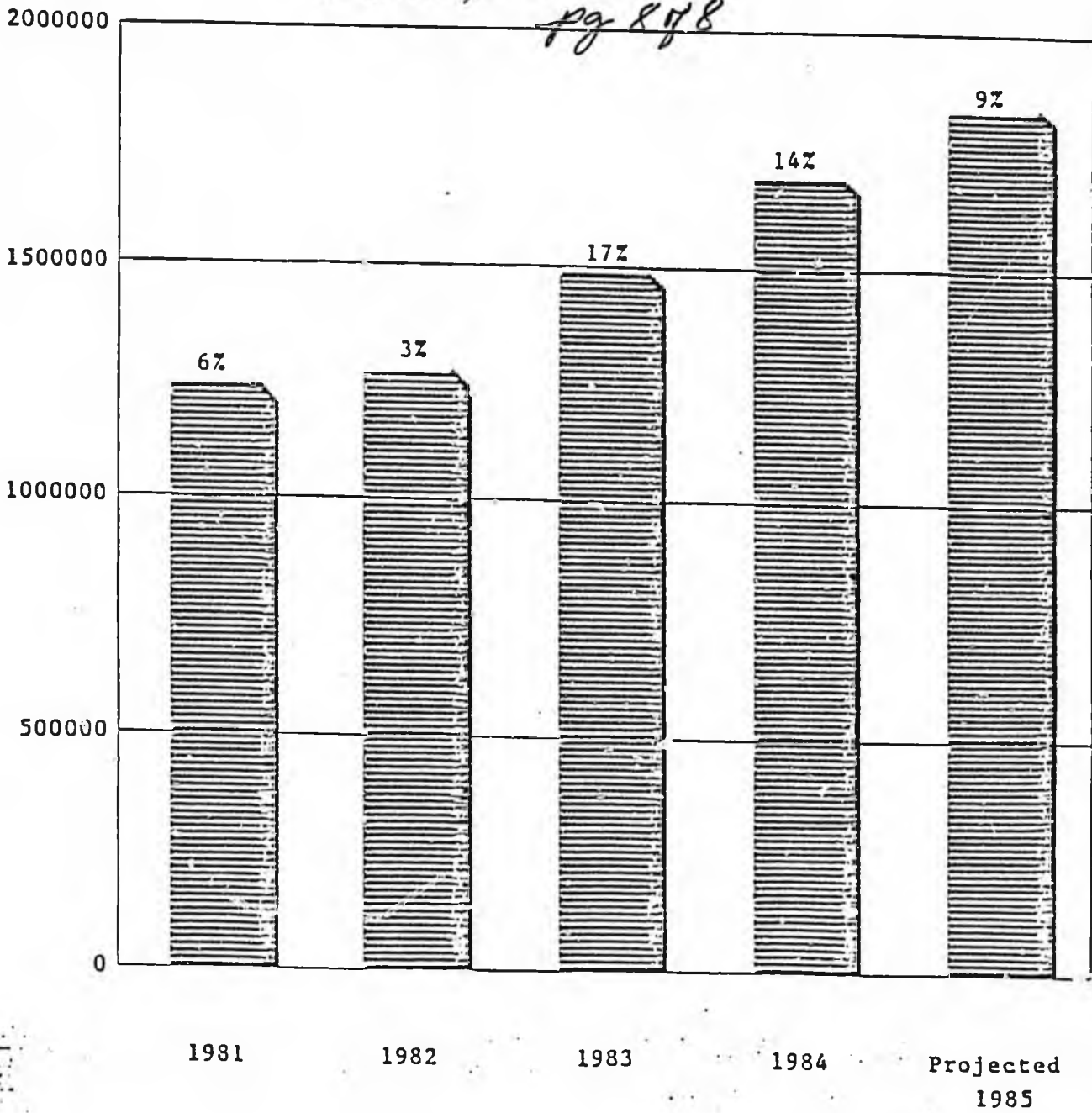
5/HFRNK2/Goll, Gruenberg Ltr/D43259/F#790,HB 83/4-4-85

FIGURE I

ACTUAL AND PERCENTAGE INCREASE IN NUMBERS OF CHILDREN REPORTED NATIONWIDE AS ABUSED AND NEGLECTED: 1981-1985

Numbers of Children

*HB 524 # 2
pg 278*



ALASKA STATE LEGISLATURE

14th... Legislature ..SECOND Session

HOUSE BILL..... NO. 524...

By ..THE RULES COMMITTEE BY...
REQUEST OF THE GOVERNOR

"An Act relating to reporting of
child abuse or neglect."

child abuse

Introduced in the House1/29., 19. 86

HISTORY IN THE HOUSE

1986

Jan 29

Read first time and referred
to Committee on

HESS, JUDICIARY AND
FINANCE

Reported back with
recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred
to Committee on

Reported back with
recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment
thus adopting:
VOTE

Failed to concur in Senate amend-
ment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from
amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Original sponsors: Goll and Gruenberg

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 471 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the abuse and neglect of chil-
7 dren."

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

9 * Section 1. AS 47.17.020 is amended by adding a new subsection to
10 read:

11 (e) A person listed in (a) of this section, who in the perfor-
12 mance of the person's occupational duties has cause to believe that a
13 child has suffered harm as a result of abuse or neglect, shall prompt-
14 ly report the harm to the nearest law enforcement agency if the person
15 making the report (1) has cause to believe that the harm was caused by
16 a person who is not responsible for the child's welfare; or (2) is
17 unable to determine (A) who caused the harm to the child; or (B)
18 whether the person who is believed to have caused the harm has respon-
19 sibility for the child's welfare. If a person making a report under
20 this subsection cannot reasonably contact the nearest law enforcement
21 agency, and immediate action appears necessary for the well-being of
22 the child, the person shall make the report to the nearest office of
23 the department. The department shall take immediate action to protect
24 the child and shall, at the earliest opportunity, notify the nearest
25 law enforcement agency. In this subsection, "abuse" means the phys-
26 ical injury, sexual abuse, sexual exploitation, or maltreatment of a
27 child by any person under circumstances that indicate that the child's
28 health or welfare is harmed or threatened.