

ASD Bond Debt

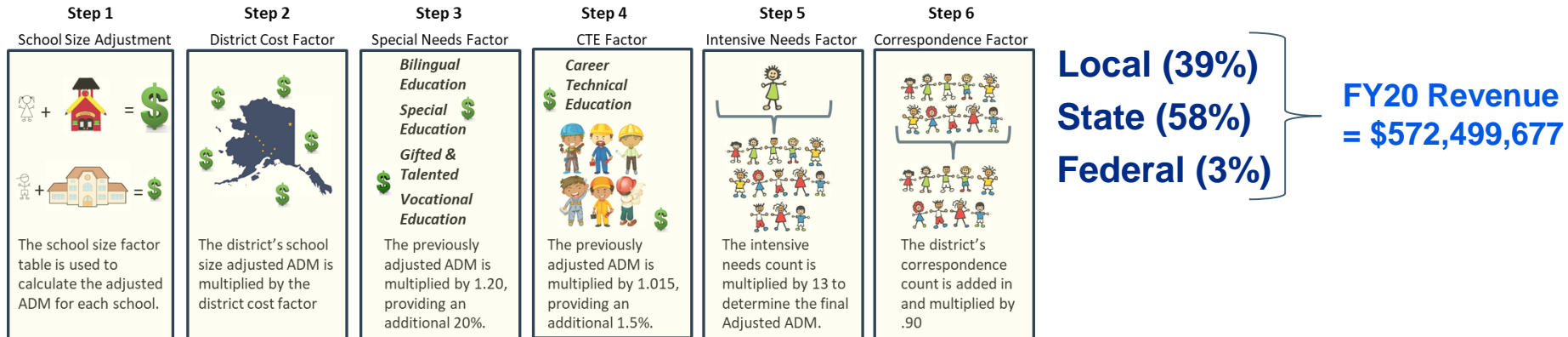
August 16, 2019

Dr. Bishop, Superintendent
Anchorage School District



Operating and Capital Funding

Operating Funding = State Foundation Formula + Federal Funds



Capital Funding

- Jan 1, 2015 through June 30, 2020: all school bonds are funded locally with no state debt reimbursement
- Prior to the moratorium on state assistance, the state funded 60% - 70% of school bonds

Alaska School District Comparisons

- **Regional Educational Attendance Area (REAA)**
 - Unorganized Region/Borough with multiple towns
 - No ability to collect local taxes
 - State provides 100% of capital funding to build & maintain schools
- **Cities and Boroughs (C&B)**
 - Organized Cities or Boroughs
 - Can collect local taxes
 - Build & maintain schools through school bonds

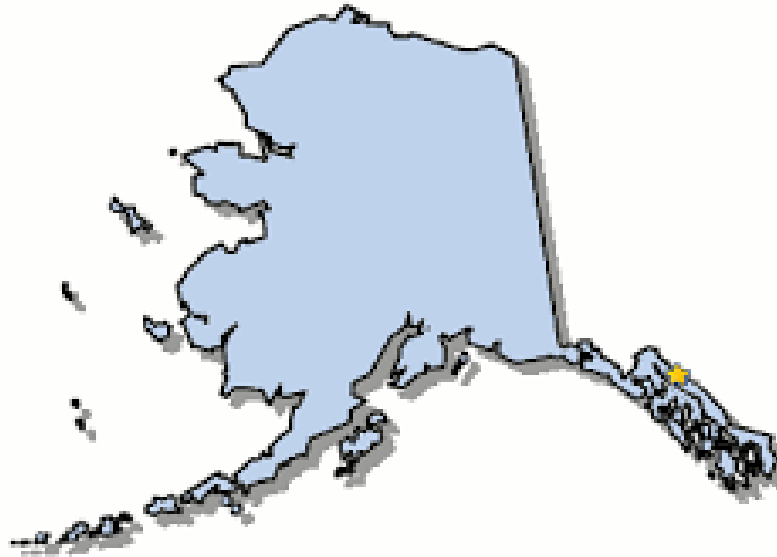
Did You Know – in Alaska?

Alaska has 53 Local Education Authorities (School Districts)

5 Districts have between 82% – 94%, & 14 Districts have 10% or more Correspondence Students

Alaska has 34 City/Borough School Districts & 19 REAAs

13 School Districts have less than 200 Students enrolled



21 of the 53 School Districts have bond debt (Approx. \$1.2 billion total in FY17)

6 Districts are supported by their City/Borough @ 100% of the max local effort by law

Only 2 Districts in the state (Aleutian Region & Skagway) do not receive Title I funding

Alaska School District Comparisons

- The State's Foundation Formula for **OPERATIONAL** funding is designed to provide equitable funding per student - not equal funding. Districts in Alaska are different from each other as structure, organization, capability, and funding vary significantly.
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The following School District analysis eliminates the specific data sets, listed below, in order to more accurately provide an “Apple to Apple” comparison:

- State bond debt reimbursement revenue (REAs receive state grants as they don't have a local tax base)
- Transportation revenue (Some districts don't have student transportation)
- Federal Funding (Student Nutrition & Title Grants), as some districts don't have these funds/programs
- Data from the 7 districts with high correspondence rates (These districts have less requirement for buildings, staff, utilities, etc.)

**** Data in the following slides come from DEED's FY17 audited report or the audited FY18 Annual Financial Reviews***

FY17 General Fund Operational Revenue/Pupil for AK Districts

Lowest ↓

Lowest 5 Districts	<u>State Revenue/Pupil</u>
Anchorage	\$6,850
Valdez	\$7,130
Skagway	\$7,670
Juneau	\$8,170
North Slope Borough	\$8,500

Highest 5 Districts	<u>State Revenue/Pupil</u>
Yukon Flats	\$26,310
Tanana City	\$27,830
Southeast Island	\$28,410
Pelican City	\$51,700
Aleutian Region	\$52,600

↑ **Highest**

State Revenue excludes Capital, Bond Debt, and Transportation – in order to normalize the data

Lowest ↓

Lowest 5 Districts	<u>State/Local/Federal Revenue/Pupil</u>
Anchorage	\$11,910
Matsu	\$12,400
Delta-Greely	\$12,460
Fairbanks	\$12,960
Ketchikan	\$14,080

Highest 5 Districts	<u>State/Local/Federal Revenue/Pupil</u>
Yukon Flats	\$35,790
Lake & Peninsula	\$36,890
Pribilof	\$38,420
Pelican City	\$57,900
Aleutian Region	\$59,480

↑ **Highest**

Total Revenue = Federal (Excludes Title Grants & Nutrition) + State (less capital, debt & trans) + Local.

FY17 Alaska School District Membership

Lowest

Smallest Districts	<u>Student Enrollment</u>
Pelican City	10
Aleutian Region	25
Tanana City	36
Pribilof	66
Hydaburg City	76
Yakutat	93
Kake City	96
Hoonah City	111
Bristol Bay	123
Klawock City	127

Largest Districts	<u>Student Enrollment</u>
North Slope	2,145
Ketchikan Gateway	2,392
Kodiak Island	2,425
Lower Kuskokwim	4,269
Galena City*	4,381*
Juneau Borough	4,874
Kenai Peninsula	9,141
Fairbanks	13,840
Matanuska-Susitna	18,935
Anchorage	48,292

Highest

Notes:

- ❖ *Galena City School District membership is comprised of 94% correspondence students*
- ❖ *Alaska School District comparisons are difficult as they organize and operate differently based on size, region, distance between schools, availability of road networks, etc.*

Bond Process: Capital Construction Overview

- ASD Capital Planning and Construction (CP&C) manages the District's work
- Community engaged (Capital Improvement Advisory Committee, community councils)
- Consistent with State, Municipal, and School Board guidance
 - 6-Year Capital Improvement Plan (CIP)
 - State (DEED) requirement; updated and submitted annually
 - School Board approves; Anchorage Assembly reviews
 - Capital bond proposal on the Anchorage Municipal ballot in April
 - Board approves; sends to the Anchorage Assembly for approval no later than January
 - Bond council defines the District's authorities and limits for use of public approved funds
 - Approved capital projects are openly and fairly competed for design and construction

AK Statute

- The state's current 5-year moratorium on bond debt reimbursement ends June 30, 2020
- REAAs receive funds for School Construction and Major Maintenance through the state's Grant Program

Fiscal Year	Construction	Major Maintenance
FY11	\$128,500,000	\$24,786,959
FY12	\$61,910,901	\$25,854,691
FY13	\$60,973,515	\$17,979,185
FY14	\$60,619,572	\$22,991,057
FY15	\$43,279,791	\$0
FY16	\$43,237,400	\$2,623,689
FY17	\$73,735,471	\$0
FY18	\$46,305,477	\$0
FY19	\$42,527,459	\$27,653,300
TOTALS	\$561,089,586	\$121,888,881

Summary

- FY11 – FY19: Our state funded approx. \$683 million for 24 construction & 78 major maintenance projects
- FY11 – FY19: Anchorage received \$21.3 million for 3 Major Maintenance Projects

3%



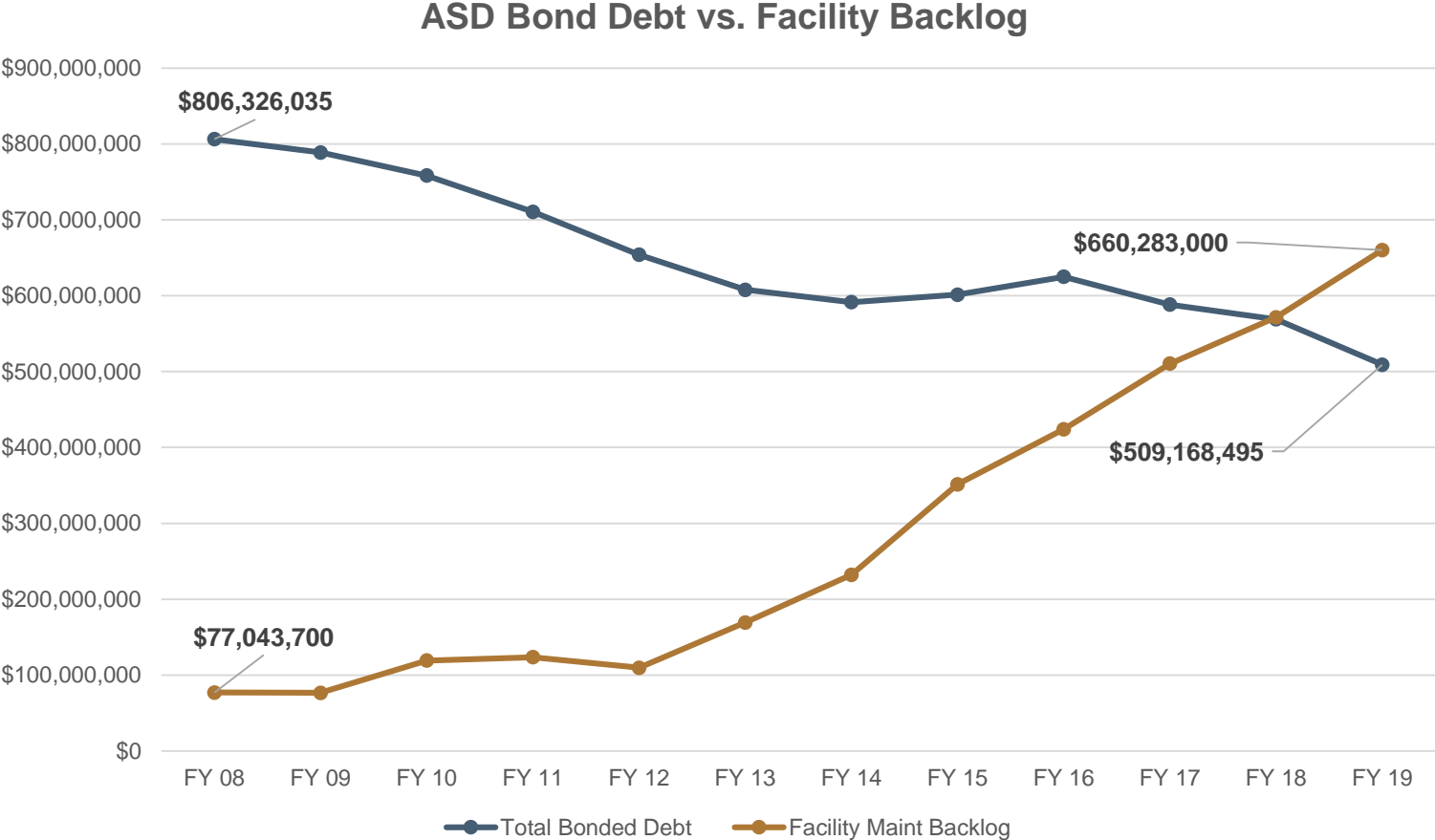
Anchorage School District

- Manages 92 facilities with 85 schools
- Average facility is 33 years old
- 24 facilities are more than 50 years old
- Approximately 7.8 Million Square Feet (\$2 Billion in replacement value)
- ASD and University of Alaska have the two largest physical plants in the state



ASD Bond Debt vs. Facility Backlog

FY08 – FY19



** ASD has, over the past decade, built annual bonds with a cost equal or less than the annual amount of debt that was retired. The next bond sale, in October 19, will add approx. \$40M to the District's debt.*

ASD Bond Debt: FY20 – FY39

FY	ANNUAL BOND DEBT PAYMENTS BY FISCAL YEAR			FUNDING SOURCES FOR ANNUAL BOND DEBT		
	PRINCIPAL	INTEREST	TOTALS	STATE REIM	Federal Build America Bonds	LOCAL TAX
FY20	54,640,000	20,479,342	75,119,342	40,970,369	222,720	33,926,252
FY21	57,325,000	17,732,694	75,057,694	40,759,014	208,481	34,090,200
FY22	45,660,000	15,205,389	60,865,389	32,578,929	192,828	28,093,633
FY23	47,235,000	13,056,846	60,291,846	31,970,703	176,440	28,144,704
FY24	38,430,000	11,191,401	49,621,401	25,634,801	159,142	23,827,458
FY25	30,460,000	9,647,847	40,107,847	19,991,132	140,733	19,975,982
FY26	21,660,000	8,407,271	30,067,271	14,033,364	121,363	15,912,543
FY27	22,740,000	7,300,215	30,040,215	14,031,749	98,856	15,909,610
FY28	20,370,000	6,236,774	26,606,774	12,024,357	75,476	14,506,941
FY29	16,220,000	5,352,562	21,572,562	9,330,460	51,223	12,190,879
FY30	15,055,000	4,610,390	19,665,390	8,316,047	26,096	11,323,246
FY31	14,360,000	3,879,963	18,239,963	7,469,377	0	10,770,586
FY32	15,050,000	3,188,750	18,238,750	7,467,876	0	10,770,874
FY33	15,785,000	2,450,050	18,235,050	7,465,664	0	10,769,386
FY34	15,540,000	1,695,550	17,235,550	6,884,464	0	10,351,086
FY35	13,225,000	1,027,550	14,252,550	5,091,272	0	9,161,278
FY36	9,045,000	545,375	9,590,375	2,203,011	0	7,387,364
FY37	3,940,000	282,250	4,222,250	247,494	0	3,974,756
FY38	2,540,000	156,400	2,696,400	86,035	0	2,610,365
FY39	2,640,000	52,800	2,692,800	85,920	0	2,606,880
TOTALS	461,920,000	132,499,417	594,419,417	286,642,038	1,473,357	306,304,023

* Based on current bond debt. Future bond sales, refunds, or changes in state debt reimbursement will alter this analysis.

Amount of Debt

Fiscal Year	Approved Bond Amount	# Facilities Supported	Retired Debt
FY11	\$17,000,000	16	\$52,475,000
FY12	\$59,077,000	63	\$54,875,000
FY13	\$54,825,000	32	\$55,425,000
FY14	\$57,285,000	20	\$57,340,000
FY15	\$59,250,000	8	\$59,290,000
FY16	\$0	0	\$58,940,000
FY17	\$58,450,000	14	\$56,445,000
FY18	\$50,656,500	18	\$56,500,000
FY19	\$59,113,000	14	\$55,080,000
TOTALS	\$415,656,500	185	\$506,370,000

- ASD has focused on bonding for less than the retired debt
- FY19 bond included additional funds to assist with earthquake repairs



Closing

- Ed Week graded Alaska as the lowest of 50 states in equity

August 14, 2019

EDUCATION WEEK

QUALITY COUNTS 2019: GRADING THE STATES Complete Coverage ▶

School Finance

Big Disconnect Between How Much Money K-12 Gets and How Fairly It's Spent



The illustration shows a man in a light-colored shirt and dark pants, carrying a briefcase, peeling back a large, stylized dollar bill. The bill is white with green borders and a large green dollar sign in the center. The man is lifting the top layer, revealing a smaller, similar bill underneath. The background is a solid orange color.

—Getty

SOURCE: Education Week Research Center, 2019



Closing

- **ASD is efficient**

- Bonding asks are intentionally planned and have not been oversold
- Four schools have been closed/merged in 3 years
- School Board has directed Operational funds from ASD's budget to capital improvements for major maintenance

Fiscal Year	Operating Funds xfer to Capital	Major Maintenance	Total
FY17	\$3,727,683	1,481,949	\$5,209,632
FY18	\$300,000	1,986,988	\$2,286,988
FY19	\$1,531,000	1,149,357	\$2,680,357

- The municipality's share of State funding comes in **Capital** and **Operational** money

