

**ALASKA STATE LEGISLATURE  
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES  
STANDING COMMITTEE**

February 24, 2003  
1:30 p.m.

**MEMBERS PRESENT**

Senator Fred Dyson, Chair  
Senator Lyda Green, Vice Chair  
Senator Gary Wilken  
Senator Bettye Davis  
Senator Gretchen Guess

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

**SENATE BILL NO. 2**

"An Act relating to recovery of civil damages from the parents or legal guardian of a minor; and providing for an effective date."

MOVED SB 2 OUT OF COMMITTEE

**SENATE BILL NO. 25**

"An Act relating to the teachers' housing loan program in the Alaska Housing Finance Corporation; and providing for an effective date."

MOVED CSSB 25(HES) OUT OF COMMITTEE

**PREVIOUS ACTION**

SB 2 - No previous action to consider.

SB 25 - No previous action to consider.

**WITNESS REGISTER**

Ms. Carol Comeau  
Superintendent of Schools, Anchorage School District  
PO Box 196614  
Anchorage AK 99519

**POSITION STATEMENT:** Supported SB 2.

Mr. Jake Metcalfe  
Anchorage School Board  
Anchorage AK

**POSITION STATEMENT:** Supported SB 2.

Ms. Debbie Ossiander, President  
Association of Alaska School Boards  
PO Box 670772  
Chugiak AK

**POSITION STATEMENT:** Supported SB 2 and SB 25.

Mr. Carl Rose, Executive Director  
Association of Alaska School Boards  
316 W 11th St.  
Juneau AK 99801

**POSITION STATEMENT:** Commented on SB 2 and supported SB 25.

Mr. Bryan Butcher, Legislative Liaison  
Alaska Housing Finance Corporation (AHFC)  
Department of Revenue  
PO Box 101020  
Anchorage AK 99510-1020

**POSITION STATEMENT:** Commented on SB 25.

Mr. Paul Kapansky, Director  
Mortgage Operations  
Alaska Housing Finance Corporation (AHFC)  
Department of Revenue  
PO Box 101020  
Anchorage AK 99510-1020

**POSITION STATEMENT:** Commented on SB 25.

Mr. Daniel Fauske, Executive Director  
AHFC  
Department of Revenue  
PO Box 101020  
Anchorage AK 99510-1020

**POSITION STATEMENT:** Commented on SB 25.

**ACTION NARRATIVE**

**TAPE 03-5, SIDE A**

Number 0001  
#SB2

**SB 2-PARENT LIABILITY FOR DAMAGE BY CHILD**

**CHAIR FRED DYSON** called the Senate Health, Education and Social Services Standing Committee meeting to order at 1:30 p.m. and announced SB 2 to be up for consideration. Present were Senators Dyson, Guess, Davis and Wilken.

CHAIR DYSON, sponsor, said he was asked by at least one school district in the state to remove the upper limit on the liability of parents for malicious destruction of school property by their children. Presently, the limit is \$10,000 but, in several cases, the cost of damage has been higher than that. Meanwhile, school districts are already stretched to meet their financial obligations.

MS. CAROL COMEAU, Superintendent, Anchorage School District, supported SB 2 and said that the penalties are very minor for the youth that commit these crimes. The case about the Dimond High School damage was very high profile. The court awarded a \$158,000 judgment but it was reduced to a total of \$10,000 to be split between the two juveniles. The bills came in at \$70,000 and the district is in the process of trying to get a judgment from the courts that is more in line with the actual costs.

The attitude of the families of youths involved in two out of three cases is that they can't know where their children are all the time and can't be held responsible for what they do. She concluded:

We think that's the wrong message. We think the message is damaging public facilities and not holding them accountable for the damage takes money out of the classroom and takes money away from the instructional program and it sends the wrong message to young people that these are not acceptable acts.

SENATOR LYDA GREEN arrived at 1:36 p.m.

MR. JAKE METCALFE, Anchorage School Board, supported SB 2. His experience as a prosecutor leads him to believe that a higher liability limit could have some deterrent effects. Last year, about \$300,000 worth of vandalism was done. When that cost can't be recovered, the money comes out of the district's operating budget.

SENATOR GREEN asked if the minor's name is currently included in the judgment.

MR. METCALFE replied that he assumed that minors' names wouldn't be used, but initials might be.

CHAIR DYSON asked him if the parents could get bankruptcy protection so that they would not lose their homes, vehicles and tools of their trade.

MR. METCALFE replied that he assumed so.

CHAIR DYSON said he assumes the judge would be willing to work out some sort of extended payment plan and maybe the school district could live with that.

MR. METCALFE responded that he thought it was the type of situation where they would work to try and get as much as they could and settle it.

SENATOR GREEN asked with the reference to a homeowner's policy, whether he was talking about the liability of the child.

MR. METCALFE replied the parents [would be] responsible for the children.

SENATOR GREEN asked what experience he had with the limits of that kind of liability.

MR. METCALFE replied not a lot, adding that he didn't practice that kind of law.

SENATOR GREEN said she thought it was limited to children under 12 years of age.

SENATOR GARY WILKEN said he understood the purpose of the legislation, but he was concerned about collateral damage and gave the example of a middle class family - husband and wife, 40 years old, three kids - one of them goes sideways and does something equal to the experience in Anchorage.

We've got to absolutely knock some heads and \$10,000 isn't a head knocking to me...but \$100,000 or \$150,000 that puts in jeopardy their house, their home, the other two kids and the family is trying to get along and that bothers me.

The open-endedness of the legislation concerned him, but he thought they might be able to get the same effect without the downside.

CHAIR DYSON responded that bankruptcy laws will protect the family from losing their home, the tools of their business and a vehicle. He added, "So they're not going to be out in the street...."

SENATOR GRETCHEN GUESS said she didn't see any reference to the child in the legislation and whether the child had any or may have assets in the future. She asked if that omission was intentional.

CHAIR DYSON replied that he didn't understand how minor children could own assets apart from their parents. He assumed whatever the parents could work out with the child would be up to them. Under the state code, if a parent or a legal guardian of an unemancipated minor under 18 has that child run away and reports him as a runaway, the parents are off the hook.

SENATOR GREEN asked if the child could be named in the future, upon adulthood. She didn't think that would be cruel and unusual.

MS. DEBBIE OSSIANDER, President, Association of Alaska School Boards (AASB), said this issue is supported by AASB's general membership. Many schools had experienced vandalism in excess of \$10,000. Mountain Village School, for example, had a fire set to cover the theft of a soda machine and the school burned down. Costs resulting from actions like that are a serious concern.

MR. CARL ROSE, Executive Director, Association of Alaska School Boards, supported SB 2. He explained that the state has varying levels of indemnification, but all school districts are required to have insurance. There are issues of deductibles, however, and the Anchorage [school district], for one, has a \$1 million deductible insurance policy. Almost anything under that comes out of their general fund. In 1992-1996, rural schools across the state claimed \$34 million in losses, including a lot of vandalism. Any large loss has a large impact on the insurance market.

CHAIR DYSON said a question came up about liability for foster parents and the law is quite clear that as long as the child is a ward of the state, the parents incur no liability.

SENATOR GUESS asked if the state would incur those expenses.

CHAIR DYSON answered yes.

SENATOR GARY WILKEN moved to pass SB 2 from committee with individual recommendations and the attached fiscal note. There were no objections and it was so ordered.

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#SB25

**SB 25-AHFC LOANS TO EDUCATORS**

CHAIR FRED DYSON said that SB 25 would be up for consideration.

SENATOR GARY WILKEN noted that a committee substitute labeled 23-LS0080\H, dated 2/21/03, was prepared. It designates single-family housing only on line 9, and sets out who is covered on lines 11 - 14. A provider of related services is covered but not named in the bill, but it includes physical therapists, occupational therapists, speech therapists, librarians or a school nurse as long as they possess one of the state-required certificates.

SENATOR WILKEN moved to adopt the committee substitute. There were no objections and it was so ordered.

MR. BRIAN BUTCHER, legislative liaison, Alaska Housing Finance Corporation (AHFC), said he was present to answer questions.

SENATOR LYDA GREEN said she had concerns about the lack of requirements in the bill. It contains no requirement that need be established, no limit on location, no requirement to continue teaching, no limit to a one-time only loan, no first-time buyer limitation, no age factor and no upper limit on price. She asked if those things are in the terms and conditions mentioned on page 2, paragraph (b), or whether they have to be spelled out in the bill.

MR. PAUL KAPANSKY, director, Mortgage Operations, answered that the department envisioned the program would overlay its existing programs. For example, if the individual borrower qualified for the first-time homebuyers program, he would also meet the requirements of this program and be able to get a loan for 100% loan to value. It would work the same for the veterans and rural programs.

SENATOR GREEN asked if there is any requirement in the legislation that it pertains to first-time buyers and whether that language needs to be in statute.

MR. DANIEL FAUSKE, Executive Director, AHFC, explained that typically, people will qualify for a number of different programs and then they decide which one they want to use. This bill removes the need for a down payment because a major impediment for most people when purchasing a home is the down payment requirement.

He said the issue of what to do if a borrower quit the teaching profession was discussed internally and it was decided that would be very hard to police. Their rural lending program requires that a teacher be housed in each one of the units, whether it's a duplex or a four-plex, and AHFC has the option of increasing the interest back up to what it would have been if that requirement isn't met.

SENATOR GREEN asked what the upper limit is on the amount of the loan.

MR. FAUSKE replied that depends on what a person can afford to borrow.

SENATOR BETTYE DAVIS asked if land had been identified in various areas where these houses could be built.

MR. FAUSKE replied that they hadn't envisioned this bill as covering going out and building homes.

SENATOR DAVIS asked if he was saying that land was too expensive.

MR. FAUSKE elaborated that he was working with the Denali Commission and the U.S. Department of Agriculture to find available funding for land, but one has to consider the infrastructure that is needed for development as well and that is a factor in many rural areas.

SENATOR WILKEN asked if this is a one-time only bill. He gave the example of a teacher moving to Fort Yukon to teach and buying a home under this bill and then moving to teach in Fairbanks. He wanted to know if he would have to use the assets built up on the first loan to finance the new one.

MR. FAUSKE replied that he thought that teacher would be able to use this program again.

SENATOR GREEN said she didn't think a person would have any equity in two years with a "no-down."

MR. FAUSKE agreed.

MS. OSSIANDER said the AASB's top priorities are fair and equitable funding and providing ways to help with teacher recruitment and retention. At its meeting yesterday, the AASB unanimously supported this bill.

MR. ROSE indicated his support also.

SENATOR WILKEN moved to pass CSSB 25(HES), version 23-LS0080\H, from committee with individual recommendations. There were no objections and it was so ordered.

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CHAIR DYSON adjourned the meeting at 2:15 p.m.