

HB

37

Alaska State Legislature

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4625

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Representative Gary Stevens

MEMORANDUM

To: Representative Fred Dyson, Chairman
Health, Education and Social Services Committee

From: Representative Gary Stevens

Date: February 8, 2001

Re: HB 37

I would respectfully request that you hold a hearing on HB 37, "An Act relating to the reimbursement of certain student loans; and providing for an effective date", at your earliest convenience.

Thank you for your consideration of this request.

Alaska State Legislature

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Representative Gary Stevens

SPONSOR STATEMENT – HB 37

HB 37, "An Act Relating to reimbursement of certain student loans; and providing for an effect date," allows the state reimburse a borrower who has received an undergraduate degree from a college or university, is employed at a public elementary or secondary school within the state as a teacher, and has complied with AS 14.43.120. The amount to be reimbursed under this section is the portion of the payments made by the borrower for a loan made under AS 14.43.110 equal to the following percentages of the total loan received plus interest, up to a total of 50 percent of the total loan plus interest:

- (1) one year employment, 10 percent;
- (2) two years employment, an additional 10 percent;
- (3) three years employment, an additional 10 percent;
- (4) four years employment, an additional 10 percent;
- (5) five years employment, an additional 10 percent.

The loan amount reimbursed to the borrower may not exceed the loan amount paid by the borrower to the state.

School Districts throughout the state, primarily rural school systems, are currently experiencing great difficulties in recruiting teachers. Currently, the Teacher Scholarship Loan program is available to rural Alaska high school graduates who declare an interest in teaching in rural Alaska and are nominated by their local school districts. HB 37 would allow students of any academic discipline to receive reimbursement of their Alaska student loan upon meeting the criteria of the bill.

With the passage of this bill, students who decide to pursue a teaching career after enrolling in college will benefit from reducing their student loan burden. HB 37 will also give school districts an added resource in attracting new teachers.



**Resolution of the
State Board of Education & Early Development
on
Teacher Loan Forgiveness**

Whereas, quality teachers and administrators are a crucial component for raising student achievement; and

Whereas, Alaska is experiencing a statewide shortage of teachers and administrators; and

Whereas, teacher and administrator turnover is at best disruptive and at worst disabling to education reform, and an especially acute problem in rural Alaska; and

Whereas, the need for committed, quality teachers and administrators has never been greater; and

Whereas, the Alaska Student Loan program serves a valuable public purpose by enabling thousands of Alaska students to attend colleges and universities each year; and

Whereas, Alaska Student Loan Program terms have been higher than those available through private lenders and have only recently been reduced and remain more expensive than those offered by federal loan programs; and

Whereas, the Teacher Scholarship Loan program serves only a limited number of students each year, and those are limited to rural districts; and

Whereas, the Alaska student loan forgiveness program that ended in the 1980s enticed many educated Alaskans to return to our state where, by the time the forgiveness cycle had run its course, those young people had established homes and families; and

Whereas, Alaska Student Loans currently provide no incentive to return to the state after completing a degree; and

Whereas, Alaska benefits when Alaskans return to make their homes in our state; and

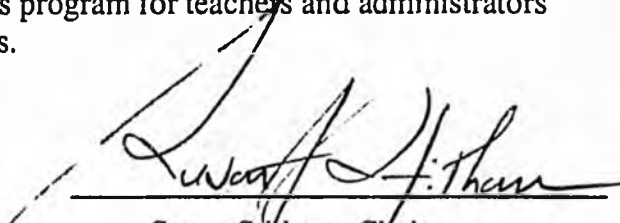
Whereas, states all across America are going to great lengths to attract and retain teachers and administrators, offering a wide variety of incentives; and

Whereas, demographic trends make it unlikely that Alaska educational institutions will, even under the best of circumstances, be able to produce more than one third of the teachers our schools need each year; and

Whereas, the investment needed to fund a teacher loan forgiveness program would pay great dividends to Alaska in the form of better schools, teachers, and more capable students;

Now therefore be it resolved: The State Board of Education & Early Development calls upon the Alaska Commission on Postsecondary Education, the Governor, and the Legislature to reinstate a loan forgiveness program for teachers and administrators working under contract in Alaska schools.

Sept. 19, 2000
Date


Susan Stitham, Chair



Public School Funding Formula *Educational Adequacy*

FY2002 budget will require \$10.5 million less than the FY2001 foundation formula budget due to increases in required local contribution and federal impact aid funds for a drop in state aid for education of approximately \$29.7 million for the two years. However, the legislature did approve a one-time appropriation in FY2001 of \$6.2 million for Learning Opportunity Grants. The last shift to municipal districts results in

Teachers

Recruitment of qualified and experienced teachers continues to become more difficult in Alaska as it is for much of the United States. Many states and outside school districts offer incentives as: signing bonus, down payment on a home, mortgage subsidy, and student loan repayment programs. (*See examples of teacher incentives offered in other states.*) These are examples of the recruiting techniques used beyond the annual salary to entice teachers to sign contracts. Due to limited resources, Alaska school districts continue to struggle to be competitive with other states and outside school districts when recruiting teachers.

From FY99 to FY2000 the average teacher salary in Alaska increased less than 1%. This reflects the smallest increase in average teacher salary in the nation from FY99 to FY2000. For the ten-year period from FY90 to FY2000, the average teacher salary stated in constant dollars decreased 11.7% and is the largest decrease in the nation for this time period. (*See National Education Association attachment.*)

Demand for teachers in Alaska has already exceeded supply, leaving unfilled positions across the state in math, special education, and speech pathology. For the 1999-2000 school year, 1,335 new teachers were hired in Alaska. On the first day of school 84 teaching positions were still unfilled, and some remained unfilled for up to



Public School Funding Formula *Educational Adequacy*

two months. Districts report that they are scraping the bottom of the barrel, forced to hire unqualified teachers on emergency certificates, and teachers with minimal paper qualifications who are unsuitable for the positions.

The amount of state support through the foundation program impacts the level of wages, benefits, and incentives that school districts can offer to recruit and retain teachers. State support through the foundation program has remained relatively flat in current dollars for ten years, but when stated in constant dollars to reflect inflation it has actually decreased. Alaska school districts have had to hold the line when negotiating new salaries and benefits with its certified and non-certified staff.

As recently as 1989 Alaska was reported to have the highest average teacher salaries in the nation. According to the NEA, Alaska's average teacher salary in 1989 was \$42,818. In 1999, Alaska is reported to have slipped to number eight in the nation with an average teacher salary of \$48,085. The average teacher salary in Alaska has increased about 12.3% for the past ten-years, but when stated in constant dollars to reflect inflation it has decreased by approximately 11.7%.

As discussed in the foundation formula section of this report, the state foundation formula was increased approximately 5% in current dollars excluding increases for enrollment growth. This means the additional 7.3% increase in current dollars has come through additional local contributions and increased designated grants. Municipalities continue to increase local contributions and school districts continue to apply for and receive supplemental grants from other sources. These are more examples of municipalities and school districts being accountable to the state legislature by seeking and securing supplemental resources.

Examples of Teacher Incentives Offered in Other States

- Increased Salaries
 - Maryland-10%
 - Virginia-\$90 million over 2 years
 - New York City-15% increase for teachers in schools on academic watch list
 - Detroit-\$3000 for high-need subject areas
 - Los Angeles-\$5000 for bilingual

- Scholarship-loan Programs
 - Virginia-\$3000 forgivable loans
 - North Carolina-\$6500 annually, requiring 4 years of teaching after graduation (3 if they work in "low performance" schools)

- Signing Bonuses
 - Massachusetts-\$20,000 over 4 years for 150 teachers in urban areas
 - Virginia-\$1000 for hard-to-fill areas
 - Maryland-for top graduates
 - Texas-\$3000 for special education
 - Philadelphia-\$4500 for teachers who stay for 3 years

- Tax Exemptions
 - California-proposed exemption from state income tax for certificated teachers

- Student Performance Bonuses
 - California-proposed \$5000 bonus for each teacher in a school with student test score improvement of 20%; lesser amounts for lower improvement rates

- Low Interest Home Mortgages
 - Maryland
 - California-for teachers to live within school boundaries

- Double Dipping
 - Maryland-retired teachers who return to classroom can continue to draw pension

- Continuing Education

 - Ohio-\$1.8 million for 30 math and science teachers who commit to 3 years in the district to obtain master's degrees

 - Many States and Districts-mentoring programs for new teachers

- Miscellaneous Goodies

 - Various States and Districts-laptop computers, gym memberships, 401Ks, moving costs

"A tax exemption or signing bonuses may not be the right answer here. But when states from New York to California are wading into a teacher bidding war, Oregon had better offer something more than scenery." *Portland Oregonian*, May 2000



Report

To the
Governor

and
State Board of Education
& Early Development

From the
Education Funding Task Force

February 1, 2001



Letter of Transmittal

February 1, 2001

Dear Governor Knowles and Members of the State Board of Education:

The Education Funding Task Force is pleased to present this report to you.

On December 8, 2000, Governor Tony Knowles gave this Task Force the formidable job of recommending to you and the State Board of Education & Early Development a five-year plan to fulfill the goals of the Alaska Quality Schools Initiative (QSI), your administration's major school reform plan.

We firmly believe in the promise of the QSI. It is based on challenging student performance standards and clear accountability measures for schools and students. It also is an excellent and important blueprint for a bright future for Alaska's young people and developing a competent workforce for Alaska.

Two major factors provided the framework for the task force's discussions and ultimately our recommendations: increased student learning and performance; and increased school accountability. The goal was to increase student performance through a variety of new programs tied to school accountability.

Our eleven task force members met six times to examine the challenges facing our schools in implementing the QSI over the next half decade. We examined extensive data and have concluded that schools need considerable financial support above current levels.

We hope you and the State Board will favorably consider our report. We are available to work with you in an effort to implement the recommendations described in this report.

Sincerely,

A handwritten signature in cursive script that reads "Bob Weinstein".

Bob Weinstein, Chair

A handwritten signature in cursive script that reads "Roger Chan".

Roger Chan, Vice Chair



Report

Education Funding Task Force

Index

Narrative

Executive Summary.....	3
I. Introduction.....	5
II. Excellence in Schools.....	7
III. Improving the Academic Performance of Students.....	13
IV. Conclusion.....	16
V. Appendix	
a. Cost Comparisons for Schools.....	18
b. Average Age in Years of School Facilities.....	19
c. Governor's Press Release.....	20

Charts

Annual Foundation Formula Funding.....	8
Annual Funding For Teacher Loan Assumption.....	11
Annual Non-Formula Funding.....	14



Executive Summary

Appointment and Charge

On December 8, 2000, Governor Tony Knowles appointed his Education Funding Task Force "as the next step toward fulfilling the goals of his Quality Schools Initiative." He asked the task force to develop a five-year funding plan and report back to the governor and State Board of Education & Early Development by February 1, 2001.

Guiding Principles

1. Alaska adopted the Quality Schools Initiative with the belief that *ALL* children can reach higher standards. Furthermore, the Quality Schools Initiative offers the promise that no child will be left behind. This is an enormous undertaking and is the first time Alaska has made such a promise to all children.
2. In conducting its work, the task force followed a four-point framework: Quality, Performance, Fairness, and Accountability.
3. The goal was to increase student performance through a variety of new programs tied directly to holding schools accountable for increased student performance.

Findings

1. A general loss of purchasing power has resulted in schools not being able to maintain an appropriate level of education services, including
 - a. updating appropriate and necessary instructional materials,
 - b. aligning curriculum and lesson plans,
 - c. maintaining facilities,
 - d. providing direct student intervention,
 - e. meeting the needs of Alaska's unique and increasingly diverse student population, or
 - f. providing competitive salaries and benefits to attract and retain teachers.
2. As a result, it is likely that many students have not had the opportunity to meet higher state academic standards.

Recommendations

1. Funds need to be appropriated through the foundation program. First year funds total \$34.6 million, with approximately a 1.5% increase each additional year. The base student allocation in the foundation program would increase by \$164 per student for the first year. Total per student increase over the five-



year plan would be \$414. New programs are being recommended to update instructional materials, to align curriculum to state standards, increase teacher salaries, to maintain facilities, keep up with the costs of serving special needs students, and provide direct service intervention for students not meeting standards.

2. Funds need to be appropriated outside the foundation program. The cost is estimated at \$7 million for year one, increasing slightly each year to \$8.6 million in year 5. Programs include rewards for exemplary schools, creating a center to analyze data, perform research and assist low performing schools, and to provide distance delivered core courses to small high schools.
3. Funding is needed to attract and keep new teachers. A teacher loan assumption plan will cost \$800,000 in the first year, increasing annually as more teachers are attracted into the schools. In addition, the task force recommends investigating placing all teachers in Tier One of the Teacher Retirement System.
4. The task force recommends the following regarding the foundation program:
 - a. seek funds necessary to develop a new and appropriate methodology, and prepare statistically defensible district cost factors, and
 - b. suspend the reduction of the funding floor pending the new district cost factor study.

Conclusions

The task force recommends an increase of \$42.4 million in year one of the five-year plan. If all recommendations are funded, year five spending will be \$100.3 million more than we are spending today, excluding new enrollment. The task force strongly recommends that with any new funds schools be held accountable for measurable gains in student performance.

The task force expressed its firm belief in the promise of the Quality Schools Initiative, which is based on challenging student performance standards and clear accountability measures for schools and students.

The task force recognized that schools need the understanding and support of their communities to accomplish their mission successfully and recommended that schools, working in conjunction with parents, and state and local agencies, develop clearer policies on student attendance and other student behaviors key to academic success.



The task force offered to help the governor and State Board of Education & Early Development secure funding for the recommendations described in this report.



I. Introduction

On December 8, 2000, Governor Tony Knowles announced the appointment of an Education Funding Task Force as his next step in fulfilling the goals of his Quality Schools Initiative. The 11-member task force included:

- Carl Marrs, president and CEO, Cook Inlet Region Inc.;
- Janice Loudon, president, Alaska Parent-Teacher Association;
- Jim Palmer, vice president, BP Exploration;
- Bob Weinstein, mayor, City of Ketchikan;
- Rich Kronberg, president, NEA-Alaska;
- Carl Rose, executive director, Association of Alaska School Boards;
- Roger Chan, vice president and chief financial officer, VECO, Corp.;
- Pat Abney, Anchorage assembly member and longtime teacher;
- Darroll Hargraves, executive director, Alaska Council of School Administrators;
- Roy Nageak, State Board of Education & Early Development; and
- Ernie Hall, State Board of Education & Early Development.

With the appointment of the Education Funding Task Force the Governor offered the following mission statement to guide the task force effort:

The task force will recommend to the governor and the state Board of Education & Early Development a five-year funding plan to meet the primary goal of the Quality Schools Initiative, which is to prepare all Alaska students for a successful future. The task force recommendations will be based upon, but not limited to, the best available information on funding issues such as the impact of inflation on education in Alaska, including the education workforce; the cost of remedial efforts like summer school, individual tutoring, and academic assistance before and after school; the cost of extending the school year to achieve more time on task; and other programs proven to improve student learning.



The task force, in conducting its work, built a framework around four important principles:

- **Quality,**
- **Performance,**
- **Fairness** and
- **Accountability.**

These principles were linked to task force recommendations, especially those that involve increased funding for schools. Further, when considering recommendations members of the task force recognized the tremendous diversity of students and geography that exist in Alaska, the strong commitment to local control of public schools, and the wide variation of student performance.

The task force members believe that, in determining excellence for all students, the measurement of accomplishment must be based on achievement results appropriately determined by our current standards-based assessments and nationally norm-referenced examinations. In summary, the task force recommended that **schools be held accountable by demonstrating academic progress for all students based on achievement data**

The task force recommendations are separated into two major categories: (a) programs funded by adding dollars to the school foundation formula (entitled Excellence in Schools); and (b) programs funded outside the school foundation formula (entitled Funds Earmarked for Improving Academic Performance of Students). The task force also offers its reactions to the report of the Department of Education & Early Development entitled *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature* (January 15, 2001).

II. Excellence in Schools

The task force recommended an infusion of new funds into the foundation formula to address the goal of providing a quality education for all students.

Members recognized a general loss of purchasing power has resulted in schools not being able to maintain an appropriate level of education services, including

- a. updating appropriate and necessary instructional materials,
- b. aligning curriculum and lesson plans,
- c. maintaining facilities,
- d. providing direct student intervention,
- e. meeting the needs of Alaska's unique and increasingly diverse student population, or
- f. providing competitive salaries and benefits to attract and retain teachers.

The task force believes that local school boards are in the best position to decide how to distribute increased foundation funds. School boards understand local conditions and are responsible for deciding how best to reach the goal of educating all students to high standards. The task force endorsed the concept of "educational adequacy" as outlined in *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature* (January 15, 2001) as one that "provides all students opportunities to acquire the knowledge and skills necessary to prepare them to take a productive role in society."

While considering the impact on schools of the loss of purchasing power over the past decade, **the task force linked recommendations for new educational funding to the costs of educating all students to high academic standards**. The task force identified several key components for demonstrating the need for additional funds distributed through the foundation formula. The base student allocation in the foundation program (AS 14.17.470) would increase by \$164 per student for the first year of the plan and by an additional \$63 in year five of the plan. Total per student increase over the five years would be \$414.



The chart below outlines the justification for additional funds over a five-year period.

**Annual Foundation Formula Funding
(Dollars In Millions)**

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Instructional Materials	5.4	5.4	5.4	5.4	5.4
Curriculum Alignment	0.5	0.5	0.0	0.0	0.0
Special Needs Students	5.3	5.3	5.3	5.3	5.3
Direct Student Intervention	10.0	10.0	10.0	10.0	10.0
Facilities Upkeep	4.0	8.0	12.0	16.0	20.0
Teacher Salaries	9.4	18.8	28.2	37.6	47.0
Total	34.6	48.0	60.9	74.3	87.7
Increase Over Prior Year		13.4	12.9	13.4	13.4
Increase In Per Pupil Allocation (in dollars)	\$164	\$63	\$61	\$63	\$63
FY2001 Per Pupil Allotment = \$3,940	\$4,104	\$4,167	\$4,228	\$4,291	\$4,354
% Increase Over Prior Year	4.16	1.54	1.46	1.49	1.47

The recommendations for programs needed under the foundation program are:

- **Instructional Materials** Schools have a general lack of available and up-to-date textbooks, appropriate technology, and general classroom supplies. It is not uncommon for students in Alaska's schools to share textbooks or for schools to possess books copyrighted in the 1970s and 1980s. In addition, costs for instruction materials have not remained static over that time; some costs have increased 20-, 25-, and 30-percent and more since the early 1990s. The task force recommended an increase of \$5.4 million per year to the foundation formula to update instructional materials in our schools. The task force recommendation is based on multiplying Alaska's 135,000 students by an average cost of \$40 per textbook. (135,000 students x \$40 per textbook = \$5.4 million).
- **Curriculum Alignment** Schools need to carefully align curriculum to the state adopted performance standards in order for students to have the opportunity to learn so they can be successful on state examinations. This



seemingly simple task is actually a radical departure in the usual way schools deliver instruction. To accomplish this, schools will not only need to align their language arts and math curriculum to state standards, they will need to integrate those standards into all curriculum areas, such as science, social studies, the arts, and other subjects. The task force estimates a cost of \$1 million over two years, at \$500,000 per year, to complete the curriculum alignment.

- **Special Needs Students** Over the past decade, schools experienced continued growth in the number of students with disabilities and students with a primary language other than English. In addition, more students are being identified with more severe disabilities, like autism, which require more extensive services. The task force concluded that the 20% block grant fails to sufficiently address this growth. The growth occurs in districts with declining as well as stable enrollment. Students with special needs continue to represent a larger percentage of the total Alaska student body. Due to state and federal requirements, the costs of providing education services to the growing numbers of special needs students, including gifted and talented, special education, and bilingual students, reduces funding for regular instruction. For example, during 1987-88 some 2,265 bilingual students speaking 55 different languages attended Anchorage schools alone. By September 2000, that number had more than doubled to 4,831 students speaking 87 different languages. Through an increase to the per student allocation, additional funds would automatically be available to support students with unique needs through the 20% block grant in the foundation program. The task force recommends a first year appropriation of \$5.3 million to meet this growing demand and equal appropriations over the remaining four years of the plan.
- **Direct Student Intervention Programs** Because of the diverse student needs around the state, a single intervention program can not be prescribed for each school offering extended learning activities targeted at bringing students up to state standards and those at risk of not passing benchmark and high school exams. Programs could include summer schools, extended day and tutorial programs, classes beyond the traditional course offerings to assist students in acquiring the essential skills, and other unique learning activities determined at a local school level. The task force recommends increases of \$10 million per year for funding this program. The funding would be distributed contingent upon an accountability component within the foundation program requiring districts to demonstrate a positive impact on student achievement. The



\$10 million was derived from estimating that 250 schools would offer one-third of all students (44,000) a summer school program at an average cost per program of \$40,000. (250 schools x \$40,000 per program = \$10 million).

- **Facilities Upkeep**- Ample evidence suggests new funds need to be budgeted to ensure the preservation of school facilities and the general upkeep of facilities. The lack of sufficient funding has caused districts to either divert instructional dollars to maintenance, defer critical maintenance, or both. As the age of school facilities continues to increase, districts must spend more dollars on operation and maintenance. Task force members adopted the model of good business practices followed by business and industry to allocate 5% of the replacement value of facilities for operation and maintenance. Excluding facilities less than five years old, the statewide total replacement value of public school facilities is \$3.6 billion. The schools expended \$161 million, through legislative, local and federal funds, for operation and maintenance of facilities in FY 1999. That amount is \$20 million short of the 5% industry practice. The task force recommends that schools adopt industry standards in this area. To do so, the task force recommends an increase of \$20 million over five years, at a rate of \$4 million per year.

- **Teacher Recruitment/Retention** Alaska's colleges and universities supply about 30% of our state's annual demand for new teachers. More than two-thirds of new teachers come from out-of-state. A national shortage of teachers and administrators forces Alaska to compete with other states for an ever-shrinking pool of applicants. Other states are offering teachers signing bonuses, down payment on homes, mortgage subsidies, and student loan repayment plans. One California school district attended Alaska's fall Teacher Job Fair offering signing bonuses of \$1,000 for regular teachers and \$3,000 for special education teachers. With attractive salaries and incentives in their home states, far fewer out-of-state teachers are applying for available Alaska teaching positions, some of which go vacant for a year or more. Three important areas need immediate consideration:
 - **Teacher Salaries**- Alaska teacher average salaries have dropped from the highest in the nation to the eighth position. For the 10-year period from FY90 to FY 2000, the teacher average salary stated in constant dollars decreased 11.7% and is the largest decrease in the nation during this time period. (*Alaska's Public School Funding Formula: A Report to the Alaska State Legislature*, Jan. 15, 2001). The task force recommends providing funds to allow local school



boards to adjust teacher salaries to a competitive level. The amount of funding needed for this effort would be the equivalent of a 2% increase over the current teacher average salary of \$47,262 over each of the next five years. This will require first year costs of \$9.4 million, cumulative annually, over the remaining four years of the plan.

- **Teacher Retirement** The current Tier Two of the Teacher Retirement System (TRS) retirement plan removes a critical incentive for teachers to teach in Alaska and remain. The loss of paid individual and dependent medical coverage as part of the Tier Two TRS package was and remains an important factor for teachers considering and continuing an educational career in Alaska. **The task force recommends that the governor and State Board of Education & Early Development investigate eliminating Tier Two under the TRS, and placing all teachers, including new teachers, into the Tier One system.** Because of the short timeline required for this report, TRS was unable to provide cost estimates sufficient for the task force to make a specific funding recommendation on this item.
- **Student Loan Assumption** The task force recommends that the state implement a student loan assumption program as key to attracting and retaining teachers. The program would be available to all new teachers in Alaska, regardless of the postsecondary school where teachers earned their teaching degree or the entities from which teachers borrowed their student loans. Loans would be repaid at the rate of \$2,000 per year up to a maximum of \$10,000. Teachers would need to teach for five consecutive years in order to realize the maximum benefit under this plan. The task force estimated a first year cost of \$800,000, and the same amount, cumulative, over the remaining four years of the plan. The Alaska Commission on Postsecondary Education may be the appropriate agency to administer this program. The funding recommendation is derived from the assumption that one-third, or 400, of the 1,200 new teachers hired each year would be eligible under the loan assumption program. (400 teachers x \$2,000 loan assumption = \$800,000 per year). The chart below summarizes the additional funds recommended over a five-year period.

Annual Funding For Teacher Loan Assumption (Dollars In Millions)

A+

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Loan Assumption	0.8	1.6	2.4	3.2	4.0

Reaction to SB36 Report to the Legislature

The task force reviewed *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature* presented by the Department of Education & Early Development to the legislature on January 15, 2001 and concluded:

- District Cost Factors** The task force agreed that the current district cost factor methodology is flawed because it is based on what school districts spent over time, and during a time of scarcity, rather than on the actual costs of operating schools. **The task force recommends the governor seek funds necessary to develop a new and appropriate methodology, and prepare statistically defensible district cost factors.** Until this new study is completed and implemented, the current cost factors should be maintained.
- Old versus New Formula** The task force recommends suspending the reduction of the funding floor pending the new district cost factor study. The committee reached this conclusion based, in part, on the acknowledgement by the Department of Education & Early Development that the non-applicability of the current (or former) district cost factor methodology in turn causes the reduction in the funding floor to be suspect. The task force also agreed that the foundation program needs a hold harmless provision for districts that experience substantial student enrollment declines. The hold harmless provision should apply when a district loses five percent of its enrollment in a single year, or 10% over two years, rather than the 10% enrollment reduction in one year as suggested in the publication *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature*.
- Education Adequacy** The task force concludes that, while school districts have consistently received additional foundation support for increased enrollment, school districts have clearly lost purchasing power over the past decade due to significant increases in costs. It is important to note that the task force recommendations address the eight components for an adequate education listed in the publication *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature*, tab three, page two.



III. Improving the Academic Performance of Students

Task force members recommended additional programs and funds over five years be made available beyond the foundation program to address the specific needs of students at risk of not passing the High School Graduation Qualifying Examination or not meeting proficiency levels on the standards-based Benchmark Examinations at grades three, six and eight. These funds would be allocated at \$7 million the first year; \$7.4 million, the second year; \$7.8 million, the third; \$8.2 million, the fourth; and \$8.6 million, the final year.

In the opinion of task force members, early intervention for students not meeting proficiency levels is key to achieving the primary goal of preparing all Alaska students for a successful future. Early intervention also will keep students on track during their school careers to ultimately pass the high school exam. The foundation program, as currently conceived, needs to provide the funds to deliver an essential education to all students. However, in recognition of our goal to educate all students to high standards, additional funds must be made available outside the foundation program for the extra learning opportunities to achieve this goal.

The task force recommends that the continued access of school districts to the funds outlined in this section of the report be allowed only if schools demonstrate student progress toward the goal of preparing all Alaska students for a successful future. Schools would demonstrate progress by showing student gains on the benchmark and high school exams, as well as on the state required norm-referenced test. Schools that could not show student academic achievement gains over a prescribed period would be denied access to the funds. Under this scenario, future funding would be linked, in part, on the school's capacity to report achievement data and outline specific uses for the funds. In short, schools would be held accountable for the design of their programs and required to report student achievement data to demonstrate the effectiveness of the local initiative in order to access future funds.

The chart below outlines justification of additional funds for improving academic performance over the next five years.

**Annual Non-Formula Funding
(Dollars In Millions)**

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Incentives for High Performing Schools	2.0	2.4	2.8	3.2	3.6
Center for School Excellence	2.0	2.2	2.4	2.6	2.8
Assistance for Low Performing Schools	2.0	1.8	1.6	1.4	1.2
Distance Delivered Courses	1.0	1.0	1.0	1.0	1.0
Total	7.0	7.4	7.8	8.2	8.6
Increase Compared To Prior Year		0.4	0.4	0.4	0.4

The task force proposed targeting funds outside the foundation program in four areas:

- Incentives for High Performing Schools** Based on the state school designator system, schools identified as distinguished would earn financial incentives. Awards would range from \$10,000 to \$100,000 annually depending on the type and size of school. The task force recommends \$2 million in funding for the first year of the plan. With \$400,000 increases cumulative annually, year five funding would be \$3.6 million. The reason for the increase is the expectation that a growing number of schools annually will reach the goal of improving student achievement. Over time, they will receive the state designation as a distinguished school, making them eligible for this program. The recommended first year funding was derived from the assumption that 50 schools would be designated distinguished and each school would receive an incentive averaging \$40,000. (50 schools x \$40,000 incentive = \$2 million). The task force estimated 10 additional schools would be designated distinguished each year.
- Center For School Excellence** The Center for School Excellence will provide technical assistance to schools, analyze data on school improvement and student achievement, and conduct research to determine the effectiveness of efforts to improve instruction for all students. The center would place a priority on low-performing schools.



The center would be formed using a consortium model and be comprised of school districts, the Department of Education & Early Development, public and private Alaska universities, employers, professional education organizations and other entities. While the center would have only a modest number of full-time staff, the training cadre would be supplemented with contract staff matched to the particular need of the school requesting assistance. The task force recommends funding the center at \$2 million in the first year with \$200,000 annual increases. The task force also recommends the state explore increasing the capacity of the Department of Education & Early Development to gather data from schools, which the center will use for analysis and research, and to provide assistance for schools.

- **Assistance for Low Performing Schools** Schools designated as low performing would be able to access funds based on a plan of improvement approved by the State Board of Education & Early Development. Awards would range from \$10,000 to \$100,000 annually depending on the type and size of school. The task force recommends funding this program at \$2 million the first year and decreasing the appropriation by \$200,000 each year over the remaining four years of the plan. The reason for the decrease in funding is the expectation that fewer numbers of schools annually will receive the state designation as a low-performing school, making fewer schools eligible for this program. The recommended first year funding was derived from the assumption that 50 schools would be designated in-crisis in the initial year, and each in-crisis school would receive an incentive averaging \$40,000 for assistance. (50 schools x \$40,000 in assistance = \$2 million). The task force estimated five fewer schools would be designated in-crisis each year. The Center for School Excellence would be available to assist the in-crisis schools.
- **Distance Delivered Courses** Distance delivered core courses based on state standards need to be offered to high schools with fewer than 50 students. Courses developed and offered by Alyeska Central School would support students and teachers in these high schools. The courses would enable students to have better access to subject matter specialists while still having on-site teachers serve as facilitators and coaches to make sure students get the extra help they need. These courses would be offered free to qualifying schools. The task force recommends funding this program at \$1 million per year.



IV. Conclusion – Continuous Improvement

Alaska adopted the Quality Schools Initiative with the understanding that *ALL* children can reach higher standards. Furthermore, the Quality Schools Initiative promises that no child will be left behind. This indeed is an enormous undertaking and is the first time the State of Alaska has made such a promise to *all* children.

That promise means every child will read, write and do math at higher levels than ever before. It means schools and parents will no longer let children move through the grades without gaining essential skills along the way. It means more children will have a bright future and will become good citizens.

It means Alaska's policy makers need to follow through and provide the support and necessary resources that teachers and schools need in order for Alaska to make good on its promise to youth.

Members of the task force recognized from the outset the challenge in estimating the funds needed to educate *all* Alaska students to high standards. In structuring the assignment for the task force, members relied on the staff of the Department of Education & Early Development to provide extensive background information. Issues related to prior statutory amendments to the foundation formula, cost-of-doing-business in relationship to annual allocations of funds through the formula, analyses of district expenditures of funds, and individual and professional experiences all played a significant role in the formulation of the recommendations.

Task force members extensively examined the recent report entitled *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature*. In reviewing the report, the task force

- agreed that districts had lost purchasing power;
- concluded that a new methodology needs to be determined to more precisely fund the cost-of-doing-business in each Alaska community; and
- recognized that the foundation formula's funding floor reduction should be suspended until a new district cost factor study is conducted and fully implemented.

Task force members support local control of school districts and believe that local decisions are best made at the local level. Members agreed that the majority of any funding increase should be tied directly to the foundation formula for distribution. Members believed just as strongly that **any new funds, whether distributed through the formula or otherwise allocated, should be strictly linked to improvement in student academic achievement and school accountability.**

The task force members also concluded that funds outside the foundation formula be targeted for specific school purposes. These funds will provide

- additional learning opportunities for students,
- enable school districts to accelerate curriculum alignment and train teachers to the standards-based system,
- reward schools making significant gains in student achievement,
- provide financial assistance for schools experiencing the greatest difficulties, and
- supplement course offerings in the smallest of Alaska's high schools.

The task force also recognizes that schools need the understanding and support of their communities to accomplish their mission successfully. Task force members recommend that schools, working in conjunction with parents, and state and local agencies, develop clearer policies on student attendance and other student behaviors key to academic success.

The task force encourages the governor and members of the State Board of Education & Early Development to look favorably on the recommendations presented and aggressively seek the additional programs and funds outlined in this report.

V. Appendix

Cost Comparisons For Schools

- In 1993, Kodiak paid \$12.95 each for a first grade math textbook. In 2001, the same textbook cost the district \$19.98 each, a 54% increase.
- In 1988, Anchorage School District's share of its employee major medical policy was \$2.4 million. In 2001, the district's share increased to \$5.1 million, a 113% spike.
- In 1993, Yukon Koyukuk School District paid \$25.90 each for a math textbook. In 2000, the same book cost the district \$47.49 each, an 83% increase.
- In 1990, Petersburg School District paid an annual fuel and electric bill of \$325,000. In 2000, the fuel and electric bill was \$433,000, more than a 33% hike. Over the same time period, Petersburg constructed no new school buildings.
- In 1990, Kodiak High School paid an annual electric bill of \$118,600. In 1999, the same school paid \$139,000, a 17% increase.
- In 1990, Yukon Koyukuk School District paid an annual electric bill of \$243,557. In 2000, the district's electric bill climbed to \$378,922, a 56% increase.
- In 1990, Kodiak School District paid 78-cents a gallon for heating fuel. In 2001, costs jumped to \$1.40 a gallon, a 79% spike.
- In 1993, a sixth grade English textbook cost the Anchorage School District \$22.44. In 2001, the same textbook cost \$35.88, almost a 60% increase.
- On January 22, 2001, a local supply company notified Kodiak School District of upcoming 6% to 8% increases in the cost of paper towels, toilet paper and trash can liners. The company warned additional increases are probable beginning in the summer of 2001.
- In 1990, Yukon Koyukuk School District paid an annual bill for fuel oil of \$175,507. By 2000, the district paid \$201,439 for the same product, a 15% increase
- In 1990, Petersburg School District paid \$277,000 for its employee health care package. In 2000, the district paid \$341,000, more than a 23% increase, plus the district now is partially self-insured.
- In 1990, Kodiak School District paid \$402 for each employee's family health coverage. In 2001, the cost for the same policy increased to \$865, a 115% increase.
- In 1992, Anchorage School District paid \$3.9 million for ruled newsprint paper for grades one and two. In 2001, the district paid \$5.7 million for the same product, a 46% increase.
- In 1990, Yukon Koyukuk School District paid an annual bill for water and sewer of \$57,840. In 2000, that increased to \$80,773, a 40% increase.

A+

Average Age in Years of School Facilities

Department of Education & Early Development

Year	Average Age in Years
1990	19
1992	20
1994	22
1996	23
1998	24
2000	26



OFFICE OF THE GOVERNOR
Press Releases



KNOWLES NAMES EDUCATION FUNDING PANEL

Education, Business, Elected Leaders to Draft 5-Year Plan for Student Success

As the next step toward fulfilling the goals of his Quality Schools Initiative, Gov. Tony Knowles today appointed 11 Alaskans to an Education Funding Task Force. The task force will recommend to the governor and the State Board of Education & Early Development a five-year funding plan to fulfill the goals of the Quality Schools Initiative and improve education in Alaska.

"This is an outstanding group of Alaskans and I'm pleased they've agreed to serve," Knowles said. "Their task is vitally important--making sure our schools have the resources necessary to improve student achievement and success.

"Alaskans have agreed to raise academic standards, require important tests with responsible timelines and demand accountability if schools aren't measuring up," Knowles added. "Obviously, it's critical to provide adequate resources for schools to do the job."

The panel will report to the governor and the board by Feb. 1 so the first-year funding recommendation can be submitted to the Legislature for inclusion in the upcoming budget cycle.

The task force members are:

- Carl Marrs, president and CEO of Cook Inlet Region Inc.;
- Janice Loudon, president of the Alaska Parent-Teacher Association;
- Jim Palmer, vice president of BP Exploration;
- Bob Weinstein, City of Ketchikan mayor and a former school superintendent;
- Rich Kronberg, president of NEA-Alaska;
- Carl Rose, executive director of the Association of Alaska School Boards;
- Roger Chan, vice president and chief financial officer, VECO, Corp.
- Pat Abney, Anchorage assembly member and a longtime teacher;
- Darroll Hargraves, director of the Alaska Council of School Administrators;
- Roy Nageak, first vice chair, State Board of Education and Early Development; and
- Ernie Hall, member, State Board of Education and Early Development.

The task force, staffed by the Department of Education and Early Development, will meet several times between now and the end of January. Its recommendations then will go to the state board and the governor for final approval. Knowles pledged this fall at Alaska Education Summit 2000 that the group's suggestions then will be quickly forwarded to the Legislature in time for consideration in the upcoming FY2002 budget. The group's first meeting has not yet been set.

↑ . 8 7/10

(84) empty

22-LS0287J

Ford

2/16/01

↓ - 16 7/10

CS FOR HOUSE BILL NO. 37()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES STEVENS, Kerttula

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to forgiveness of certain student loans; and providing for an effective
2 date." *amended in 1980*

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * Section 1. AS 14.43 is amended by adding a new section to read:

5 **Sec. 14.43.142. Loan forgiveness of loans made to borrowers employed as**
6 **teachers.** (a) The state shall forgive a loan made to a borrower who has received an
7 undergraduate or graduate degree from a college or university, is employed at a public
8 or private elementary or secondary school within the state as a teacher, and has
9 complied with AS 14.43.120. The amount to be forgiven under this section is the
10 portion of the payments to be made by the borrower for a loan made under
11 AS 14.43.110 equal to the following percentages of the total loan received plus
12 interest, up to a total of

13 (1) 50 percent of the total loan plus interest:

14 (A) one year employment, 10 percent;

22-LS0287J
Ford
2/16/01

CS FOR HOUSE BILL NO. 37()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Kerttula

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to forgiveness of certain student loans; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1. AS 14.43 is amended by adding a new section to read:**

5 **Sec. 14.43.142. Loan forgiveness of loans made to borrowers employed as**
6 **teachers. (a) The state shall forgive a loan made to a borrower who has received an**
7 **undergraduate or graduate degree from a college or university, is employed at a public**
8 **or private elementary or secondary school within the state as a teacher, and has**
9 **complied with AS 14.43.120. The amount to be forgiven under this section is the**
10 **portion of the payments to be made by the borrower for a loan made under**
11 **AS 14.43.110 equal to the following percentages of the total loan received plus**
12 **interest, up to a total of**

13 **(1) 50 percent of the total loan plus interest:**

14 **(A) one year employment, 10 percent;**

- 1 (B) two years employment, an additional 10 percent;
- 2 (C) three years employment, an additional 10 percent;
- 3 (D) four years employment, an additional 10 percent;
- 4 (E) five years employment, an additional 10 percent; or

5 (2) 75 percent of the total loan plus interest, if the borrower is a special
6 education teacher:

- 7 (A) one year employment, 15 percent;
- 8 (B) two years employment, an additional 15 percent;
- 9 (C) three years employment, an additional 15 percent;
- 10 (D) four years employment, an additional 15 percent;
- 11 (E) five years employment, an additional 15 percent.

12 (b) The loan amount forgiven the borrower under this section may not exceed
13 the loan amount paid by the borrower to the state. Notwithstanding any other
14 provision of law, while a person's loan is being forgiven by the state under (a) of this
15 section, that person may not receive forgiveness of a loan under any other provision of
16 this chapter.

17 (c) In this section, "teacher" means a person who for compensation instructs
18 students in a public or private elementary or secondary school and who possesses a
19 valid teacher certificate; "teacher" also includes a person employed as a public or
20 private elementary or secondary school librarian.

21 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 APPLICABILITY. This Act applies to loans entered into on or after July 1, 2001, and
24 to a person's employment that occurs on or after July 1, 2001.

25 * Sec. 3. This Act takes effect July 1, 2001.

22-LS0287J
Ford
2/16/01

CS FOR HOUSE BILL NO. 37()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Kerttula

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to forgiveness of certain student loans; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.43 is amended by adding a new section to read:

5 **Sec. 14.43.142. Loan forgiveness of loans made to borrowers employed as**
6 **teachers.** (a) The state shall forgive a loan made to a borrower who has received an
7 undergraduate or graduate degree from a college or university, is employed at a public
8 or private elementary or secondary school within the state as a teacher, and has
9 complied with AS 14.43.120. The amount to be forgiven under this section is the
10 portion of the payments to be made by the borrower for a loan made under
11 AS 14.43.110 equal to the following percentages of the total loan received plus
12 interest, up to a total of

13 (1) 50 percent of the total loan plus interest:

14 (A) one year employment, 10 percent;

- 1 (B) two years employment, an additional 10 percent;
2 (C) three years employment, an additional 10 percent;
3 (D) four years employment, an additional 10 percent;
4 (E) five years employment, an additional 10 percent; or

5 (2) 75 percent of the total loan plus interest, if the borrower is a special
6 education teacher:

- 7 (A) one year employment, 15 percent;
8 (B) two years employment, an additional 15 percent;
9 (C) three years employment, an additional 15 percent;
10 (D) four years employment, an additional 15 percent;
11 (E) five years employment, an additional 15 percent.

12 (b) The loan amount forgiven the borrower under this section may not exceed
13 the loan amount paid by the borrower to the state. Notwithstanding any other
14 provision of law, while a person's loan is being forgiven by the state under (a) of this
15 section, that person may not receive forgiveness of a loan under any other provision of
16 this chapter.

17 (c) In this section, "teacher" means a person who for compensation instructs
18 students in a public or private elementary or secondary school and who possesses a
19 valid teacher certificate; "teacher" also includes a person employed as a public or
20 private elementary or secondary school librarian.

21 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 **APPLICABILITY.** This Act applies to loans entered into on or after July 1, 2001, and
24 to a person's employment that occurs on or after July 1, 2001.

25 * **Sec. 3.** This Act takes effect July 1, 2001.

22-LS0287J
Ford
2/16/01

CS FOR HOUSE BILL NO. 37()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Korttula

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to forgiveness of certain student loans; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1. AS 14.43 is amended by adding a new section to read:**

5 **Sec. 14.43.142. Loan forgiveness of loans made to borrowers employed as**
6 **teachers. (a) The state shall forgive a loan made to a borrower who has received an**
7 **undergraduate or graduate degree from a college or university, is employed at a public**
8 **or private elementary or secondary school within the state as a teacher, and has**
9 **complied with AS 14.43.120. The amount to be forgiven under this section is the**
10 **portion of the payments to be made by the borrower for a loan made under**
11 **AS 14.43.110 equal to the following percentages of the total loan received plus**
12 **interest, up to a total of**

13 **(1) 50 percent of the total loan plus interest:**

14 **(A) one year employment, 10 percent;**

CS FOR HOUSE BILL NO. 37(EDU)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON EDUCATION

Offered: 2/9/01

Referred: Health, Education and Social Services, Finance

Sponsor(s): REPRESENTATIVES STEVENS, Kerttula

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to forgiveness of certain student loans; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.43 is amended by adding a new section to read:

5 **Sec. 14.43.142. Loan forgiveness of loans made to borrowers employed as**
6 **public school teachers.** (a) The state shall forgive a loan made to a borrower who
7 has received an undergraduate or graduate degree from a college or university, is
8 employed at a public elementary or secondary school within the state as a teacher, and
9 has complied with AS 14.43.120. The amount to be forgiven under this section is the
10 portion of the payments to be made by the borrower for a loan made under
11 AS 14.43.110 equal to the following percentages of the total loan received plus
12 interest, up to a total of 50 percent of the total loan plus interest:

- 13 (1) one year employment, 10 percent;
14 (2) two years employment, an additional 10 percent;

- 1 (3) three years employment, an additional 10 percent;
2 (4) four years employment, an additional 10 percent;
3 (5) five years employment, an additional 10 percent.

4 (b) The loan amount forgiven the borrower under this section may not exceed
5 the loan amount paid by the borrower to the state. Notwithstanding any other
6 provision of law, while a person's loan is being forgiven by the state under (a) of this
7 section, that person may not receive forgiveness of a loan under any other provision of
8 this chapter.

9 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 **APPLICABILITY.** This Act applies to loans entered into on or after July 1, 2001, and
12 to a person's employment that occurs on or after July 1, 2001.

13 * **Sec. 3.** This Act takes effect July 1, 2001.

22-LS0287J
Ford
2/16/01

CS FOR HOUSE BILL NO. 37()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Kerttula

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to forgiveness of certain student loans; and providing for an effective
2 date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * Section 1. AS 14.43 is amended by adding a new section to read:

5 Sec. 14.43.142. **Loan forgiveness of loans made to borrowers employed as**
6 **teachers.** (a) The state shall forgive a loan made to a borrower who has received an
7 undergraduate or graduate degree from a college or university, is employed at a public
8 or private elementary or secondary school within the state as a teacher, and has
9 complied with AS 14.43.120. The amount to be forgiven under this section is the
10 portion of the payments to be made by the borrower for a loan made under
11 AS 14.43.110 equal to the following percentages of the total loan received plus
12 interest, up to a total of

13 (1) 50 percent of the total loan plus interest:

14 (A) one year employment, 10 percent;

1 (B) two years employment, an additional 10 percent;
2 (C) three years employment, an additional 10 percent;
3 (D) four years employment, an additional 10 percent;
4 (E) five years employment, an additional 10 percent; or
5 (2) 75 percent of the total loan plus interest, if the borrower is a special
6 education teacher: *OR TEACHERS IN RURAL SCHOOLS*

7 (A) one year employment, 15 percent;
8 (B) two years employment, an additional 15 percent;
9 (C) three years employment, an additional 15 percent;
10 (D) four years employment, an additional 15 percent;
11 (E) five years employment, an additional 15 percent.

12 (b) The loan amount forgiven the borrower under this section may not exceed
13 the loan amount paid by the borrower to the state. Notwithstanding any other
14 provision of law, while a person's loan is being forgiven by the state under (a) of this
15 section, that person may not receive forgiveness of a loan under any other provision of
16 this chapter.

17 (c) In this section, "teacher" means a person who for compensation instructs
18 students in a public or private elementary or secondary school and who possesses a
19 valid teacher certificate; "teacher" also includes a person employed as a public or
20 private elementary or secondary school librarian.

21 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 APPLICABILITY. This Act applies to loans entered into on or after July 1, 2001, and
24 to a person's employment that occurs on or after July 1, 2001.

25 * Sec. 3. This Act takes effect July 1, 2001.

22-LS0287J
Ford
2/16/01

CS FOR HOUSE BILL NO. 37()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Kerttula

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to forgiveness of certain student loans; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1. AS 14.43 is amended by adding a new section to read:**

5 **Sec. 14.43.142. Loan forgiveness of loans made to borrowers employed as**
6 **teachers. (a) The state shall forgive a loan made to a borrower who has received an**
7 **undergraduate or graduate degree from a college or university, is employed at a public**
8 **or private elementary or secondary school within the state as a teacher, and has**
9 **complied with AS 14.43.120. The amount to be forgiven under this section is the**
10 **portion of the payments to be made by the borrower for a loan made under**
11 **AS 14.43.110 equal to the following percentages of the total loan received plus**
12 **interest, up to a total of**

13 (1) 50 percent of the total loan plus interest:

14 (A) one year employment, 10 percent;

1 (B) two years employment, an additional 10 percent;
2 (C) three years employment, an additional 10 percent;
3 (D) four years employment, an additional 10 percent;
4 (E) five years employment, an additional 10 percent; or
5 (2) 75 percent of the total loan plus interest, if the borrower is a special
6 education teacher:

7 (A) one year employment, 15 percent;
8 (B) two years employment, an additional 15 percent;
9 (C) three years employment, an additional 15 percent;
10 (D) four years employment, an additional 15 percent;
11 (E) five years employment, an additional 15 percent.

12 (b) The loan amount forgiven the borrower under this section may not exceed
13 the loan amount paid by the borrower to the state. Notwithstanding any other
14 provision of law, while a person's loan is being forgiven by the state under (a) of this
15 section, that person may not receive forgiveness of a loan under any other provision of
16 this chapter.

17 (c) In this section, "teacher" means a person who for compensation instructs
18 students in a public or private elementary or secondary school and who possesses a
19 valid teacher certificate; "teacher" also includes a person employed as a public or
20 private elementary or secondary school librarian.

21 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 APPLICABILITY. This Act applies to loans entered into on or after July 1, 2001, and
24 to a person's employment that occurs on or after July 1, 2001.

25 * Sec. 3. This Act takes effect July 1, 2001.

HOUSE BILL NO. 37

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES STEVENS, Kerttula

Introduced: 1/8/01

Referred: House Special Committee on Education, Health, Education and Social Services, Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to reimbursement of certain student loans; and providing for an
2 effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * Section 1. AS 14.43 is amended by adding a new section to read:

5 **Sec. 14.43.142. Reimbursement of borrowers employed as public school**
6 **teachers.** (a) The state shall reimburse a borrower who has received an
7 undergraduate degree from a college or university, is employed at a public elementary
8 or secondary school within the state as a teacher, and has complied with
9 AS 14.43.120. The amount to be reimbursed under this section is the portion of the
10 payments made by the borrower for a loan made under AS 14.43.110 equal to the
11 following percentages of the total loan received plus interest, up to a total of 50
12 percent of the total loan plus interest:

13 (1) one year employment, 10 percent;

14 (2) two years employment, an additional 10 percent;

- 1 (3) three years employment, an additional 10 percent;
2 (4) four years employment, an additional 10 percent;
3 (5) five years employment, an additional 10 percent.

4 (b) The loan amount reimbursed to the borrower may not exceed the loan
5 amount paid by the borrower to the state. Notwithstanding any other provision of law,
6 while a person's loan is being reimbursed by the state under (a) of this section, that
7 person may not receive forgiveness of a loan under any other provision of this chapter.

8 (c) Reimbursement under (a) of this section is subject to appropriation by the
9 legislature. Money obtained from the sale of bonds by the Student Loan Corporation
10 under AS 14.42.220 may not be appropriated for the payment of reimbursement of
11 loans.

12 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 APPLICABILITY. This Act applies to loans entered into on or after July 1, 2001, and
15 to a person's employment that occurs on or after July 1, 2001.

16 * Sec. 3. This Act takes effect July 1, 2001.

Alaska State Legislature

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925



INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Representative Gary Stevens

SPONSOR STATEMENT – HB 37

HB 37, "An Act Relating to reimbursement of certain student loans; and providing for an effect date," allows the state reimburse a borrower who has received an undergraduate degree from a college or university, is employed at a public elementary or secondary school within the state as a teacher, and has complied with AS 14.43.120. The amount to be reimbursed under this section is the portion of the payments made by the borrower for a loan made under AS 14.43.110 equal to the following percentages of the total loan received plus interest, up to a total of 50 percent of the total loan plus interest:

- (1) one year employment, 10 percent;
- (2) two years employment, an additional 10 percent;
- (3) three years employment, an additional 10 percent;
- (4) four years employment, an additional 10 percent;
- (5) five years employment, an additional 10 percent.

The loan amount reimbursed to the borrower may not exceed the loan amount paid by the borrower to the state.

School Districts throughout the state, primarily rural school systems, are currently experiencing great difficulties in recruiting teachers. Currently, the Teacher Scholarship Loan program is available to rural Alaska high school graduates who declare an interest in teaching in rural Alaska and are nominated by their local school districts. HB 37 would allow students of any academic discipline to receive reimbursement of their Alaska student loan upon meeting the criteria of the bill.

With the passage of this bill, students who decide to pursue a teaching career after enrolling in college will benefit from reducing their student loan burden. HB 37 will also give school districts an added resource in attracting new teachers.

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109
VOICE (800) 441-2962
In Juneau 465-2962
TDD (907) 465-3143
FAX (907) 465-5316

February 16, 2001

The Honorable Gary Stevens
Alaska House of Representatives
Alaska State Capital
Juneau, Alaska 99801-1182

SUBJECT: Proposed Modification to HB37

Dear Representative Stevens:

I am writing in response to your request for information regarding the financial impact of amending CSHB37 (EDU) to extend the proposed forgiveness benefits to borrowers graduating on or after January 1, 2000.

For purposes of estimating potential costs, I've assumed the percentage of eligible borrowers will remain consistent with the current percentage of Alaska teachers in repayment of an Alaska Student Loan. However, were the actual number to increase, the estimate would also increase.

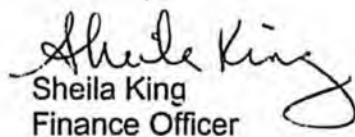
The potential costs of applying this forgiveness to eligible borrowers who graduated on or after 1/1/00 for FY2002 through FY2007 are as follows:

FY2002	\$1.4 million
FY2003	1.6 million
FY2004	1.9 million
FY2005	2.4 million
FY2006	3.0 million
FY2007	3.0 million

As you know, Alaska Student Loan Corporation's bond covenants prevent the use of Corporation cash for funding a program of this nature. Program benefits could only be paid to qualifying borrowers to the extent that funding is appropriated.

Thank you for the opportunity to provide comment. If you have any questions, you can contact me by phone at 465-6757 or email at sheila_king@acpe.state.ak.us.

Sincerely,


Sheila King
Finance Officer

cc: Diane Barrans, Executive Director

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: CSHB37(EDU)
 () Publish Date: _____

Revision Date/Time (Note if correction): 2/12/2001 Dept. Affected: Education
 Title: An Act relating to forgiveness of certain student BRU: Student Loan Operations
loans; and providing for an effective date. Component: _____
 Sponsor: Rep. Stevens
 Requester: (H) HESS Component Number: 213

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous		169.9	339.9	509.8	679.8	849.7
TOTAL OPERATING	0.0	169.9	339.9	509.8	679.8	849.7

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		169.9	339.9	509.8	679.8	849.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	169.9	339.9	509.8	679.8	849.7

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation prospectively changes the terms and conditions of loans issued under the Alaska Student Loan Program to allow for forgiveness of loan principal and interest for a borrower, under certain conditions.

Alaska Student Loans are made available through the sale of bonds issued and subject to the terms of a Trust Indenture. Bond covenants would prevent use of corporation cash to fund the reimbursement proposed.

Operationally, a data management process would need to be developed and staff designated to track the employment status of borrowers remaining or returning to Alaska.

To estimate the cost of this legislation, loan originations are assumed to be \$50,000,000 each year beginning with the 2001-2002 academic year. A percentage of eligible borrowers was estimated based on the number of Alaska teachers currently in repayment of an Alaska Student Loan. In the event that increasing numbers of borrowers are motivated by this benefit to become teachers in Alaska, the associated costs would therefore increase as well.

Prepared by: Sheila King, Finance Officer
 Division: Finance
 Approved by: Diane Barrans, Executive Director
 Agency: Alaska Commission on Postsecondary Education

Phone 465-6757
 Date/Time 2/12/01 9:00 AM
 Date 2/12/2001

For distribution information, call the Governor's Legislative Office



Resolution of the
State Board of Education & Early Development
on
Teacher Loan Forgiveness

Whereas, quality teachers and administrators are a crucial component for raising student achievement; and

Whereas, Alaska is experiencing a statewide shortage of teachers and administrators; and

Whereas, teacher and administrator turnover is at best disruptive and at worst disabling to education reform, and an especially acute problem in rural Alaska; and

Whereas, the need for committed, quality teachers and administrators has never been greater; and

Whereas, the Alaska Student Loan program serves a valuable public purpose by enabling thousands of Alaska students to attend colleges and universities each year; and

Whereas, Alaska Student Loan Program terms have been higher than those available through private lenders and have only recently been reduced and remain more expensive than those offered by federal loan programs; and

Whereas, the Teacher Scholarship Loan program serves only a limited number of students each year, and those are limited to rural districts; and

Whereas, the Alaska student loan forgiveness program that ended in the 1980s enticed many educated Alaskans to return to our state where, by the time the forgiveness cycle had run its course, those young people had established homes and families; and

Whereas, Alaska Student Loans currently provide no incentive to return to the state after completing a degree; and

Whereas, Alaska benefits when Alaskans return to make their homes in our state; and

Whereas, states all across America are going to great lengths to attract and retain teachers and administrators, offering a wide variety of incentives; and

Whereas, demographic trends make it unlikely that Alaska educational institutions will, even under the best of circumstances, be able to produce more than one third of the teachers our schools need each year; and

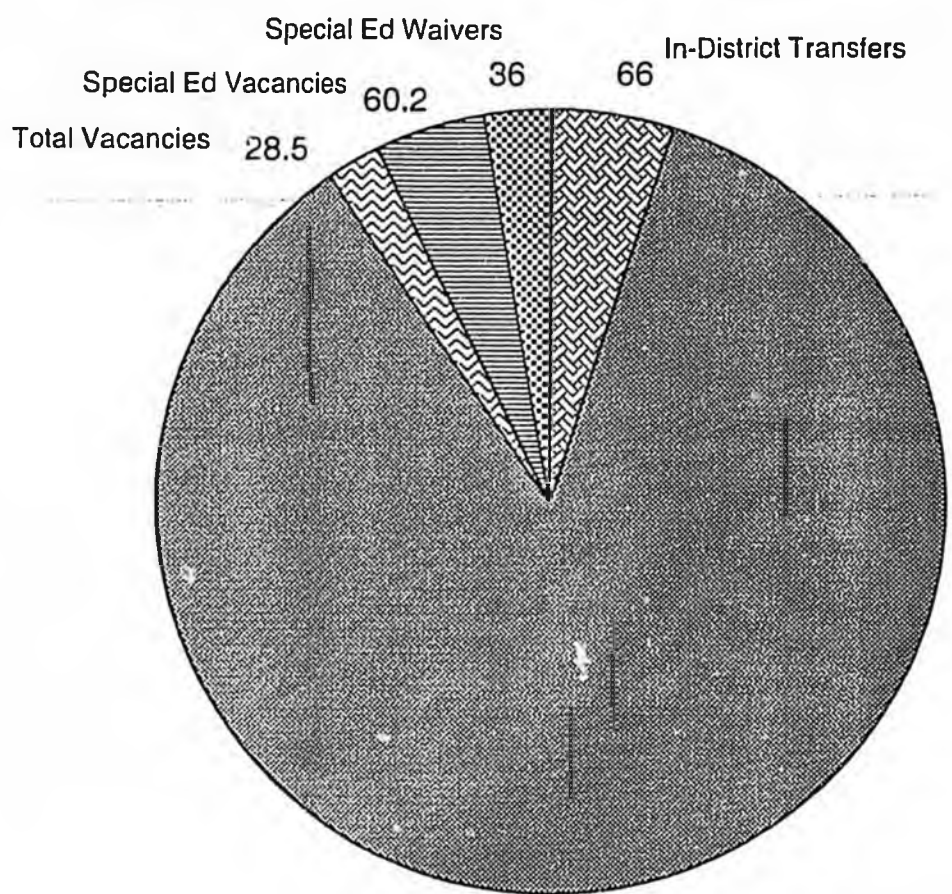
Whereas, the investment needed to fund a teacher loan forgiveness program would pay great dividends to Alaska in the form of better schools, teachers, and more capable students;

Now therefore be it resolved: The State Board of Education & Early Development calls upon the Alaska Commission on Postsecondary Education, the Governor, and the Legislature to reinstate a loan forgiveness program for teachers and administrators working under contract in Alaska schools.

Sept. 19, 2000
Date

Susan Stitham
Susan Stitham, Chair

Total Vacancies for 2000



1118.39 Full Time Equivalency

- ☒ TOT.
- ☒ TOT.
- ☒ TOT.
- ☒ TOT.
- ☒ TOT.

- ☒ TOTAL IN-DISTRICT TRANSFERS
- ☒ TOTAL FULL TIME EQUIVALENCY
- ☒ TOTAL VACANCIES 2000
- ☒ TOTAL VACANCIES-SPECIAL ED
- ☒ TOTAL WAIVERS FOR SPECIAL ED

1999 UA Placement Trends

Percent Placed

Region	Total Vacancies	UA New	UA	UA Total Placed	Other Placed	% New UA	Percent Placed	
		Grads Placed	Alumni Placed				% UA	% Other
Interior	227	16	52	68	159	10.1%	30%	70%
Fairbanks	87	9	39	48	39	23.1%	55%	45%
Northwest	172	11	25	36	136	8.1%	21%	79%
South Central	592	92	130	222	370	24.9%	38%	63%
Anchorage	300	68	71	139	161	42.2%	46%	54%
Southeast	170	18	44	62	108	16.7%	36%	64%
Southwest	255	26	37	63	192	13.5%	25%	75%

Region	Total Vacancies	UA New Grads Placed	UA Alumni Placed	% New UA	% UA Alum	% Other
Interior	227	16	52	7%	23%	70%
Fairbanks	87	9	39	10%	45%	45%
Northwest	172	11	25	6%	15%	79%
South Central	592	92	130	16%	22%	63%
Anchorage	300	68	71	23%	24%	54%
Southeast	170	18	44	11%	26%	64%
Southwest	255	26	37	10%	15%	75%
Totals	1416	163	288	12%	20%	68%

February 20, 2001

Dear HESS Committee Members,

I am writing to urge your support of House Bill 37 and the amendment that clarifies its application to certified school librarians.

Teachers are in high demand throughout the nation and I am pleased to see the legislature addressing teacher shortage in such a positive manner - one that encourages more interest in the teaching profession and helps assure that the benefits of teacher education programs will be put to work here in Alaska. Although schools need fewer librarians than classroom teachers to complete their staffs, the shortage of school librarians is perhaps even more pronounced than for teachers in general. Each year more Alaska school districts, unable to recruit certified school librarians, are forced to fill these critical positions with untrained, classified staff. In an age where "information is power", school librarians who are true information specialists, are too few to fill the number of advertised vacancies.

Today's school librarian is a certified elementary or secondary teacher with an added endorsement of approximately 30 additional credits in the field of school librarianship. Each day, school librarians instruct students, and often their teachers, on use of reference materials and information technologies. They also teach a process for learning that can be used in every area of study to ensure success in locating, understanding, evaluating and applying the new information they encounter.

Please support House Bill 37, but please include wording that clarifies that certified school librarians will receive the same loan forgiveness as their fellow teachers.

Thanks so much for your support of this important bill to help ensuring a quality educational program in Alaska's schools.

Sincerely,

Lois A. Petersen

Subject: Loan rebates for School Librarians

Date: 20 Feb 2001 10:57:33 MST

From: brita rice <britarice@usa.net>

To: Randy_Lorenz@legis.state.ak.us

Hi Randy,

I certainly support including school librarians in the teacher loan rebate program. Most school districts in Alaska won't hire a certificated school librarian unless they carry a type A teacher's certificate as well as the specialized certificate for school librarians only. The reason, of course, is that districts need to have the flexibility to place their certificated staff in classrooms when the need arises.

Therefore, beginning school librarians usually need more education than regular classroom teachers.

Please include school librarians in HB 37.

Thanks,
Brita Rice, Librarian
Alyeska Central School

Get free email and a permanent address at <http://www.netaddress.com/?N=1>

Subject: HB 37

Date: Fri, 23 Feb 2001 07:20:51 -0900

From: Robin Turk <rturk@fle.mat-su.k12.ak.us>

To: <Randy_Lorenz@legis.state.ak.us>

Dear Mr. Lorenz,

It has recently come to my attention that the Legislature is reviewing HB 37 language to include school librarians. YES! I have wanted to get my Masters in Library Science, but the expense is overwhelming. It does require leaving Alaska to get the degree, even if you do a distance ed program they all require a yearly on-compass term.

I currently am a classroom teacher, formerly a librarian without a degree, and would love to return to continue in the field of library science.

I am also on the local public library board, and between the schools and the public libraries there is a dire lack of trained librarians in this state.

Finally, many people don't realize that librarians are high tech! A fresh influx of trained librarians would also help bring practical use of technology to the classroom and the families in Alaska.

Thanks for your efforts in this area! Please call on me for further testimony if needed.

Sincerely,
Robin Turk

Robin Turk
Finger Lake Elementary

22-LS0287J
Ford
2/16/01

CS FOR HOUSE BILL NO. 37()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Kerttula

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to forgiveness of certain student loans; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1. AS 14.43 is amended by adding a new section to read:**

5 **Sec. 14.43.142. Loan forgiveness of loans made to borrowers employed as**
6 **teachers. (a) The state shall forgive a loan made to a borrower who has received an**
7 **undergraduate or graduate degree from a college or university, is employed at a public**
8 **or private elementary or secondary school within the state as a teacher, and has**
9 **complied with AS 14.43.110. The amount to be forgiven under this section is the**
10 **portion of the payments to be made by the borrower for a loan made under**
11 **AS 14.43.110 equal to the following percentages of the total loan received plus**
12 **interest, up to a total of**

13 **(1) 50 percent of the total loan plus interest:**

14 **(A) one year employment, 10 percent;**

1 (B) two years employment, an additional 10 percent;
2 (C) three years employment, an additional 10 percent;
3 (D) four years employment, an additional 10 percent;
4 (E) five years employment, an additional 10 percent; or
5 (2) 7: percent of the total loan plus interest, if the borrower is a special
6 education teacher:

7 (A) one year employment, 15 percent;
8 (B) two years employment, an additional 15 percent;
9 (C) three years employment, an additional 15 percent;
10 (D) four years employment, an additional 15 percent;
11 (E) five years employment, an additional 15 percent.

12 (b) The loan amount forgiven the borrower under this section may not exceed
13 the loan amount paid by the borrower to the state. Notwithstanding any other
14 provision of law, while a person's loan is being forgiven by the state under (a) of this
15 section, that person may not receive forgiveness of a loan under any other provision of
16 this chapter.

17 (c) In this section, "teacher" means a person who for compensation instructs
18 students in a public or private elementary or secondary school and who possesses a
19 valid teacher certificate; "teacher" also includes a person employed as a public or
20 private elementary or secondary school librarian.

21 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 APPLICABILITY. This Act applies to loans entered into on or after July 1, 2001, and
24 to a person's employment that occurs on or after July 1, 2001.

25 * Sec. 3. This Act takes effect July 1, 2001.

Alaska State Legislature

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925



INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Representative Gary Stevens

SPONSOR STATEMENT – HB 37

HB 37, "An Act Relating to reimbursement of certain student loans; and providing for an effect date," allows the state reimburse a borrower who has received an undergraduate degree from a college or university, is employed at a public elementary or secondary school within the state as a teacher, and has complied with AS 14.43.120. The amount to be reimbursed under this section is the portion of the payments made by the borrower for a loan made under AS 14.43.110 equal to the following percentages of the total loan received plus interest, up to a total of 50 percent of the total loan plus interest:

- (1) one year employment, 10 percent;
- (2) two years employment, an additional 10 percent;
- (3) three years employment, an additional 10 percent;
- (4) four years employment, an additional 10 percent;
- (5) five years employment, an additional 10 percent.

The loan amount reimbursed to the borrower may not exceed the loan amount paid by the borrower to the state.

School Districts throughout the state, primarily rural school systems, are currently experiencing great difficulties in recruiting teachers. Currently, the Teacher Scholarship Loan program is available to rural Alaska high school graduates who declare an interest in teaching in rural Alaska and are nominated by their local school districts. HB 37 would allow students of any academic discipline to receive reimbursement of their Alaska student loan upon meeting the criteria of the bill.

With the passage of this bill, students who decide to pursue a teaching career after enrolling in college will benefit from reducing their student loan burden. HB 37 will also give school districts an added resource in attracting new teachers.

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109
VOICE (800) 441-2962
In Juneau 465-2962
TDD (907) 465-3143
FAX (907) 465-5316

February 16, 2001

The Honorable Gary Stevens
Alaska House of Representatives
Alaska State Capital
Juneau, Alaska 99801-1182

SUBJECT: Proposed Modification to HB37

Dear Representative Stevens:

I am writing in response to your request for information regarding the financial impact of amending CSHB37 (EDU) to extend the proposed forgiveness benefits to borrowers graduating on or after January 1, 2000.

For purposes of estimating potential costs, I've assumed the percentage of eligible borrowers will remain consistent with the current percentage of Alaska teachers in repayment of an Alaska Student Loan. However, were the actual number to increase, the estimate would also increase.

The potential costs of applying this forgiveness to eligible borrowers who graduated on or after 1/1/00 for FY2002 through FY2007 are as follows:

FY2002	\$1.4 million
FY2003	1.6 million
FY2004	1.9 million
FY2005	2.4 million
FY2006	3.0 million
FY2007	3.0 million

As you know, Alaska Student Loan Corporation's bond covenants prevent the use of Corporation cash for funding a program of this nature. Program benefits could only be paid to qualifying borrowers to the extent that funding is appropriated.

Thank you for the opportunity to provide comment. If you have any questions, you can contact me by phone at 465-6757 or email at sheila_king@acpe.state.ak.us.

Sincerely,


Sheila King
Finance Officer

cc: Diane Barrans, Executive Director

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB37(ED1)
() Publish Date: _____

Revision Date/Time (Note if correction): 2/12/2001 Dept. Affected: Education
Title: An Act relating to forgiveness of certain student loans; and providing for an effective date. BRU: Student Loan Operations
Sponsor: Rep. Stevens Component: _____
Requester: (H) HESS Component Number: 213

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous		169.9	339.9	509.8	679.8	849.7
TOTAL OPERATING	0.0	169.9	339.9	509.8	679.8	849.7

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		169.9	339.9	509.8	679.8	849.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	169.9	339.9	509.8	679.8	849.7

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation prospectively changes the terms and conditions of loans issued under the Alaska Student Loan Program to allow for forgiveness of loan principal and interest for a borrower, under certain conditions.

Alaska Student Loans are made available through the sale of bonds issued and subject to the terms of a Trust Indenture. Bond covenants would prevent use of corporation cash to fund the reimbursement proposed.

Operationally, a data management process would need to be developed and staff designated to track the employment status of borrowers remaining or returning to Alaska.

To estimate the cost of this legislation, loan originations are assumed to be \$50,000,000 each year beginning with the 2001-2002 academic year. A percentage of eligible borrowers was estimated based on the number of Alaska teachers currently in repayment of an Alaska Student Loan. In the event that increasing numbers of borrowers are motivated by this benefit to become teachers in Alaska, the associated costs would therefore increase as well.

Prepared by: Sheila King, Finance Officer Phone 465-6757
Division: Finance Date/Time 2/12/01 9:00 AM
Approved by: Diane Barrans, Executive Director *Diane Barrans* Date 2/12/2001
Agency: Alaska Commission on Postsecondary Education

For distribution information, call the Governor's Legislative Office

February 20, 2001

Dear HESS Committee Members,

I am writing to urge your support of House Bill 37 and the amendment that clarifies its application to certified school librarians.

Teachers are in high demand throughout the nation and I am pleased to see the legislature addressing teacher shortage in such a positive manner - one that encourages more interest in the teaching profession and helps assure that the benefits of teacher education programs will be put to work here in Alaska. Although schools need fewer librarians than classroom teachers to complete their staffs, the shortage of school librarians is perhaps even more pronounced than for teachers in general. Each year more Alaska school districts, unable to recruit certified school librarians, are forced to fill these critical positions with untrained, classified staff. In an age where "information is power", school librarians who are true information specialists, are too few to fill the number of advertised vacancies.

Today's school librarian is a certified elementary or secondary teacher with an added endorsement of approximately 30 additional credits in the field of school librarianship. Each day, school librarians instruct students, and often their teachers, on use of reference materials and information technologies. They also teach a process for learning that can be used in every area of study to ensure success in locating, understanding, evaluating and applying the new information they encounter.

Please support House Bill 37, but please include wording that clarifies that certified school librarians will receive the same loan forgiveness as their fellow teachers.

Thanks so much for your support of this important bill to help ensuring a quality educational program in Alaska's schools.

Sincerely,

Lois A. Petersen

Subject: Loan rebates for School Librarians

Date: 20 Feb 2001 10:57:33 MST

From: brita rice <britarice@usa.net>

To: Randy_Lorenz@legis.state.ak.us

Hi Randy,

I certainly support including school librarians in the teacher loan rebate program. Most school districts in Alaska won't hire a certificated school librarian unless they carry a type A teacher's certificate as well as the specialized certificate for school librarians only. The reason, of course, is that districts need to have the flexibility to place their certificated staff in classrooms when the need arises.

Therefore, beginning school librarians usually need more education than regular classroom teachers.

Please include school librarians in HB 37.

Thanks,
Brita Rice, Librarian
Alyeska Central School

Get free email and a permanent address at <http://www.netaddress.com/?N=1>

Subject: HB 37

Date: Fri, 23 Feb 2001 07:20:51 -0900

From: Robin Turk <rturk@fle.mat-su.k12.ak.us>

To: <Randy_Lorenz@legis.state.ak.us>

Dear Mr. Lorenz,

It has recently come to my attention that the Legislature is reviewing HB 37 language to include school librarians. YES! I have wanted to get my Masters in Library Science, but the expense is overwhelming. It does require leaving Alaska to get the degree, even if you do a distance ed program they all require a yearly on-compass term.

I currently am a classroom teacher, formerly a librarian without a degree, and would love to return to continue in the field of library science.

I am also on the local public library board, and between the schools and the public libraries there is a dire lack of trained librarians in this state.

Finally, many people don't realize that librarians are high tech! A fresh influx of trained librarians would also help bring practical use of technology to the classroom and the families in Alaska.

Thanks for your efforts in this area! Please call on me for further testimony if needed.

Sincerely,
Robin Turk

Robin Turk
Finger Lake Elementary