

SCOMM

125:49

ALASKA STATE LEGISLATURE



REPRESENTATIVE GRETCHEN GUESS

SPONSOR STATEMENT HB 478

"An act relating to the Alaska teacher recruitment loan assumption program; and providing for an effective date."

House Bill 478 would create a loan assumption program to aid in recruiting new teachers.

As a shortage of qualified teachers in the public elementary and secondary schools exist in this state and as competition is increasing among other states for qualified teachers, the necessity for teacher incentive and recruitment program becomes crucial.

The student loan assumption program is a 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 degrees 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.

LEGAL SERVICES

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LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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MEMORANDUM

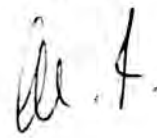
April 17, 2002

SUBJECT: Alaska teacher recruitment program (CSHB 478(EDU))

TO: Representative Con Bunde, Chair
House Special Committee on Education
Attn: Karen

FROM: Michael F. Ford
Legislative Counsel

cc Guess
Dillon (HESS)



The CS you requested is enclosed. I wanted to point out that the amendment adopted by the committee adding a definition of "board" to Sec. 14.43.590 is redundant. The same definition for the term "board" already exists under AS 14.60.010 and applies to all of Title 14. I would recommend that the next committee remove the definition to avoid confusion.

Please contact me if you have further questions.

MFF:pjc
02-042.pjc

Enclosure

BILL ANALYSIS

HB 478

Bill Title: "Teacher Loan Assumption Program"

Sponsor: Rep. Guess

Bill Would:

- 1) Create a loan assumption program for teachers. ACPE would do the financial transfers, DEED would establish standards for and certify applicants' eligibility.
- 2) The program would be available to all new teachers, regardless of where they earned their degrees or borrowed their student loans.
- 3) Loans would be repaid at the rate of \$2,000 per year to a maximum of \$10,000. Teachers would need to teach for five consecutive years to realize the maximum benefit.
- 4) The dividend paid by the Alaska Commission on Postsecondary Education could be reappropriated to fund this program (Section 2).

Possible Questions:

- 1) How is a loan assumption program different from the loan forgiveness bill passed by the House and now in Senate HESS?
- 2) For DEED -- What kind of standards does DEED envision for teachers to be eligible for this program?
- 3) For DEED -- Why is there no fiscal note from DEED to cover the cost of establishing those standards, certifying applicants as eligible, and promulgating regulations?
- 4) For Diane Barrans -- Would it be wise to require that the teacher's degree must come from an accredited institution?
- 5) For Diane Barrans -- the fiscal note says you cannot estimate how much money would need to be appropriated to the program account created by HB 478. Can you give us an educated guess?
- 6) For Diane Barrans -- Page 3, lines 12-15 indicate that the account would be used to provide awards to teachers and pay the cost of collected defaulted teacher and for administration. Are the second and third uses fiscally responsible?

Available to Testify:

- 1) Rep. Guess
- 2) Dr. Ed McLain, Deputy Commissioner, DEED
- 3) Diane Barrans, Executive Director, ACPE
- 4) Debbie Ossiander, Anchorage School Board

Teleconference Sites:

Anchorage, Barrow, Bethel, Delta Junction, Fairbanks, Kenai, Ketchikan, Kodiak, Kotzebue, Petersburg, Wrangell. We also have 2 offnets.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GUESS

TO: HB 478

1. Page 5, line 12, following "program":
2. Delete "."
3. Insert ";
4. Page 5, following line 12:
5. Insert a new subsection to read:
6. “(5) “board” means the Board of Education and Early Development.”

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB478
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Education
Title An Act relating to the Alaska teacher recruitment BRU ACPE
loan assumption program; and providing for an effective date. Component Student Loan Operation
Sponsor Rep. Gretchen Guess
Requester (H) Special Comm. On Education Component No. 213

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	(****)	(****)	(****)	(****)	(****)	(****)
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 478, An act relating to the Alaska teacher recruitment loan assumption program...

Section 1 describes Alaska's current and anticipated ongoing workforce need relative to elementary and secondary public school teachers. The proposed program is intended to encourage eligible teachers to pursue teaching careers in those schools in Alaska.

Section 2 authorizes the state board of education and early development to set out specific eligibility criteria and standards under which individuals could qualify to receive program benefits.

Section 3 requires the commission to perform certain administrative functions relating to acting in a fiduciary capacity to administer and transmit benefits authorized as payable by the department.

Prepared by: Diane Barrans, Executive Director
Division: Executive Office
Approved by: Diane Barrans, Executive Director *Diane Barrans*
Agency: Alaska Commission on Postsecondary Education

Phone 465-6740
Date/Time 4/8/02 9:22 AM
Date 4/8/2002

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. HB478

ANALYSIS CONTINUATION

ACPE is providing this fiscal note to reflect a zero increase in administrative costs. Program managers anticipate that the transmittal of funds to various lenders will be primarily performed through electronic transfers with minimal need for manual support.

ACPE is providing this fiscal note as "indeterminate" in terms of actual program benefits paid out. The availability of awards will be predicated upon the future appropriation of funds into the Alaska teacher recruitment loan assumption program account created by the bill. We have no way of estimating what amount of funding would be appropriated in the future.

Recommend amending Section 6, page five, Sec. 14.43.590. Definitions, to include new (2) "board" means the board of education and early development [renumber]. This is to eliminate confusion with the board of the Alaska Student Loan Corporation which is referenced elsewhere in the Commission's statutes.

- Alaska Department of -
EDUCATION
& EARLY DEVELOPMENT

**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



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

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

At least 13 states - California, South Carolina, Maryland, North Carolina, Texas, Missouri, Alabama, Kentucky, Louisiana, Massachusetts, Ohio, Oklahoma and Tennessee - have made it feasible for teachers to draw a salary and pension benefits while they work, as well as offering other financial benefits

50 State Scan on Incentives

Alabama

Alaska

Teacher Education Loan Program

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United Press International

July 30, 2001, Monday

SECTION: GENERAL NEWS

LENGTH: 872 words

HEADLINE: Features: Incentives dangled to teachers

BYLINE: By MARCELLA S. KREITER

Last year, the New York and Alaska legislatures considered measures allowing retired **teachers** to return to the classroom and still collect their full pensions to ease shortages.

Arizona

Arkansas

University Assisted **Teacher** Recruitment and Retention Grant Program within the Department of Higher Education.

California

**SACRAMENTO BEE (www.sacbee.com) By Erika Chavez -- Bee Staff Writer -
(Published February 8, 2002)**

Education Commissioner Charlie Crist today announced an apartment rental program to give Florida public school teachers discounts on rent and move-in fees, waiver of application fees, and extra credit toward home purchases.

The partnership between Equity Residential Properties Trust and the Florida Department of Education creates "Equity for Education," an exclusive discount program for Florida teachers. The program provides the following:

- 10% off monthly rent
- \$100 off move-in expenses
- No application fee
- \$500 rent credit toward home purchase

Equity Residential owns or has investments in over 31,000 units in Jacksonville, Gainesville, Daytona Beach, Orlando, Tampa, Ft. Myers, West Palm Beach, Ft. Lauderdale, and Miami. Nationwide it is the largest publicly traded apartment company in America with investments in 1,092 properties in 35 states consisting of 226,495 units.

visit [Equity's web site](#) for more information.

Sun-Sentinel (Fort Lauderdale, FL) - June 17, 2001, Sunday, Palm Beach EDITION
TEACHERS OFFERED A DEAL ON HOUSING; MORTGAGE, APARTMENT PLANS BEGIN
BYLINE: Scott Travis Education Writer

County and state officials are trying to remove a possible obstacle to teachers moving here -- high housing costs.

Palm Beach County School District partnership with the county Housing Finance Authority to offer lower mortgage costs to teachers who are buying their first home.

Also,
Alliance with Equity Residential Properties
Operates 15 apartment complexes in the county
Will offer discounts on move-in costs and monthly rents.

Under the district's partnership with the Housing Finance Authority, teachers who have never owned a home would be able to buy one with a down payment of \$ 500, considerably lower than the 3 percent down that most first-time home-buyer programs offer.

Mortgage rates probably would be more than 1 percent below market rates, said David Brandt, financial adviser for the Housing Finance Authority of Palm Beach County.

The finance authority will issue about \$ 15 million worth of bonds. Eight participating lending institutions will be able to use the proceeds to offer the low-interest loans to teachers. Brandt estimated there would be enough money for about 150 teachers to participate.

Illinois

United Press International, July 30, 2001, Monday

HEADLINE: Features: Incentives dangled to teachers

BYLINE: By MARCELLA S. KREITER

Chicago Public Schools

Offers dormitories for student teachers

Bargain rents for veterans

No-interest \$3-5 thousand dollar relocation loans (for special education teachers & other specialty teachers)

"Housing, if you package it right, can be a powerful incentive," Chicago Deputy Housing Commissioner David Saltzman told the Chicago Sun-Times.

The Chicago City Council

Has authorized a \$48,000 grant to help fund a study to determine the best housing incentives for new teachers, who will have to live within the city limits because of the city's residency rule.

St. Louis Post-Dispatch

February 16, 2001, Friday, ILLINOIS FIVE STAR LIFT EDITION

HEADLINE: ILLINOIS MAY OFFER SOME NEW TEACHERS \$ 1,000 BONUS;
SOME LAWMAKERS SAY EFFORT COULD HELP STATE AVOID **TEACHER SHORTAGE**

BYLINE: Kevin McDermott; Post-Dispatch Springfield Bureau

Newly certified teachers could get \$ 1,000 "signing bonuses" if they agree to stay in Illinois classrooms for at least three years, under a proposal aimed at averting a **teacher shortage**.

The signing-bonus idea, for top graduates, has had moderate success in other states and is likely to be welcomed in school districts like the Alton School District. It expects to lose nearly 20 percent of its teaching staff in the next two years. "It may help us in getting (new graduates) to at least look at our district," said Superintendent James Baiter.

The bill would offer \$ 1,000 signing bonuses to accredited teachers who have graduated in the **top 10 percent of their classes**, and who commit to teach in Illinois public schools for at least three consecutive years.

The bill is HB326.

Lawmakers last year approved \$40 million statewide to increase teachers' pay. They had hoped to increase the amount to \$60 million for the 2002-03 school year, but with the state's continuing revenue shortfall that is unlikely to happen, some lawmakers have said.

Under Tymeson's proposal, teachers working in Iowa's accredited public and private elementary, middle and high schools would receive a tax credit for the items they could show they bought for their classrooms. The tax credit would be subtracted from a teacher's tax bill.

Tymeson proposed the credit last session, but it languished in committee.

Would cost \$9 million

Rep. James Van Fossen, R-Davenport, is unsure whether the state can afford the \$9 million tax credit.

"It's a great idea if we can find the money for it," said Van Fossen, chairman of the House Ways and Means Committee, where the bill will be considered. He said the committee will likely consider the bill in mid-February.

Green said any financial help to offset teachers' expenses would be welcome.

Linden Snyder, a teacher in Goldfield, agrees. She said she spent \$350 out of her own pocket last year on books, prizes, supplies and ink cartridges for a school computer's printer.

"I hesitate to even ask the district for any money because things are so tight," she said. "I have only asked to be reimbursed for things that are absolute necessities."

Snyder said the school's parent-teacher group has annually given teachers \$1,000 to buy supplies and other necessary classroom materials, a practice common at many Iowa schools. That money, while welcome, doesn't go far when divided among a dozen or more teachers and school staff, she said.

Discussed before

Providing teachers with the tax credit has been discussed by lawmakers in numerous states, a spokeswoman for the Conference of State Legislatures group said.

The idea also has been discussed in Congress. A provision to cover educators' out-of-pocket professional development and classroom supply expenses was included in last year's U.S. Senate tax bill. The provision did not make the final version of the bill.

The Professional Educators of Iowa supports the credit.

"We want to put more money in the pocket of teachers - this puts more money in their pockets and it goes directly to our children," said Jim Hawkins, state director of the Norwalk-based professional educators group.

Only 50 bonuses offered this year.

400 scholarships to the Massachusetts Institute for New Teachers

In 1999, the state awarded 59 bonuses. In 2000 and 2001, the numbers climbed to 120. Last year, the state awarded 232 MINT scholarships.

Criticism of the program:

Not encouraging career-changers to work in urban schools

Subsidized a stellar teacher corps for already-successful suburban schools.

Recruitment efforts will now focus on people willing to work in urban schools.

"Applications for Teacher Signing Bonus Drop," Boston Herald

http://www2.bostonherald.com/news/local_regional/mint01302002.htm

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United Press International - July 30, 2001, Monday

Incentives dangled to teachers By MARCELLA S. KREITER

Schools put up \$20,000 over four years for the 100 top candidates.

In **Massachusetts**, almost one out of every five new teachers who accepted \$ 8,000 signing bonuses at the beginning of the 1999-2000 school year quit or weren't rehired at the end of the year. The **Massachusetts** program didn't include the multi year commitment that is written into the pending Illinois legislation.

Michigan

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Features: *INCENTIVES DANGLED TO TEACHERS*

BYLINE: By MARCELLA S. KREITER

Detroit – offers a \$3,000 signing bonus

Minnesota

Mississippi

Mississippi

Mississippi targets teachers seeking master's degrees to locate to shortage areas. In exchange for three years of service, recipients receive tuition scholarships, professional development opportunities, participation in a mentoring program, home loans and up to \$ 1,000 for moving expenses.

"Becoming a Teacher in Rural America" is the base for the content and sequence of UM-Western's teacher education program. University-School partnerships provide for collaboration & outreach. (See Web site) Unfortunately it didn't give a real good overview of specifics. Vague.

Loan Forgiveness Program

- targeted toward teachers who agree to teach in high demand/low supply areas (in terms of both geographic location and certification/endorsement areas).
- Up to \$3,000 per year forgiven, depending on loan amount
- Funding level specified by state with number of recipients limited by total available funding
- Recipients must be "fully" certified and endorsed for position they take

<http://www.discoveringmontana.com/racicot/Reports/TeachersRpt.htm>

Nebraska

Recent legislation authorizes the Nebraska Volunteer Services Commission to apply for funding from the Corporation for National Service. Funding will be used to provide incentives to college graduates to establish their teaching careers in Nebraska and to encourage experienced Nebraska teachers to pursue graduate degrees.

Some schools offer signing bonuses.

And almost all schools now allow unlimited years of experience to new teachers. (not sure what that means?)

Nevada

New Hampshire

New Jersey

New Mexico

New York

The New York Board of Regents has recommended a \$10,000 signing bonus for teachers who agree to work in high-need schools for three years. (Recruiting New Teachers Web-site)

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BYLINE: By MARCELLA S. KREITER

Utah

Vermont

Virginia

Washington

Wellpinit School District, Spokane Indian Reservation, Washington

- Offers staff subsidized housing
- Laptop Computer
- Eight computers & copy machine for each classroom
- Full-time teaching assistant
- Classes that average just 17 students
- Free breakfast & lunch if teacher eats with students
- No staff meetings longer than 30 minutes

West Virginia

Wisconsin

Wyoming