

SB

25

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 25(HES)
 (S) Publish Date: 2/26/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title AHFC Loans to Educators BRU Alaska Housing Finance Corp.
 Component Operations
 Sponsor Senator Wilken
 Requester Senate HESS Committee Component No. 110

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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 (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB25 authorizes AHFC to establish a housing loan program for teachers. Although loans may be made at 100 percent loan-to-value (i.e. no down payment requirements), no financing plan, source of funds or subsidy is identified in the legislation. As such, market-rate bonds will have to be issued to finance the program, and the loans offered will have the same interest rate as existing AHFC mortgage programs.

As written, SB25 is not anticipated to significantly impact AHFC budget numbers and loan authorizations, since loan rates will be roughly the same as loans currently offered.

Prepared by: Bryan Butcher Phone 330-8445
 Division: Alaska Housing Finance Corporation Date/Time 2/11/03 6:56 AM
 Approved by: Larry Persily, Deputy Commissioner Date 2/11/2003
 Agency: Department of Revenue

COMMITTEE COPY

GARY WILKEN

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SPONSOR STATEMENT

Senate Bill 25 AHFC Loans to Educators

It's about Recruitment and Retention

Senate Bill 25 establishes a housing loan program within the Alaska Housing Finance Corporation (AHFC) for K-12 educators who are required to be certificated. The new teachers' housing loan offered through AHFC permits a qualified applicant to purchase a single-family, owner-occupied home without paying a down payment.

The new, zero down payment loan program will provide Alaska school districts with a tool to help attract and keep qualified public school teachers. The recruitment and retention of a qualified workforce is paramount to the operation of a successful K-12 educational program. Unfortunately many school districts are experiencing a shortage of experienced, talented teachers and spend thousands of dollars to recruit the necessary professionals. The proposed new housing loan program provides an incentive for trained teachers, counselors, and administrators to enter into the profession and invest in our local communities.

In addition, Senate Bill 25 allows a Regional Educational Attendance Area (REAA) school district to own or manage rental housing for teachers. With the passage of this legislation, REAAs that meet normal AHFC loan qualifying guidelines, will be eligible to participate in the current teacher housing loan program authorized under AS 18.56.580. Under this loan program, the interest rate is reduced one percent for a multi-family unit constructed in a small community and rented exclusively to teachers. Senate Bill 25 clarifies that no state education dollars may be used to help construct or purchase housing owned by an REAA

Both provisions of Senate Bill 25 encourage teachers to remain in Alaska and offer a positive step towards ensuring that Alaska school districts have the best and most stable workforce possible.

Please join me in endorsing and passing Senate Bill 25.

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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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COMMITTEE COPY

Senate Bill 25 – AHFC Loans to Educators

IT'S ABOUT RECRUITMENT AND RETENTION!

Why??

- *Teacher Housing: Current Issues and Challenges*
Alaska House Finance Corporation Draft White Paper

Statements of Support

- Guest Opinion article by Rep. Con Bunde
Fairbanks Daily News-Miner, October 30, 2001
- Anchorage School District
Committee Report on Statewide Teacher Shortage
By the House Special Committee on Education, Oct. 22-24, 2001
- *2000 Alaska Statewide Educator Supply and Demand Report*
by Alaska Teacher Placement, University of Alaska Fairbanks
- *No Dream Denied* by the National Commission on Teaching

Other States' Actions

- Alaska Council of School Administrators Bulletin Excerpt
- *School Board News* Article, January 28, 2003

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Teacher Housing: Current Issues and Challenges
DISCUSSION DRAFT
November 27, 2002

The State of Alaska has 55 school districts with 8,206 teachers serving over 132,000 students. Of these school districts, 19 serve rural and remote communities. Retention of staff in these areas has generally been difficult due to a variety of factors including community acceptance, salary, and quality of life. However, one issue that is becoming increasingly important to school administrators in these communities is teacher housing. The villages and rural towns served by these districts often have a limited supply of adequate and affordable housing. Administrators report that many teachers in rural districts live in substandard housing and often are doubled-up with other households because of a lack of supply.

In a preliminary analysis of the state of teacher housing, AHFC contacted 19 rural and "rural-hub" school districts and asked them 10 questions about teacher housing. Responses were received from 12 school districts. Of the 12 districts who responded over half identified teacher housing as an important issue. Three districts identified it as the highest priority. Seven of these districts own single family and multifamily housing that they lease to teachers. The North Slope and the Lower-Kuskokwim school districts reported the bulk, 277 units or 75% of the total number reported. A smaller number of districts, 5, do not own but manage units, 70 total.

In addition to owning and managing units, rural school districts may choose to use the private market. In communities like Bethel and Dillingham, the school provides a rental subsidy, typically specified in the teacher contract that pays a portion of a private rental unit cost. In smaller communities, the district may lease units from the tribal entity, borough, or local corporation. However, the school district is most likely to operate as the owner and manager of teacher rental housing. Very few districts mentioned homeownership. Only two districts noted that they had a handful of teachers purchase homes.

The most pressing issue in the districts was affordability. Seventy-five percent of the districts indicated that it is difficult for a first-year teacher to afford to either purchase or rent a home. Supply and quality were also rated as important but to a lesser degree (55 and 45% respectively). Another issue raised was land-availability. Districts reported that it is difficult to acquire land in small communities, especially in villages. One district, Annette Island, reported that the



tribe controlled the land and that any development needed to be approved by the village council.

To what extent do these issues contribute to loss of teachers? District personnel estimated that anywhere from 4% - 30% of their teachers leave every year because of housing issues. For these districts this equates to a loss of 133 teachers a year. The percentage of teachers who decide not to accept positions in each district because of problems with housing is close to 8% or 152 teachers. One district, Lower Kuskokwim indicated that for every successful teacher applicant there are six that decide not to work in the district, roughly half of these are due to housing factors. It's important to note that the numbers reported reflect the opinion of administrators, not teachers, and not all districts keep track of these numbers.

What do districts report they need to address teacher housing problems? The answer depends on the district. Some district superintendents have concluded that attrition due to housing is a problem but have decided not to get into the business of developing or providing housing. Other districts have taken an active role in housing, both developing and managing housing. Fifty-percent of districts indicated that providing more rent subsidy would help address the problems of teacher housing. Forty-two percent indicated that better financing, including downpayment assistance, would help. Forty-two percent also indicated that land acquisition would be helpful. In terms of housing production, district personnel estimated that they would need an additional 27 multifamily and 144 single family units to address their current problems with teacher housing.

Current AHFC Programs Could Address the Teacher Housing Problem

Through the refinement or modification of three existing AHFC financing programs it may be possible to address some of the barriers to the development of teacher housing:

- o *AHFC Multifamily Development Long Term Take-out Loans* - Districts may be able to develop more units of multifamily housing with affordable rents.
- o *AHFC Rural Loan Program* - The utilization of this program which has been more specifically targeted toward teachers could increase from marketing efforts, and/or modification of some of the statutory limitations on the program.
- o *AHFC Interest Rate Reduction Programs* - By combining the rural loan program with an interest-rate reduction program, the program could enhance affordability for teachers who want to own their own home.

Current Challenges May Make It Difficult for AHFC Programs to Assist All School Districts

For some districts, AHFC programs in their current form may not be enough because of the following issues:

- o It is unknown what the capacity of each district is to develop multifamily housing and what the demand would be for such units.
- o In smaller communities, the ability to acquire land may make multifamily development difficult.
- o Many teachers work in rural areas for less than three years and community resistance often makes it difficult for teachers to establish roots in the community.
- o School districts have expressed reluctance in constructing new housing in communities where there is already wide disparity in housing quality between community residents and teachers.
- o Lack of quality supply may serve as a disincentive to homeownership.
- o It is unknown what the demand for homeownership is without demographic and financial data on teachers in the rural school districts.

Case Studies

To better illustrate the challenges of rental and homeownership development in rural Alaska, the following profiles are provided:

Rental Development Example

Based on market rents there is not sufficient income to support debt for the total development cost. The gap may be reduced by changing loan terms or gap financing through development subsidies for land, site work, infrastructure or general construction cost:

24 unit project in Kotzebue, three eight plexes, two story wood frame construction.

Estimated Development Cost:	\$184,000 per unit or \$4,428,000 .
Potential Rents:	1 Bed - \$1,000
	2 Bed - \$1,200
	3 Bed - \$1,400
Operating Expenses:	\$6,500 per unit/year
Estimated Loan Amount:	\$1,800,000 at 5.5%, 30 year term

Estimated Funding Gap (Dev. Cost - Loan): \$2,628,000

Starting Teacher
Salary In Kotzebue: \$42,000

30% of Monthly Income for Rent: \$1,030

Using 30% as a measure of affordability, the starting teacher in Kotzebue would be able to afford only a one bedroom unit at the rents above.

Homeownership Example

Under AHFC's rural loan program, a starting teacher in Kotzebue would not make enough income to qualify for a new 1,500 square foot single family home in Kotzebue. The gap may be reduced through land donation, down payment assistance, lowering the interest rate, or subsidizing the cost of construction if the cost of the home exceeds the appraised value, or self-help programs.

Cost of New Single Family Home: \$200,000
In Kotzebue, 1500 sq ft.

Starting Teacher Salary \$ 42,000
30% of Monthly Income for Mortgage: \$ 1,030

Loan amount at 5.5%, 30 year term: \$190,000
Downpayment requirement (5%): \$ 10,000
PITI Monthly Payment Requirement: \$ 1,346
(Includes MI at 95% LTV)

Estimated Funding Gap: -\$316 per month

Recommendations

Combining existing AHFC mortgage loan programs with new initiatives will address many of the challenges that rural school districts currently face. Specific recommendations include:

- o Educating rural school districts about AHFC homeownership programs so that teachers who are interested in homeownership can take advantage of AHFC's favorable interest rates. (AHFC's current rural interest rate is 5%; additionally, assuming the loan meets the qualifications, there is the possibility of reducing the interest rate even further through the options of IRRLIB and EEIR.
- o Explore the possibility of offering down-payment assistance to teachers. Such assistance may make homeownership possible in rural areas that have problems with affordability. (With regards to down payment, other

than a veteran's or FHA insured loan, a lower down payment would require a change to statutes).

- o Promote AHFC's Multifamily Development Programs to school districts who want to develop their own housing. AHFC already has a long term take-out program in its direct lending multi-family program; wherein, if a project is marginal because of the market interest rate, a portion of the loan can be structured into an arbitrage soft second at 1.5% or an option that has not been used before is that, similar to IRRLIB and EEIRR programs, the interest rate can be bought down. A cash-flow problem may arise during the off-school year in the event the teachers leave the community for that time; thus, reducing the cash flow available to pay expenses and debt service.
- o Promote home ownership programs with the private sector
- o Promote housing development partnerships between school districts and local housing authorities. With these partnerships local communities may be more effective in developing new housing stock for both teachers and community residents. Such collaboration may result in the upgrade of community infrastructure and address the community resentment issues that often arise when only new teacher housing is being constructed in the community. These partnerships could also overcome the land availability issue that school districts often face when attempting to develop housing in native village areas.
- o Partner marketing efforts with the USDA, Denali Commission, Rasmusson Foundation and other potential partners to address issues of infrastructure development and down payment assistance.
- o Promote the development of housing for both teachers and non-teachers so that the inventory of available housing units could be increased. In many areas that lack housing stock, the free market system simply cannot flourish and perform in a normal fashion because there is nothing to buy or sell.
- o In some areas it may be unrealistic to promote homeownership for teachers, and a multifamily development approach would be more successful. In those areas that could support single-family ownership, incentives will probably be necessary to encourage people to participate.
- o 100% Loan-to-value ratio would eliminate the need for down payment with a manageable risk exposure.
- o Development grants for construction lending, or subsidized capital financing.

Looking for answers to shortage

By REP. CON BUNDE

Research has shown that an excellent teacher is a vital factor in a student's academic success. Unfortunately, school districts all over the country are experiencing a severe shortage of quality teachers, especially in the areas of math, science, special education, foreign languages and support-service positions such as school counselors, speech-language pathologists and nurses. Districts are also having difficulty keeping the teachers they do have, due to factors such as retirement and job dissatisfaction. Regrettably, Alaska is sharing in these problems.

Over 30 years ago, when my wife and I began teaching in Anchorage, the school district recruited about 300 teachers every year, and virtually all were hired from outside Alaska. Salaries were high compared to those in the Lower 48. Now, estimates put Alaska's average teacher salaries at sixth or seventh out of the 50 states. A decade ago, 30 new teachers were required for a new school and the district received thousands of applications. This year, schools statewide started the school year with 80 teaching vacancies. Thirty positions still remain vacant.

Teacher retention is just as important as recruitment, and it is just as much of a problem. In some rural districts, there is 30 percent to 50 percent teacher turnover each year. In the Anchorage School District, 52 percent of those who left the classroom last year did so in the first four years of their teaching career.

As chair of the House Special Committee on Education, I re-

Guest Opinion

cently conducted hearings around the state to investigate the specific causes of these problems and to identify ways the state Legislature can help districts recruit and retain excellent teachers. The committee visited school districts in Kodiak, the Matanuska-Susitna Borough, Anchorage and Kotzebue. We also held a statewide teleconference.

Education professionals testifying before the committee said there were several reasons for the state teacher shortage:

- First-year teachers feel unprepared for the challenges they encounter in real classrooms;

- Alaskan school districts are unable to compete with the salaries, benefits and incentives provided by districts down south;

- Rising health insurance costs are eating away at school and family budgets;

- Salaries are inadequate to support the cost of living in rural areas;

- Adequate housing can be too expensive or nonexistent;

- Teachers are dropping their certifications in high-need areas due to the high cost of renewal;

- Qualified teachers from other states find it too expensive and time consuming to apply for jobs in Alaska.

While those testifying were clear about the problems, they were also eager to offer suggestions on how to enhance teacher recruitment and retention, including:

- Improving teacher preparatory programs to better equip new teachers for the challenges of today's schools;

- Supporting effective mentoring programs for new teachers, both for professional skill and cultural awareness;

- Expanding mentoring programs for new teachers in more districts;

- Streamlining the certification process, repeal duplicative fees and paperwork;

- Establishing a student loan forgiveness program;

- Hiring more Alaskans;

- Instituting a state health insurance pool for all teachers to increase benefits and lower costs;

- Working with Alaska Housing Finance Corp. to provide low-interest housing;

- Hiring retired teachers as substitutes and full-time teachers, and as mentor teachers;

- Increasing salaries;

- Making the state's teachers exam, the Praxis, more effective to help more people become eligible for certification;

- Working to increase respect for the education profession.

Every state in the nation is trying to solve its teacher shortage in creative ways. Alaska must remain competitive in this very important market, support our teachers, and ensure that every student has an excellent teacher.

It has been invaluable for the Education Committee to hear from those "in the trenches," and I am grateful to the education professionals and community members who shared their ideas with the committee. These hearings provided an important framework for further discussion and new legislation next session.

Con Bunde, a Republican from Anchorage, heads the Alaska House of Representatives' Special Committee on Education.

Fairbanks Daily News-Miner

October 30, 2001

ALASKA COUNCIL



OF SCHOOL ADMINISTRATORS

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Alaska Council of School Administrators

April 11, 2003

The Honorable Gary Wilken
State Senate
Alaska State Capitol
Juneau, AK 99801-1182

Dear Senator Wilken:

Please accept this written testimony in support of SB 25 from the Alaska Council of School Administrators. The Council is comprised of school superintendents and other central administrators, school principals and school business officials.

As you are abundantly aware, Alaska faces a severe shortage of teachers and administrators for the jobs available. Though enrollments have been dropping in school districts around the state, and some districts are laying off educators, there continues to be a need to attract quality teachers and administrators to our ranks. ACSA sees this bill as a positive step toward providing incentives for professional educators to live and work here.

Other states have also stepped up to the plate with incentives for educators, including exempting them from state income tax, offering signing bonuses, increasing salaries, and the like. Alaska must compete with those attractive offers at a time when fewer and fewer people are choosing our profession. SB 25 will help us be competitive in that national environment, and it will help us keep good teachers and administrators in our schools.

If I can be of further assistance, please let me know.

Respectfully,

Mary A. Francis
Executive Director

MF:kle

**Anchorage School District
Resolution on Teacher Recruitment and Retention:**

The Anchorage School District urges the Alaska Legislature to develop strategies to attract and retain education professionals.

Rationale:

- 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.
- As a result, Alaska needs to consider strategies for attracting and retaining qualified educators.

These strategies might include:

- | | |
|---------------------|--|
| ASD Resolution #183 | Aligning vesting in the Teacher Retirement System (TRS) with vesting in the Public Employees Retirement System (PERS). Currently, it takes 8 years to vest in TRS, but only 5 years to vest in PERS. |
| ASD Resolution #183 | Providing student loan forgiveness to offset high needs areas such as special education and related services |
| ASD Resolution #183 | Providing housing subsidies for teachers in both rural and urban areas. |



2000
ALASKA STATEWIDE EDUCATOR
SUPPLY AND DEMAND REPORT

By
Melissa Hill

ALASKA TEACHER PLACEMENT
UNIVERSITY OF ALASKA FAIRBANKS

PO Box 756880
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January 2001

This table shows the 2000 positions filled by each district. The total district staff numbers are included in this table to help the reader keep the turnover percentages in perspective. An 8-10% turnover is normal for natural attrition. In any given year, Alaska's rural sites can experience resignations from up to 47% of their staff. This high turnover can be due to many reasons, but one of the main reasons seems to be poor housing and harsh living conditions. The number of first year teachers being hired increases each year. Are they being given the support needed for success? The University of Alaska Fairbanks is seeking a post-hiring course for first year teachers. Courses such as these in addition to Alaskan Native Studies are essential to teacher retention rates. Many rural sites do not have adequate funding to give them the resources for success.

Positions Filled by Districts									
District	New Hires		Total Staff	District Turnover	District	New Hires		Total Staff	District Turnover
	Admin	Teacher				Admin	Teacher		
Alaska Gateway	0	6	42	14%	Kodiak	0	23	221	10%
Aleutain Region	0	2	6	33%	Kuspuk	2	14	52	31%
Aleutians East	1	16	43	40%	Lake & Pen	0	24	67	36%
Anchorage	12	215	3477	7%	L. Kuskokwim	4	71	335	22%
Annette Island	1	5	35	17%	Lower Yukon	5	48	164	32%
Bering Strait	3	58	201	30%	Matanuska	6	85	910	10%
Bristol Bay	2	2	28	14%	Nenana	2	12	33	42%
Chatham	2	9	30	37%	Nome	3	11	60	23%
Chugach	0	3	16	19%	North Slope	6	53	231	26%
Copper River	0	8	52	15%	NW Arctic	6	49	199	28%
Cordova	2	3	38	13%	Pelican	1	1	4	50%
Craig City	0.5	9	37	26%	Petersburg	0	6	54	11%
Delta	0	0	65	0%	Pribilof	2	4	13	46%
Denali	0	5	36	14%	Sitka	2	7	128	7%
Dillingham	2	15	51	33%	Skagway	2	12	14	100%
Fairbanks	1	48	1087	5%	Southeast Is.	0	3	25	12%
Galena	1.5	9	75	14%	Southwest R.	0	5	97	5%
Haines	0	0	36	0%	St. Mary's	7.5	28	20	178%
Hoonah	1	3	25	16%	Tanana	0	1	10	10%
Hydaburg	0	5	12	42%	Unalaska	1	6	36	19%
Iditarod	3	14	51.5	33%	Valdez	2	11	73	18%
Juneau	5	25	407	7%	Wrangell	0	6	36	17%
Kake	1	3	15	27%	Ya'utal	1	7	19	42%
Kashunamiut	1	6	26	27%	Yukon Flats	7	16	42	55%
Kenai	6	39	737	6%	Yukon Koyukuk	1	15	85	19%
Ketchikan	2	13	168	9%	Yupit	3	23	42	62%
Klawock	0	0	18	0%	SESA	0	3	21	14%

Average Turnover for the following.

URBAN DISTRICTS	7%
RURAL DISTRICTS	20%
ALL DISTRICTS	12%

History of District Turnover

District	1997		1998		1999		2000		Average Turnover
	Staff	Turnover	Staff	Turnover	Staff	Turnover	Staff	Turnover	
Alaska Gateway	48	31%	45.25	24%	40.5	4%	42	14%	15%
Aleutian Region	4	0%	9.5	33%	9.5	42%	6	33%	19%
Aleutians East	36	57%	37	15%	41.5	32%	43	40%	26%
Anchorage	3009	7%	3100	15%	3143	9%	3477	7%	8%
Annette Island	39	17%	37	16%	34.3	3%	35	17%	9%
Bering Strait	172	35%	198.5	24%	202	35%	201	30%	24%
Bristol Bay	29.75	0%	28	7%	28	3%	28	14%	3%
Chatham	33	29%	29	26%	27	10%	30	37%	16%
Chugach	17.5	0%	17	6%	12	8%	16	19%	4%
Copper River	46.97	28%	48.5	11%	48.5	11%	52	15%	13%
Cordova	34.5	21%	41	5%	35.3	10%	38	13%	9%
Craig City	31	17%	30	23%	33	15%	37	26%	14%
Delta/Greely	50	0%	75	11%	68	4%	65	0%	4%
Denali	30	15%	33	11%	30.5	24%	36	14%	13%
Dillingham	51	10%	54	34%	51	19%	51	33%	16%
Fairbanks	1044.33	0%	1065	10%	1129	8%	1087	5%	5%
Galena	34	24%	56	48%	70	36%	75	14%	27%
Haines	30.8	19%	11.7	23%	37	7%	36	0%	12%
Hoonah	25	0%	20	11%	21.5	4%	25	16%	4%
Hydaburg	15	28%	10	57%	12	50%	12	42%	34%
Iditarod	42.25	34%	47	39%	51	31%	51.5	33%	26%
Juneau	276.35	18%	371.7	10%	381	21%	407	7%	12%
Kake	17	0%	17.6	17%	16.6	23%	15	27%	10%
Kashunamiut	21	29%	27	33%	27	35%	26	27%	24%
Kenai	668	12%	730.5	8%	733	11%	737	6%	8%
Ketchikan	141.2	10%	165	13%	170.7	11%	168	9%	9%
Klawock	21.5	0%	18.5	6%	18.5	5%	18	0%	3%
Kodiak	199.95	0%	209	11%	216	15%	221	10%	7%
Kuspuk	51	38%	56	22%	56	31%	52	31%	23%
Lake & Peninsula	56.5	54%	69	36%	73	36%	67	36%	32%
Lower Kuskokwim	298.5	17%	329	16%	327	22%	335	22%	14%
Lower Yukon	170	26%	181	23%	162	13%	164	32%	16%
Matanuska	736.15	9%	872	4%	869	13%	910	10%	7%
Nenana	13	24%	17	47%	25	27%	33	42%	25%
Nome	58.5	15%	63.5	16%	65	21%	60	23%	13%
North Slope	204.25	35%	237	23%	234	27%	231	26%	21%
Northwest Arctic	152	22%	170	30%	186	29%	199	28%	20%
Pelican	5	55%	5	0%	4	31%	4	50%	22%
Petersburg	55.5	0%	54	18%	54	9%	54	11%	7%
Pribilof	21.5	37%	15	38%	13.5	15%	13	46%	23%
Sitka	121	10%	129	12%	133	11%	128	7%	8%
Skagway	13	0%	14	40%	14	14%	14	100%	14%
Southeast Island	29	26%	27	9%	27	35%	25	12%	18%
Southwest	72	25%	91	30%	92	26%	97	5%	20%
St. Mary's	13	12%	15.5	13%	12	39%	20	178%	16%
Tanana	11	0%	11	25%	11	36%	10	10%	15%
Unalaska	32.6	27%	34	24%	34	25%	36	19%	19%
Valdez	69.5	0%	67	13%	68	10%	73	18%	6%
Wrangell	41.2	0%	38	16%	39	15%	36	17%	8%
Yakutat	16	20%	18	35%	19	35%	19	42%	23%
Yukon Flats	53	30%	48	25%	45	25%	42	55%	20%
Yukon Koyukuk	58	36%	63	37%	73	19%	85	19%	23%
Yupit	38	0%	37	41%	38	47%	42	62%	22%
SESA	21.6	15%	18.5	11%	19	6%	21	14%	8%

No Dream Denied

A Pledge to America's Children

**NATIONAL COMMISSION ON
TEACHING AND AMERICA'S FUTURE**

**HON. JAMES B. HUNT JR.,
CHAIRMAN**

**THOMAS G. CARROLL, Ph.D.,
EXECUTIVE DIRECTOR**

SUMMARY REPORT

© January 2003

National Commission on Teaching and America's Future, Washington, DC

WHY DOESN'T EVERY CHILD HAVE QUALITY TEACHING?

If we know that high quality teaching makes a difference, why isn't every child in America getting it? The conventional wisdom is that we lack enough good teachers. But, the conventional wisdom is wrong. *The real school staffing problem is teacher retention.* Our inability to support high quality teaching in many of our schools is driven not by too few teachers entering the profession, but by too many leaving it for other jobs. The ability to create and maintain a quality teaching and learning environment in a school is limited not by teacher supply, but by high turnover among the teachers who are already there—turnover that is only aggravated by hiring unqualified and underprepared replacements who leave teaching at very high rates.⁴ The extensive evidence for these assertions is laid out in the next section. That evidence paints a disquieting picture.

In the mistaken belief that teacher supply is the core problem, quality teaching is too often compromised in an effort to recruit a sufficient quantity of teachers to fill classrooms. The results: standards for entry into the profession are lowered; quality teacher preparation is undercut; licensure becomes a bureaucratic barrier to be side-stepped, instead of a mark of quality; and the mythology that "anyone can teach" gains more ground with each fall's round of stop-gap hiring. Today, thousands of unqualified individuals are in classrooms across the nation, hired because state and district policies are ignored in the name of meeting immediate needs of schools that appear to face "shortages." But the real problem is that these schools are unable to retain a sufficient number of teachers with the proper credentials. We have mistaken the symptom for the problem.



Alaska Association of Elementary Schools Principals
Alaska Association of Secondary School Principals
Alaska Association of School Administrators
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Alaska Council of School Administrators

Excerpt from the *ACSA Education Bulletin* January 2000 Issue

Where are the Teachers?

**WE NEED
A MORE POWERFUL
MAGNET!**

By Darroll Hargraves,
Executive Director, ACSA

What's the problem?

What's getting the attention?

Interesting isn't it? During the past few years, public attention has been focused on funding, construction, standards, and testing. Each of these issues is important. However, whenever superintendents get together to talk about immediate and future concerns, another issue tops the agenda—the need to recruit, hire, and keep certified and qualified teachers and administrators.

The recent announcement by the University of Alaska that a five-year program will be required for certification will further reduce the number of Alaskans to fill positions in our schools.

Alaska is not alone. In fact, teacher shortages are entering a critical stage across the nation. U.S. Secretary of Education Richard Riley consistently expresses a concern about the ability of our schools to attract the very brightest and best into education careers. As student enrollments continue to climb nationally, demand is outstripping supply at a time when the hurdles are being lifted even higher. For example, the shortage is becoming even more acute because many states are increasing their standards

for teachers and some are requiring them to have majors in the subjects they teach or to pass qualifying tests. The recent announcement by the University of Alaska that a five-year program will be required for certification will further reduce the number of Alaskans to fill positions in our schools.

Salaries have not kept pace with what talented people can make outside the classroom. A recent Quality Counts 2000, 50-state survey, conducted by *Education Week*, found that one in five college graduates who began teaching in 1993-94 left within three years. The brightest novice teachers, as measured by their college-entrance exams, were the most likely to leave, the study revealed.

**There was a time,
not so long ago, when Alaska
was a magnet for educators.**

What's at stake here? The immediate concern for many educators is having excellent teachers in the classroom—preparing students to pass exit exams that are looming in their future. Even more importantly, they are concerned about preparing students for life in the 21st century.

There was a time, not so long ago, when Alaska was a magnet for educators. Our salaries were the highest in the nation. Our recruiters could promise adventure, good hunting and fishing, and a lifestyle that attracted exceptional talent. Let's face it. What worked in the past is not getting us the number and level of certified, qualified educators we need today and will need in the future.

While average teacher salaries in Alaska are still above the national average, we are now caught in what the *New York Times* calls a bidding war. That war has spread from coast to coast, and we are not winning. In fact, we are being out-manuevered as never before. Take, for example, the incentives being offered in several states. California is offering \$10,000

interest-free loans for buying a home, \$30,000 bonuses for attaining advanced certification, and \$11,000 to repay college loans. In Texas, \$2,000 signing bonuses are becoming commonplace. Southern states such as Florida, Georgia and Mississippi have districts paying bonuses of up to \$6,000 to retain quality teachers.

As crises show signs of becoming catastrophes, some state legislatures and state departments of education have gotten the ball rolling on bringing retired teachers and administrators back into the system. Those early retirement incentives that were sold, in some case, as a way to remove the "dead wood" are now looking more like they've caused a "brain drain."

Salaries are a major problem, both for teachers and administrators. Alaska's largest districts provide an example of how noncompetitive our salaries are. These districts have budgets, enrollments, numbers of employees, physical plants, and demands comparable to large districts outside the state that are paying their superintendents nearly double. In fact, an Alaska board member recently admitted to the media that their superintendent is underpaid and speculated that if the present superintendent left and had to be replaced, it would require an additional \$50,000. Even that level of an increase would be low compared to salaries paid in comparable districts outside.

Granted, we need to pay attention to standards, facilities, and a number of other critical issues. At the same time, let's not forget that our ability to attract and keep outstanding teachers and administrators is basic to everything we hope to accomplish. Alaska needs a constant flow of quality, certifiable educators. While the problem may not be completely solved during this session of the Legislature, we simply must make sure that it receives the attention it deserves. The future of our kids depends on it.

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Burton, 884 F. Supp. 1372
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v. Knowles, 21 P.3d 867

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Legislative history reports. — For the purpose of the enactment of (b) of this section by § 1, ch. 21, SLA

1991 (HCS CSSB 86 (Jud)), see 1991 House Journal Supplement No. 10, May 13, 1991.

NOTES TO DECISIONS

Judicial construction. — The court is required to construe words and phrases according to their "common and approved usage" unless such words and phrases have acquired peculiar meaning by virtue of statutory definition or judicial construction. *Lynch v. McCann*, 478 P.2d 835 (Alaska 1970).

Applied in State, Dep't of Revenue v. Debenham Elec. Supply Co., 612 P.2d 1001 (Alaska 1980); *United States Jaycees v. Richardet*, 666 P.2d 1008 (Alaska 1983); *Lambert v. State*, 694 P.2d 791 (Alaska Ct. App. 1985); *State v. Eluska*, 698 P.2d 174 (Alaska Ct. App. 1985); *State v. Resek*, 706 P.2d 706 (Alaska Ct. App. 1985); *Julsen v. Julsen*, 741 P.2d 642 (Alaska 1987); *State v. Anderson*, 749 P.2d 1342 (Alaska 1988); *Department of Community & Regional Affairs v. Sisters of Providence*, 752 P.2d 1012 (Alaska 1988); *Alaska Int'l Constructors v. Kinter*, 755 P.2d 1103 (Alaska 1988); *Cleland v. State*, 759 P.2d 553 (Alaska Ct. App.

1988); *State v. Strange*, 785 P.2d 563 (Alaska Ct. App. 1990); *Wylie v. State*, 797 P.2d 651 (Alaska Ct. App. 1990); *Hughes v. Harrelson*, 844 P.2d 1106 (Alaska 1993); *Human Resources Co. v. Alaska Comm'n on Post-Secondary Educ.*, 946 P.2d 441 (Alaska 1997).

Quoted in Employment Sec. Comm'n v. Wilson, 461 P.2d 425 (Alaska 1969); *Thorsheim v. State*, 469 P.2d 383 (Alaska 1970); *State v. City of Anchorage*, 513 P.2d 1104 (Alaska 1973); *Gerlach v. State*, 699 P.2d 358 (Alaska Ct. App. 1985); *Walker v. State*, 742 P.2d 790 (Alaska Ct. App. 1987); *Mustafoski v. State*, 867 P.2d 824 (Alaska Ct. App. 1994).

Stated in Velez v. State, 762 P.2d 1297 (Alaska Ct. App. 1988).

Cited in Murphy v. City of Wrangell, 763 P.2d 229 (Alaska 1988); *Barrett v. State*, 772 P.2d 559 (Alaska Ct. App. 1989); *Fagan v. State*, 779 P.2d 1258 (Alaska Ct. App. 1989).

Sec. 01.10.050. Tense, number, and gender. (a) Words in the present tense include the past and future tenses, and words in the future tense include the present tense.

(b) Words in the singular number include the plural, and words in the plural number include the singular.

(c) Words of any gender may, when the sense so indicates, refer to any other gender. (§ 3 ch 62 SLA 1962; am § 3 ch 58 SLA 1982)

NOTES TO DECISIONS

Quoted in D.A.W. v. State, 699 P.2d 340 (Alaska 1985); *Hughes v. Harrelson*, 844 P.2d 1106 (Alaska 1993).

Cited in State v. Dunlop, 721 P.2d 604 (Alaska 1986).

Sec. 01.10.055. Residency. (a) A person establishes residency in the state by being physically present in the state with the intent to remain in the state indefinitely and to make a home in the state.

(b) A person demonstrates the intent required under (a) of this section

(1) by maintaining a principal place of abode in the state for at least 30 days or for a longer period if a longer period is required by law or regulation; and

(2) by providing other proof of intent as may be required by law or regulation, which may include proof that the person is not claiming residency outside the state or obtaining benefits under a claim of residency outside the state.

(c) A person who establishes residency in the state remains a resident during an absence from the state unless during the absence the person establishes or claims residency in another state, territory, or country, or performs other acts or is absent under circumstances that are inconsistent with the intent required under (a) of this section to remain a resident of this state. (§ 1 ch 67 SLA 1983)

NOTES TO DECISIONS

Jurisdiction over divorce action. — This section does not affect the common-law rule that Alaska courts have jurisdiction over a divorce action when one of the parties is domiciled in Alaska, where "domicile" is defined as physical presence plus an intent to remain permanently. *Perito v. Perito*, 756 P.2d 895 (Alaska 1988).

Quoted in E.H. v. State, 23 P.3d 1186 (Alaska 2001).

Stated in State v. Andrade, 23 P.3d 58 (Alaska 2001).

Teachers in Santa Fe get help in buying homes

In an effort to curb the exodus of teachers from high-cost Santa Fe, N.M., the school board has set aside \$600,000 to help teachers buy homes.

The average teacher salary in Santa Fe is \$34,635, while the median price of a house is \$268,000. Starting teachers earn \$26,414.

In addition to the district's contribution, a collaboration of the New Mexico Mortgage Finance Authority, Neighborhood Reinvestment Corp., and Neighborhood Housing Services hopes to raise \$1.3 million.

A pilot program launched by Neighborhood Housing Services in 1999 helped 25 teachers buy homes with down payment assistance and helped seven teachers make home repairs, says Executive Director Michael Loftin.

The new program will help teachers find affordable apartments in Santa Fe, as well as provide \$10,000 to \$15,000 to help teachers with down payments. Teachers buying their first home in Santa Fe could get a zero percent, deferred-mortgage loan, which must be repaid when they sell.

Loftin also hopes to offer teachers workshops on home buying, low-interest home-improvement loans, and rental discounts for apartments.

"Santa Fe is an expensive city in a poor state," says school board President Marcy Litzenberg. "We know this is only a drop in the bucket, but for the teachers who take advantage of it, it may make all the difference in the world whether or not they stay in Santa Fe."

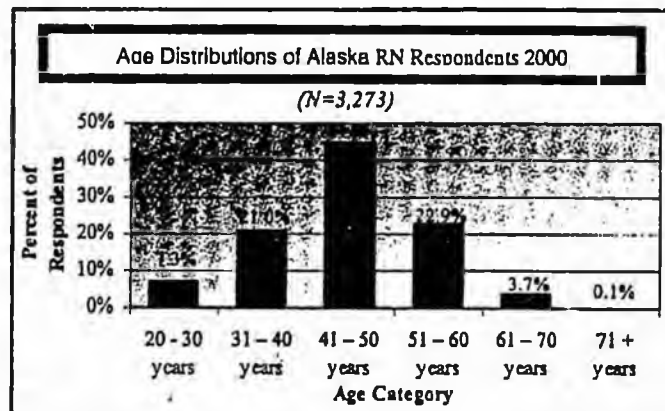
Contact: Joanne Ferguson, public information officer, (505) 467-2028. ■



Background On the Nursing Shortage in Alaska

There are currently about 5,200 RNs living in Alaska. Since the late 1990's there has been an increasing shortage of Registered Nurses in Alaska and the US as a whole. This has led to an 11.5% vacancy rate for nursing positions in the State. Contributing factors for this shortage include:

- The aging of the workforce. In 2000 the average age of a RN in Alaska 45.1 years compared to 43.3 years nationally. 72% of the RNs in Alaska are over the age of 40 years old. Data from the 2002 license renewal is currently being evaluated, but it is expected that the average age has only increased.ⁱ



- Hospital and nursing home nursing is very physically demanding. Because of this most nurses working in these settings retire in their 50s. Nationally it is projected that half the nursing workforce will retire in the next five years.
- Fewer young people have gone into the profession. This is graphically illustrated by the above figure.ⁱⁱ Formerly, the two primary occupations available to women were teaching and nursing. Now there are a larger number of options available. Many women who previously would have become nurses are now becoming doctors.
- Increased complexity of patient care. In order to reduce health care costs more procedures are being done on an outpatient basis, and hospital stays have been shortened. This means that the patients in hospitals are much sicker than 15 years ago, requiring more skilled care.
- In order to reduce costs, hospitals in the 90's increased the number of patients nurses were required to care for at the same time that the patients became sicker. This led many nurses to leave the workforce because of concern about patient and nurse safety.



- A decrease in job satisfaction, as inadequate staffing is preventing RNs from providing high quality care to patients. One of the single most important factors in nurses being satisfied with their working conditions is the RN having ample time to provide quality care to their patients. This is usually directly tied the number and the acuity of the patients they are required to care for.
- Increased work-acquired injury and illness. This is addressed in detail elsewhere, but between the increased number of HIV and hepatitis infected patients and the increased weight of the population, many nurses have suffered career ending injuries or illnesses. It is not unusual for nurses to be asked to care for 300-500 lb patients.

Importance of RNs to Patient Health and Safety

The nursing shortage effects patient care in two main ways. Studies tie RNs to positive patient outcomes and poor staffing causes experienced RNs to leave the profession due to job dissatisfaction.

- A 2000 studyⁱⁱⁱ looked at hospital and Medicare data from hospitals in nine states in five categories of adverse outcomes: length of hospital stay, pneumonia contracted in the hospital, postoperative infection, bed sores, and urinary tract infections contracted while in the hospital. All five measures are markedly decreased with higher levels of RN involvement in patient care.
- A study published in the October 2002 Journal of the American Medical Association^{iv}, found the risk of patient mortality increased by 7% for every additional patient in the average nurse's workload in the hospital;
- The study suggests that RNs contribute importantly to surveillance, early detection, and timely interventions that save lives;
- The benefits of improved RN staffing also extend to larger numbers of hospitalized patients who are not at risk for mortality but nevertheless are vulnerable to a wide range of unfavorable outcomes;
- Higher emotional exhaustion and greater job dissatisfaction in nurses were strongly and significantly associated with patient-to-nurse ratios;
- Improving nurse staffing levels may reduce alarming turnover rates in hospitals by reducing burnout and job dissatisfaction, major precursors of job resignation;
- Improving staffing may not only save patient lives and decrease nurse turnover but also reduce hospital costs, if recently published estimates of the costs of replacing a hospital medical and surgical general unit and a specialty nurse (\$42,000 to \$64,000) are correct.



Health and Safety Issues Related to the Nursing Shortage

Health care is rapidly becoming the most hazardous industry in America, as well as Alaska. RNs report that health and safety concerns play a major role in their decisions to remain in the profession. Nurses and other health care workers are exposed to the following hazards:

- Biological hazards: HIV, hepatitis B and C and more than 20 other infectious agents have caused infections in nurses caring for patients with these infections.
- Ergonomic Injuries – Ergonomics hazards of manual lifting and transfer of patients cause back injuries to over 1/3 of all nurses. Nurses are more prone to back injuries than construction laborer, truck loader, or warehouse worker.^v Nurses accounted for more than 10% of the total for all occupations combined for neck, back and muscle injuries.^{vi}
- Chemical hazards: latex allergy and disinfectants cause occupational asthma, and laser smoke, exposure to carcinogenic chemotherapeutic agents result in illness.

The Shortage Will Grow

Alaska Department of Labor and Workforce Development^{vii} provided the below statistics related to the current and growing nursing shortage.

- Employment demand for RNs is projected to grow nearly 40% between 1998 – 2008, faster than the all-occupational average (16.6%)
- The number of RNs needed to fill the new jobs resulting from industry growth will increase by nearly 1,600.
- If 2008 projections hold true, RNs will be the largest single healthcare occupation and the seventh largest occupation in the state.
- Nursing shortage is nationwide and Alaska must compete for RNs, or grow more of our own, to keep up with demand caused by the aging of society, as well as the aging of the RNs.

Alaska Nursing Employer Survey Results^{viii}

In 2002, the Alaska Colleagues in Caring, in collaboration with the Alaska Hospital and Nursing Home Association, surveyed facilities in Alaska regarding their nursing workforce needs.

- Vacancy rates for RNs increased on average from 5.7% in 2000 to 11.5% in 2002 with the West and North respondents reporting a 20.8% vacancy rate in 2002.



- Rate of Turnover reported for RNs in 2002 was 24% indicating difficulties with retaining RNs
- Employers identified the most successful retention incentives included
 - Decreased workload and greater scheduling choices
 - Educational Options
 - Management education and involvement
 - Positive work environment
- The percentage of facilities that actively recruit RNs from other states increased from 47.6% of facilities in 2000 to 83.3% of facilities in 2002.
- Employers identified the following anticipated changes in demand for nurses in the next two years
 1. Aging population/increased number of nurses retiring
 2. Increase in medical services used and number of patients
 3. Increased need for nurses, especially RNs
 4. Possible closure of facilities
 5. New facilities built/facility expansion
 6. An increased difficulty in recruiting and retaining nurses

Current Nursing Education in Alaska

The University of Alaska is the primary educator of nurses in the state. Weber State has had a small LPN program in the state for many years, but they will soon be leaving the state. Nursing education is very expensive to provide due to the cost of labs and clinical rotations. This cost is why there are not more providers of nursing education, and why nationally there has been a decrease in nursing education programs.

Current RN Programs Provided by UAA (110 RN graduates per year)

- 2 year RN – Anchorage 32 students admitted per year; Fairbanks 16 students, Kodiak 9 students (every 2 years)
- 4 year RN – Anchorage 80 students admitted per year, with an additional 40 being added this summer
- 1 year LPN – Anchorage 16 students admitted per year, Bethel 7, Fairbanks 8 (rotates), Ketchikan 6 (rotates)

Projected Locations and Numbers of Nursing Students 2006 (220 RN graduates per year)

- 2 year RN – Anchorage 32 students admitted per year, Fairbanks 16, and about 40 students admitted per year in Juneau, Bethel, Kodiak, Kenai, Ketchikan, or Sitka on a rotating basis. Other sites are also being investigated.
- 4 year RN – Anchorage 120 students admitted per year.



Articulation Programs

The University already has an RN to BSN program in place that can be completed through distance learning. UAA is in the process of refining the LPN to RN program to make mobility within the profession easier.

Current Demand for Nursing Education Exceeds Slots

The UAA four-year BSN program has only a minimal waiting list, which should be eliminated with this year's planned expansion. This year the 2-year (AAS) RN program had 2 applicants for every position. Initial interest meetings in expansion sites such as Kenai have shown a tremendous interest from persons in the community.



SOLUTIONS

The Alaska Nurses Association suggests the following solutions to the Alaska nursing shortage, which come under three main categories:

- Recruitment and education of new RNs
- Retention of experienced RNs
- Adapting the work environment to prolong the careers of aging RNs

RECRUITMENT AND EDUCATION

- State funding support of UAA and Industry Consortium's effort to double the number of RN graduates by 2006. This requires the State to match the industries commitment of 2.4 million over the next three years.
- Continue Federal funding of the Recruitment and Retention of Alaska Natives into Nursing (RRANN Program) at UAA.
- Support legislation for tuition loan reimbursement of nurses who work in Alaska. Currently several legislators are working to draft such legislation.
- Support an increase to competitive salaries for nursing professors. RNs can currently make more practicing in a hospital than teaching at the University, making the recruitment of qualified instructors very difficult.
- The Alaska Nurses Association is working to develop a recruitment program aimed at grade school children to show them the variety of careers available in the nursing profession.
- The Alaska Nurses Association, hopefully with the support of the Alaska Department of Labor and the University, is planning to work with high schools in developing a pre-nursing preparation program to ensure a successful foundation is created in math and science, especially for rural and non-traditional students.
- With the help of industry, identify and develop training for post-graduate RNs in high-need specialty areas, such as OR and ICU.
- Encourage employers to provide financial incentives for nurses working in facilities to mentor nursing students and new graduates.



RETENTION OF EXPERIENCED RNS

Workplace Conditions

- Support creation and adoption of legislation and/or standards for an appropriate nurse to patient acuity system that creates a safe and satisfying work environment. Several states have passed or are considering similar legislation.
- Create financial incentives for facilities to apply for Nursing Magnet Status with American Nurses Credentialing Center. Magnet status ensures RN participation in workplace design, and promotes quality patient care, highly increasing job satisfaction.
- Encourage employers to make nursing attractive as a long-term career by increasing retirement and medical benefits.
- Encourage Employers to be responsive to RN needs, such as providing daycare that is available during the hours that nurses work and providing flexible scheduling options.
- Create legislation to prohibit mandatory overtime as a staffing solution to the nursing shortage. Other states have successfully passed such legislation.

Health and Safety Solutions

- Provide legislative or administrative incentives for facilities to purchasing latex free products in order to limit latex injuries to RNs and patients, as well as decrease related costs.
- Support the revision and passage of Alaska's existing Needlestick Legislation^{ix} to meet federal standards, to protect patients and healthcare workers from HIV, Hepatitis, and other infectious diseases.
- Department of Labor's development of Regulations aimed at reducing injuries, and related costs, acquired from lifting and transferring patients in facilities, such as lift teams and assistive devices. Alaska Native Medical Center has had significant success in this area.

ADAPTING THE WORK ENVIRONMENT TO PROLONG THE CAREERS OF AGING RNS

- Encourage institutions to be flexible about working hours and patient loads to allow aging nurses to physically prolong their careers. Many facilities demand 12-hour shifts, which are physically demanding and difficult for aging RNs.
- Fund a study to explore what measures need to be adopted to keep RNs who are over 50 in the workforce.



- Find creative ways to utilize experienced nurses to educate, mentor and recruit new nurses into the profession.

ⁱ "Alaska Colleagues in Caring, Alaska Re-Licensure Survey for RNs, 1996, 1998, and 2000", October 2001

ⁱⁱ Id.

ⁱⁱⁱ ANA's Nurse Staffing and Patient Outcomes in the Inpatient Hospital Setting released in May of 2000.

^{iv} "Hospital Nurse Staffing and Patient Mortality, Nurse Burnout, and Job Dissatisfaction," by Linda Aiken, PhD, RN, et. al., is in the October 23/30, 2002, issue of JAMA. The study looked at 232,342 patients between the ages of 20 and 85 who underwent general surgical, orthopedic, or vascular procedures in 168 Pennsylvania hospitals from April 1, 1998 to November 30, 1999.

^v Labor Department's Bureau of Labor Statistics, in 1998.

^{vi} Id.

^{vii} Alaska Department of Labor and Workforce Development, Research and Analysis Section (April 9, 2002)

^{viii} Alaska Colleagues in Caring Nursing Employer Survey, 1998, 200, & 2002.

^{ix} Sec. 18.60.880. Needlestick and sharps injury protections for health care workers.