

SB

25

SFIN

FILE

SENATE FINANCE COMMITTEE RE. ORT

REPORTED OUT
MAR 12 2003
SENATE FINANCE
COMMITTEE

DATE: 2/26/03

FURTHER:

DATE TURNED IN TO OFFICE: 12 March 2003

Finance Committee considered

SENATE BILL NO. 25

SB 25 AHFC LOANS TO EDUCATORS

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

and recommends:

- be replaced with _____ CS SB 25 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
|------------|------|--------|------|-----|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
|------------|---------|--------|-------------------------------------|-----|
| Revenue | 2/11/03 | | <input checked="" type="checkbox"/> | #1 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | No REC | AMEND |
|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------|
| <i>Adrian Taylor</i> | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | <input checked="" type="checkbox"/> | | | |
| <i>Angela Gibson</i> | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | | | <input checked="" type="checkbox"/> | |
| COCHAIR: <i>Judy Green</i> | | <input checked="" type="checkbox"/> | | |
| COCHAIR: <i>[Signature]</i> | <input checked="" type="checkbox"/> | | | |

MAR 12 2003

SENATE FINANCE
COMMITTEE

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 Senale 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 | | | | | | |
|-----------------------------|--|--|--|--|--|--|

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

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
Division: Alaska Housing Finance Corporation
Approved by: Larry Persilly, Deputy Commissioner
Agency: Department of Revenue

Phone 330-8445
Date/Time 2/11/03 6:56 AM
Date 2/11/2003

COMMITTEE COPY

1 (b) Only one teachers' housing loan may be made to a borrower. The
 2 corporation shall adopt regulations under this section that establish additional terms
 3 and conditions for teachers' housing loans, including those relating to borrower
 4 eligibility requirements. A teachers' housing loan ~~must be equal to~~ ^{may be no greater than} 100 percent of the
 5 value of the property for which the loan is made. However, the corporation may
 6 require the borrower to pay costs associated with the loan.

#2 amend

7 * Sec. 2. AS 18.56.109 is repealed.

8 * Sec. 3. Section 1 of this Act takes effect immediately under AS 01.10.070(c).

9 * Sec. 4. Section 2 of this Act takes effect July 1, 2008.

1
2
3
4
5
6
7
8
9

(b) Only one teachers' housing loan may be made to a borrower. The corporation shall adopt regulations under this section that establish additional terms and conditions for teachers' housing loans, including those relating to borrower eligibility requirements. A teachers' housing loan ^{may}~~must~~ be equal to 100 percent of the value of the property for which the loan is made. However, the corporation may require the borrower to pay costs associated with the loan.

#2

- * Sec. 2. AS 18.56.109 is repealed.
- * Sec. 3. Section 1 of this Act takes effect immediately under AS 01.10.070(c).
- * Sec. 4. Section 2 of this Act takes effect July 1, 2008.

SENATE FINANCE COMMITTEE
3/6/2003 COMMITTEE ACTION

| | | | |
|----------------------------|----------|-------------|----------|
| Bill Number | SB 25 | | |
| Amendment | #2 | | |
| Motion | amend | | |
| <u>Motion by</u> | Taylor | | |
| <u>Objection by</u> | _____ | | |
| <u>Removed</u> | | | |
| <u>Second Objection by</u> | | | |
| <u>Committee Member</u> | <u>Y</u> | <u>Vote</u> | <u>N</u> |
| Senator Stevens | | | |
| Senator Taylor | | | |
| Senator Bunde | | | |
| Senator Hoffman | | | |
| Senator Olson | | | |
| Co-Chair Green | | | |
| Co-Chair Wilken | | | |
| <u>Tally</u> | | | |
| Yea | | | |
| Nay | | | |
| Absent | | | |
| <u>MOTION</u> | PASS | | |

SENATE FINANCE COMMITTEE
3/6/2003 COMMITTEE ACTION

| | | | |
|----------------------------|----------|-------------|----------|
| Bill Number | SB 25 | | |
| Amendment | #2 | | |
| Motion | adopt | | |
| <u>Motion by</u> | Taylor | | |
| <u>Objection by</u> | | | |
| <u>Removed</u> | | | |
| <u>Second Objection by</u> | | | |
| <u>Committee Member</u> | <u>Y</u> | <u>Vote</u> | <u>N</u> |
| Senator Olson | | | |
| Senator Stevens | | | |
| Senator Taylor | | | |
| Senator Bunde | | | |
| Senator Hoffman | | | |
| Co-Chair Green | | | |
| Co-Chair Wilken | | | |
| | | | |
| <u>Tally</u> | | | |
| Yea | | | |
| Nay | | | |
| Absent | | | |
| | | | |
| <u>MOTION</u> | | | |

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 25(), Draft Version "Q"

1 Page 1, line 1:

2 Delete "teachers' housing loan program"

3 Insert "acquisition of teachers' housing by regional educational attendance areas
4 and to teachers' housing loan programs"

5

6 Page 1, following line 3:

7 Insert a new bill section to read:

8 **"* Section 1.** AS 14.08.101(9) is amended to read:

9 (9) provide housing for rental to teachers, by leasing existing housing
10 from a local agency or individual, [OR] by entering into contractual arrangements with
11 a local agency or individual to lease housing that will be constructed by the local
12 agency or individual for that purpose, or, without using for the purpose that portion
13 of public school funding that consists of state aid provided under AS 14.17, by
14 constructing or otherwise acquiring housing that is owned and managed by the
15 regional educational attendance area for rental to teachers;"

16

17 Page 1, line 4:

18 Delete "Section 1"

19 Insert "Sec. 2"

20

21 Page 2, following line 6:

22 Insert a new bill section to read:

23 **"* Sec. 3.** AS 18.56.580(a) is amended to read:

1 (a) In addition to the powers authorized by AS 18.56.400, the corporation shall adopt
2 regulations under AS 18.56.088 allowing the use of money in the housing assistance loan
3 fund to make loans to regional educational attendance areas or other borrowers for the
4 purchase or development of teacher housing in small communities. The regulations must
5 implement the requirements of (b) of this section and establish other terms and conditions for
6 teacher housing loans, including those relating to borrower eligibility and the number of loans
7 that may be made to a single borrower. The corporation may require the borrower to pay
8 costs associated with a loan."

9

10 Renumber the following bill sections accordingly.

11

12 Page 2, line 8:

13 Delete "Section 1 of this Act takes"

14 Insert "Sections 1 - 3 of this Act take"

15

16 Page 2, line 9:

17 Delete "Section 2"

18 Insert "Section 4"

SENATE FINANCE COMMITTEE
3/12/2003 COMMITTEE ACTION

| | | | |
|----------------------------|----------|-------------|----------|
| Bill Number | SB 25 | | |
| Amendment | # 3 | | |
| Motion | adopt | | |
| <u>Motion by</u> | Hoffman | | |
| <u>Objection by</u> | Wilken | | |
| Removed | ✓ | | |
| <u>Second Objection by</u> | Green | | |
| <u>Committee Member</u> | <u>Y</u> | <u>Vote</u> | <u>N</u> |
| Senator Bunde | ✓ | | |
| Senator Hoffman | ✓ | | |
| Senator Olson | ✓ | | |
| Senator Stevens | ✓ | | |
| Senator Taylor | ✓ | | |
| Co-Chair Green | | | ✓ |
| Co-Chair Wilken | ✓ | | |
| <u>Tally</u> | | | |
| Yea | 6 | | |
| Nay | 1 | | |
| Absent | — | | |
| <u>MOTION</u> | PFTSS | | |



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 12 March 2003 TIME: 10:15 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please
CS SB 25 (FIN)
23-LS0080\Q 3/3/03 Cook
plus amendment Q.4
and attached amendment

CS FOR SENATE BILL NO. 25(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS WILKEN, Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the acquisition of teachers' housing by regional educational
2 attendance areas and to teachers' housing loan programs in the Alaska Housing Finance
3 Corporation; and providing for an effective date."

Amend.
#3

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. AS 14.08.101(9) is amended to read:

6 (9) provide housing for rental to teachers, by leasing existing housing
7 from a local agency or individual, [OR] by entering into contractual arrangements with
8 a local agency or individual to lease housing that will be constructed by the local
9 agency or individual for that purpose, or, without using for the purpose that portion
10 of public school funding that consists of state aid provided under AS 14.17, by
11 constructing or otherwise acquiring housing that is owned and managed by the
12 regional educational attendance area for rental to teachers;

Amend.
#3

13 * Sec. 2. AS 18.56 is amended by adding a new section to read:

14 Sec. 18.56.109. Teachers' housing loan program. (a) There is established

1 in the corporation the teachers' housing loan program to assist public school teachers
 2 to purchase housing. A loan may be made under this program only for owner-
 3 occupied, single-family housing. The loan may be made only to an individual
 4 employed in a public elementary or secondary school in the state who is required to be
 5 certificated and holds a position as

- 6 (1) a teacher;
 7 (2) a counselor;
 8 (3) an administrator; or
 9 (4) a provider of special education or related services.

10 (b) Only one teachers' housing loan may be made to a borrower. The
 11 corporation shall adopt regulations under this section that establish additional terms
 12 and conditions for teachers' housing loans, including those relating to borrower
 13 eligibility requirements. A teachers' housing loan may be no greater than 100 percent
 14 of the value of the property for which the loan is made. The corporation may require
 15 the borrower to pay costs associated with the loan.

Amend
#2

16 * Sec. 3. AS 18.56.580(a) is amended to read:

17 (a) In addition to the powers authorized by AS 18.56.400, the corporation
 18 shall adopt regulations under AS 18.56.088 allowing the use of money in the housing
 19 assistance loan fund to make loans to regional educational attendance areas or
 20 other borrowers for the purchase or development of teacher housing in small
 21 communities. The regulations must implement the requirements of (b) of this section
 22 and establish other terms and conditions for teacher housing loans, including those
 23 relating to borrower eligibility and the number of loans that may be made to a single
 24 borrower. The corporation may require the borrower to pay costs associated with a
 25 loan.

Amend
#3

26 * Sec. 4. AS 18.56.109 is repealed.

27 * Sec. 5. Sections 1 - 3 of this Act take effect immediately under AS 01.10.070(c).

28 * Sec. 6. Section 4 of this Act takes effect July 1, 2008.

23-LS0080Q
Cook
3/3/03

CS FOR SENATE BILL NO. 25()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS WILKEN, Davis

A BILL
FOR AN ACT ENTITLED

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

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

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5 Sec. 18.56.109. Teachers' housing loan program. (a) There is established
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4 eligibility requirements. A teachers' housing loan must be equal to 100 percent of the
5 value of the property for which the loan is made. However, the corporation may
6 require the borrower to pay costs associated with the loan.

7 * Sec. 2. AS 18.56.109 is repealed.

8 * Sec. 3. Section 1 of this Act takes effect immediately under AS 01.10.070(c).

9 * Sec. 4. Section 2 of this Act takes effect July 1, 2008.

SENATE FINANCE COMMITTEE
3/6/2003 COMMITTEE ACTION

| | | | |
|-----------------------------------|----------|--------------------|----------|
| Bill Number | SB 25 | | |
| Amendment | CS "Q" | | |
| Motion | adopt | | |
| <u>Motion by</u> | Taylor | | |
| <u>Objection by</u> | J | | |
| <u>Removed</u> | | | |
| <u>Second Objection by</u> | | | |
| <u>Committee Member</u> | Y | <u>Vote</u> | N |
| Senator Hoffman | | | |
| Senator Olson | | | |
| Senator Stevens | | | |
| Senator Taylor | | | |
| Senator Bunde | | | |
| Co-Chair Green | | | |
| Co-Chair Wilken | | | |
| | | | |
| <u>Tally</u> | | | |
| Yea | | | |
| Nay | | | |
| Absent | | | |
| | | | |
| <u>MOTION</u> | | | |

By Olson

SENATE FINANCE
COMMITTEE
Amendment Number: #1
Bill Number: SB 25
Sponsor: Olson Date: 3/6/03
Logged In By: Mindy

23-LS0080V.1
Cook
3/5/03

AMENDMENT

OFFERED IN THE SENATE

TO: CSSB 25(), Draft Version "Q"

1 Page 1, line 1:

2 Delete "teachers' housing loan program"

3 Insert "acquisition of teachers' housing by regional educational attendance areas
4 and to teachers' housing loan programs"

5

6 Page 1, following line 3:

7 Insert a new bill section to read:

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11 a local agency or individual to lease housing that will be constructed by the local
12 agency or individual for that purpose, or by constructing or otherwise acquiring
13 housing that is owned and managed by the regional educational attendance area
14 for rental to teachers;"

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16 Page 1, line 4:

17 Delete **** Section 1.**"

18 Insert **** Sec. 2.**"

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6 that may be made to a single borrower. The corporation may require the borrower to pay
7 costs associated with a loan."

8

9 Renumber the following bill sections accordingly.

10

11 Page 2, line 8:

12 Delete "Section 1"

13 Insert "Section 2"

14

15 Page 2, line 9:

16 Delete "Section 2"

17 Insert "Section 4"

SENATE FINANCE COMMITTEE
3/6/2003 COMMITTEE ACTION

| | | | |
|----------------------------|-----------|-------------|---|
| Bill Number | SB 25 | | |
| Amendment | #1 | | |
| Motion | adopt | | |
| <u>Motion by</u> | Olson | | |
| <u>Objection by</u> | Wilken | | |
| <u>Removed</u> | | | |
| <u>Second Objection by</u> | | | |
| <u>Committee Member</u> | Y | <u>Vote</u> | N |
| Senator Taylor | | | |
| Senator Bunde | | | |
| Senator Hoffman | | | |
| Senator Olson | | | |
| Senator Stevens | | | |
| Co-Chair Green | | | |
| Co-Chair Wilken | | | |
| | | | |
| <u>Tally</u> | | | |
| Yea | | | |
| Nay | | | |
| Absent | | | |
| | | | |
| <u>MOTION</u> | Withdrawn | | |

GARY WILKEN

SENATOR
West Fairbanks

Interim:
1851 Fox Ave.
Fairbanks, Alaska 99701
Tel: (907) 451-4347
Fax: (907) 456-8163

Alaska State Legislature

Senate

During Session:
State Capitol Building
Juneau, Alaska 99801-1182
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Fax: (907) 465-4714

Website: www.garywilken.com
E-Mail: Senator_Gary_Wilken@legis.state.ak.us

SPONSOR STATEMENT

Senate Bill 25 AHFC Loans to Educators

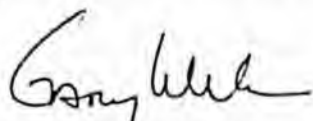
It's about Recruitment and Retention

Senate Bill 25 establishes a housing loan program within the Alaska Housing Finance Corporation (AHFC) for teachers, counselors, and administrators who are required to be certificated. The new teacher-housing loan offered through AHFC permits a qualified applicant to purchase an owner-occupied home without paying a conventional down payment.

This legislation will provide Alaska school districts with a tool to help to 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 educators. The proposed new housing loan program provides an incentive for trained teachers, counselors, and administrators to enter into the profession and settle down in local communities.

Senate Bill 25 addresses one of the concerns highlighted in the October 2001 *Committee Report on the Statewide Teacher Shortage* by the House Special Committee on Education. As indicated in this report, the high cost of purchasing a home or, in some areas of the state, the lack of available teacher housing is a frequent reason for teachers to leave the profession. Senate Bill 25 recognizes this concern and helps facilitate educators to obtain the necessary financing to purchase a home by eliminating the requirement of a down payment. Senate Bill 25 makes a small, but positive step, towards ensuring that Alaska school districts have the best, stable workforce possible.

Please join me in endorsing and passing Senate Bill 25.



Home of the
University of Alaska

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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Anchorage, AK 99510-1020

Internet Web Site
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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: | \$5,500 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.

**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
Fairbanks Alaska 99775
907 474-6644 907 474-6176

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.

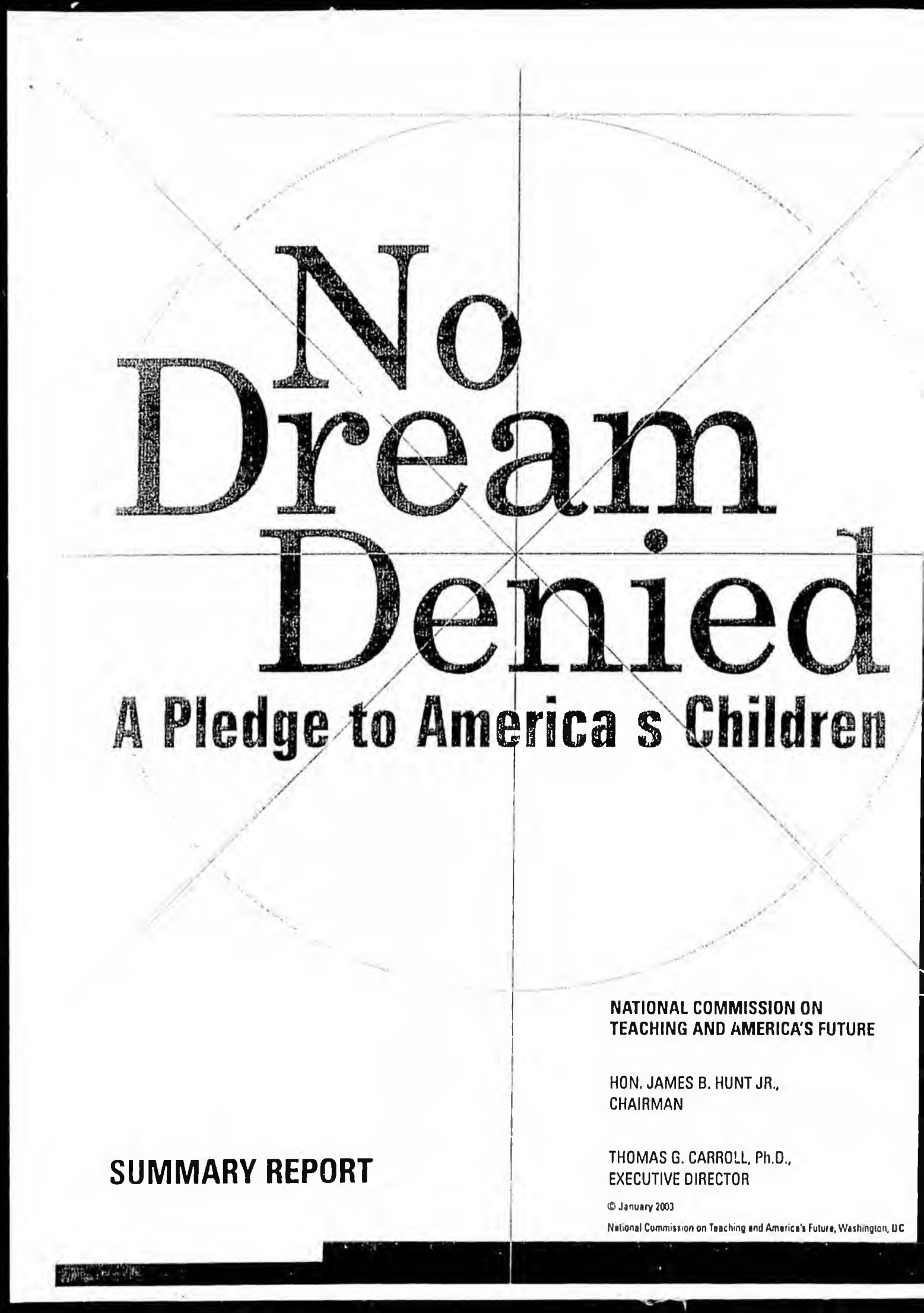
| Positions Filled by Districts | | | | | | | | | |
|-------------------------------|-----------|---------|-------------|-------------------|---------------|-----------|---------|-------------|-------------------|
| District | New Hires | | Total Staff | District Turnover | District | New Hires | | Total 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% | Malanuska | 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% | Yakutat | 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% | 73 | 37% | 73 | 19% | 85 | 19% | 23% |
| Yupit | 38 | 0% | 51 | 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

SUMMARY REPORT

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

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

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

© 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.³ 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 laws 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
 Sponsor of the Alaska Staff Development Network

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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.

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. ■

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/21/03

FURTHER: Finance

Date of 5-Day Notice: 2-06-03
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 2-24-03

Health, Education and Social Services Committee considered

SENATE BILL NO. 25

SB 25 AHFC LOANS TO EDUCATORS

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

and recommends:

- be replaced with _____ CS SB 25 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
|------------|------|--------|------|-----|
| REV | 2/11 | | X | 1 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
|------------|------|--------|------|-----|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| <i>Paul Tom</i> Dyson | ✓ | | | |
| <i>Betty Davis</i> Davis | ✓ | | | |
| <i>Cony Wilken</i> Wilken | ✓ | | | |
| <i>Linda Green</i> Green | | | | ✓ |
| <i>Phil Guess</i> Guess | | | ✓ | |
| CHAIR: | | | | |

SENATE FINANCE COMMITTEE

SIGN-IN

SB 25-AHFC LOANS TO EDUCATORS

NAME: CARL ROSS Subject/Bill No: CSHB 25
Co./Dept./Title: EXEC DIR. AA5B Phone: 6-1083
Address: 316 W 11TH ST, JUNEAU Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

Subject: SB 25 hearing

Date: Tue, 4 Mar 2003 16:05:56 -0900

From: "Bryan Butcher" <bbutcher@AHFC.STATE.AK.US>

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

CC: "PAUL KAPANSKY"@ahfconline.com

Sheila,

Dan and I will be in Juneau for the SFC meeting Thursday morning but we'll need our mortgage operations director Paul Kapansky to be connected by teleconference from Anchorage. His phone number is 330-8442.

Thanks,

Bryan

