

AR TEACHER HOUSING DEVELOPMENT FOUNDATION

Enabling Laws

Act 440 of 2007
A.C.A. § 6-26-101 et seq.

History and Organization

The Arkansas Teacher Housing Development Foundation is responsible for the development, implementation, and administration of housing incentive programs to recruit and retain teachers in high priority school districts. The Foundation is also responsible for obtaining private and public sources of funding for those housing incentive programs.

Act 39 of the Second Extraordinary Session of 2003 created the Arkansas Teacher Housing Development Foundation to provide affordable housing and housing incentives to attract high performing teachers to high priority school districts. The Act is now codified as Arkansas Code Annotated § 6-26-101 et seq.

A "high priority" school district has difficulty recruiting and retaining high performing teachers for grades K-12; has a critical shortage of teachers qualified to teach for any grades K-12; and has fifty percent (50%) or more of the students in the district performing below proficiency on any or all bench-mark examinations.

Housing incentives are provided to high performing teachers to entice them to relocate to high priority school districts. In addition, housing incentives are provided to high performing teachers that already teach in high priority school districts for retention purposes.

The Foundation's mission is to develop, implement, and administer housing incentive programs to recruit and retain high performing teachers in high priority school districts. Housing incentives may include home purchase down-payment assistance, low-interest rate mortgages, rental assistance and multifamily housing developments. The Foundation is charged with raising private and public funds to finance the housing incentive programs.

In addition to its mission, the Foundation has adopted the following goals:

- To serve as a resource center to direct teachers to existing housing and homeownership programs and services;
- To work with local lenders and agencies to develop exclusive mortgage products and discount programs for teachers; and
- To identify the rental housing needs of teachers and meet those needs through partnerships with developers and private owners.

Grant funds from the Department of Education and private fundraising efforts support the Foundation's mission and goals.

The Board of Trustees

The Arkansas Teacher Housing Development Foundation is operated and controlled by a board of trustees that consists of nine (9) members. Board members hail from across the State and include educators, housing professionals, business owners, the director of the Arkansas Development Finance Authority, the director of the Arkansas Teacher Retirement System, and the president of the Arkansas Chapter of the National Association of Minority Contractors. Three members are appointed by the President Pro Tempore.

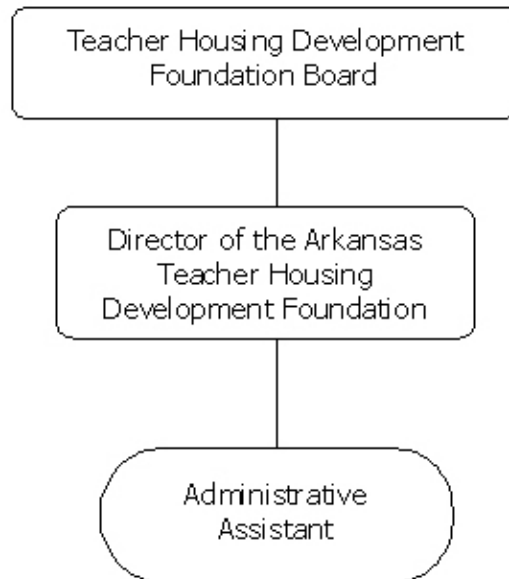
The Speaker of the House of Representatives also appoints three members. Both the President Pro Tempore and the Speaker of the House must select one appointee from a list provided by the Arkansas Education Association; one appointee from a list provided by the Chamber of Commerce and Associated Industries of Arkansas; and one appointee who has at least ten (10) years of housing development and fundraising experience. Three board members serve a term of four years. Three board members serve a term of three years. The remaining members serve a term of two years. The first appointed term will expire in 2007.

In 2005, the inaugural board was appointed. The board members were Fred Allen (Little Rock), Director of the Arkansas Teacher Retirement System; David Malone (Little Rock), Director of the Arkansas Development Finance Authority; Mac Dodson (Little Rock); Betty Cox (Mena); Vicki Overman (Jasper); Mil Adams (Conway); Issac Wilburn (Forrest City); Kelly Robbins (Little Rock); and Bart Hudspeth (Brinkley). Fred Allen served as the Board's first president/chair. Bart Hudspeth and Kelly Robbins served as the vice presidents of the Board.

In January 2006, the Board approved the hiring of the Agency's first director. Thereafter, the administrative offices of the Arkansas Teacher Housing Development Foundation were established.

The Agency established and began implementing the Housing Incentive Program in October of 2007. The Program consists of two incentive products: the rental stipend and the forgivable home loan. In March 2008, the first nine (9) rental incentive awards were disbursed. In June 2008, the first forgivable homeownership assistance loan was disbursed.

Currently, the Agency has committed funds to over thirty (30) teachers. The commitments represent approximately twelve (12) teachers that have been awarded an Homeownership Incentive and seventeen (17) teachers who have been awarded a Rental Incentive. These awards represent financial commitments for the Agency. Our financial commitments encumber approximately one hundred and forty-four thousand dollars of the carryover funds (see the fund balance).



Agency Commentary

The Arkansas Teacher Housing Development Foundation is responsible for the development, implementation, and administration of housing incentive programs to recruit and retain teachers in high priority school districts.

The Agency is also responsible for obtaining private and public sources of funding for those housing incentive programs. Existing funding for the administrative functions and program awards is provided by a grant from the Department of Education.

For the Agency, the total requested appropriation is \$677,867 for FY2010 and \$680,570 for FY2011. The total Change Level amount is \$415,000 for FY2010 and FY11.

The Change Level requests include increases to Operating Expenses. Since 2007 the Agency began implementing the Housing Incentive Program: there has been a plethora of inquiries and applicants from teachers and administrators. The Agency requests an increase in the Operating Expenses line item by \$10,000.00 for FY2010 and FY2011. The Agency is anticipating an increase in rent, phone services, mileage, postage and other administrative expenses.

The Agency requests an increase in the Professional Fees line item of \$5,000 for FY2010 and FY2011. The increase is needed for the purposes of contracting with various professionals to assist the Agency with the marketing, advertising and website development, technical support, and related services.

The Agency seeks to retain the unfunded appropriation in the amount of \$400,000 for Grants and Aid in FY2010 and FY2011. Grants and Aid will be used to continue to offer housing incentives that will entice high performing teachers to teach in high priority school districts. Retention of the unfunded appropriation will allow the agency to award and disburse grant and aid funds should private and/or public funds become available for that purpose.

The Director of the Teacher Housing Development Foundation is currently identifying and pursuing funding through public sources, private grants and donations to begin issuing grants to those teachers eligible for housing incentives. The Board is also actively participating in the fundraising activities.

The Program has been well received by teachers, school districts and communities. The increase in the number of inquiries, applicants and constituent interest provides the basis for the Agency's request for a change level and the unfunded appropriation.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TEACHER HOUSING DEVELOPMENT FOUNDATION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	0	0	0	0 %
Black Employees	1	1	2	100 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	100 %
Total Employees			2	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %

Analysis of Budget Request

Appropriation: 2XE - AR Teacher Housing Dev Foundation-Operations

Funding Sources: NTH - Cash in Treasury

The Arkansas Teacher Housing Development Foundation was established by Act 39 of the Second Extraordinary Session 2003, Arkansas Code § 6-26-101 et seq. The Agency has a board of nine members. The board members consist of 3 members chosen by the President Pro Tempore of the Senate, 3 members chosen by the Speaker of the House of Representatives, the President of the Arkansas Chapter of the National Association of Minority Contractors, The President of the Arkansas Development Finance Authority, and the Executive Director of the Arkansas Teacher Retirement System. The term of each board member shall be four years.

The Foundation was established to implement and administer housing incentive programs to recruit and retain high performing teachers in high priority school districts. Those incentives may include down payment assistance, low-interest rate mortgages, rental assistance and multifamily housing developments. For FY2008 the agency paid out \$24,100 of incentive grants to qualifying teachers.

Current funding for the foundation comes from a \$100,000 grant from the Department of Education Public School fund for each fiscal year of the biennium. Additionally, the Foundation is charged with soliciting private and public donations and grants from the local communities to pay for the housing incentive programs.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3 % Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Change Level Requests total \$415,000 for both years of the 2009-2011 Biennium. An increase of \$10,000 in the Operating Expenses line for each year is for increases in rent, phone services, mileage, postage and other administrative expenses. Also, the Agency requests an increase in the Professional Fees line item appropriation in the amount of \$5,000 each year. This is to allow the Agency to contract with various professionals for marketing, advertising and additional website development. Additionally, the Agency has requested Grants and Aid appropriation in the amount of \$400,000 for each year. The appropriation requests in Operating Expense and Professional Fees will be funded from any available fund balance, the appropriation in the Grants and Aid line item is an unfunded appropriation request. The unfunded appropriation request is to allow the agency the ability to award grants to teacher as the funds become available.

The Executive recommends transfer of this program to the Department of Education. It allows for Base Level of all maintenance and operations line items and the director position. The administrative assistant position will be discontinued.

Appropriation Summary

Appropriation: 2XE - AR Teacher Housing Dev Foundation-Operations

Funding Sources: NTH - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	95,308	97,785	98,006	99,113	99,113	0	101,391	101,391	0
#Positions	2	2	2	2	2	0	2	2	0
Personal Services Matching 5010003	27,779	26,647	28,245	28,754	28,754	0	29,179	29,179	0
Operating Expenses 5020002	11,338	25,000	25,000	25,000	35,000	0	25,000	35,000	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	3,300	10,000	10,000	10,000	15,000	0	10,000	15,000	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	24,100	100,000	500,000	100,000	500,000	0	100,000	500,000	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	161,825	259,432	661,251	262,867	677,867	0	265,570	680,570	0
Funding Sources									
Fund Balance 4000005	354,081	307,723		148,291	148,291	0	0	0	0
Cash Fund 4000045	15,467	0		0	0	0	0	0	0
Trnfr frm DOE Pub School Fund 4000525	100,000	100,000		100,000	100,000	0	100,000	100,000	0
Unfunded Appropriation 4000715	0	0		0	400,000	0	0	400,000	0
Total Funding	469,548	407,723		248,291	648,291	0	100,000	500,000	0
Excess Appropriation/(Funding)	(307,723)	(148,291)		14,576	29,576	0	165,570	180,570	0
Grand Total	161,825	259,432		262,867	677,867	0	265,570	680,570	0

The Executive Recommendation for this Agency is to transfer the appropriation to the Department of Education.

Change Level by Appropriation

Appropriation: 2XE - AR Teacher Housing Dev Foundation-Operations

Funding Sources: NTH - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	262,867	2	262,867	100.0	265,570	2	265,570	100.0
C01	Existing Program	415,000	0	677,867	257.9	415,000	0	680,570	256.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	262,867	2	262,867	100.0	265,570	2	265,570	100.0
C01	Existing Program	0	0	262,867	100.0	0	0	265,570	100.0
C07	Agency Transfer	(224,746)	(1)	38,121	14.5	(226,688)	(1)	38,882	14.6
C19	Executive Changes	(38,121)	(1)	0	0.0	(38,882)	(1)	0	0.0

Justification

C01	Teacher Housing Development requests increase in Operating Expense of \$10,000 for anticipated increases in rent, phone services, mileage, postage and other administrative expenses. Also requesting increase of \$5,000 in professional fees for the purpose of contracting with various professionals to assist with marketing, advertising and website development. Additionally, Teacher Housing Development Foundation request restoration of \$400,000 of unfunded appropriation in grants to continue offering housing incentives to encourage teachers to teach in high priority school districts. Retention of unfunded appropriation will allow agency to award and disburse grants and aid funds should private and/or public funds become available.
C07	The Executive Recommendation transfers Base Level of all maintenance and operations line items and the Director position for this Agency the Department of Education.
C19	The Executive Recommendation transfers Base Level of all maintenance and operations line items and the Director position for this Agency the Department of Education, but recommends the Administrative Assistant position be discontinued.