

# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSSB 235(FIN)  
(S) Publish Date: 4/12/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education  
Title: An act relating to school performance RDU: K-12 Support  
incentive payments Component: New -School Performance  
Sponsor: Rules Committee Incentive Program  
Requester: Governor Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	5,800.0	5,800.0	5,800.0	**	**	**
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>5,800.0</b>	<b>5,800.0</b>	<b>5,800.0</b>	<b>**</b>	<b>**</b>	<b>**</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	5,800.0	5,800.0	5,800.0	**	**	**
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>5,800.0</b>	<b>5,800.0</b>	<b>5,800.0</b>	<b>**</b>	<b>**</b>	<b>**</b>

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation will allow the Department of Education & Early Development to establish a school performance incentive program. This program will provide an incentive payment of up to \$5,500 for certified personnel and up to \$2,500 for noncertified personnel if the students in their school demonstrate substantial growth in achievement on state assessments from one year to the next. Incentive payments will be based on four achievement levels. The cost of the incentive program will not exceed \$5.8 million annually because the program is limited to 850 certified staff and approximately 340 non-certified staff. The program will sunset June 30, 2009. This bill also requires LB&A to review the program by December 31, 2008 and recommend whether it should be continued or not.

It is not expected that all 850 certified staff will qualify for the maximum bonus. EED prepared this fiscal note to show the legislature the maximum entitlement under this pilot program. The following page outlines the amount of the bonus for each of the achievement levels.

Prepared by: Eddy Jeans, Director  
Division: School Finance  
Approved by: Roger Sampson  
Agency: Commissioner

Phone: \_\_\_\_\_  
Date/Time: 2/23/06 12:00 AM  
Date: 2/23/06 12:00 AM

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**ANALYSIS CONTINUATION**

Staffing: The department will utilize existing staff, to the extent possible, to calculate the schools that qualify for the bonus at which level, the staff to be awarded the bonus and to make the actual grant payments and provide the accounting support. Depending upon the volume of payments, it may be necessary to hire staff. If so, funds would be transferred from the grant line to cover personnel costs.

The School Performance Incentive Program will have four levels: Strong; High; Excellent; Outstanding. All school staff, certified and non-certified will be eligible for the incentive payment if the students in the school meet the achievement targets. The table below outlines the levels and the amount of the incentive payment for each level:

Achievement Level	Bonus Amount for Certified Staff	Bonus Amount for Non-Certified Staff
Strong	\$2,500	\$1,000
High	\$3,500	\$1,500
Excellent	\$4,500	\$2,000
Outstanding	\$5,500	\$2,500
Approximate # of Employees Statewide	9,000	3,700

The following chart illustrates the cost based on 850 certified staff and 340 non-certified staff that would qualify for the incentive at the highest level or \$5,500 per certified staff and \$2,500 for non-certified staff:

**Achievement Level = Outstanding**

**Range of Cost - Assumptions**

	Number of Certified Staff	Number of Non-Certified Staff	Certified Cost	Non-Certified Cost	Central Office Staff may receive up to 5% of the total paid to all employees at all schools	Total
	850	340	\$4,675,000	\$850,000	\$276,250	\$5,801,250