

SCOMM

137:33

STATE OF ALASKA

Department of Education & Early Development

Office of the Commissioner

FRANK H. MURKOWSKI, GOVERNOR

Goldbelt Place
801 West Tenth Street, Suite 200
Juneau, Alaska 99801-1894
(907) 465-2800
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January 26, 2006

The Honorable Mark Neuman, Chair
House Special Committee on Education
Alaska State Legislature
State Capitol, Room 409
Juneau, AK 99801-1182

Dear Representative Neuman:

House Bill 364, establishing a school performance incentive program, has been referred to the House Special Committee on Education. The Department of Education & Early Development would like to request that the bill be calendared and heard as soon as possible.

Dick Luther, the department's legislative liaison will be happy to work with you or your staff to schedule a committee hearing on HB 364. Please contact Dick at 465-2803 or Richard_Luther@eed.state.ak.us.

Thank you for your consideration.

Sincerely,



Roger Sampson
Commissioner

State of Alaska
OFFICE OF THE GOVERNOR

Frank H. Murkowski
Governor
P.O. Box 110001
Juneau, Alaska 99811-0001
NEWS RELEASE



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FOR IMMEDIATE RELEASE: January 11, 2006

**Governor Proposes Incentives for School Staff to Raise
Student Achievement**

(Juneau) -- Governor Frank H. Murkowski will introduce bills in the House and Senate to establish monetary incentives for staff at public schools to significantly improve student academic performance.

"The Alaska School Performance Incentive Program is intended to encourage everyone on a school's staff to collaborate and take shared responsibility for all students, use instructional time effectively, and use the results of standards-based assessments to target students' academic needs," said Education Commissioner Roger Sampson.

The program will award bonuses to a school's administrators, teachers and support staff if a substantial number of students show more than a year's academic growth as measured by scores on the state's standards-based assessments. Some school district central office staff may receive a bonus as well.

The bonuses, which are not part of an employee's base pay, will range from \$2,500 to \$5,500 for certificated staff and \$1,000 to \$2,500 for non-certificated staff. There will be several levels of bonuses, based on how much growth students have shown.

"The performance incentive program will inspire and empower Alaska's outstanding educators to use their expertise and innovative instructional practices to improve student growth and achievement," Murkowski said. "This program will enhance Alaska's teacher recruitment efforts, raise accountability by linking the incentive payments directly to increased levels of student achievement, and promote effective instruction."

To determine whether a school's staff is eligible for bonuses, each student's test score will be placed in one of six categories: advanced, proficient, below proficient plus, below proficient minus, far below proficient plus, and far below proficient minus.

At the end of every school year, the state will compare each student's performance with his or her performance the year before, as shown by the six categories. Schools will receive various points for students based on whether a student moved up or down in the categories or stayed in the same one.

-- more --

The points for a school's students will be totaled and then divided by the number of students to produce a school score. The score will be applied to an index that has several levels. The higher the score, the larger the bonus. Schools that show only a year's growth or less will not receive bonuses.

"The program meets a need in Alaska schools for accountability," Commissioner Sampson said. "The money is directly linked to increasingly high levels of student learning. The program provides an incentive for a school's staff to work differently and creatively."

The proposed program differs from merit pay, an idea that has had a mixed reception in other states. Merit pay programs often pitted staff against one another; thus, in order for one to win, others must lose. Such programs hindered cooperation and collaboration.

- Alaska's incentive plan awards bonuses for student growth, even if students aren't yet proficient. Therefore, every school has an equal opportunity to win a bonus.
- Alaska's plan applies to all school staff.
- The targets for school achievement are clear and objective.

The cost will depend on how many people earn bonuses, and on details of the point system and the index, which will be set in regulation by the State Board of Education & Early Development.

A fiscal note prepared by the Department of Education & Early Development estimates the range of what the program could cost. For example, if 5 percent of the state's school staff members won the highest level of bonus, it would cost nearly \$3.1 million. If 25 percent of the state's school staff members won the highest level of bonus, it would cost about \$15.4 million.

More information: At the Department of Education & Early Development, contact Les Morse, Director of Assessment & Accountability, 465-8691; or Eric Fry, Information Officer, 465-2851.

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School Performance Incentive Program

Goal: To accelerate growth in student achievement.

Overview of benefits to Alaska

1. Accountability: The money is directly linked to high levels of student learning.
2. Promotes effective instruction, staff collaboration, and shared responsibility.
3. Enhances Alaska's teacher recruitment efforts.
4. No-risk program: If there is no performance, there is no cost.

Why is this program different from other bonus programs?

- Focuses on how the same students performed this year compared to last year – student growth.
- Provides clear targets for meeting success.
- Provides an incentive for **ALL** school staff to work together, be creative, and design and implement systems to improve student performance.
- Provides a system for policy makers to recognize school performance.
- Focuses on improving each student's performance from where he or she currently is to proficiency and beyond.

Why have other models failed?

- Not based on individual student growth related to achievement standards.
- Unrealistic or unclear targets for success.
- Competition among staff – some must lose for others to win.
- Excluded building administrators and other school staff.
- The instrument/criteria used to measure success was not reliable and consistent.
- Compensation was not large enough to change behavior.

What will be the outcomes from this program?

- Instruction directly linked to outcomes.
- Incentive to work differently and create partnerships that will result in more than a year's growth in learning for students.
- Cause creative and effective use of instructional time in schools – scheduling the school day and year with a focus on higher levels of student learning.

- Accountability and incentive to cause students to reach proficiency and higher levels of advanced achievement.
- Responsibility for student learning and achievements is expanded to all staff.

The bottom line: The program will award bonuses to a school's administrators, teachers and support staff each year that its students show more than a year's academic growth. In some cases, school district central office staff will receive bonuses as well.

How growth is measured:

1. Each student's score on state standards-based assessments will be placed in one of six achievement categories: advanced, proficient, below proficient plus, below proficient minus, far below proficient plus, and far below proficient minus.
2. Each student's performance will be compared with his or her performance the previous year. Schools will earn various points based on whether a student moves up or down in the categories or remains in the same one.
3. The points will be totaled, and then divided by the number of students in the school to produce a school score. That score will be applied to an index that has several levels.
4. The higher the points, the larger the bonus, up to the maximum set in law. Schools that do not show progress will not earn a bonus.

Cost:

1. Bonuses will range from \$2,500 to \$5,500 for certificated staff (administrators and teachers) and \$1,000 to \$2,500 for noncertificated staff (support staff such as aides and custodians). School district central office staff, except for superintendents, who play a significant role in a school's growth will be eligible for bonuses of up to \$5,500.
2. The cost will depend on how many people earn bonuses, and on details of the point system and the index, which will be set in regulation by the State Board of Education & Early Development.
3. A fiscal note prepared by the department estimates the range of what the program could cost. For example, if 5 percent of the state's school staff members received the highest level of bonus, it would cost nearly \$3.1 million. If 25 percent of the state's school staff members received the highest level of bonus, it would cost about \$15.4 million.

Alaska Association of School Administrators
LEADERSHIP FOR LEARNING

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21 February 2006

Chair Mark Neuman and committee members
House Special Committee on Education
Alaska State Capitol
Juneau, AK 99801-1182

Dear Representatives Neuman, Gatto, Lynn, Thomas, Wilson, Gara and Salmon:

Please accept this written testimony on HB 364, School Performance Bonuses. I will be traveling outside of Juneau on Thursday and unable to provide comment to you in person.

The Alaska Association of School Administrators represents superintendents, other central administrators, professors of educational leadership, and aspiring school system leaders. AASA is supportive of the aspect of the program that recognizes the important role an entire school staff plays in creating a positive climate to foster student growth and achievement. A school is a family made up of teachers, principals, paraprofessionals, secretaries, custodians, food service workers, etc. that have powerful influences on children. Many of our schools have made remarkable improvements in the students' academic success yet, under No Child Left Behind rules, they have been deemed failing to make Adequate Yearly Progress. This program would acknowledge a student's growth beyond one academic year and reward the staff that contributed to that outcome.

While AASA members support the concept of what the program is trying to accomplish, we only support it if its funding is outside the school foundation formula. Districts need a significant increase to the base student allocation (BSA) for FY 07 in order to provide an adequate educational program for all students. This program must not compete with that need.

Sincerely,

Mary A. Francis, Ph.D.
Executive Director, AASA

Alaska School Performance Incentive Program

Measuring Individual Student Achievement

February 17, 2006

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What is the Program?

School Performance Incentive Program

- Performance incentive pay for improved student achievement beyond a year's growth
- Entire staff in a school receive incentive (all or none) includes administrators, teachers, classified
- Target based on individual student growth
- Compares the same student from previous year to current year
- All schools qualify if they meet growth target
- Measurement tool is the Standards Based Assessments (SBA) given annually in April

February 17, 2006

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Benefits

School Performance Incentive Program

- No risk program: no performance = no cost
- Create a strong workforce for Alaska
- Enhance teacher recruitment efforts
- Accountability: directly linked to high levels of achievement
- Promote collaboration, effective instruction and spread responsibility across grade levels and content areas
- Requires focused instruction aligned to Alaska standards

February 17, 2006

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Expected Outcomes

School Performance Incentive Program

- All staff have ownership of instruction and share responsibility for results
- Incentive to work differently, embrace innovation and create partnerships to improve student achievement
- Accountability and incentive to cause all students to reach proficiency and higher levels of advanced achievement
- Expand responsibility for the three Rs to all staff
- Instruction designed and delivered to meet student needs

February 17, 2006

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Why Other Models Fail

School Performance Incentive Program

- Not based on student growth
- Unrealistic targets
- Conflict among staff: Some must lose for others to win
- Exclude building administrators
- Instrument used to measure is not reliable and consistent
- Compensation not large enough to provide incentive for change
- Weak commitment to the program

February 17, 2006

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Value Table

School Performance Incentive Program

Previous Year Level ↓	Far Below Prof. Minus	Far Below Prof. Plus	Below Proficient Minus	Below Proficient Plus	Proficient	Advanced
Far Below Prof. Minus	0	140	170	200	220	220
Far Below Prof. Plus	0	80	140	170	200	200
Below Prof. Minus	0	40	90	140	180	180
Below Prof. Plus	0	10	50	90	140	150
Proficient	0	0	20	50	100	130
Advanced	0	0	20	50	100	110

Values may change as a result of 2006 data analysis, public input, and State Board regulations.

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Computing Index

School Performance Incentive Program

Student	Last Year	Current Year	Points
Student A	Proficient		
Student B	Below Prof. Minus		
Student C	Advanced		
Student D	Below Prof. Plus		
Student E	Far Below Prof. Plus		
Student F	Proficient		
Student G	Far Below Prof. Plus		
Student H	Below Prof. Minus		
Student I	Below Prof. Plus		
Student J	Advanced		
School Index Score			

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Computing Index

School Performance Incentive Program

Student	Last Year	Current Year	Points
Student A	Proficient	Advanced	
Student B	Below Prof. Minus	Below Prof. Minus	
Student C	Advanced	Proficient	
Student D	Below Prof. Plus	Far Below Prof. Plus	
Student E	Far Below Prof. Plus	Below Prof. Minus	
Student F	Proficient	Below Prof. Plus	
Student G	Far Below Prof. Plus	Below Prof. Plus	
Student H	Below Prof. Minus	Below Prof. Plus	
Student I	Below Prof. Plus	Below Prof. Plus	
Student J	Advanced	Advanced	
School Index Score			

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Computing Index

School Performance Incentive Program

Student	Last Year	Current Year	Points
Student A	Proficient	Advanced	130
Student B	Below Prof. Minus	Below Prof. Minus	90
Student C	Advanced	Proficient	100
Student D	Below Prof. Plus	Far Below Prof. Plus	10
Student E	Far Below Prof. Plus	Below Prof. Minus	140
Student F	Proficient	Below Prof. Plus	50
Student G	Far Below Prof. Plus	Below Prof. Plus	170
Student H	Below Prof. Minus	Below Prof. Plus	140
Student I	Below Prof. Plus	Below Prof. Plus	90
Student J	Advanced	Advanced	110
School Index Score			103

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Performance Levels

School Performance Incentive Program

Growth Index Level	Index Point Value
Strong	102-104.99
High	105-107.99
Excellent	108-109.99
Outstanding	110 and Greater

Model is built on 100 as one year of growth.

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Performance Level Incentive

School Performance Incentive Program

Level	Certificated	Non-Certificated
Strong	\$2,500	\$1,000
High	\$3,500	\$1,500
Excellent	\$4,500	\$2,000
Outstanding	\$5,500	\$2,500

Multiple levels provide greater incentive and achievable gradations, but recognize real growth in achievement.

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School Performance Incentive Program Recap

- Based on growth in student achievement
- Empowers expertise of educators and school personnel
- Includes all staff: all make it or no one makes it
- SBA used to measure growth

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TESTIMONY ON HB 364
TOM HARVEY, EXECUTIVE DIRECTOR NEA-ALASKA

Chairman Neuman, members of the House Special Committee on Education, thank you for the opportunity to testify. My name is Tom Harvey and I serve as the Executive Director of NEA-Alaska. NEA-Alaska believes it is essential that the State of Alaska focus its education resources on student achievement. That focus should emphasize programs and initiatives that are proven avenues to increased student achievement such as:

- ✓ A qualified teacher in every classroom supported by qualified administrators and classified personnel. Research tells us this is the #1 factor in student achievement.
- ✓ Small class sizes, which provide the opportunity for one-on-one attention.
- ✓ Professional development for all staff, which includes teaching strategies to motivate students with varying learning styles.
- ✓ Planning time, which allows for collaboration by staff to plan implementation of innovative strategies.
- ✓ Early childhood reading readiness programs, which provide the foundation skills for years of student achievement.
- ✓ Intervention programs, which provide remediation opportunities that lead to student successes and provide encouragement.
- ✓ Mentoring programs for new hires, which provide the employees access to a skilled colleague, who can demonstrate winning strategies.

To focus on proven programs school districts need to be adequately funded. Thus, NEA-Alaska believes that before the state considers new programs, it adequately funds our schools.

In regards to the specific proposal outlined in SB 235, please consider the following:

Commissioner Sampson should be commended for his efforts in avoiding the pitfalls of past failed performance incentive programs.

- ✓ School climate is one of the six effective factors in a school. The Commissioner's inclusion of the entire school staff in the incentive program is acknowledgement that everyone in the school helps set the learning climate.
- ✓ Faculty collaboration and collegiality is another factor of effective schools. The issuance of the incentive to a school and not to individuals avoids competition, which inhibits sharing of ideas.
- ✓ High student expectations is another of the factors of effective schools. The proposed program focuses on student growth and the expectation that students can exceed the expected annual growth.

However, the reality is that trying to fashion an objective performance incentive program in the public schools is like being a tomb robber; there are too many traps to avoid. The greatest obstacle is the changing environment of the student. The school cannot control the home life of the child. The school cannot control the happenings outside the school that impact the student. The school cannot control the emotional and physiological changes in the student. Yet the growth of the student will be measured by a single test given on a certain day. US Senator Murkowski acknowledged the shortcomings of such a measurement in determining "adequate yearly progress." We must avoid such a measurement in rewarding our school employees.

Commissioner Sampson came to the annual NEA-Alaska Delegate Assembly in January to present his proposal to the 350 delegates from every school district in Alaska. He received a lot of critical feedback. These delegates, who are the #1 factor in student achievement, must be confident in the tools they are provided. They are skeptical of the success of this tool's actual impact on student achievement. The bottom line was the resources should be used in proven programs that get to every school not to certain schools.

The concerns voiced included:

- ✓ The program competes for scarce resources.
- ✓ The program provides an incentive for good teachers to transfer to schools that receive the incentive. Veteran teachers, who have a proven record, presently transfer out of Title I schools. It is natural for an employee to want to be on a championship team.
- ✓ The program implies that teachers are not presently trying their best to have students achieve. Teachers are doing their best. They need more time to teach and more time to collaborate.
- ✓ The program is not an effective recruitment tool when compared to competitive compensation and a pension plan that provides a retirement with dignity.

In closing, I urge the committee to consider the returns on investments in proven programs such as, the teacher mentoring program, the attracting and retaining of quality educators, the reading readiness programs and early childhood programs. Invest in these proven programs for all schools before you invest in this program, which mirrors failed programs in other places.

Thank you for your time and consideration.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1 **CORRECTED**
 Bill Version: HB 364
 (H) Publish Date: 1/17/06

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	15,000.0					
Miscellaneous						
TOTAL OPERATING	15,000.0	**	**	**	**	**

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	15,000.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	15,000.0	**	**	**	**	**

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 vary from one year to the next based on the number of schools that qualify and at which level. Because it is not known how many schools will qualify for the incentive payments in FY2007, the department will seek an extended lapse date for this appropriation through June 30, 2008.

The following page outlines the amount of the bonus for each of the achievement levels. There is also an estimate of the range of costs for the program. If 5% of Alaska's school staff qualified for the incentive at the highest level, the cost would be approximately \$3 million and up to \$15 million if 25% qualify.

Prepared by: Barbara Thompson, Director Phone: _____
 Division: Teaching & Learning Support Date/Time: 1/11/06 3:00 PM
 Approved by: Roger Sampson Date: 1/12/2006
 Agency: Commissioner

FISCAL NOTE #1 **CORRECTED**

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. HB 364

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 a range of costs based on estimates of the percentage of school 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

Assumption % of staff that qualify for bonus	Estimate of Certified Staff that qualify (of approx. 9,000)	Estimate of Non-Certified Staff that qualify (of approx 3,700)	Range of Certified Cost Based on % of staff	Range of Non- Certified Cost Based on % of staff	Central Office Staff may receive up to 5% of the total paid to all employees at all schools	Total
5%	450	185	\$2,475,000	\$462,500	\$146,875	\$3,084,375
10%	900	370	\$4,950,000	\$925,000	\$293,750	\$6,168,750
15%	1,350	555	\$7,425,000	\$1,387,500	\$440,625	\$9,253,125
20%	1,800	740	\$9,900,000	\$1,850,000	\$587,500	\$12,337,500
25%	2,250	925	\$12,375,000	\$2,312,500	\$734,375	\$15,421,875
30%	2,700	1,110	\$14,850,000	\$2,775,000	\$881,250	\$18,506,250
40%	3,600	1,480	\$19,800,000	\$3,700,000	\$1,175,000	\$24,675,000
50%	4,500	1,850	\$24,750,000	\$4,625,000	\$1,468,750	\$30,843,750
75%	6,750	2,775	\$37,125,000	\$6,937,500	\$2,203,125	\$46,265,625
100%	9,000	3,700	\$49,500,000	\$9,250,000	\$2,937,500	\$61,687,500