

SB

235

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
 APR 12 2006
 SENATE FINANCE COMMITTEE

DATE RETURNED: 4/7/06

FURTHER:

DATE TURNED IN TO OFFICE: 12 April 2006

Finance Committee considered

SENATE BILL NO. 235

SB 235 SCHOOL PERFORMANCE BONUSES

"An Act relating to a public school performance incentive program; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 235 (FIN)
- adopt previous _____ CS CS forthcoming (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:
 Same Title
 New Title

SCS House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
Education	2/23/06	5,800.			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

FISCAL NOTE

REPORTED OUT
APR 12 2006
SENATE FINANCE COMMITTEE

STATE OF ALASKA
 2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: 3 235 Amended
 () Publish Date: _____

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						
TOTAL OPERATING	5,800.0	5,800.0	5,800.0	**	**	**

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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)						
TOTAL	5,800.0	5,800.0	5,800.0	**	**	**

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 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 Joans, Director Phone _____
 Division: School Finance Date/Time 2/23/06 12:00 AM
 Approved by: Roger Sampson Date 2/23/06 12:00 AM
 Agency: Commissioner

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. ~~51~~

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
Excelent	\$4,500	\$2,000
Oustanding	\$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 = Oustanding

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

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

AMENDMENT

OFFERED IN THE SENATE

TO: SB 235

BY Sen. Bunde

1 Page 3, following line 3:

2 Insert the following material:

3 "(d) Notwithstanding (a) of this section, the department may not distribute a school
4 performance incentive payment to more than 350 certificated employees annually. The limitation
5 of this subsection does not affect the number of noncertificated employees and central office
6 personnel to whom the department distributes a school performance incentive payment under (a)
7 and (b) of this section. The department's regulations adopted under this section shall implement
8 the requirements of this subsection.

9 (e) The public school performance incentive program described in this section expires
10 June 30, 2009. The program may be continued or reestablished by the legislature. The
11 Legislative Budget and Audit Committee shall review the program not later than December 31,
12 2008, and may submit its recommendations to the respective houses of the legislature in the form
13 of a bill that, if enacted into law, would continue or reestablish the program on or before July 1,
14 2009."

15

16 Page 3, line 4:

17 Delete "(d)"

18 Insert "(f)"

CS FOR SENATE BILL NO. 235(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a public school performance incentive program; and providing for
2 an effective date."

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

4 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 INTENT. It is the intent of the legislature that the state establish the public school
7 performance incentive program described in sec. 2 of this Act to serve as an incentive for
8 public school personnel to create a learning environment in which the students at that school
9 demonstrate improved academic achievement more rapidly than would usually be expected,
10 or, if already at an advanced level of achievement, continue to perform at an advanced level.
11 It is intended that payments under the program described in sec. 2 of this Act be available to
12 all employees at such a school, including all teachers, administrators, and noncertificated
13 personnel such as paraprofessionals and other support staff, so that all personnel collaborate
14 to promote overall student achievement. A payment under the program described in sec. 2 of

1 this Act is not intended to supplant or otherwise affect public school employee salaries or to
2 have any effect on evaluation, promotion, discipline, or retirement of public school
3 employees. The program described in sec. 2 of this Act is not intended to replace or affect any
4 current state, local, or federal financing of public education or any necessary future increases
5 in that state, local, or federal financing.

6 * Sec. 2. AS 14.03 is amended by adding a new section to read:

7 **Sec. 14.03.126. Public school performance incentive program.** (a) The
8 department shall establish by regulation a program that provides, subject to
9 appropriation, for an annual school performance incentive payment by the department
10 to personnel employed at public schools at which students have demonstrated
11 significant improvement in performance on statewide assessments, as determined by
12 the department. The department shall set the amount of the school performance
13 incentive payment, not to exceed \$5,500 for each certificated employee and \$1,500 for
14 each noncertificated employee. Notwithstanding any other provision of law, a school
15 performance incentive payment under this section may not be included in the
16 calculation of benefits for purposes of AS 14.25 or AS 39.35.

17 (b) The department shall establish a procedure by regulation for a school
18 performance incentive payment by the department to personnel employed at the
19 central office of a school district in which at least one school has met the requirements
20 for distribution of a school performance incentive payment to employees of the school.
21 The amount paid under this subsection may not exceed five percent of the total paid to
22 all employees at all schools eligible under this section for the school performance
23 incentive payment in the district. A payment under this subsection

24 (1) may be made only to an employee who the department, in
25 consultation with the chief school administrator of the district, determines has
26 substantially contributed to the improvement in achievement at the schools in the
27 district that meet the requirements for the school performance incentive payment; and

28 (2) may not exceed the highest school performance incentive payment
29 paid to a certificated teacher in the district.

30 (c) A school district may not consider school performance incentive payments
31 when determining salaries for school personnel. Neither a school district nor the

1 Professional Teaching Practices Commission may consider the receipt or nonreceipt of
2 a school performance incentive payment by a school employee when evaluating,
3 promoting, or disciplining the employee.

4 (d) Notwithstanding (a) of this section, the department may not distribute a
5 school performance incentive payment to more than 850 certificated employees
6 annually. The limitation of this subsection does not apply to payments made under (a)
7 or (b) of this section to noncertificated employees or school district central office
8 personnel. The department shall include the limitation of this subsection in regulations
9 adopted under this section.

10 (e) In this section,

11 (1) "school district" means a borough school district, a city school
12 district, a regional educational attendance area, or a state boarding school;

13 (2) "school performance incentive payment" means a payment under
14 the program established under this section.

15 * Sec. 3. AS 14.03.126, as added by sec. 2 of this Act, is repealed June 30, 2009.

16 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 REPORT AND RECOMMENDATIONS. Before December 31, 2008, the Legislative
19 Budget and Audit Committee shall review the school performance incentive program
20 established under AS 14.03.126, as enacted in sec. 2 of this Act, and submit a report to the
21 legislature that includes recommendations for legislation pertaining to the program.

22 * Sec. 5. This Act takes effect July 1, 2006.

Amend
#1



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 12 April 2006 TIME: 10:50 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 235 (FIN) 24-GS2025\A
plus 1 amendment - attached

Thanks
Mindy

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
MAR 17 2006
SENATE FINANCE COMMITTEE

DATE: 3/6/06

FURTHER:

DATE TURNED
IN TO OFFICE: 3/17/06

Finance Committee considered

SENATE BILL NO. 235

SB 235 SCHOOL PERFORMANCE BONUSES

"An Act relating to a public school performance incentive program; and providing for an effective date."

and recommends:

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

CS Senate Bill:
 Same Title
 New Title

SCS House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
DEED	1/11/06	5,000.0			1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

FISCAL NOTE

STATE OF ALASKA
 2006 LEGISLATIVE SESSION

Fiscal Note Number: 1 (CORRECTED)
 Bill Version: SB 235
 (S) 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. SB 235

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

Sectional Analysis For SB 235
School Performance Incentive Program
Prepared 3-29-06

Section 1

Section 1 contains intent language to create a school performance incentive program for personnel employed in the Alaska public school system. This section establishes that all school employees may qualify for a performance incentive bonus provided the overall student achievement in the school increases more than what is expected in one year.

Section 2

Section 2 requires the department to establish regulation to implement the school performance incentive program. This section establishes the maximum payment under the program at \$5,500 for certificated staff and \$2,500 for noncertificated staff. This section prohibits a payment under this program from counting as compensation under the state retirement system. This section also allows payments to district central office staff that have substantially contributed to the improved achievement of a school.

An amendment will be proposed that will:

1. limit the total number of certificated staff that can participate in the program to 850
2. require a review by Legislative Budget and Audit by December 31, 2008 to recommend whether or not the program should be continued beyond July 1, 2009.

Alaska School Performance Incentive Program

*Measuring Individual Student
Achievement*



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

Benefits

School Performance Incentive Program

- Target not reached = no state financial liability
- 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

Value Table

School Performance Incentive Program

Previous Year Level ↓	Current 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.

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			

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			

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			1030/10 = 103



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.

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.

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

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

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



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.

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

January 13, 2006

The Honorable Ben Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would provide for a public school performance incentive program. This program is an innovative approach to creating a learning environment in which students will improve more rapidly than would usually be expected.

This program would inspire and empower Alaska's outstanding educators to use their expertise and innovative instructional practices to improve student growth and achievement. A performance incentive program would enhance Alaska's teacher recruitment efforts, raise accountability by linking the incentive payments directly to increased levels of student achievement, and promote effective instruction, staff collaboration, and shared responsibility. The program would encourage public schools to adjust schedules to maximize instructional time and align teacher skills to student needs.

This bill would authorize a substantial performance incentive payment, subject to appropriation, to school personnel -- up to \$5,500 for certificated personnel such as teachers, counselors, and administrators, and up to \$2,500 for noncertificated personnel such as instructional aides, school nurses, and school secretaries. Public school personnel would be eligible for a performance incentive payment if the students in their school achieved substantial improvement on the statewide assessments.

The program provided for in this bill is unique in two ways. First, it is intended that a performance incentive payment would be made when students achieve more than one year's academic growth. We expect learning growth in students each year and public school personnel are paid to teach students a

COMMITTEE COPY

The Honorable Ben Stevens
January 13, 2006
Page 2

normal year's worth of information. This program, however, would reward public school personnel if students acquire more than one year's worth of growth. When students gain more than one year's worth of growth, they will advance one or more levels on the state's statewide achievement assessments, triggering a performance incentive payment. If students were already at the most advanced level, keeping them advanced would trigger a payment.

Tying the performance incentive payment to growth would mean that all public schools would have an opportunity to earn the payment. Because the performance incentive payment would not be pegged at a set level of achievement, public schools that have high-achieving students would not have an advantage over schools with low-achieving students. All children can learn, and all can improve their achievement level. Schools would not be in competition with each other -- a school would be eligible for the performance incentive payment if its students achieve sufficient growth, even if some other schools show more growth or faster growth.

The second unique aspect of this proposed program is that it is intended to apply to all public school employees. Even noninstructional personnel would be eligible for the performance incentive payment if the students at the public school achieved the requisite growth. This would create within the public school building a community in which all employees have a stake in the success of the students. Teachers who teach subjects that are not tested; administrators, paraprofessionals, and support staff all would have an incentive to encourage students to excel at all scholastic pursuits, and to keep students interested and engaged. The school community would have an incentive to work together for the greater good.

The details of the performance incentive program would require mathematical formulae and the setting of eligibility requirements that are best left to regulation. The Department of Education and Early Development (department) would have to determine what level of growth is appropriate for the performance incentive payment -- if it is too easy or too difficult to obtain, it would not provide an incentive. The department also would provide in regulation for a mechanism to reward school district central office personnel -- such as a curriculum or special education director -- who have a significant influence on the achievement of the students in the eligible schools in that district.

The bill provides that a payment under the program is not included in an employee's compensation for retirement purposes. Also, under the bill, whether an employee does or does not receive a performance incentive payment

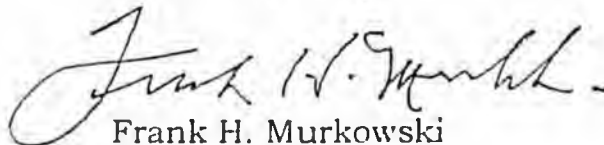
The Honorable Ben Stevens
January 13, 2006
Page 3

would have no bearing on the employee's evaluation, and a school district could not diminish or supplant an employee's regular salary because the employee received a payment.

This program is not intended to have any effect on the current or future levels of foundation or other funding for public education. This program is intended to reward excellence by providing incentives for a public school community to work collaboratively to exceed the expected level of learning for all students in a single year. Foundation funding and this program are entirely separate and each stands on its own.

This bill is good for children and good for Alaska. I urge your prompt and favorable action on it.

Sincerely yours,

A handwritten signature in cursive script, reading "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/13/06

FURTHER: Finance

Date of 5-Day Notice: 1/26/06
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3.3.06

Health, Education and Social Services Committee considered SENATE BILL NO. 235

SB 235 SCHOOL PERFORMANCE BONUSES

"An Act relating to a public school performance incentive program; and providing for an effective date."

and recommends:

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

CS Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
SCS House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

Department	Date	Fiscal	Indet.	Zero	FN#
EED	1/11	X			1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Elton	<i>K. S. Elton</i>		✓		
Wilken	<i>Gary Wilken</i>			✓	
Green	<i>Linda Green</i>	✓			
Olson	<i>Mark A. Olson</i>			✓	
Dyson	CHAIR: <i>Mark Dyson</i>	✓			