
Detailed Fiscal Analysis

Under current law, the Department of Education rates each district and building annually based on the following three criteria: the number of state performance indicators achieved, the performance index score, and the status of meeting "adequate yearly progress" (AYP) as required under the federal No Child Left Behind Act of 2001. School districts and buildings are rated as "excellent," "effective," "in need of continuous improvement," "academic watch," or "academic emergency." There were 25 performance indicators in school year 2005-2006. School districts and buildings may be rated as "excellent" or "effective" if they meet at least 75% (19 in school year 2005-2006) of the state performance indicators or attain a performance index score of 90 or above. However, regardless of its performance on the state indicators or its performance index score, no district or building can be rated higher than "in need of continuous improvement" if the district or building fails to meet AYP for three consecutive years or more. The bill eliminates this requirement and would allow those districts and buildings meeting the required state performance indicators or the performance index score to be rated as "excellent" or "effective" despite not making AYP for three or more consecutive years. However, the bill also requires a new "conditional" label to be added to an "excellent" or "effective" district's rating if the district does not meet AYP for three or more consecutive years. The "conditional" label is not required for an "excellent" or "effective" building failing to meet AYP for three or more consecutive years.

There is no direct fiscal effect on the state or school districts for this change to the school performance rating system. However, 41 additional school districts and 7 additional school buildings would have been rated as "excellent" or "effective" in school year 2005-2006 if the bill had been enacted in that year. These same districts would have received a "conditional" label had this bill been enacted in school year 2005-2006. The table below shows school year 2005-2006 district and building performance ratings under the current system.

District and Building Performance Ratings, School Year 2005-2006		
	Districts	Buildings
Excellent	192	1296
Effective	299	1223
Continuous Improvement	112	661
Academic Watch	7	231
Academic Emergency	0	218

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