

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE

Senate Bill 267 (Senator Kelley, *et al.*)

Education, Health, and Environmental Affairs

Education - Accountability - Teacher Effectiveness Pilot Program

This bill requires the Maryland State Department of Education (MSDE) to design a Teacher Effectiveness Pilot Program and implement the program over four years. MSDE must select five local school systems for participation and fund the program through technical assistance grants. During the four-year period, MSDE must establish a system of data collaboration among the school systems, analyze data to develop teacher effectiveness indicators, use the indicators to analyze data, and examine the merits of the indicators in planning school improvement initiatives. A technical review panel consisting of MSDE personnel, research experts, and representatives from local school systems must meet periodically to examine the progress and results of the pilot program. MSDE must report annually on the results of the program.

The bill takes effect July 1, 2005 and sunsets June 30, 2009.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$9.0 million in FY 2006 to procure a database application to link performance of individual students with specific teachers and provide administrative support for the pilot program. Future year expenditures reflect ongoing administration of the program through FY 2009. Revenues would not be affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	9,040,500	437,600	454,100	471,700
Net Effect	\$0	(\$9,040,500)	(\$437,600)	(\$454,100)	(\$471,700)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local school systems chosen to participate in the pilot program would presumably receive upgrades to student and teacher tracking databases and could receive grants from the State to help with administrative expenses associated with participation.

Small Business Effect: None.

Analysis

Current Law: The Teacher Effectiveness Pilot Program would be a new initiative.

Background: With the extensive amount of data that states and school districts now collect on student demographics, student performance, and teacher qualifications, some states are trying to focus more on the measurement of teacher effectiveness. To some extent, these efforts have been driven by institutions of higher education that offer teacher preparation programs and want to demonstrate the effectiveness of their programs. For example, institutions of higher education in Tennessee are required to collect data relating to the effects their teachers are having on student performance. In Iowa, institutions offering teacher preparation programs must evaluate their graduates once they begin teaching and must use the evaluation findings to modify and improve their programs. These initiatives are still in their early stages.

A recent article in *Education Policy Analysis Archives* entitled “How Schools Matter: The Link Between Teacher Classroom Practices and Student Academic Performance” noted that quantitative studies have generally established a link between student demographics and the overall academic performance of a school, but evidence of an association between teacher characteristics and student performance has been harder to document. However, a study conducted by the author of the article found that “the effects of classroom practices, when added to those of other teacher characteristics, are comparable in size to those of student background, suggesting that teachers can contribute as much to student learning as the students themselves.”

State Expenditures: General fund expenditures would increase by an estimated \$9.0 million in fiscal 2006, which accounts for the bill’s July 1, 2005 effective date. The largest cost is for procurement of a database application that could link specific students and their performance with specific teachers. State databases do not currently include unique student identifiers and are not able to link students to teachers. MSDE advises that recent procurements have indicated that a database application like this would cost approximately \$2.6 million for the State and an estimated \$1.2 million for each of the five local school systems participating in the pilot program. The total cost, \$8.6 million, is a one-time cost that would be made in fiscal 2006.

The \$9.0 million estimate also reflects the cost of hiring three education specialists and one administrative specialist to manage the collection of data and provide technical assistance to the participating school systems. The bill also requires external research experts to be involved in the technical review panel, and a cost of \$20,000 per year is estimated for their fees. In addition, grants of \$25,000 per year for participating school systems are assumed in the estimate. The grants would help to defray the local costs of data collection, data entry, and data management. In total, the estimate includes salaries and fringe benefits for new MSDE positions, grants to local school systems, consulting fees, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2006</u>	<u>FY 2007</u>
MSDE Salaries and Fringe Benefits	\$269,344	\$284,532
Database Application	8,600,000	0
Local School System Grants	125,000	125,000
Expert Consulting Fees	20,200	20,402
Other Operating Expenses	<u>26,005</u>	<u>7,671</u>
Total State Expenditures	\$9,040,549	\$437,605

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; (2) continued grants to local school systems; and (3) 1% annual increases in ongoing operating expenses.

MSDE advises that, instead of using general funds, existing federal grants could be reallocated to support this initiative. The federal funding is currently directed towards professional development activities.

Local Fiscal Effect: Local school systems chosen to participate in the pilot program would receive upgrades to local databases, and based on the assumptions made for this fiscal note, would receive annual grants from the State of \$25,000 from fiscal 2006 to 2009. However, it is unlikely that grants of \$25,000 would cover all of the administrative costs incurred by local school systems for their participation in the pilot program.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Department of Legislative Services

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mh/hlb

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