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FISCAL IMPACT REPORT

SPONSOR:	Gorham	DATE TYPED:	02/11/00	HB	
SHORT TITLE:	Teacher Merit Pay Pilot Project			SB	268
				ANALYST:	Fernandez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
\$ 3,000.0				Recurring	G/F

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to SB250 and HB47

SOURCES OF INFORMATION

State Department of Public Education (SDE)

SUMMARY

Synopsis of Bill

Senate Bill 268 creates a four-year teacher merit pay pilot project.

Significant Issues

The State Board of Education is required to create an ad hoc committee which will design the pilot project in accordance with the provisions of the bill.

The ad hoc committee will select a maximum of thirty schools, through a lottery process, to participate in the project. Elementary, Middle and Junior High Schools may apply to participate in the program provided seventy-five percent of the teachers agree to participate.

Participating schools will be required to use annual terra nova pre- and post-testing results to measure student progress. The ad hoc committee is required to create a value-added assessment tool to be used in addition to test results to determine teaching effectiveness compared to student achievement.

The ad hoc committee and each school shall establish the school's benchmarks and determine outcomes. Benchmarks and outcomes shall include increases in school achievement and exemplary academic performance. Additionally, they shall also develop assessment and accountability measures.

The ad hoc committee will report annually to the legislature and governor and provide recommendations.

FISCAL IMPLICATIONS

This bill appropriates \$3,000.0 from the general fund for expenditure in fiscal years 2000 through 2004 for the teacher merit pay pilot project.

Each certified teacher participating in the project shall receive \$500 if the school reaches targeted benchmarks and outcomes.

Participating schools are eligible to receive a merit pay award of \$3,000 for certified school instructors who are members on educational committees or educational programs in addition to their teaching responsibilities. If all 30 schools have teachers who are members on educational committees or educational programs, the total cost would be \$90.0.

Each certified teacher who improves the test scores of their students, in accordance with benchmarks and outcomes receive a merit pay award of \$2,500. According to SDE, current student assessments measure progress in the subject areas of reading, language arts, math, science and social studies. Teachers that provide instruction in the areas of art, music physical education, vocational education, or technology, would not be eligible for the monetary award.

Each certified school instructor statewide, who earns National Board for Professional Teaching Standards (NBPTS), receives a one-time merit pay award of \$1,000. According to SDE, as of November 1999, 75 teachers currently hold NBPTS certification. The bill is not clear if only teachers participating in the merit pay program and are NBPTS certified will receive \$1,000 or if all 75 teachers will receive the pay award. If all 75 receive the pay award of \$1,000, the total cost will be \$75.0.

ADMINISTRATIVE IMPLICATIONS

SDE is required to provide specialized training to participating schools for the merit pay pilot project.

SDE indicates that development of the value-added component, requiring fresh tests, will be a significant cost to the department unless the appropriation may also be used for this purpose.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Included in House Appropriations and Finance Committee Substitute for HB2, et. al., is an appropriation of \$47,980.6 for a 6.25 percent salary increase for teachers, provided that .25 percent is used for a merit pay program.

Relates to HB47 and SB250. House Bill 47 amends the public school funding formula to recognize a new category and cost differential, National Board for Professional Teaching Standards (NBPTS). Districts will receive additional program units determined by multiplying 1.5 by the number of certified school instructors who are nationally board certified and employed by the school district on or before the 40th day of the school year. Senate Bill 250 also appropriates \$850.0 to SDE for the design of a merit pay program for teachers in elementary, middle and junior high schools.

TECHNICAL ISSUES

See possible questions.

OTHER SUBSTANTIVE ISSUES

SDE indicates that merit pay programs increase the likelihood that teachers will teach to the test. In order to prevent this, merit pay systems in other states use a different version of the assessment each year to reduce the effects of using the same test year after year.

POSSIBLE QUESTIONS

If one teacher at a school is a member on an educational committee, does the school receive \$3,000? What is considered an educational committee or educational program?

CTF/prt/njw