

**STATE and LOCAL  
REVISED FISCAL IMPACT**

(replaces fiscal note dated May 10, 2010)

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<b>Drafting Number:</b> LLS 10-0474	<b>Date:</b> May 11, 2010
<b>Prime Sponsor(s):</b> Sen. Johnston; Spence Rep. Scanlan; Murray	<b>Bill Status:</b> House Second Reading
	<b>Fiscal Analyst:</b> Josh Abram (303-866-3561)

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**TITLE:** CONCERNING ENSURING QUALITY INSTRUCTION THROUGH EDUCATOR EFFECTIVENESS (EQUITEE).

<b>Fiscal Impact Summary</b>	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>
<b>State Revenue</b>		
<b>State Transfers*</b> Transfer From the State Public School Fund – Contingency Reserve and/or from the State Education Fund to the Great Teachers and Leaders Fund	(up to \$250,000)	(up to \$250,000)
<b>State Expenditures</b> Cash Funds Great Teachers and Leaders Fund	\$237,869	\$242,587
<b>FTE Position Change</b>	3.0 FTE	3.0 FTE
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2010-2011.</b> None required; see State Appropriations section.		
<b>School District Impact:</b> See School District Impact section.		

\* *State Transfers are conditional, contingent on insufficient support from federal grants. See State Transfers section.*

**This fiscal note is provided pursuant to House Rule 32A (c).**

**Summary of Legislation**

This bill, *as amended by L.183*, requires that the State Board of Education adopt guidelines for a system to evaluate the effectiveness of teachers and principals. All school districts and boards of cooperative educational services (BOCES) must adjust their local performance evaluation systems to meet or exceed the adopted guidelines.

The bill codifies the State Council for Educator Effectiveness, originally established by executive order, sets the composition of the council, and requires that it make recommendations to the state board concerning the implementation and testing of the new performance evaluation system. The recommendations must include an implementation cost analysis, developed in consultation with experts in school finance. The council must make its recommendations by March 1, 2011, and the board must adopt rules by September 1, 2011. The General Assembly is required to review the

adopted rules in a separate bill during the 2012 session, and is given authority to repeal individual rules.

Beginning with the 2011-12 school year, the Colorado Department of Education (CDE) will work with districts to develop performance evaluation systems, and will provide a resource bank of assessments, processes, tools, and policies that a district or BOCES may use to develop their local programs. The system must be beta-tested in the 2012-13 school year, implemented statewide in the 2013-14 school year, and finalized statewide in the 2014-15 school year.

Among many requirements, the adopted rules must ensure that:

- ▶ teachers and principals are evaluated using multiple fair, transparent, timely, rigorous, and valid methods;
- ▶ at least 50 percent of a teacher's evaluation is determined by the academic growth of the teacher's students; and
- ▶ at least 50 percent of a principal's evaluation is determined by a combination of the academic growth of the students and the demonstrated effectiveness of the teachers in the principal's school.

The bill creates the Great Teachers and Leaders Fund and permits the CDE to accept and spend federal grants for the fund. Moneys in the Great Teachers and Leaders Fund are continuously appropriated to the department for the direct and indirect costs of implementing the bill.

### **State Transfers**

For FY 2010-11 and FY 2011-12, if less than \$250,000 is credited to the fund from federal grants, the bill transfers up to \$250,000 from the contingency reserve of the State Public School Fund. If the existing balance in the contingency reserve is insufficient for this purpose, the remaining amount of the difference is transferred from the State Education Fund.

### **State Expenditures**

*In FY 2010-11, this bill will result in total costs of \$237,869 and 3.0 FTE in the Colorado Department of Education. In FY 2011-12, total costs are \$242,587 and 3.0 FTE.* Direct cost components are summarized in Table 1 and discussed below.

<b>Table 1. Direct Costs Under SB 10-191</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services	\$206,009	\$224,737
FTE	3.0	3.0
Operating Expenses and Capital Outlay	16,860	2,850
Travel	15,000	15,000
<b>TOTAL</b>	<b>\$237,869</b>	<b>\$242,587</b>

The CDE requires new staff to oversee departmental activities, support the board and the council in establishing the program and adopting rules, conduct analysis of existing performance evaluation systems, recommend conforming changes, and provide training and technical assistance to local districts.

Ongoing, new staff will support the board in determining if districts and BOCES meet or exceed state guidelines, review, evaluate, and approve interim assessments as part of the multiple measures of effectiveness, and review licensed personnel evaluation systems each year to confirm that they meet or exceed statutory requirements. Statewide travel is anticipated each year to conduct on-site reviews and to evaluate district and BOCES performance evaluation systems.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

<b>Table 2. Expenditures Not Included Under SB 10-191</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$19,120	\$20,857
Supplemental Employee Retirement Payments	6,609	8,549
Indirect	32,707	36,873
Workman's Compensation and Risk Management	737	804
<b>TOTAL</b>	<b>\$59,173</b>	<b>\$67,083</b>

*\*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>*

### **School District Impact**

This bill will impact school districts differently, depending on their current performance evaluation and review process. There is no immediate fiscal impact to districts; however, the bill will certainly require that districts begin to modify their evaluation process, and devote additional time and resources to teacher and principal evaluation in anticipation of the bill's statewide implementation in FY 2014-15.

In order to ensure that evaluations are linked to student longitudinal academic growth, data systems must be capable of connecting educator identifiers and student identifiers. Currently, some districts have this capacity and others do not. Similarly, the rules adopted by the board may compel districts to spend resources on new evaluation tools, data collection, and interim assessments to satisfy the bill's requirement of multiple measures of student performance. The CDE will provide a resource bank for districts to use to defray some of these costs; however the expenses for changing the evaluation and review process will be paid from existing school and district budgets.

**State Appropriations**

This bill does not require an appropriation clause. If sufficient money is provided for the program from federal grants, the Colorado Department of Education is given continuous spending authority for the Great Teachers and Leaders Fund, including spending authority to use cash funds for expenses identified in the Expenditures Not Included section of this fiscal note.

**Departments Contacted**

Education

Governor's Office

Law