TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

HB 7010 – SB 7005
FIRST EXTRAORDINARY SESSION
January 15, 2010

SUMMARY OF AMENDMENT (012114, 012117, 012118, 012119, 012120, 012158, 012159, 012182, 012187, 012189, 012235, 012243, 012257, 012259, 012276, 012207, 012258): Amendment 012114 requires the State Board of Education (SBOE) to make rules and regulations regarding teacher and principal evaluations in accordance with the Uniform Administrative Procedures Act (UAPA).

Amendment 012117 requires the SBOE to make rules and regulations regarding identification of career and technical education courses (CTE) that will be exempted from the current maximum CTE class size limits.

Amendment 012118 requires the SBOE to define performance standards that are to be used during a principal's annual evaluation.

Amendment 012119 requires that at least five members of the Teacher Evaluation Advisory Committee (TEAC) be K-12 school teachers and further requires that at least five members of the TEAC be representatives from the business community.

Amendment 012120 requires that at least two members of the TEAC be members or representatives of labor organizations.

Amendment 012235 requires the Teacher Evaluation Advisory Committee (TEAC) to develop and recommend to the State Board of Education (SBOE) guidelines and criteria for annual evaluation of all teachers and principals, including a grievance procedure. Requires that fifty percent of the evaluation criteria shall be composed of student achievement data with thirty-five percent consisting of Tennessee Value Added Assessment System data and fifteen percent on other student achievement data as developed by the TEAC. Requires that each teacher and principal shall mutually agree with the person(s) performing the evaluation on the evaluation measures used. If there is disagreement on evaluation measures, the person(s) conducting the evaluation shall choose the evaluation measures. If the teacher or principal's student growth data reflects a certain level of achievement specified by the TEAC and at the consent of the individual being evaluated, fifty percent of their evaluation shall be based on student achievement data. Requires the SBOE to adopt such policies.

Amendment 012243 requires that individuals or entities under contract with the Department of Education to operate schools or LEAs in the Achievement School District (ASD) to give information to the LEA and director of schools regarding its operation of ASD schools on matters of employment. Authorizes the LEA to support educational improvement of the ASD

school(s) under the guidance of the Commissioner of Education. Authorizes any contract ASD operators to provide additional professional development, instructional or administrative support, or other support as deemed necessary.
Amendment 012182 authorizes the Comptroller of the Treasury to audit any federal funds received as a result of the Race to the Top grants and to report audits of these funds to the General Assembly.

Amendment 012159 places the TEAC under the provisions of sunset review and requires the TEAC to terminate on July 1, 2011, unless extended by the General Assembly.

Amendment 012158 requires any funds received from the Race to the Top grants be appropriated by the General Assembly.

Amendment 012187 requires that absent other sources of funding, the Achievement School District (ASD) will be funded through state and local dollars. These funds can be used to fund new initiatives and programs per the goals of the ASD as long as the use of such funding does not create an increase in recurring financial obligations on the local education agency (LEA) when the school or LEA is removed from the ASD. State funds that are not used to fund the ASD will be placed into a state reserve account to be distributed to the LEA upon the approval by the Commissioner of Education. LEA funds that are not used to support the ASD will be placed into an LEA special BEP reserve account to be held until the school or LEA is returned to regular LEA control.

Amendment 012257 creates a Teacher Evaluation Advisory Committee consisting of 15 members including the Commissioner of Education, the Executive Director of the State Board of Education, a member of the House and Senate Education Committees of the General Assembly, two K-12 teachers appointed by the Speakers of the House and Senate respectively. Nine members shall be appointed by the Governor consisting of three public school teachers, two public school principals, one director of an LEA, three members representing other stake holder interests including one parent. All appointments shall be made within 30 days of the effective date of the bill.

Amendment 012189 deletes the requirement from the current bill that career and technical education courses (CTE) in grades 7-12 be funded at the same level as regular 7-12 grade courses.

Amendment 012259 deletes Section 13 from the current bill changing CTE maximum class size and requiring certain CTE courses be funded at same level as grades 7-12.

Amendment 012276 requires contracts for Achievement School District (ASD) operators to contain expenditure reports for funds received and expended and requires that these reports be given to the Department of Education and the Comptroller. Prohibits state funds other then those held in special reserve accounts to be expended on ASD schools or LEAs unless appropriated by the General Assembly.

Amendment 012207 requires that any increase in LEA expenditures as a result of the LEA implementing its own salary schedule shall be subject to local appropriation of funds.

Amendment 012258 establishes the Teacher Professional Development Fund into which federal monies will be deposited, for the purposes of improved teaching, pedagogical skills, and classroom instruction

FISCAL IMPACT OF ORIGINAL BILL:

Increase Federal Expenditures –	Exceeds $121,250,000 FY 10-11 Exceeds $121,250,000 FY 11-12 Exceeds $121,250,000 FY 12-13 Exceeds $121,250,000 FY 13-14
Increase State Revenue -	Exceeds $60,625,000 FY 10-11 Exceeds $60,625,000 FY 11-12 Exceeds $60,625,000 FY 12-13 Exceeds $60,625,000 FY 13-14
Increase State Expenditures –	Exceeds $60,625,000 FY 10-11 Exceeds $60,625,000 FY 11-12 Exceeds $60,625,000 FY 12-13 Exceeds $60,625,000 FY 13-14
Increase Local Revenue -	Exceeds $60,625,000 FY 10-11 Exceeds $60,625,000 FY 11-12 Exceeds $60,625,000 FY 12-13 Exceeds $60,625,000 FY 13-14
Increase Local Expenditures –	Exceeds $60,725,000 FY 10-11* Exceeds $10,000,000/FY10-11/Permissive Exceeds $60,725,000 /FY 11-12* Exceeds $10,000,000/FY11-12/Permissive Exceeds $60,725,000 /FY 12-13* Exceeds $10,000,000/FY 12-13/Permissive Exceeds $60,725,000 /FY 13-14* Exceeds $10,000,000/FY 13-14/Permissive

Other Fiscal Impact – Funds from recurring appropriation of state revenue will be shifted from existing programs of the Department of Education to fund programs and activities related to "Race to the Top" funding. According to the Department, the funds shifted from existing programs will not be replaced by additional state revenue. There will be no increase in state tax revenue appropriated to the Department as a result of this bill. The Department is unable to

specify the amount of funds that will be shifted to "Race to the Top" programs and activities and is unable to identify the current programs that will be affected.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

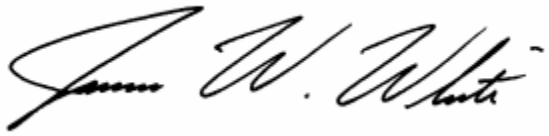
Assumptions applied to amendments:

- Amendment 012114 requiring the SBOE to adopt rules and regulations for annual evaluations of teachers and principals in accordance with the UAPA will have no fiscal impact on state or local government.
- Amendment 012117 requiring the SBOE to adopt rules and regulations related to exemption of CTE classes from current maximum class size requirements in accordance with the UAPA will have no fiscal impact on state or local government.
- Amendment 012118 requiring the SBOE to establish criteria for the annual evaluation of principals will have no fiscal impact on state or local government.
- Amendment 012119 changes the composition of the TEAC. This change will have no fiscal impact on state or local government. The TEAC will meet monthly. Its non-legislative members will incur travel expenses. Specifying that members come from certain non-legislative categories will not require an increase in expenditures. The total number of TEAC members is unchanged. Its legislative members will incur travel and per diem expenses. These costs will be paid from Race to the Top funds and existing state appropriations to the state Department of Education. The TEAC will no longer meet once Race to the Top funds have been fully expended.
- Amendment 012120 changes the composition of the TEAC. This change will have no fiscal impact on state or local government. The TEAC will meet monthly. Its non-legislative members will incur travel expenses. Specifying that members come from certain non-legislative categories will not require an increase in expenditures. The total number of TEAC members is unchanged. Its legislative members will incur travel and per diem expenses. These costs will be paid from Race to the Top funds and existing state appropriations to the state Department of Education. The TEAC will no longer meet once Race to the Top funds have been fully expended.
- Amendment 012235 makes various changes to the annual evaluation system for teachers and principals. Race to the Top funding will be used to fund any increase in state or local expenditures related to the implementation of these changes.
- Amendment 012243 authorizing ASD contract entities to work and communicate with LEAs will have no fiscal impact on state or local government.
- Amendment 012182 authorizes the Comptroller of the Treasury to audit federal Race to the Top fund. Any increase in state expenditures is estimated to be not significant.
- Amendment 012159 requires the TEAC to be subject to sunset review. Any increase in state expenditures is estimated to be not significant.

- Amendment 012158 requiring federal funds received from Race to the Top be appropriated by the General Assembly will have no fiscal impact on state or local government.
- Amendment 012187 authorizes state and local dollars to be used to fund the ASD. However, state and local monies cannot be used to fund programs or initiatives that will have an increase in recurring state or local expenditures. No change in the fiscal impact as shown on the original fiscal note.
- Amendment 012257 changes the composition of the TEAC. This change will have no fiscal impact on state or local government. The TEAC will meet monthly. Its non-legislative members will incur travel expenses. Specifying that members come from certain non-legislative categories will not require an increase in expenditures. The total number of TEAC members is unchanged. Its legislative members will incur travel and per diem expenses. These costs will be paid from Race to the Top funds and existing state appropriations to the state Department of Education. The TEAC will no longer meet once Race to the Top funds have been fully expended.
- Amendment 012189 deleting the section of the bill pertaining to the CTE maximum class size will not change the fiscal impact as shown on the original fiscal note. CTE courses will continue to be funded at their current level. The BEP formula will be adjusted to compensate for any increase in CTE ADM so that there will not be a net increase in state or local government expenditures.
- Amendment 012259 deletes all language of the original bill relating to changes in CTE class size and funding. CTE classes will continue to be sized at the current maximum class size. CTE classes will continue to be funded and staffed at the current BEP level.
- Amendment 012276 requires ASD contracts to contain expenditure reports that will be given to the Department of Education and the Comptroller. Further, this amendment prohibits state funds other then those held in special reserve accounts to be expended on ASD schools or LEAs unless appropriated by the General Assembly. These provisions will have no impact on state or local government.
- Amendment 012207 requiring that any local salary schedule increases be subject to local appropriation will not affect the impact of the original bill. Any appropriations by local governments will be permissive.
- Amendment 012258 creating a fund from which federal monies from Race to the Top will be expended will have no fiscal impact on state or local government.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James W. White, Executive Director

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