

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 275 (The President, *et al.*) (By Request - Administration)
Education, Health, and Environmental Affairs

**Education - Community and Local Accountability for Struggling Schools
(CLASS) Act of 2020 - Innovation Schools**

This Administration bill requires each school with one-star under the State's accountability system for at least the previous two school years to be designated as an innovation school for the purpose of improving school performance and student achievement through increased autonomy and flexibility. An innovation plan must be developed for each school that contains specified elements and must be approved by a vote of school staff. A local board of education must approve an innovation plan as specified for a period of up to five years. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: The Maryland State Department of Education (MSDE) can likely implement the bill using existing resources. General fund expenditures increase to provide grants to innovation schools to the extent funds are provided in the State budget. *For illustrative purposes only*, general fund expenditures increase by an estimated \$420,000 in FY 2021 to provide start-up grants and by an estimated \$875,000 in FY 2022 to provide implementation grants to innovation schools, as explained below.

Local Effect: Local school systems can implement the bill using existing resources; however, local school systems with a large number of innovation schools may need to redirect limited staff resources from other projects. To the extent that State grant funding is provided, revenues and expenditures increase.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Bill Summary:

Innovation Schools and Plan Committees

An innovation school may be established as an academy within an existing public school.

The purpose of an Innovation Plan Committee (IPC) is to conduct an investigation of the school to find the causes of poor student performance and develop a plan to correct the problems and identify measures that need to be taken to improve the performance of the school.

An IPC must provide to the parents and guardians of each student enrolled in an innovation school specified information including notice and explanation of the designation and what the school is doing to address the problem of low achievement. In addition, an IPC must establish procedures for parents, school staff, and the public to provide input on a plan in accordance with the regulations adopted by the State Board of Education (SBE).

Innovation Plan

Outcome Data: To the extent practicable, a plan must be based on student outcome data, including student achievement on the Maryland Comprehensive Assessment Program or a similar standardized assessment tool approved by MSDE and other student outcome data as specified.

Requirements: A plan must comprehensively describe the areas of autonomy and flexibility that the school may use. A plan may include recommendations for waivers or modifications to existing collective bargaining agreements, subject to an affirmative vote by two-thirds of the members of the appropriate bargaining unit. A plan must include the following as specified: a curriculum plan; a budget plan; a school schedule plan; a staffing plan; a policy and procedures plan; and a professional development plan. In order to assess the school across multiple measures of school performance and student success, a plan must include measurable annual goals. Every three months, a school must submit a progress update to the local board of education and SBE. A local board must make the data collected for each update available on its website.

Review, Revisions, and Approval: The IPC must follow the process specified in the bill for plan review, revisions, and approval. As specified, the IPC must consider comments received from stakeholders and make modifications, if necessary. The plan must be submitted for review and approval to (1) the teachers at the school; (2) the collective bargaining units of the school; (3) the local board of education; and (4) SBE. A plan must

be approved by a two-thirds vote of teachers at the school and, if applicable, the collective bargaining units prior to being submitted to the local board of education and State board for final approval. The local board must hold at least one public hearing on each submitted plan. If a plan is not approved at each level of review, it must be revised and resubmitted for approval.

Innovation School Funding and Operation

Funding: An innovation school must receive the same per pupil allocation from the local boards as any other school in the district, and the school may retain any unused funds for use in subsequent school years.

Operation: An innovation school must operate in compliance with an approved plan, in accordance with the laws and regulations governing other public schools in the State, and applicable collective bargaining agreements, except as specified in an approved plan. After July 1, 2020, applicable collective bargaining agreements must include a clause authorizing innovation school staff to waive or modify provisions of the agreement.

Evaluation and Renewal of Plans

A local superintendent must evaluate an innovation school each year. The plan may be extended as specified. By December 31, 2021, and every two years thereafter, the State Superintendent, in consultation with the local boards, must report on the implementation and fiscal impact of the bill.

If the school fails to meet *one or more goals* in the plan, the local board may amend the innovation plan as specified. Any changes to a plan involving a new waiver from a collective bargaining unit must first be approved by the teachers of the school. If the school fails to meet *multiple goals* in the plan, the local board may (1) limit one or more components of the plan; (2) suspend one or more components of the plan; or (3) terminate authorization of the innovation school. However, a local board may not (1) limit or suspend one or more components of a plan before the completion of the second full year of the operation of the innovation school or (2) terminate authorization of a school before the completion of the third full year of the operation of the innovation school.

Innovation School Extension

On or before the end of the period of authorization of an innovation school, the leadership of the school may petition the local board to extend authorization of the innovation school for up to another five school years. Before submitting a petition for extension, the leadership must convene a selection of specified stakeholders to discuss possible revisions and to solicit recommendations for potential revisions. The local board may extend the

innovation school authorization for up to five years. If the local board does not approve the extension, the school leadership may revise and resubmit the plan for approval. The leadership may appeal a denial to MSDE. MSDE must vote on the appeal within 60 days.

State Board of Education

To the extent practicable and as provided in the State budget, SBE must:

- provide planning and implementation grants to eligible applicants to establish innovation schools;
- provide technical assistance and support to IPCs and local boards;
- collect and publish data and research related to the innovation schools initiative; and
- collect and disseminate information on best practices in innovation schools that may be adopted by other public schools.

SBE must adopt regulations to implement the bill. The regulations must include procedures and timelines for the planning and implementation of innovation schools.

Severability

Provisions of the bill are severable so that if any provision of the bill is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions of the bill.

Current Law: In 2017, as required by the Every Student Succeeds Act (ESSA), the most recent reauthorization of the federal Elementary and Secondary Education Act, and the parameters set by the Protect Our Schools Act of 2017 (Chapter 29), the State board developed a Maryland school accountability system. Schools are rated on a variety of weighted measures and then awarded between one and five stars based on their scores. This system was first implemented during the 2017-2018 school year.

The Protect Our Schools Act specifies parameters for academic and school quality indicators, comprehensive support and improvement plans, and targeted support and improvement plans. It also prohibits specified school interventions.

School Improvement Requirements Under the Every Student Succeeds Act

Beginning with the 2018-2019 school year, and at least once every three school years thereafter, under ESSA, the State must use the accountability system to identify for comprehensive support and improvement (1) the 5% lowest performing of Title I schools and (2) schools with a high school graduation rate of less than 67%. In April 2019, MSDE [published](#) the list of 42 schools that qualify: 2 in Anne Arundel County; 37 in Baltimore City; and 3 in Prince George's County. This list includes 5 schools identified for improvement under the previous accountability program.

The local school system must, for each school identified by the State and in partnership with stakeholders (including principals and other school leaders, teachers, and parents), locally develop and implement a comprehensive support and improvement (CSI) plan for the school to improve student outcomes. The CSI plan must be informed by all indicators in the accountability program, including student performance against State-determined long-term goals and other specified measures. It must be approved by the school, local school system, and MSDE, and upon approval and implementation, be monitored and periodically reviewed by MSDE.

Likewise, MSDE must use the accountability system to identify schools for targeted support and improvement. There are two categories of schools that will be identified as a targeted support and improvement (TSI): (1) any school where one or more student groups have performed below the summative performance of all students based on all indicators of the State accountability system and (2) any school where one or more underperforming student group does not meet school-level annual targets over a two-year period. A Title I TSI school that does not show improvement after implementing the required plan over a three-year period will be reclassified as a chronically low performing CSI school. In August 2019, MSDE published a [list](#) of 376 schools identified for TSI under the first condition based on the 2018-2019 school year. The subgroups identified for TSI are identified on that list.

Requirements for CSI and TSI Plans

CSI and TSI plans must be implemented in compliance with existing collective bargaining agreements between the local boards of education and the exclusive bargaining representative.

MSDE must distribute federal funds for the implementation of both plans based on a formula and driven by the identified needs of each school identified by MSDE.

After a two-year period from the date of a plan's implementation, if a local board of education determines that student outcomes have not improved at a public school, the local

board must consult with the school to develop additional strategies and interventions including funding community supports, and grants provided in the Public School Opportunities Enhancement Program. However MSDE is not authorized to require a local board of education to implement a specific intervention strategy during the two-year period. Notwithstanding any law, regulation, or executive order, a plan may include a lengthening of the school year beyond 180 days or any other limitation.

After a three-year period from the date of a plan's implementation, if MSDE determines that student outcomes have not improved at a public school and intervention is necessary, MSDE must collaborate with the local board of education in determining the appropriate intervention strategy, subject to existing collective bargaining agreements between the local board of education and the exclusive bargaining representative. An intervention strategy may not include (1) creating a State-run school district; (2) creating a local school system in addition to the 24 school systems established in the Education Article; (3) converting or creating a new public school without local board approval; (4) issuing scholarships to public school students to attend nonpublic schools through direct vouchers, tax credit programs, or education savings accounts; and (5) contracting with a for-profit company. A decision by MSDE regarding an intervention strategy is final.

CSI schools receive additional grant funds through a Title I reservation that is allocated to schools on a per pupil basis.

Background:

Maryland Schools

As shown in **Exhibit 1**, 14 schools received a one-star rating in the previous two consecutive school years (*i.e.*, 2018 and 2019) and would qualify as innovation schools under the bill. Baltimore City has the greatest number of schools that qualify (six), Prince George's County has three, and five other counties each have one (*i.e.*, Anne Arundel, Harford, Howard, Montgomery, and Wicomico counties). Seven of these schools were also identified as CSI schools under ESSA in 2019. It should be noted that a few of the schools that would qualify as innovation schools under the bill are alternative high school programs.

Exhibit 1
Number of Schools that Received One Star in the Previous
Two Consecutive School Years
By Local School System
(Ratings from 2018 and 2019)

<u>Local School System</u>	<u># of Schools</u>
Anne Arundel	1
Baltimore City	6
Harford	1
Howard	1
Montgomery	1
Prince George's	3
Wicomico	1
Statewide	14

Source: Maryland Department of Education; Department of Legislative Services

Massachusetts Innovation Schools

According to Governor Hogan's press release, the bill is based on the innovation schools program that was established in Massachusetts in 2010. The Massachusetts innovation schools operate with increased autonomy and flexibility in six areas: curriculum, budget, school schedule and calendar, staffing (including waivers from or exemptions to collective bargaining agreements); professional development; and school district policies. Unlike under the bill, in Massachusetts innovation schools may be established for any locally approved reason in accordance with a locally based authorization process. In some years, competitive state grants have been available for planning (approximately \$15,000 per academy and \$30,000 per school) and initial implementation (\$50,000 to \$75,000 per program); between three and six schools received grants each year the grants were available.

According to the [2017 Report to the Legislature Implementation and Fiscal Impact of Innovation Schools](#), of the 56 Massachusetts innovation schools and academies, several schools implemented a science, technology, engineering and mathematics model, while others implemented a combination of one or more of the following educational models: multiple pathways to graduation, early college, dual language immersion, expeditionary learning, or international baccalaureate.

State Expenditures: MSDE advises that it requires four additional full-time staff to implement the requirements of the bill at a cost of approximately \$400,000 annually. DLS advises that MSDE can likely implement the bill using existing resources because of the substantial overlap between innovation schools and those already required to develop CSI or TSI plans under the State’s federally required accountability system. However, resources may need to be temporarily redirected from existing projects to develop the required regulations.

To the extent grant funding is provided for innovation schools, general fund expenditures increase. The Governor’s proposed fiscal 2021 budget includes no grant funding specifically for this purpose. *For illustrative purposes only*, for Maryland to provide the same level of support for its innovation schools as Massachusetts, general fund expenditures increase by an estimated \$420,000 (\$30,000 each) in fiscal 2021 to provide start-up grants and by an estimated \$875,000 (\$62,500 each) in fiscal 2022 to provide implementation grants to the 14 schools that qualify as innovation schools under the bill as shown in Exhibit 1.

Local Fiscal Effect: Local school systems can implement the bill using existing resources; however, local school systems with a large number of schools that are designated innovation schools may need to redirect limited staff resources from other projects. Nevertheless, it is assumed that local school systems provide a level of oversight to one-star schools regardless of the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 347 (The Speaker, *et al.*) (By Request - Administration) - Ways and Means.

Information Source(s): Comptroller’s Office; Governor’s Office; Maryland State Department of Education; Baltimore City Public Schools; Montgomery County Public Schools; Frederick County Public Schools; Massachusetts Department of Elementary and Secondary Education; Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2020
an/rhh

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Education - Community and Local Accountability for Struggling Schools (CLASS) Act of 2020 - Innovation Schools

BILL NUMBER: SB 275/HB347

PREPARED BY: Governor's Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS