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James V. Shuls is the education policy analyst at the Show-Me Institute, which promotes market solutions for Missouri public policy.

TESTIMONY

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SENATE BILL 408: BALANCING GOOD POLICY WITH LOCAL CONTROL

By James V. Shuls

Testimony Before The Missouri Senate Education Committee

To the Honorable Members of This Committee:

Ladies and gentlemen, thank you for the opportunity to testify today. My name is James V. Shuls and I am the education policy analyst at the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state policy. The ideas presented here are my own. This testimony is provided in support of Senate Bill 408.

One of the tough jobs of the legislature is developing good policy while still providing individuals with the maximum amount of freedom. This is especially difficult in education. Yet this is exactly what Senate Bill 408 accomplishes. The proposed legislation would provide school districts with guidelines on several important issues, but would allow the local school district to ultimately determine the exact policies. Here I will highlight a few of these proposed changes and suggest why the language in Senate Bill 408 provides that healthy balance.

SCHOOL LETTER GRADES

The academic literature on school letter grades is limited. However, the existing evidence suggests that school letter grades have a positive impact on student achievement. The authors of one study wrote:¹

In sum, we find that schools receiving an “F” grade are more likely to focus on low performing students, lengthen the amount of time devoted to instruction, adopt different ways to organize the day and learning environment of the students and teachers, increase resources available to teachers, and decrease principal control, as was expected given the increased oversight built into the A+ Plan.

Thus, it seems labeling a school has the positive effect of encouraging schools to improve.

Letter grades also address the problem of transparency. It is very difficult for the

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average parent to know how well his or her child's school is performing. Letter grades provide this information in a clear and concise manner.

While creating a system of letter grades, this bill would enable schools to have some say in what criteria should be considered, including advanced placement courses or an international baccalaureate program.

TEACHER EVALUATIONS

In his 2012 State of the Union address, President Barack Obama stated: "We know a good teacher can increase the lifetime income of a classroom by over \$250,000. A great teacher can offer an escape from poverty to the child who dreams beyond his circumstance."² The president was citing one of the most important and impressive studies of teacher effectiveness, where researchers were able to link tax records to student achievement of more than 2.5 million children.³ The authors found significant relationships between a teacher's ability to improve student achievement and their students' outcomes later in life. Students with highly effective teachers were "more likely to attend college, attend higher-ranked colleges, earn higher salaries, live in higher [socioeconomic status] neighborhoods, and save for retirement."⁴ Moreover, students with great teachers were less likely to have children as teenagers. The effect of being in a top 5 percent teacher's classroom is money in the bank, increasing an individual's lifetime earnings by \$50,000.⁵

We know that a teacher's ability to influence student achievement has an impact on later life outcomes. It makes sense then that we would evaluate teachers based on their ability to improve student achievement. I have very strong opinions on this issue, but I am not willing to impose my views on everyone else. That is one of the beauties of this bill. It would provide guidance and require school districts to develop their own policies that focus on student growth.

LAST IN, FIRST OUT

Senate Bill 408 maintains the current rules and regulations for teachers currently in the system. It would not require any current teacher to give up his or her permanent teaching status. The bill would, however, remove an objectionable provision in current statute known as *Last In, First Out* (LIFO). The LIFO policy forces schools to remove new teachers before removing permanent teachers when the district is going through a reduction in force. The LIFO policy means that experience, not quality, is the sole determinant of who remains in the district.

Recent research has documented many disastrous outcomes from LIFO policies:⁶

- 1. LIFO leads to increased class sizes.**
Less experienced teachers are paid less than more senior teachers. That means a school would have to lay off more teachers under a LIFO policy than it would under a policy that takes quality into consideration. By removing more teachers, the district would be forced to increase class sizes.
- 2. LIFO disproportionately hurts low-performing and low-socioeconomic schools.** Because compensation is often set at a district level and is typically based on a schedule, teachers have no real way of earning a raise within a district. The only thing teachers can do is move to an easier position. That means veteran teachers tend to move to schools with fewer problems and higher achievement. Thus, less experienced teachers are often concentrated at low-performing, low-socioeconomic schools. Those schools will see the most teachers lose their jobs in a LIFO system. This is a well-documented phenomenon in California.⁷
- 3. LIFO policies often force schools to lay off teachers in high-need subjects.** Missouri chronically has teacher shortages in math and science fields. As I have documented in other work, math and science teachers often have

less experience because they have more job prospects.⁸ That means a LIFO policy could potentially target many individuals in subjects that are difficult to staff, forcing the district to lay off much-needed teachers.

4. LIFO policies are blind to quality. The most obvious flaw of LIFO policies is that they may force schools to remove great teachers.

In a recent study in Washington State, researchers noted that teachers laid off under a LIFO policy were only 0.05 standard deviations worse than the other teachers; under an effectiveness-based policy, the teachers that would be laid off were 0.25 standard deviations below the mean. This difference translates into approximately 2.5 to 3.5 months of learning.

Once again, this bill would provide guidance on how the measures should be used, but would give schools latitude to develop their own policies regarding reductions in force.

PERFORMANCE PAY

Almost every district in the state pays teachers based on a single salary schedule. This means raises are not awarded based on quality, but on experience and degrees. In an essay published for the Show-Me Institute, I note that this leads to math and science teachers making less, on average, than the average teacher.⁹ Senate Bill 408 would change the dynamic by introducing market-based pay into the equation, but once again, only for new teachers and at the direction of the local school district.

CONCLUSION

Senate Bill 408 would remove some restrictive regulations that inhibit schools from making important staffing decisions and would replace them with good governance that provides school districts a lot of leeway to develop their own policies. For all of these reasons, I am in support of this bill.

NOTES:

¹ Rouse, Cecilia, Jane Hannaway, Dan Goldhaber, and David Figlio. (2007). "Feeling The Florida Heat? How Low-Performing Schools Respond To Voucher And Accountability Pressure." National Bureau of Economic Research. View online here: http://www.nber.org/papers/w13681.pdf?new_window=1.

² Obama, Barack. (2012). President Obama's State of the Union Address. *New York Times*. View transcript online here: <http://www.nytimes.com/interactive/2012/01/24/us/politics/state-of-the-union-2012-video-transcript.html>.

³ Chetty, Raj., John N. Friedman, and Jonah E. Rockoff, J.E. (2011). "The Long-Term Impacts Of Teachers: Teacher Value-Added And Student Outcomes In Adulthood." National Bureau of Economic Research Working Paper, No.17699. Cambridge, Mass.: National Bureau of Economic Research.

⁴ Ibid. p.2.

⁵ Ibid.

⁶ Goldhaber, Dan, and Roddy Theobald. (2011). "Managing The Teacher Workforce." *Education Next*. 11(4), 78-83.

⁷ Sepe, Cristina, and Marguerite Roza. (2010). "The Disproportionate Impact Of Seniority-Based Layoffs On Poor, Minority Students." Center for Reinventing Public Education, May 2010.

⁸ Shuls, James V. (2012). "The Salary Strait-jacket: The Pitfalls Of Paying All Teachers The Same." Show-Me Institute Essay, October 2012. View online here: <http://showmeinstitute.org/publications/essay/education/847-single-salary-schedules.html>.

⁹ Ibid.

This bill would provide guidance on how the measures should be used, but would give schools latitude to develop their own policies regarding reductions in force.

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