

Budget Considerations for FY25

Background

During the 2023 legislative interim, the Legislative Education Study Committee (LESC) heard from stakeholders on their continued challenges in recruiting and retaining high-quality teachers, adequately supporting the unique and complex needs of students with at-risk factors, and strengthening the wellbeing of both students and educators.

Members indicated interest in continuing to support regionally competitive compensation, career technical education, learning time, residencies, literacy, behavioral health, attendance, and educator wellbeing.

Below are considerations for potential inclusion in the LESC's FY25 public school support scenario.

FY25 Budget Considerations

(in millions)

<i>Investing in the Educator Workforce</i>	
Compensation Increases for all Public School Personnel	\$29,117 ¹
Increasing Teacher Minimum Salaries (\$55, \$65, \$75k)	\$14,930
Increasing Compensation for School Administrators	\$14,401
Establishing a Minimum Salary for all Public School Personnel (\$25k)	\$3,126
Differentials for Career Technical Education Teachers (\$2.5K)	\$1,646
Differentials for Special Education Teachers (\$2.5K)	\$13,028
Differentials for Bilingual Teachers (\$2.5K)	\$1,917
Flexible Distributions for Federally Funded Personnel	\$17,067
<i>Learning Time</i>	
K-12 Plus Programs	\$73,200 ²
Out-of-School Time Programs	\$10,000 ³
<i>Educator Pipeline Initiatives</i>	
Educator Clinical Practice	\$45,000 ⁴
<i>Early Learning, Career Technical Education, and Secondary School Revision</i>	
Structured Early Literacy Initiatives	\$14,000 ⁵
Science, Technology, Engineering, Art, and Math (STEAM)	\$8,000
Attendance	\$5,000
Career Technical Education (CTE)	\$40,000
Community Schools	\$10,000 ⁶

<i>Services for At-Risk Students and Prioritizing Languages</i>	
Family Income Index	\$15,000
Indian Education Fund	\$20,000
520 Certificates	\$3,000 ⁷

1. Cost for each percentage point increase in compensation for all public school personnel.
2. Includes \$63.2 million in the SEG and \$10 million in non-recurring supports.
3. This is a reduction from the \$20 million appropriation in FY24.
4. Includes teacher, principal, counselor, and social worker residencies, licensure support, TeachUp, and the Ed Fellows Program.
5. Does not include the \$8 million already embedded in the SEG.
6. Includes existing fund balances in the Community Schools Fund.
7. This estimate is based on a minimum salary of \$50 thousand for a level one licensed teacher.

Investing in the Educator Workforce

During the 2023 regular legislative session, the Legislature appropriated \$167 million for a 6 percent increase in compensation, \$14.5 million for increasing educational assistant’s minimum salaries to \$25 thousand, \$8 million for increasing school administrator’s minimum salaries, and \$32 million for increasing employer health insurance contributions.

The Legislature may consider continued investments in personnel compensation and training as they are critical components of a comprehensive approach to recruiting and retaining high-quality educators.

- At a cost of \$29.1 million for each percentage point increase, the Legislature could support regionally competitive compensation for all public school personnel.
- At a cost of \$14.9 million, the Legislature could increase minimum teacher salaries to \$55, \$65, and \$75k.
- At a cost of \$14.4 million, the Legislature could support an increase in administrator’s minimum salaries that would automatically accompany an increase in minimum salaries for teachers.
- At a cost of \$3.1 million, the Legislature could establish a minimum salary of \$25 thousand for all public school personnel working full-time.
- At a combined cost of \$33.7 million, the Legislature could support salary differentials of \$2.5 thousand for CTE, Special Education, and Bilingual Teachers, and flexible distributions for federally funded personnel.

Each of these considerations support a consistent and comprehensive approach to building a high-quality and professionalized educator workforce and improving and sustaining the wellbeing of educators.

Learning Time

During the 2023 regular legislative session, the Legislature passed House Bill 130 (HB130), which sunset the K-5 Plus and Extended Learning Time Program (ELTP), increased minimum instructional hours to 1,140 for all students, and created the K-12 Plus Program.

Adequately sustaining the broad increases in instructional time and high take-up of K-12 Plus may require additional recurring supports.



- At a cost of \$73.2 million, the Legislature could provide adequate recurring support for the K-12 Plus Program, as well as contingency funding for potential increases in student participation.
- At a cost of \$10 million, the Legislature could support out-of-school time, with the lower appropriation due to PED expenditures that may not be aligned with legislative intent.

These considerations are critical in adequately sustaining learning time initiatives.

Educator Pipeline Initiatives

During the 2023 regular legislative session, the Legislature provided \$15 million in non-recurring supports for teacher residencies, \$2 million in non-recurring supports for principal, counselor, and social worker residency programs, and \$6.5 million in non-recurring supports for paid student teaching and licensure support.

- At a cost of \$45 million, the Legislature could support teacher, principal, counselor, and social worker residencies, licensure support, TeachUp, and the Ed Fellows Program, while also providing the Public Education Department (PED) with considerable flexibility in leveraging those funds to sustain the Department's intended impact for each program.

Supporting these initiatives with recurring funding will be critical to sustain their broad impact on educator recruitment, retention, and wellbeing.

Early Learning, Career Technical Education, and Secondary School Redesign

Key priorities of the LESC include literacy, STEAM, CTE, attendance, and community schools.

Continued supports are critical to sustain the phase-in of all elementary teachers in the state's structured early literacy initiative, laying a solid foundation for improving student achievement in math, expanding student access to CTE programs, ensuring schools are responsive to the needs of chronically absent students, and building the holistic and comprehensive supports students need to be successful in school.

- At a cost of \$14 million, the Legislature could support the phase-in of all elementary teachers in the structured early literacy initiative, with an additional \$8 million already in the SEG.
- At a cost of \$8 million, the Legislature could provide continued supports for STEAM initiatives.
- At a cost of \$5 million, the Legislature could support attendance initiatives that align with the findings and considerations of the LESC stakeholder engagement process on student attendance.
- At a cost of \$40 million, the Legislature could support CTE programming through the NextGen pilot program, work-based learning, and innovation zones.
- At a cost of \$10 million, the Legislature could provide continued supports for community schools.

Each of these considerations align with the long-term vision of the LESC by providing continued supports for initiatives the committee has deemed critical to improving student achievement and building a strong educational foundation for students throughout New Mexico.

Services for At-Risk Students and Prioritizing Languages

Addressing the findings of the *Martinez-Yazzie* education sufficiency lawsuit will require continued investments in programs and services for at-risk students, capacity building initiatives in tribes, pueblos, and nations, and adequate supports for language and culture initiatives.

- At a cost of \$15 million, the Legislature could extend the Family Income Index pilot program for one additional year, pending its potential inclusion in the SEG.
- At a cost of \$20 million, the Legislature could support capacity building initiatives in tribes, pueblos, and nations, as well as culturally and linguistically responsive programming.
- At a cost of \$3 million, the Legislature could support the implementation of House Bill 60, which requires that a 520 certificate holder be paid a minimum salary equivalent to that of a level one licensed teacher.

Each of these considerations support New Mexico's ongoing work around targeting additional investments to students with the highest concentrations of poverty, empowering tribes, pueblos, and nations, and uplifting the importance of language and culture.

Trends to Keep in Mind for FY25

It is of critical importance to note the Public Education Reform Fund (PERF) will play a much more limited role in supporting below-the-line programs in FY25 relative to the outsized role it has played in recent years. This is primarily because of the phase-out of both K-5 Plus and ELTP and the consequent end of their substantial reversions to PERF that the Legislature has leveraged to support a wide range of programs.

Estimates from Department of Finance and Administration staff indicate the PERF's year-end balance for FY24 may be approximately \$57 million, but reversions from FY24 appropriations or drawdowns from prior-year appropriations may change those estimates as we approach the mid-point of the fiscal year. Legislative Finance Committee staff indicate the PERF FY24 year-end balance may be as low as \$3 million.

LESC staff will continue to monitor reversions and expenditures from PERF and will make a final recommendation to the LESC that draws the fund's balance down in its entirety.

Additionally, LESC staff will begin to monitor fund balances at PED and will make a final recommendation that aims to draw down certain fund balances before drawing on the general fund. This process will begin for the FY25 public school support scenario and continue on in the future.

SEG Review Working Group

LESC staff will complete its review of the SEG by the end of October and present the findings of the working group to the LESC at its November interim meeting in Santa Fe. Potential considerations for the LESC will include the incorporation of the FII in the At-Risk Index, the adoption of a census-based model for special education, simplification of the size adjustments, and the phase-out of components generating too few units.

Of note, LESC staff will also explore the potential incorporation of several below-the-line initiatives into the SEG, such as community schools and CTE programs. These considerations may depend on LESC staff's work around secondary school redesign.



Alignment with Legislative Finance Committee (LFC) Considerations

On September 28, 2023 LFC staff presented an overview of below-the-line initiatives and provided a range of recommendations for consideration by the committee. These recommendations are largely aligned with those of LESC staff.

Below is an overview of the considerations that align between both committees.

- Continued supports for early literacy programming;
- Continued supports for CTE programs;
- Reduced appropriations for out-of-school time programs;
- Adequate supports for K-12 Plus programs in the SEG;
- Studying the potential for replacing the Title One component of the At-Risk Index with the Family Income Index; and
- Consolidating appropriations for teacher, counselor, social worker, and principal residencies, licensure support, TeachUp, and the Ed Fellows program.

The alignment of considerations between LESC and LFC form a strong foundation for continued collaboration between both committees in the approach to the 2024 regular legislative session.