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FISCAL IMPACT REPORT

ORIGINAL DATE 02/09/18

SPONSOR Dow/ LAST UPDATED _____ HB 219

SHORT TITLE Grade 7 – 12 Adjunct Instructors SB _____

ANALYST Amacher

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		
	Indeterminate	Indeterminate		See Fiscal Impacts

SOURCES OF INFORMATION

LFC Files

Responses Received From

Educational Retirement Board (NMERB)

Public Education Department (PED)

Regional Educational Cooperatives Association (RECA)

SUMMARY

Synopsis of Bill

House Bill 219 creates a pilot project to use contract adjunct instructors to supplement teaching staff in grades seven through twelve. If enacted, the effective date is May 16, 2018. However, as drafted the adjunct instructor’s pilot project is applicable to the 2018-2019 through 2023 -2024 school years.

FISCAL IMPLICATIONS

Although HB 219 does not contain an appropriation; PED is required to administer licensure of the adjunct instructors.

PED notes there is a potential for increased revenue due to individuals applying for adjunct secondary instructors licenses. New applications for license would be determined by the PED and be used to pay for the review of application materials. The PED notes revenue could only be used for administrative costs associated with reviewing the applications

The NM Education Retirement Board (NMERB) expresses concern that this bill may negatively impact the NMERB retirement trust fund. Such an impact would occur if adjunct instructors, who are ineligible to make NMERB contributions, fill positions which would otherwise be occupied by contributing NMERB members. The extent of the impact cannot be measured without knowing how many individuals would be involved.

NMERB receives employee and employer contributions when an employee at a school works in a capacity greater than .25 Full Time Equivalency (FTE). The retirement fund currently receives employee and employer contributions significantly in excess of the retirement plan's "normal cost." A plan's "normal cost" is the percentage of salary needed to fund a member's benefits from date of hire until ultimate termination, death, disability or retirement. As of June 30, 2017, NMERB reports its actuary has determined the normal cost to be 13.62 percent. Per statute, for employees earning in excess of \$20,000, NMERB receives combined employee and employer contributions totaling 24.6 percent. For employees earning \$20,000 or less, NMERB receives combined employee and employer contributions totaling 21.8 percent .

As reported by NMERB, all contributions received in excess of the normal cost are used to reduce the retirement fund's unfunded actuarial accrued liability (UAAL). The UAAL stands at \$7.4 billion as of June 30, 2017. In short, having fewer contributing members' means it will take the NMERB longer to reduce and ultimately eliminate its UAAL.

SIGNIFICANT ISSUES

House Bill 219 creates a five year pilot project to use contract adjunct instructors to supplement teaching staff in grades seven through twelve. The project is to demonstrate that the use of subject-matter experts is a reasonable and beneficial way to provide core or elective curricula to students and to improve the efficiency and effectiveness of public secondary education. The project allows for the licensure of adjunct instructors who have subject matter expertise but may not have a teaching or other alternative license. The value of their instruction is measured by: 1) student achievement in adjunct instructor-taught courses; and 2) by improved outcome indicators, including test scores, graduation rates, teacher and student satisfaction, truancy and dropout rates.

An "adjunct instructor" is defined as a person over the age of 18 who has at least a bachelor's degree from an accredited institution of higher education and has at least five years' experience in the subject matter in which the adjunct instructor is contracted to teach.

HB 219 notes that compensation is commensurate with the salary of a first-year teacher employed by the school district or charter school – prorated for the workload. Services shall not exceed one-half of a full-time teacher's workload. The adjunct instructor is not eligible for health care benefits; the accrual of service credit or contributions to the Educational Retirement Act, the Public Employees Retirement Act or the Deferred Compensation Act; compensation other than what is contracted; and tenure. This bill makes clear the term of the contract is for one year and may be renewed during the five years of the pilot project.

The Public Education Department (PED) is tasked with the implementation of reporting and evaluation requirements for participating public schools, including students and pilot project assessments. The PED must provide interim and final reports annually to the legislature and the governor on the efficacy of the adjunct instructor's pilot project. An A or B rated school district

or charter school may apply to provide student instruction on subjects of which teachers are not otherwise available, to provide for more classes in particular subject; or offer electives that would otherwise not be available to students in a regular classroom.

PED determines application requirements, procedures and criteria for evaluation of applications. And the application must be approved by PED to participate in the pilot project. Additionally, the professional services contract between instructor and school district or charter school must be approved by PED

The project is applicable to the 2018-2019 through 2023 – 2024 school years.

ADMINISTRATIVE IMPLICATIONS

The Public Education Department is tasked to develop licensure rules, application form and processes for instructor and district application review.

OTHER SUBSTANTIVE ISSUES

PED notes this bill provides an alternative avenue to recruit content experts into the teaching profession which may particularly benefit rural districts within the pilot. According to the Education Commission of the States, rural communities face limitations in recruiting and retaining high-quality teachers for reasons such as funding issues, limited teacher supply, lack of rigorous training and certification options, and geographic and social isolation.

Teachers' knowledge of the content they teach is a consistently strong predictor of student performance. As reported by PED, in 1999, Darling-Hammond found that, although other factors had a strong association with achievement, the presence of a teacher who did not have a least a minor in the subject matter that she or he taught accounted for about 20 percent of the variation on the National Assessment of Educational Progress results. In 1996, Goldhaber and Brewer found that the presence of teachers with at least a major in their subject area was the most reliable predictor of student achievement scores in mathematics and science. They also found that, although advanced degrees in general were not associated with higher student achievement, an advanced degree that was specific to the subject area that a teacher taught was associated with higher achievement.

PED also points to research from the Project on the Next Generation of Teachers at the Harvard Graduate School of Education, which reports that fast-track programs provide the possibility of attracting strong candidates and rapidly filling teaching positions in shortage areas. If well organized, such programs can equip new teachers with the preparation they will need to succeed during their first months in the classroom.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The PED notes that a unique opportunity to diversify and expand the teacher workforce will be missed; and students may not have access to subject-matter experts who can enhance their educational opportunities.