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FISCAL IMPACT REPORT

SPONSOR Romero, GA/Trujillo, C **ORIGINAL DATE** 2/8/2020 **LAST UPDATED** _____ **HM** 46

SHORT TITLE Educator Compensation Task Force **SB** _____

ANALYST Liu/Gelay

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB62, HB241, HB309, SB13, SB171

SOURCES OF INFORMATION

LFC Files

No Response Received

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Memorial 46 requests PED to convene a 31-member taskforce, selected by teachers' unions and education partners to study, assess, and make recommendations to address educator compensation. The task force shall report its findings and recommendation to the governor, PED, and Legislative Education Study Committee (LESC) by November 1, 2021.

FISCAL IMPLICATIONS

This bill does not contain an appropriation. Costs of convening a taskforce may result in minimal budgetary impacts for the governor, PED, and LESC.

SIGNIFICANT ISSUES

Historically, New Mexico increased teacher pay through across-the-board increases and raises to the minimum salary level. For FY20, the Legislature provided a 6 percent increase for all school personnel and raised each minimum salary level by \$5,000 or \$6,000. A 2019 LFC analysis of initial FY20 budget submissions found public schools budgeted an average statewide teacher salary increase of 10 percent, suggesting that many schools implemented higher salary increases

than mandated in the General Appropriation Act (GAA) of 2019 (about 9 percent, including minimum salary raises).

School districts and teachers unions indicate the disparity between recent minimum salary level increases and across-the-board percentage increases could be causing compaction issues when developing salary schedules and budgets. To mitigate compaction issues, stakeholders recommend that future compensation policies increase minimum salary levels equally with across-the-board percentage increases to mitigate this problem or language allowing school districts to provide an “average” across-the-board percentage increase to equalize raises for staff with higher base salaries.

According to NEA, New Mexico was in the middle of the pack with starting and median salaries for teachers among neighboring states (the latest data reviewed salaries from FY18). Average New Mexico salaries were last in the region, likely due to a large share of newer teachers in the workforce. However, the Legislature provided a 2.5 percent teacher salary increase in FY19 and 6 percent salary increase in FY20 (9 percent when considering minimum salary level increases). The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 currently includes a 5 percent increase in teacher salaries.

Pay for working in extended time programs may continue to improve New Mexico’s salary ranking in future years. The 2019 GAA included funding to establish K-5 Plus and extended learning time programs (ELTP) to add new school days to the existing calendar, with requirements to pay teachers additional salary for the extra teaching time. Effectively, teachers participating in K-5 Plus programs could earn up to 14 percent additional pay for the 25 extra school days and teachers participating in ELTPs could earn up to 5.5 percent additional pay for the 10 extra school days. Schools stacking both programs would pay teachers even more for participation and provide 80 hours of professional learning time throughout the school year.

Despite the enormous opportunity to extend learning time and pay for teachers, many schools did not apply for K-5 Plus funding in FY20. As more teachers begin participating in these programs, however, New Mexico’s salary competitiveness will grow in relation to neighboring states.

A 2018 study by Massachusetts Institute of Technology (MIT) showed that average teacher salaries in 30 states were below a living wage. MIT noted New Mexico had the ninth largest teacher wage gap with the average teacher salary being 16.3 percent below the statewide cost of living. The living wage calculator makes costs assumptions for one full-time working adult supporting a child in 2017. Using MIT’s methodology, the statewide cost of living in New Mexico would be \$52.8 thousand in 2019 dollars. Given the estimated average teacher salary was \$49.7 thousand in FY19 and \$54.8 thousand in FY20, the state may have caught up to the current statewide cost of living.

The bill requests PED to convene a 31-member task force comprised of:

- The secretary of PED or their designee;
- Four representatives selected by the National Education Association (NEA);
- Four representatives selected by the American Federation of Teachers New Mexico (AFT);
- 12 teachers statewide selected by New Mexico education partners, including:
 - Two level 2 license elementary school teachers;
 - Two level 3 license elementary school teachers;

- Two level 2 license middle school teachers;
- Two level 3 license middle school teachers;
- Two level 2 license high school teachers;
- Two level 3 license high school teachers;
- Six principals selected by New Mexico education partners, including:
 - Two elementary school principals;
 - Two middle school principals;
 - Two high school principals; and
- Four superintendents selected by New Mexico education partners.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This memorial relates to House Bill 62, which provides a stipend and creates a program for mentor teachers; House Bill 241 and Senate Bill 171, which provides cost differentials for teachers responsible for special education students, bilingual multicultural education programs, English learners, and new teacher mentorship; House Bill 309, which provides a minimum pay level for Native American language and culture teachers; and Senate Bill 13, which increases minimum pay for special education teachers by 15 percent.

ALTERNATIVES

Although financial compensation is often used as a primary strategy, the state could consider other competitive ways to boost a teacher's compensation package, such as teacher housing or hard-to-staff stipends. Many school districts, like Gallup and Central, provide teacherages (teacher housing) for teachers, given the geographic constraints of tribal or federal lands. Other schools, like Carlsbad, are considering housing options for teachers, given recent economic activity and demand for affordable housing within the region.

According to a 2018 NCTQ report, states in the Mountain region should look to Utah and Nevada's teacher compensation strategies. Utah's compensation policy rewards effective teachers; the districts are required to implement compensation systems that align with annual evaluation systems. These annual evaluation systems are based on a number of metrics including: self-evaluation, student and parent input, peer and supervisor observations, student achievement data and evidence of professional growth.

Nevada's compensation strategy is based on students' academic achievement and has a focus on high-risk, high-need schools and subject areas. Each district is required to award up to a 10 percent increase in base salaries for at least 5 percent of teachers and administrators. Teachers in high-risk schools or high-need subject areas are eligible for an additional \$3,500 per year.

Colorado uses rural teaching stipends to encourage teaching in rural districts and high-need areas. The \$4,000 per semester stipend is provided to candidates in Colorado's EPPs as they complete student teaching time in a rural district. Upon acceptance of the stipend, the student must commit to teaching in a rural district for at least three years. Preference for the program is given to candidates who specialize in a high-need area like science, math, special education and cultural and linguistic diversity.

The District of Columbia (D.C.) provides performance-based compensation to members of the teachers' union based on evaluation ratings. D.C.'s evaluation system accounts for teacher

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experience, classifying teachers into five levels: teacher, established teacher, advanced teacher, distinguished teacher and expert teacher. Each stage is reached by a designated number of Effective or Highly Effective teacher ratings. Any union member who earns a rating of highly effective is then eligible for an annual bonus. After two consecutive years of highly effective ratings, the member is eligible for a base salary increase. School conditions (high poverty) are included as a determining factor of the bonus or increase amount.

SL/sb/rl