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FISCAL IMPACT REPORT

SPONSOR Thomson **ORIGINAL DATE** 1/29/2021
LAST UPDATED 2/26/2021 **HB** 116/aHEC
SHORT TITLE Additions to 3-Tiered Teacher Licenses **SB** _____
ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$3,113.2 - \$3,205.5	\$3,113.2 - \$3,205.5	\$6,226.4 - \$6,410.9	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB24, HB32, HB126, HB171, SB31

SOURCES OF INFORMATION

LFC Files

Legislative Education Study Committee (LESC) Files

Responses Received From

Public Schools Insurance Authority (PSIA)

Educational Retirement Board (ERB)

Regulation and Licensing Department (RLD)

No Response Received

Public Education Department (PED)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 116 returns minimum salary levels for level 1, 2, and 3-A licensees to \$40 thousand, \$50 thousand, and \$60 thousand, respectively. The amendment also establishes an effective date for the bill of July 1, 2021.

Synopsis of Original Bill

House Bill 116 amends the School Personnel Act to include dual-licensed instructional support providers and dual-licensed instructional support program administrators within the three-tiered licensure system for teachers and school administrators and increases the minimum salary for each of the three licensure levels as such:

- Level 1: from \$40 thousand to \$45 thousand,

- Level 2: from \$50 thousand to \$55 thousand, and
- Level 3-A: from \$60 thousand to \$65 thousand.

The bill further requires dual-licensed instructional support providers to hold a baccalaureate or higher degree and a professional license in the provider's profession. For dual-licensed instructional support program administrators, the minimum salary level is the same as an assistant school principal. The effective date of this bill is FY23 and subsequent school years.

FISCAL IMPLICATIONS

The bill does not make an appropriation but sets an effective date beginning in FY23. As such, fiscal impacts would apply to FY23 and create a recurring general fund liability for future fiscal years. Given limited or recent data on school personnel salaries, the estimates in this analysis reflect extrapolations of FY19 school FTE, licensure, and salary data. Assuming the minimum salary level raises for the three-tiered licensure system and a 6 percent across-the-board salary increase were implemented uniformly in FY20 as well as a 1 percent across-the-board salary increase for FY21, the estimated additional fiscal impact of this bill is \$70 million for FY23. According to LESC, the estimated fiscal impact of this bill is \$65.5 million.

The HEC amendment removes the minimum salary increase for level 1, 2, and 3-A licensees, which would only affect salaries of dual-licensed instructional support providers and program administrators. The amendment would reduce the estimated fiscal impact to about \$3.2 million annually, based on adjusted FY20 salary data for positions listed within the bill. Given many support providers are partially or wholly financed with other state and federal funding sources, the actual fiscal impacts of this estimate may be understated.

The LFC's FY22 budget recommendation includes a 1.5 percent salary increase for public school personnel. If salary increases are appropriated for FY22, the estimated fiscal impact of meeting new minimum salary levels contemplated by this bill would decrease for FY23. LESC notes instructional support providers may be paid using another funding source, such as federal funds under the Individuals with Disabilities Education Act, which could lead to an understatement of the total fiscal impact.

SIGNIFICANT ISSUES

The bill establishes new minimum salaries for each licensure level, adds dual-licensed instructional support providers to the three-tiered licensure system, and requires a dual-licensed instructional support provider to hold a baccalaureate degree or higher and a state license to practice in one of the following occupational licensing professions: audiologist, interpreter for the deaf, speech-language pathologist, diagnostician, psychologist, social worker, nurse, counselor, physical therapist, occupational therapist, or any other profession that meets educational licensure and other qualifications to be a dual-licensed instructional support provider. Establishing licensure advancement and subsequent salary increases may improve the recruitment and retention of dual-licensed instructional support providers and program administrators.

In 2003, New Mexico enacted comprehensive public school reform legislation. Among its numerous provisions, the legislation was intended to address a teacher shortage that had been identified in the late 1990s and to enhance student achievement. As a means of addressing both

of these needs, the legislation created a three-tiered teacher licensure, evaluation, and salary system that, in addition to increasing student achievement by recruiting and retaining high-quality teachers, was designed to align with the “highly qualified teacher” requirements of the federal No Child Left Behind Act of 2001.

Court findings in the *Martinez-Yazzie* education sufficiency lawsuit found schools that lacked access to instructional support providers, like diagnosticians, were unable to adequately identify and provide special education services to students with special needs. Although the court did not specify the incorporation of instructional support providers into the three-tiered licensure system as a means to remedy this issue, the court noted the funding formula did not factor the costs of teacher licensure advancement into the instructional staff training and experience index. In FY19, the Legislature began phasing in a teacher cost index into the funding formula to address this finding. Provisions of this bill do not revise the teacher cost index to include additional program units for dual-licensed instructional providers.

In FY20, the state increased minimum salary levels for the three-tiered licensure system to improve recruitment and retention. Notably, New Mexico State University’s 2020 *Educator Vacancy Report* found the number of teacher vacancies statewide decreased from 644 vacancies in FY20 to 571 vacancies in FY21. Elementary and special education teachers comprised half of all vacancies, while instructional support providers comprised a ninth of all vacancies.

2020 Educator Vacancy Report

Position	Number of Vacancies	Percent
Teachers	571	64%
Educational/Instructional Assistants	173	19%
Counselors	41	5%
Instructional Coaches	32	4%
Emotional/Behavioral Support Providers	20	2%
Administrators (Principals and Assistant Principals)	16	2%
Speech Language Pathologists	16	2%
Educational Diagnosticians	13	1%
School Psychologists	7	1%
Total Vacancies	889	100%

Source: NMSU SOAR

PERFORMANCE IMPLICATIONS

In 2001, the Teacher Education Accountability Council issued results of a survey showing problems with teacher supply and demand in New Mexico. The Office of Education Accountability, LESC, and LFC conducted a similar survey in 2007 to assess whether districts had experienced changes since that time. Survey responses from local district officials showed the following:

- The overall number of teachers grew from 21.6 thousand in 2001 to 23.3 thousand in 2007;
- Retention of teachers improved, particularly for teachers in their first three years of teaching. In 2001, districts reported about 34 percent beginning teacher attrition rates versus 25 percent in the 2007 survey. Most teachers leave districts (26 percent) to teach

in other New Mexico districts, with movement out of state a close second (12 percent);

- The use of teaching waivers decreased from 10 percent of classroom teachers to approximately 1 percent. The federal No Child Left Behind Act of 2001 (NCLB) prohibited the use of teaching waivers in most cases contributing to this decline.
- Approximately 64 percent of responding district officials felt that the three-tiered system helped with recruiting and retaining teachers in their districts. Despite improvements in retention overall, however, districts report that they continue to face challenges hiring bilingual, math, and science teachers and that staffing for special education continued to be an area of concern.

A 2009 LFC evaluation using one year of performance data confirmed small differences in performance despite large differences in pay among teachers and offered solutions for improvement. A subsequent 2012 LFC evaluation indicated local and state evaluation systems were not screening teachers for their effectiveness in the classroom. The difference in performance between teachers of each of the three levels was small. For example, 50 percent of students taught by level 1 teachers achieved a year's worth of growth in math in 2012, compared to 52 percent of students of level 3 teachers. Furthermore, each licensure level had high and low performing teachers; in 2012, nearly 30 percent of the lowest performing reading and math teachers in the state had a level 3 license. The evaluation noted the state allowed low-performing teachers to keep their license level because the state did not have a rigorous license renewal process.

ADMINISTRATIVE IMPLICATIONS

LESC notes the bill will require PED to reclassify 10 of the 14 instructional support providers currently licensed by the department as dual-licensed instructional providers within the three-tiered licensure system. Additionally, PED will need to monitor mentorship programming for level 1 instructional support providers.

RELATIONSHIP

This bill relates to House Bill 24, House Bill 32, and Senate Bill 31, which establish requirements on the number of nurses in schools statewide; House Bill 128, which requires additional monitoring and reporting of public school employee background checks and disclosures; and House Bill 171, which expands National Board program units to other applicable licensed school employees.

OTHER SUBSTANTIVE ISSUES

LESC notes the bill will now require level 1 dual-licensed instructional providers to undergo a formal mentorship program. State funding for teacher mentorship programs have fluctuated over the years; most recently the Legislature provided school districts and charter schools \$11 million within the state equalization guarantee (SEG) to support these programs.