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FISCAL IMPACT REPORT

SPONSOR Garratt/Baca/Lara **LAST UPDATED** _____
ORIGINAL DATE 2/3/25
BILL
SHORT TITLE New School Licenses **NUMBER** House Bill 157
ANALYST Mabe/Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$0.0	\$5,200.0	\$5,200.0	Recurring	General Fund
Total						

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to House Bill 110

Sources of Information

LFC Files
 Legislative Education Study Committee (LESC) Files

Agency Analysis Received From
 Public School Insurance Authority (NMPSIA)
 Educational Retirement Board (ERB)
 Regional Education Cooperatives (REC)
 Children, Youth and Families Department (CYFD)

Agency Analysis was Solicited but Not Received From
 Public Education Department (PED)

SUMMARY

Synopsis of House Bill 157

House Bill 157 (HB157) creates new licenses for site administrators, superintendents, and other school administrators, with enhanced qualifications and requirements for each. The bill also adds a section to the Public School Code requiring the Public Education Department (PED) to set rules and standards for school administrator preparation programs. PED will approve all new programs and monitor program success through data collection. The bill includes provisions for out-of-state reciprocity and emergency waivers. This bill is endorsed by LESL. The effective date of this act is July 1, 2025.

FISCAL IMPLICATIONS

Both the LFC and LESC budget recommendations for FY26 include \$2.28 million for educator and administrator preparation, induction, and evaluation contingent on enactment of this bill or similar legislation. This bill does not contain an appropriation but an estimate of the costs of the program is included in the table.

According to Education Research and Development (EdRD), an education consulting firm, the estimated costs of this bill are primarily for principal residencies at \$100 thousand per resident. For FY25 through FY27, the \$60 million government results and opportunity fund appropriation for educator clinical practice includes funding for principal residencies over a period of three years. In May 2024, PED reported \$2 million of the appropriation would be used for principal residents in FY25, amounting to about 20 residency slots. EdRD projects the number of residency slots needed for administrators could be about 200 positions each year based on historical trends on new administrator hires. In FY24, PED issued 187 level 3-B administrator licenses, with 32 licenses granted reciprocity for out-of-state applicants. As such, the future fiscal impact of this bill could be as high as \$20 million.

Level 3-B Licenses Issued	2021	2022	2023	2024
Alternative Post-Secondary	10	18	13	14
Approved Educator Preparation Program	175	236	166	127
Reciprocity Out of Country	5	8	4	0
Reciprocity Out of State (USA)	40	59	60	32
Regionally Accredited Preparation Program	19	19	18	14
New Licenses Subtotal	249	340	261	187
Current License Renewals	791	832	659	487
Total Licenses	1,040	1,172	920	674

Source: PED, EdRD Files

New Positions Hired	2020	2021	2022	2023	Annual Estimate
Assistant principals	133	88	152	154	150
Principals	95	73	128	95	100
Superintendents	32	30	45	34	35

Source: PED, EdRD Files

The Greater Albuquerque Chamber of Commerce (GACC) and New Mexico Association of Colleges and Teacher Education (NMACTE) taskforce recommended scaling up principal residency programs incrementally over time, beginning with an initial implementation of \$2 million for 20 principal residency slots in FY26. Given the existing \$2 million appropriation through the educator clinical practice appropriation is available in both FY26 and FY27, the \$2.3

million appropriation in the LFC and LESC budget recommendations could effectively support another 23 residency slots.

House Bill 157 Proposal	FY26	FY27	FY29
PED Administrative Costs	\$200,000	\$350,000	\$350,000
Programs and Projects	\$2,000,000	\$4,850,000	\$6,050,000
Total	\$2,200,000	\$5,200,000	\$6,400,000

Source: EdRD, LESC Files

Part of EdRD’s proposal included \$2.2 million for other expenditures beyond the 20 principal residency slots, including:

- \$300 thousand for a research partner to study residency implementation,
- \$200 thousand for PED to establish a new bureau of school and district leadership,
- \$440 thousand to create an aspiring superintendents’ academy,
- \$340 thousand to create induction programs for first-year principals and superintendents,
- \$225 thousand for data collection, and
- \$700 thousand for coordinators at each administrator preparation program.

SIGNIFICANT ISSUES

In FY22, the Greater Albuquerque Chamber of Commerce (GACC) and the Thornburg Foundation commissioned an education consulting firm, EdRD, to study the working conditions of school principals in New Mexico. The study recommended the establishment of a school leadership office within PED, replacement of administrator preparation programs with principal residency programs, increase in principal compensation, and creation of a statewide education coalition. In FY23, GACC formed a taskforce with the New Mexico Association of Colleges and Teacher Education (NMACTE) to finalize recommendations from EdRD’s 2022 report.

The task force included university deans and directors, researchers, legislators, and staff from PED, HED, LESC, LFC, LANL Foundation, and Thornburg Foundation, as well as EdRD. The group’s objective was to recommend changes to school leader preparation program requirements. It first did so during the 2024 legislative session with House Bill 22, which, in part, created administrator preparation program and clinical practice requirements aligned with national standards. House Bill 22 was not heard. During the 2024 interim, the same group plus principals, superintendents, and charter school leaders came together to recommend changes to statute and department rules regarding education administration licensure. HB157, endorsed by LESC, comes out of that work.

Current state law has the same requirements and license (level 3B) for all administrators—every position from superintendents to school principals to charter school heads of school to special education coordinators. HB157 separates administrative licensure into five different categories and adds the definition of site administrator to the School Personnel Act. The bill defines requirements for site administrators and superintendent licenses (detailed below) but leaves the option open for PED to establish new requirements for school administrators that are not site administrators nor superintendents.

The bill outlines five different licenses, three site administrator licenses and two superintendent licenses. Both the provisional site administrator license and the provisional superintendent

license are useful in areas with staffing shortages because they allow an individual to complete a program while working as a site administrator or superintendent. All new licenses will need to complete a criminal history record check.

1. **Provisional site administrator license:** a one-year license, renewable for up to three years.
Requirements: a level 2 or 3-A teaching license, current enrollment in a department approved site administrator preparation program, and acceptance in a department-approved site administrator induction and mentoring program in the school district.
2. **Initial site administrator license:** a three-year license, renewable for two one-year intervals.
Requirements: three years of experience as a teacher or instructional support provider, a post-baccalaureate degree or national board for professional teaching standards certification, successful completion of a department-approved site administrator preparation program and a department-approved clinical experience in New Mexico.
3. **Provisional site administrator license:** a five-year license.
Requirements: at least one year of experience as a site-administrator, a post-baccalaureate degree or national board for professional teaching standards certification, successful completion of a department-approved site administrator program, successful completion of a department-approved site administrator induction program.
4. **Provisional superintendent license:** a one-year license, renewable up to three times.
Requirements: at least one year of experience as a school administrator, current enrollment in a department-approved aspiring superintendent academy current enrollment in a department-approved superintendent induction and mentoring program
5. **Superintendent license:** a five-year license.
Requirements: at least one year of experience as a site administrator, successful completion of department-approved aspiring superintendent academy, currently enrolled in a department approved superintendent induction and mentoring program, which must be successfully completed before license renewal.

The bill grandfathers existing school administrators into the new licenses. Any current school administrator who holds a valid level 3-B license on July 1, 2028, shall be granted a professional site administrator license, and anyone who has worked as a superintendent and holds a valid level 3-B license on July 1, 2028, shall be granted a superintendent license.

The bill does not change the administrator salary minimums, which are indexed to a responsibility factor that is then multiplied by the level 3-A teacher minimum salary level.

As stated above, the bill leaves it up to PED to create new requirements for school administrators who are not licensed as site administrators or superintendents. The bill also sets up limited reciprocity with administrators licensed in other states. Additionally, schools may request a waiver if they need to immediately fill a site administrator position and the selected candidate does not meet all requirements. Likewise, school districts can request a waiver for superintendents. Waivers are for one year and nonrenewable.

The bill lays out new criteria for all new administrator preparation programs. PED will develop new rules for all programs that include comprehensive curriculum aligned to national and state standards, deliberate candidate recruitment and selection, robust clinical experience, trained coaches, formal partnerships between programs and school districts and charter schools. All

programs must be approved by PED by July 1, 2026.

PED is also required to convene a task force, create a rule process for approving new and revised programs, and monitor program success and candidate outcomes through educator accountability report indicators.

PERFORMANCE IMPLICATIONS

According to New Mexico State University's *2024 Educator Vacancy Report*, 25 principal and assistant principal positions were vacant. Additionally, turnover among administrators is high. During 2022 and 2023, 24 percent of superintendents, 28 percent of principals, and 41 percent of vice principals in New Mexico were new to their jobs. New Mexico is not alone. A national study of public school principals from 2016-2017 found 35 percent of principals were at a school for less than two years.

When school and district leaders stay in their jobs, they have the ability to implement long-term solutions. According to the Learning Policy Institute, principals are key to a positive environment for students and teachers and are the number one factor in teacher retention, which also affects student outcomes. Furthermore, consistent leadership is essential to respond to findings in the *Martinez-Yazzie* education sufficiency lawsuit, which highlighted deficiencies in high quality teachers and leadership. Hiring new administrators is also expensive. LESC analysis notes a low estimate in replacing a principal is \$75 thousand.

Just like teachers, administrators are shown to stay in their jobs longer when they are better prepared. Separating the level 3-B license into separate site administrator and superintendent licenses and revising preparation programs and clinical practice would require schools to better tailor curriculum and support, which may lead to improved retention rates.

ADMINISTRATIVE IMPLICATIONS

The bill requires site administrator preparation programs to align with PED rules and apply for approval by July 1, 2026. Currently there are seven institutions that offer programs: Western New Mexico University, University of the Southwest, University of New Mexico, New Mexico State University, New Mexico Highlands University, Eastern New Mexico University, and Cooperative Educational Services.

The bill requires PED outline rules for site administrator preparation programs, evaluate site administrator programs by July 1, 2026, convene a task force, monitor program success and student outcomes, and create new requirements for school administrators who are not licensed as site administrators or superintendents.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB157 relates to House Bill 110, which creates an interstate teacher mobility compact to allow teachers to obtain initial licensure in member compact states.