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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Sariñana/Garratt/Gurrola/Mirabel</u> <u>Moya/Baca</u>	<b>LAST UPDATED</b> _____ <b>ORIGINAL DATE</b> <u>3/7/25</u>
<b>SHORT TITLE</b> <u>Teacher Resident Stipends</u>	<b>BILL NUMBER</b> <u>House Bill 422</u>
	<b>ANALYST</b> <u>Mabe</u>

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$633.9 - \$1,753.9	\$633.9 - \$1,753.9	\$1,267.7 - \$3,507.7	Recurring	Government Results and Opportunity Program Fund

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

Relates to House Bill 156

### Sources of Information

LFC Files  
 Legislative Education Study Committee (LESC) Files  
 Learning Policy Institute (LPI)

Agency Analysis Received From  
 Public Education Department (PED)  
 Regional Education Cooperatives (REC)  
 Higher Education Department (HED)

## SUMMARY

### Synopsis of House Bill 422

House Bill 422 (HB422) sets the minimum stipend for teacher residents at no less than 80 percent of the minimum salary for level 1 teachers and requires employer-provided health insurance through the New Mexico Public School Insurance Authority (NMPSIA). It also requires teacher residency programs pay \$4,000 per university and tribal college faculty member who provides co-teaching training to residents and school mentors as well as \$500 per teaching resident to universities and tribal colleges to help cover costs associated with supervising residents.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

HB422 does not contain an appropriation. The Legislature appropriated \$60 million to the government results and opportunity (GRO) expendable trust and program fund for educator clinical practices in 2024 to use over three years, or \$20 million per year. In May 2024, PED budgeted \$12.5 million from the GRO appropriation for 280 teacher residents across eight institutions of higher education. The remainder of the GRO educator clinical practice appropriation included \$5.5 million for paid student teachers and \$2 million for principal residencies. The department projected 420 residents would apply for slots FY26; however, at the current budgeted amount, PED would only be able to afford 323 teacher residents without reducing funding for paid student teachers or principal residencies.

If the minimum resident salary is indexed to 80 percent of level 1 teacher salaries that would immediately increase the resident salary from \$35 thousand to \$40 thousand. This would effectively reduce the number of available teacher residency slots. If House Bill 156 passes, raising minimum salaries by \$5,000 each licensure level, then residency stipends would increase to \$44 thousand and further reduce the number of available residency slots. Additionally, providing more funding for insurance premiums and providing a supervision fee for each higher education institution could further cut into the amount for residency slots.

Assuming the state maintained the existing number of residency slots at 280 candidates, flat with FY25 levels, the changes proposed in this bill and House Bill 156 would increase the total annual cost of the teacher residency program by an estimated \$633.9 thousand or \$1.75 million (if HB156 passed). This would effectively force PED to budget less GRO funding for paid student teachers or principal residents, offer fewer teacher residency slots, or request additional legislative appropriations.

	FY23	FY24	FY25	FY26 Est.	HB 422	HB 422/156
<b>Teacher Residency Budget</b>	<b>\$ 14,500.0</b>	<b>\$ 13,000.0</b>	<b>\$ 12,500.0</b>	<b>\$ 12,500.0</b>	<b>\$ 12,500.0</b>	<b>\$ 12,500.0</b>
<b>Teacher Residents</b>	<b>192</b>	<b>219</b>	<b>280</b>	<b>420</b>	<b>280</b>	<b>280</b>
Resident Stipends (Current: \$35k, HB422: \$40k, HB422/HB156: \$44k)	\$ 6,720.0	\$ 7,665.0	\$ 9,800.0	\$ 14,700.0	\$ 11,200.0	\$ 12,320.0
Mentor Stipends (\$2,000, est. 1:1 ratio)	\$ 384.0	\$ 438.0	\$ 560.0	\$ 840.0	\$ 560.0	\$ 560.0
Principal Stipends (\$2,000, est. 5:1 ratio)	\$ 76.8	\$ 87.6	\$ 112.0	\$ 168.0	\$ 112.0	\$ 112.0
Residency Program Coordinator (\$50,000, est. 8 IHEs)	\$ 400.0	\$ 400.0	\$ 400.0	\$ 400.0	\$ 400.0	\$ 400.0
Teacher Resident Health Insurance (est. \$2,578.10)	\$ -	\$ -	\$ -	\$ -	\$ 721.9	\$ 721.9
IHE Supervision Costs (\$500)	\$ -	\$ -	\$ -	\$ -	\$ 140.0	\$ 140.0
<b>Total</b>	<b>\$ 7,580.8</b>	<b>\$ 8,590.6</b>	<b>\$ 10,872.0</b>	<b>\$ 16,108.0</b>	<b>\$ 13,133.9</b>	<b>\$ 14,253.9</b>
<b>Difference</b>	<b>\$ 6,919.2</b>	<b>\$ 4,409.4</b>	<b>\$ 1,628.0</b>	<b>\$ (3,608.0)</b>	<b>\$ (633.9)</b>	<b>\$ (1,753.9)</b>

Source: PED, LESC, and LFC Files  
All dollar figures reported in thousands

PED estimates this bill would increase the overall cost of teacher residency programs from about \$45 thousand to \$60 thousand per resident. This means the number of teacher residents would decrease by about 20 percent without an additional appropriation.

## **SIGNIFICANT ISSUES**

The three-year GRO appropriation from FY24 was intended to help the state understand whether residency programs were better than traditional or alternative preparation pathways. Changing how teacher residencies are designed in the middle of the three-year funding period may hamper the state's ability to fully understand what aspects of the programs are contributing to changes in candidate outcomes. The original appropriation does not preclude school districts or charter schools from contributing to increased compensation for residents. Doing so may even create stronger partnerships between schools and educator preparation programs. Federal registered teacher apprenticeship models, which are very similar to residencies, encourage local districts to braid funding streams with state and federal aid to stand up programs and support candidates in their clinical practice experiences.

An LESC policy brief from November 2024 notes alternative licensure is more popular than residencies because it is a faster track to teaching and full pay. However, unprepared teachers are less effective and leave the profession faster. According to the Learning Policy Institute (LPI), teaching residencies, which are modeled after medical residencies, produce better prepared, more effective, longer staying teachers who deliver significant benefits for schools and students.

The University of New Mexico (UNM) offers a residency for graduate licensure students in special education that comes with a full teacher's salary, benefits, and tuition and fees paid for licensure courses. UNM indicates applicants often mention benefits as part of the reason they apply. LESC notes requiring NMPSIA coverage for residents could be problematic since it is limited to public school employees and residents are not public school employees.

LPI reports that teacher residencies are growing across the country. The map below from LPI shows states that have invested in teacher residencies. New Mexico residency stipends are higher than many others listed. LESC's November brief notes New Mexico's teacher residencies have high completion rates and many residents are placed in high-need areas. Additionally, the resident pool is more diverse than the current teacher workforce.

## **PERFORMANCE IMPLICATIONS**

Students benefit from having qualified teachers. Residencies have been shown to make teachers feel better prepared and stay in teaching longer.

## **ADMINISTRATIVE IMPLICATIONS**

PED would be required to award additional funding for teacher resident stipends, insurance, and fees to participating institutions. Teacher residency programs would need to determine how to work with NMPSIA as well as scale back residencies to fit within HB422's requirements.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB422 relates to House Bill 156, which raises minimum teacher salaries by \$5,000 at each licensure level.

### State Support for Teacher Residencies

