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FISCAL IMPACT REPORT

SPONSOR: Garcia, MP DATE TYPED: 02/27/01 HB 330/aHEC
 SHORT TITLE: Teacher Incentive Pay Act SB _____
 ANALYST: Segura

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 2,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 23 and SB 27

SOURCES OF INFORMATION

State Department of Education (SDE)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment is technical in nature and does not change the original intent of the bill.

Synopsis of Original Bill

House Bill 330 appropriates \$2 million to SDE to carry out the provisions of the Teacher Pay Incentive Act. The purpose of the act is to encourage qualified elementary school teachers with an incentive of \$3,000 dollars to teach at elementary schools where a minimum of 90% of the students receive free or reduced-fee lunches.

Significant Issues

The bill if enacted would create a new section in the Public School Code cited as the “Teacher Incentive Pay Act”.

According to SDE, the language in this legislation will provide that a teacher holding a master’s degree plus 15 additional credits, who is hired to fill a teaching vacancy at an elementary school in which 90% or more of the students receive free or reduced-fee lunches, is entitled to incentive pay of \$3,000 dollars above the base salary.

The bill also states that a teacher receiving incentive pay must sign an employment contract with the elementary school and provide five years of service. A teacher who fails to complete five years, must repay the state all incentive pay received up to the contract termination date or may consult with the SDE to establish alternate repayment terms.

FISCAL IMPLICATIONS

According to SDE, there are 73 elementary schools where 90 % or more of the students receive free or reduced -fee lunches. There were approximately 1,800 teachers reported for these schools on the 2000-2001 40th report. A vacancy rate of 11% is assumed, based on the number of teachers that resigned and retired between the 1999-2000 and 2000-2001 school year. The estimated cost to provide teacher incentive pay to approximately 200 elementary school teachers is calculated as follows:

$$\begin{array}{r} 200 \text{ teachers} \\ \times \text{ \$3,521 (salary incentive of \$3,000 with associated benefits)} \\ \hline \text{\$704,200 = estimated incentive pay cost} \end{array}$$

The balance from the appropriation contained in the bill would be used for costs associated with the implementation of the incentive pay program.

ADMINISTRATIVE IMPLICATIONS

SDE would need to develop and implement the incentive pay program.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Relates to SB 23 and SB 27.

TECHNICAL ISSUES

SDE suggests that on page 2, lines 2 and 24, and page 3, line 3, insert the words “eligible to” before the word “receive”.

SDE suggests that to comply with the anti-donation clause of the New Mexico Constitution, the funds for the incentives should flow through the local school districts so the incentives can be included as a part of the employee’s regular contract. The district is the employer, not the school or SDE.

RS/njw:ar