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FISCAL IMPACT REPORT

SPONSOR: Gorham DATE TYPED: 02/07/01 HB _____
 SHORT TITLE: Assess Teacher Merit Pay Plan Pilot Program SB 23
 ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$12,000.0			Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Relates to: Senate Bill 27

SOURCES OF INFORMATION

LFC Files
 State Department of Education (SDE)

SUMMARY

Synopsis of Bill

Senate Bill 23 relates to teacher compensation, creating a pilot program to assess a teacher merit pay plan, providing powers and duties, and making an appropriation of \$12.0 million to implement a pilot program during FY02 through FY06.

Significant Issues

This bill creates a “teacher merit pay ad hoc committee,” which will serve as an advisory committee to the State Board of Education (SBE). The ad hoc committee will consist of ten appointed members, including SBE members. The ad hoc committee will advise the SBE on design and implementation of a pilot teacher merit pay program, which will be measured by the academic achievement of students and is also charged with evaluating the effectiveness of a value-added assessment tool to determine teaching effectiveness compared to student academic achievement. Non-public employees who are committee members will be eligible for per diem and mileage.

Criteria for participation in the merit pay pilot program:

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- An elementary, middle or junior high school may participate in the program beginning in the 2002-2003 school year if at least 65% of its teachers agree to participate.
- The ad hoc committee shall select, through a lottery process, no more than 120 schools throughout the state that have applied to participate.
- A school applying must submit prior to participation a school academic achievement plan to the ad hoc committee.
- The pilot program shall require participating schools to use terra nova pre- and post-testing annual results to measure student progress.
- No participating school shall annually receive more than \$80,000 in merit awards, and no more than 25 percent of the award shall be given to nationally certified instructors.

Master teachers will be hired (one for each 10 pilot schools) to assist participating schools in the achievement of the schools' academic achievement plans and also to mentor, train and encourage low-performing teachers. A salary in accordance with the rules promulgated by the ad hoc committee shall be paid to master teachers that will be assisting the participating schools.

The SDE assumes that 120 schools, which is the maximum number of schools allowed through the lottery process outlined in SB 023, will participate per year beginning in school year 2002-2003 through 2005-2006.

Summary of SB23 Teacher Merit Pay Provisions:

All certified school instructors at participating schools receive a \$400 merit pay award.

Participating schools will receive a merit award of \$3,000 to distribute to certified school instructors who participate as members on extracurricular projects with their students, educational committees or educational programs directly related to their school academic achievement plan in addition to their teaching responsibilities.

Certified school instructors teaching in the classroom over 50% of the day at the participating schools who most improve the academic test scores of their students during the course of the school year in accordance with their school academic achievement plan shall receive a merit pay award of \$2,500.

Certified school instructors at the participating schools who have earned National Board for Professional Teaching Standards certification shall receive a one-time merit pay award of \$3,000. According to the Licensure Unit of the State Department of Education, there are currently 85 teachers in the state of New Mexico with national certification. Approximately 10 more certified school instructors will attain this certification per year.

FISCAL IMPLICATIONS

The appropriation of \$12.0 million contained in this bill for expenditure in FY02 through FY06 is a

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recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

SDE staff will be required to provide specialized training to participating schools, provide administrative assistance to the ad hoc committee, provide the statistical analyses for determining the awards and then develop a mechanism for distributing the awards. According to the SDE, these additional responsibilities will require additional FTE, but the appropriation appears to contain adequate funds for this purpose.

Public schools wishing to participate would need to develop and submit a school academic achievement plan.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Senate Bill 27 appropriates \$850.0 from the general fund to the SDE for expenditure in fiscal year 2002 to design and fund a merit award program for teachers and elementary, middle and junior high schools.

TECHNICAL ISSUES

The language in Sections E. (1) – (3) indicates that awards will be made based on the academic scores of students during the course of the school year in accordance with schools' academic achievement plans. Section D. states that the pilot program shall require participating schools to annually use terra nova pre- and post- testing results to measure student progress. The assumption from these two sections is that the academic achievement plans must use terra nova results. Terra nova refers to a specific test currently used for the NM Achievement Assessment program. Since the procurement code requires the SDE to put the assessment contract out to bid every 4 years, placing the name of a specific assessment in statute could be problematic. The SDE recommends that the wording in the bill could be changed to "NM achievement assessment results."

OTHER SUBSTANTIVE ISSUES

The Incentives for School Improvement Act (Section 22-13A) currently provides for incentives awards to those schools making the most improvement from one year to the next that account for 10% of the student population. This merit award in Senate Bill 23 would be in addition to the one specified in existing statute. For the past two years, \$1.9 million has been appropriated to the Incentives for School Improvement fund for these awards. During the fall of 2000, an average award of \$18,248 was distributed to 94 schools throughout New Mexico.

According to the SDE, the SBE's position on performance based compensation for teachers should include multiple measures of teacher performance. This bill only uses one measure: student performance on standardized assessments.

This bill provides awards only to elementary, middle and junior high schools. The possibility of

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providing awards to high schools and high school teachers are not included.

Also, the terra nova is not administered as a pre- and post- test. Pre-test would need to refer to students' scores the previous year and post-test to the students' scores at the end of the current year.

LG/ar