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FISCAL IMPACT REPORT

SPONSOR Stewart DATE TYPED 03/12/05 HB 286/aSEC

SHORT TITLE School Principal Salary Calculation SB _____

ANALYST Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Public Education Department (PED)

SUMMARY

Synopsis of SEC amendment to HB 286

The Senate Education Committee amendment to House Bill 286 amends the title and provides that if a level 3-A teacher does not demonstrate essential competency in any given school year, the district shall provide professional development and peer intervention during the following school year. If the teacher still fails to demonstrate essential competency, the school district may choose not to contract with the teacher to teach in the classroom.

Synopsis of Original Bill

House Bill 286 amends Section 22-10A-2 NMSA 1978 of the School Personnel Act to include the definitions of an “instructional leader”, and “responsibility factor”. It strikes existing minimum principal salaries in statute and replaces it with minimum salaries for principals and assistant principals based upon a ten-month contract tied to the minimum salary for a level 3-A teacher multiplied by the responsibility factor. Upon demonstration of instruction leader competence through highly objective uniform statewide standard of evaluation, minimum salaries would be as follows:

SCHOOL YEAR 2006-07 (FY07)

Position	Level 3-A Minimum	Responsibility Factor	Minimum Salary
High School Principal	\$45,000	1.60	\$72,000
High School Assistant Principal	\$45,000	1.25	\$56,250
Middle or Junior High School Principal	\$45,000	1.40	\$63,000
Middle or Junior High School Assistant Principal	\$45,000	1.15	\$51,750
Elementary School Principal	\$45,000	1.20	\$54,000
Elementary School Assistant Principal	\$45,000	1.10	\$49,500

SCHOOL YEAR 2007-07 (FY08)

Position	Level 3-A Minimum	Responsibility Factor	Minimum Salary
High School Principal	\$50,000	1.60	\$80,000
High School Assistant Principal	\$50,000	1.25	\$62,500
Middle or Junior High School Principal	\$50,000	1.40	\$70,000
Middle or Junior High School Assistant Principal	\$50,000	1.15	\$57,500
Elementary School Principal	\$50,000	1.20	\$60,000
Elementary School Assistant Principal	\$50,000	1.10	\$55,000

Significant Issues

The Three-Tiered Teacher Licensure established minimum salaries for teachers. However, according to DFA, a number of states, including New Mexico, are experiencing difficulties in recruiting and retaining principals. The National Conference of State Legislatures predicts by 2008, the number of principals needed is expected to increase 20 percent. The Office of Educational Accountability and the University of New Mexico surveyed approximately 70 percent of New Mexico schools and found the average principal tenure is 2.8 years and 51 percent of the schools responding had 3 to 7 principals in the last ten years. The LESC School Principal Work Group identified 701 principals and 333 assistant principals in the 89 school districts.

Principals are identified in the bill as the instructional leader for school and continuity is a critical factor in improving instruction.

The Senate Education Amendment adds the provision of requiring professional development and peer intervention for level 3-A teachers not demonstrating professional competencies. It provides that the school district may choose not to contract with the teacher to teach in the classroom if the professional competencies are demonstrated after the professional development and peer intervention. In addition, school districts will have to comply with all due process requirements related to employment and termination proceedings established by the district policies and also consider any teacher union contracts related to termination or change of duties.

PERFORMANCE IMPLICATIONS

If minimum salaries improve recruitment and retention of principals and assistant principals, improved student outcomes may result.

FISCAL IMPLICATIONS

No appropriation is contained in this bill; however, increases in program costs in the State Equalization Guarantee will result as the minimum salaries are implemented. In the presentation to LESC in November 2004, recurring costs were estimated at \$2.5 million for FY07 and \$4.1 for FY08. Actual costs will be determined by the salaries being paid at the start of each year. In addition, DFA estimates \$200 thousand will be needed to develop the evaluation framework for principals and assistant principals that is to be in place before the minimum salaries become effective.

PED estimates \$175 thousand will be needed to design the required evaluation system which will need to be in place by end of the 2005-06 school year. It states the agency cannot absorb the cost within the appropriated budget. The agency suggests using contractors would be the best way to design the evaluation system.

TECHNICAL ISSUES

House Bill 286 should be amended to include an appropriation of \$175 thousand to fund the development of the required evaluation system.

ALTERNATIVES

Leave the statute unchanged and pay principals based upon school student population (200 or fewer, \$58,000; 201 to 400, \$60,000; 401 to 600, \$62,000; 601 to 800, \$64,000; 801 to 1,000, \$66,000; and more than 1,001, \$68,000). Assistant principals are not included in the current statute.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The statute will remain unchanged.

POSSIBLE QUESTIONS

1. Should principal and assistant principal salaries be a negotiated item without having a minimum salary level?

GAC/lg