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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/13

SPONSOR Roch LAST UPDATED _____ HB 276

SHORT TITLE Teacher Licensing & Performance Rating SB _____

ANALYST Gudgel

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	See Fiscal Implications			

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Education Department (PED)
University of New Mexico (UNM)

SUMMARY

Synopsis of Bill

House Bill 276 (HB 276) amends the School Personnel Act to provide for advancement through the three-tiered licensure system by directly linking effectiveness in the classroom to advancement. The bill mandates “improvement plans” for teachers who do not demonstrate effectiveness, and allows termination of teachers who fail to demonstrate effectiveness after given the opportunity to improve. The bill also allows advancement through the licensure system quicker than currently allowed for teachers who are exemplary or highly effective.

The bill appears to align with the department’s rule on teacher and school leader evaluations and will ultimately eliminate the professional development dossier process for licensure advancement and instead relies on annual effectiveness evaluations as measured primarily by student academic growth as the sole means for licensure advancement.

FISCAL IMPLICATIONS

For FY12, the PED collected little more than \$2 million in licensure fees. The department estimated collecting \$2.2 million in FY13, and \$2.4 million in FY14. Collection of licensure fees may increase as the time between required license renewals is decreased. Pursuant to Section 22-8-44 NMSA 1978, the educator licensure fund consists of money collected from application fees for licensure or for renewal of licensure by the department. Money in the educator licensure fund is appropriated to the department for the following purposes: (1) to fund the educator background check program; (2) to enforce educator ethics requirements; and (3) to process applications for licensure or for renewal of licensure, including review of professional development dossiers. A large portion of money in the fund supports contracts to review professional development dossiers.

SIGNIFICANT ISSUES

HB 276 changes the way teachers currently advance licensure levels. The bill links advancement to effectiveness, though the bill does not indicate what effectiveness is. The bill defines effectiveness as an objective performance rating of exemplary, highly effective, effective, minimally effective, and ineffective. It appears that the bill aligns with the department's rule (6.69.8 NMAC) on teacher and school leader evaluations and eliminates the professional development dossier process for licensure advancement and instead relies on annual effectiveness evaluations as a means for licensure advancement.

The department's rule bases annual evaluation of teachers on the following: 50 percent on student achievement as determined by a value added model; 25 percent on observations; and 25 percent on other multiple measures. The department's rule bases annual evaluations of school leaders on the following: 50 percent on the change in the school's A through F grade; 25 percent on multiple measures; and 25 percent on based upon documented fidelity observations of the school leader. This bill provides for the only movement through the licensure system to be tied to these evaluation systems that are established in rule.

A level one license will continue to be a provisional license. A level one teacher will only be able to advance to level two if they receive a performance rating of exemplary, high effective or effective in the state's formal evaluation process. The bill eliminates the requirement to hold a level one license for three years before being able to apply for a level two license. During the first through third years of teaching, a school board will continue to be able to terminate a level one teacher for any reason. During either the fourth or fifth year of level one licensure, a level one teacher who receives an objective performance evaluation rating of minimally effective or ineffective will be placed on an improvement plan. If after 90 days on the improvement plan the teacher is unable to show improvement the teacher shall be terminated pursuant to Section 22-10A-24.

The bill changes a level two licenses from a nine-year license to a five-year license. A level one teacher may advance to level two if they complete at least two years of teaching with a level one license and has receive an exemplary or highly effective evaluation rating for the immediately preceding two years; has completed at least five years of teaching with a level one license and has not received a minimally effective or ineffective evaluation rating; or has been granted reciprocity pursuant to department rules.

The bill changes a level three-A license from a nine year license to a five year license for teachers who annually demonstrates effectiveness. A level two teacher may advance to a three-A if they complete at least two years of teaching with a level two license and has received an exemplary or highly effective evaluation rating for the immediately preceding two years; or has completed at least five years of teaching with a level two license and has not received a minimally effective or ineffective evaluation rating for the immediately preceding three years.

The bill changes a level three-B license from a nine year license to a five year license for school administrator show demonstrates effectiveness. A level two teacher may advance to a level three-B license if they complete at least three years of teaching with a level two license and has received an objective performance rating of exemplary or highly effective for the immediately preceding three years; or has two years of teaching with a level three-A license and has received an exemplary, highly effective, or effective evaluation rating for the immediately preceding two years. An applicant for a level three-B license will have to submit written approval from the superintendent or superintendent's designee to enter into an administrator preparation.

PERFORMANCE IMPLICATIONS

According to PED, teachers that are in the top twenty percent of effectiveness ratings leave the profession at the same rate as the overall trend of the workforce, between three and five years. Retention of the top twenty percent of teachers is critical for the improvement of the overall student performance. Raising expectations is reported to be a main factor in the retention of the most effective teachers. This bill aligns the three-tier system to the actual classroom performance of teachers, creating a system that is student-centered. The alignment to evaluation allows for the best performers to advance their practice in a quicker manner than the current advancement process. In addition, it takes away additional burden and costs on teachers in the advancement process.

The bill eliminates the requirement of submission of a professional development dossier that is currently required to advance licensure.

ADMINISTRATIVE IMPLICATIONS

PED indicates it will be important to retain the professional development dossier (PDD) for the first two years of the Effective Teachers and School Leaders evaluation system. This will allow a transition phase for teachers that have met the requirements that were set under the previous guidelines.

DUPLICATION

Senate Bill 316 is a duplicate.

TECHNICAL ISSUES

The provisions of Section 2 of Paragraph B of Section 22-10A-7(Section 2 of this bill) state that a teacher who doesn't improve after being placed on an improvement plan shall be terminated as provided in Section 22-10A-24. Section 22-10A-24 NMSA 1978– Termination decision; local school board; governing authority of a state agency; procedures – only allows a school board to terminate an employee who has been employed by a school district or state agency for three

consecutive years with just cause. Section 22-10A-1 (G) NMSA 1978 defines “just cause” as “a reason that is rationally related to an employee's competence or turpitude or the proper performance of the employee's duties and that is not in violation of the employee's civil or constitutional rights.” The changes proposed in this bill do not establish inability to improve as a prima facie showing of “just cause”, though the bill indicates the employee shall be terminated.

The use of the word effectiveness in the bill appears to conflict with the definition. The definition establishes the levels of effectiveness; however, the definition does not state what levels will be considered effective. Where effectiveness is used it should likely describe the level of effectiveness to be clear.

OTHER SUBSTANTIVE ISSUES

A recent LFC staff evaluation of the three tiered licensure system and effective teaching in New Mexico recognized quality teaching is the most influential school factor affecting academic success. Previous evaluations of the three tiered system confirmed the system decreasing widespread teacher shortages, reducing unqualified teachers, and improving teacher pay. Student performance, however, has not improved with taxpayer investments in teacher pay. Student performance within teacher licensure levels and between licensure levels suggests the local and state evaluation systems are not screening teachers for their effectiveness in the classroom. Furthermore, each licensure level has high and low performing teachers. The three-tiered system continues to offer a solid framework to align resources to performance, but student achievement must be better incorporated into the process. If modified, student achievement could be a data-driven concern for all teachers and serve as a way to reward the state's best teachers and intervene for struggling teachers.

PED has sought, through rule, to improve the local evaluation component of the three-tiered system and initiated two task forces to examine how to incorporate student achievement, including using VAMs, into a new system. However, statutory changes not addressed by the new PED rule are necessary to reform local evaluations and the state licensure system.

Key findings of the report include:

- New Mexico's three-tiered career ladder system does not align pay with student achievement.
 - Improving student achievement was a key policy goal of implementing the three-tiered system. However, the state has not established expectations for student achievement in evaluation of level I, II, and III teachers.
 - The local evaluation system does not differentiate between high and low performing teachers or focus on student achievement.
 - The professional development dossier (PDD) does not effectively screen teachers for advancement, resulting in ineffective teachers receiving large pay increases.
 - The state allows low-performing teachers to keep their license level because the state does not have a rigorous license renewal process.
 - The three-tiered system offers a framework to align resource allocation to performance, but student achievement must be better incorporated into the process.

Recommendations of the report included:

- Replace the PDD and establish the effective teaching portfolio (ETP) as part of the licensure advancement application with new requirements and competencies. The ETP will have new requirements strengthening expectations for student achievement, requiring satisfactory annual evaluations, and allowing the most effective teachers, as measured by a statewide value added model (VAM), to bypass the ETP process;
- Create licensure terms for level one, two, and three licenses. Level one licenses should have a five-year license term; and teachers must submit for renewal after three years; level two and level three licenses should have an eight-year term and teachers must submit for renewal after six years;
- Create new requirements for level two and level three licensure renewal, including meeting student performance expectations through the ETP or statewide VAM, and allowing teachers not meeting those expectations extra time to show competency before being denied renewal of a teaching license;
- Require PED to annually rank the performance of licensed teachers providing instruction in tested grades and subjects through two different value-added models;
- Establish updated basic competency and effectiveness indicators for teachers, as part of the ETP, including setting new student achievement expectations for level two teachers and more rigorous student achievement expectations level three teachers.

The report also recommends that annual evaluations be based on whether the teacher met or exceeded expectations on Basic Competency and Effectiveness Indicators, made satisfactory progress on professional development goals, and received satisfactory ratings from students and parents, and includes classroom observations from principals. The report recommends value added models (VAMs) *should not be used in annual local evaluations because of their limitations and complexity*. This recommendation differs from the PED rule establishing annual evaluations.

The full report can be found at:

<http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/Public%20Education%20Department%20%E2%80%93%20Promoting%20Effective%20Teaching%20in%20New%20Mexico.pdf>

The University of New Mexico notes that the bill will isolate teachers and school administrators from all future advances in educational practice by removing any requirement to attain advanced coursework. Forty-nine states require a Masters degree, or higher for administrative licensure. UNM also notes that there is currently no accepted principal evaluation methodology or instruments that have been identified, field tested or validated in New Mexico and imposition of an effectiveness evaluation may be premature.

RSG/svb