



## FISCAL IMPLICATIONS

House Bill 2 as adopted by HAFC currently includes a \$6 million appropriation to the state equalization guarantee for reinstating requirements of the Public School Code pertaining to individual class load and teaching load. **The original appropriation contained in the bill was struck by the HAFC amendment, as the appropriation contained in the original bill duplicated the appropriation in HB2.**

The amount needed, if any, to return to mandatory class loads and teaching loads is uncertain as in an indeterminate way PED is supposed to reduce reliance on the waiver pursuant to Section 22-1-10 NMSA 1978. This waiver provision expires in FY14; however, the bill allows school districts a three-year period to meet class load and teaching load requirements currently included in law.

### LESC Estimate

Legislative Education Study Committee (LESC) staff currently estimates a need of \$20 million to offset costs associated with returning to statutory class loads and teaching loads. **However, LESL analysis indicates actual costs for FY15 are indeterminate as a result of unavailable statewide data.** The estimate is based on information provided by Albuquerque Public Schools (APS) and extrapolated to estimate statewide need. APS estimated the need to hire between 100 and 120 additional teachers (representing an increase of 2.5 percent in their teaching staff) at the cost of between \$6 million and \$7 million based on an average salary and benefits of \$60,750 (benefits were assumed at 35 percent). The estimates were based on class overload reports. It is unclear if the APS estimate also considered class loads and teaching loads under the current statutory requirements and shifting student populations to reduce the estimated need for additional teachers.

The LESL estimate of \$20 million assumed the need for 2.5 percent more teachers at school districts, excluding charter schools based on the estimated salary and benefits of \$41,600 (benefits were assumed at 30 percent). LESL estimates the need for 398 additional teachers statewide.

### PED Analysis

**PED indicates a district by district analysis of teachers and students suggests that although some class loads and teaching loads may exceed statutory maximums in certain schools, most if not all districts have a composite pupil-teacher ratio well below the maximums contained in Section 22-10A-20 NMSA 1978.** PED notes that class loads and teaching loads could be aligned with statute by districts establishing new boundaries and ensuring enrollment or staff assignments per building is redistributed. PED also notes that the number of waiver requests has been declining since the 2010-2011 school year.

### LFC Estimate

LFC staff estimates, **based on district-wide class overload reports provided by PED for the 2013-2014 school year,** that districts statewide may need between 13 and 81 teachers to meet statutory class size requirements. **Class overload reports indicate only 38 school districts have overloaded classes.** The high end of the range is based on the average size of overloaded classes over the statutory limit multiplied by the number of overloaded classes, then divided by the statutory limit for the appropriate range. This method is susceptible to overestimating because it does not account for classes that have fewer students than the statutory limit, which

would bring down the average class size. The low end of the range does account for such classes, though it assumes school districts will manage class loads and teaching loads through local decisions such as establishing new boundaries or ensuring enrollment and staff assignments per building is redistributed as noted by PED. The difference in these numbers shows that some districts may have sufficient teachers to maintain class sizes below the statutory limit based on their total enrollment, but fail to do so for some classes while others are well below the limit. **Based on the LESC estimated salary and benefits of \$41,600 for new teachers, the funding provided in this bill and HB2 appears to be sufficient to cover the additional teachers LFC staff estimates may be needed in FY15.**

LFC staff also notes, the waiver was first introduced as a means to assist school districts meet budget reductions that occurred because of the economic downturn. However, the legislature never reduced the program cost specifically to reduce class sizes. For FY15, HB 2 as adopted by HAFC, includes a 5 percent increase in the program cost over the FY09 program cost. As recommendations for formula funding increase it is unlikely that the state should need to continue to grant waivers for financial solvency purposes and districts should be able to return to statutory class size limits and teaching load limits.

## **SIGNIFICANT ISSUES**

Section 22-10A-20 NMSA 1978 establishes class loads for elementary school teachers up to grade six, and daily teaching load per teacher for grades seven through 12 as follows:

- The average class load for kindergarten teachers is 20 students – classes with 15 or more students are entitled to an educational assistant.
- The average class load for teachers in grades one through three is 22 students averaged among the grades – classes with 21 or more students are entitled to an educational assistant.
- The average class load for teachers in grades four, five, and six is 24 students when averaged among the grades.
- The average daily teaching load for grades seven through 12 is 160 students, with a lower load established for required English courses.

During the 2010 session, recognizing funding constraints of the economic downturn, the Legislature enacted a temporary provision to allow the Secretary of Public Education to waive requirements of Section 22-10A-20 NMSA 1978 pertaining to individual class load, teaching load, length of school day, staffing patterns, subject areas and purchases of instructional materials for the 2009-2010 through 2011-2012 school years. Waivers were to be monitored by PED, and the Secretary of Public Education was to report to the LESC and LFC on any issues or actions of a school district that appear to adversely affect student learning. These provisions were extended in 2012 through the 2012-2013 school year, and again in 2013 through the 2013-2014 school year, including the reporting requirements. To date, neither LFC nor LESC has received any report pursuant to this requirement.

Additionally, data provided by PED indicates financial flexibility waivers issued pursuant to Section 22-1-10 NMSA 1978 have been granted for no more than 10 percent variance from statute – or between one to three students for elementary grades.

PED also notes that at no time during the economic downturn were the provisions of Section 22-10A-20 NMSA 1978 suspended or otherwise superseded. The analysis states, “It is unclear why

this bill refers to the return "to statutory mandatory individual class loads and teaching loads" since these have not changed in recent years. The requirement to maintain these class loads and teaching loads has existed as has the Secretary's authority to grant waivers to these provisions if needed and justified by districts."

## **PERFORMANCE IMPLICATIONS**

Given that research indicates the effects of decreasing class sizes are significant particularly when the magnitude of the reduction is large, especially for early elementary grades and at-risk students, it is unlikely that returning to statutory class sizes will have a large impact on student achievement in New Mexico.

## **ADMINISTRATIVE IMPLICATIONS**

The bill requires school districts to develop and submit a plan to PED during the 2013-2014 school year outlining how they will implement the provisions of this bill, including the cost of complying with current statutory class size and teaching load requirements. Outside of the requirement to develop a plan, it is unclear what progress must be made in the first year, and PED notes that funding included in HB 2 may not be used to address reducing class sizes and teaching loads.

## **RELATIONSHIP**

HJR 6 proposes to establish maximum class size limits via a constitutional amendment.

## **TECHNICAL ISSUES**

There are currently two waiver provisions that will be available to school districts: Section 22-10A-20 and Section 22-2-2.1 NMSA 1978. The bill indicates that the ability of a school district to seek a waiver pursuant to Section 22-10A-20 NMSA 1978 is not affected; however, there is no mention of the second statutory provision allowing PED to grant waivers. **The Legislature may wish to include explicit reference to Section 22-2-2.1 NMSA 1978 as well.**

## **ALTERNATIVES**

- Continue to allow the Secretary of Public Education to grant waivers from Section 22-10A-20 in more limited circumstances such as for school districts that are unable to meet the requirements because they have a teacher shortage or for school districts receiving emergency supplemental funding.
- Consider increasing the statutory class sizes and teaching loads.

## **POSSIBLE QUESTIONS**

- How many school districts currently have overloaded classes?
- The LESC estimate indicates \$16.5 million is needed to hire 398 additional teachers. What are the "other estimated costs" of \$5 million included in the LESC estimate?