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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/1/16

**SPONSOR** Rehm **LAST UPDATED** \_\_\_\_\_ **HB** 41

**SHORT TITLE** School Superintendent Contract Criteria **SB** \_\_\_\_\_

**ANALYST** Elkins

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Educational Retirement Board (ERB)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

House Bill 41 adds a new section to the Public School Code that requires specific criteria to be included in superintendent employment contracts and adds a new section to the School Personnel Act exempting certain district personnel from the Act.

### FISCAL IMPLICATIONS

According to PED, the provisions in the bill will ensure that fewer public funds are used for superintendent severance packages. In Albuquerque Public Schools alone, the last two superintendents received more than \$450,000 in contract buyouts and severance pay. The provisions in this bill would significantly decrease this amount to a total of 8 weeks superintendent salary (estimated at approximately \$20,000).

While there would not be a direct savings to the general fund, an assumption could be made that the savings from expensive severance packages and buyouts could be redirected toward other student and local district needs.

## **SIGNIFICANT ISSUES**

This bill requires local school boards to have written employment contracts for local superintendents and that they include the following criteria:

- Total compensation amounts – both salary and a list of benefits;
- The minimum duties and performance requirements expected of the local superintendent and;
- Dates of employment, not to exceed 2 years.

If a local school board renews a local superintendent's employment contract, the renewal must be executed no earlier than 6 months prior to the end of a contract period and must include the requirements listed above.

Termination of a local superintendent's employment may occur at the end of the contract period with no severance pay.

Termination may occur during the contract period as follows:

- if 4 weeks notice is provided by the local superintendent, with no severance pay
- OR
- if a majority of the members of the local school board at a public meeting, decide to terminate the local superintendent employment contract.

If a local superintendent is terminated without cause, with severance pay, the amount shall not exceed the amount of 4 weeks salary. Severance payment is not to be provided prior to the local superintendent signing a "release of claims agreement".

If a local superintendent is terminated with cause, no severance pay is provided.

Cause is determined by the local school board.

A local superintendent terminated for cause may request a hearing by the local school board to review its determination. A local superintendent may file an appeal within 30 days to the Secretary of Public Education.

This bill adds a new section to the School Personnel Act which exempts the following school personnel from the Act:

- Local Superintendents
- Assistant Superintendents
- School district employees earning more than an annual salary of \$150 thousand

## **PERFORMANCE IMPLICATIONS**

This bill includes a provision that requires contracts for superintendents to include minimum duties and performance expectations.

**ADMINISTRATIVE IMPLICATIONS**

ERB indicates, that if this bill is enacted, there would be no effect on the ERB or the educational retirement trust fund. The superintendents who are the subject of the bill would continue to be ERB regular members pursuant to NMSA 1978, Section 22-11-2(B)(1) which includes a person regularly employed as an administrative employee of a state educational institution.

**OTHER SUBSTANTIVE ISSUES**

PED indicates that allowing public school boards to consider superintendents “at will” employees and thus the ability to terminate their contracts at any time increases local control for school districts.

CE/jle