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FISCAL IMPACT REPORT

SPONSOR <u>Gurrola/Lara/Romero, GA/Garratt/Thomson</u>	LAST UPDATED _____ ORIGINAL DATE <u>2/1/24</u> BILL <u>House Memorial</u> NUMBER <u>29</u> ANALYST <u>Liu</u>
SHORT TITLE <u>Study Teacher Recruitment and Retention</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		No fiscal impact				

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriation Act

Sources of Information

LFC Files
 Legislative Education Study Committee (LESC) Files

Agency Analysis was Solicited but Not Received From
 Public Education Department (PED)
 Higher Education Department (HED)

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from some state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of House Memorial 29

House Memorial 29 requests the Legislative Education Study Committee (LESC) to study compensation and career advancement opportunities for New Mexico public school teachers, including salary differential pay, costs of living, housing availability, and advancement opportunities that do not require teachers to leave the classroom.

FISCAL IMPLICATIONS

The memorial does not contain an appropriation and is requesting LESL to conduct a study that is within the agency's current workplan and scope. As such, there is no estimated additional

fiscal impact. The costs of memorial would likely be driven by the request for LESC to work with PED, LFC, HED, teachers unions, teacher preparation programs, and the leadership of school districts and charter schools in the study.

SIGNIFICANT ISSUES

In response to findings in the *Martinez-Yazzie* education sufficiency lawsuit that found New Mexico failed to provide experienced and skilled teachers for at-risk students, the state substantially raised educator compensation and established new programs to strengthen the teacher pipeline. Additionally, the state removed student test scores from the teacher evaluation system, changed state assessments, removed some licensure exam requirements, created a new micro-credential system for licensure advancement, and increased instructional hour requirements.

According to the Southwest Outreach Academic Research Center, New Mexico teacher vacancies have dropped, falling from 1,048 vacancies in FY22 to 690 vacancies in FY23, or 34 percent. PED notes vacancies for FY24 have reached 721 positions. The largest vacancies in 2022 were concentrated in the central region of the state and were primarily for 193 special education and 187 elementary school teachers. For FY22, preparation programs graduated 1,027 students, including 346 completers focused on elementary education and 262 completers focused on special education. Most of the special education completers, or 224 students, graduated from an alternative pathway program. Like the bilingual endorsement or science of reading requirement, many educators may be retaking college-level courses to meet requirements for special education licensure after already teaching in the classroom.

Educator Preparation and Licensure. While the number of teacher candidates graduating from New Mexico educator preparation programs has grown in recent years, the total in-state cohort is still building to completion levels that were higher a decade ago. Notably more program completers, or 59 percent, are now graduating through alternative licensure tracks than the traditional preparation pathway at colleges of education, including an increasing number of candidates completing programs not affiliated with higher education institutions.

Research on the effects of alternative licensure teachers on student achievement remains mixed, although some studies suggest alternative licensure teachers leave classrooms at higher rates than traditional pathway teachers. In New Mexico, the results reflect this higher attrition, with only 36 percent of alternative level 1 teachers in FY21 remaining in the same school by FY23. About 44 percent of traditional level 1 teachers remained in the same school over the same period. Annually, about 3,000 teachers in New Mexico, or 14 percent, leave their school or district, creating many new vacant positions to be filled each year.

The increase in alternative licensure and level 1 licenses is coinciding with an overall drop in teacher years of experience and a decrease in the total count of level 2 licenses. This shift suggests New Mexico's teacher workforce is becoming increasingly less experienced, which will require schools to replace a larger share of their staff each year with new employees. According to a 2022 McKinsey and Company survey, the top reasons teachers plan to leave the classroom nationally are due to inadequate compensation, unsustainable work expectations, uninspiring leadership, and lack of well-being.

Teacher Compensation. Since the *Martinez-Yazzie* court ruling in 2019, the Legislature has

increased recurring funding for public schools to \$4.2 billion, an increase of \$1.5 billion, or 55 percent. Nearly half of the total increase, or \$709 million, is attributable to educator compensation, including higher minimum salaries, across-the-board raises, and expanded coverage of benefits. According to the National Education Association (NEA), projected average teacher salaries across the nation rose in the 2022-2023 school year to \$68.5 thousand, a 2.6 percent increase from the previous year. New Mexico provided the largest increase of any state (17 percent) after raising the three-tiered minimum teacher salary levels to \$50 thousand, \$60 thousand, and \$70 thousand in FY23. At an average teacher salary of \$63.6 thousand, New Mexico's ranking shot up from 41st to 22nd in the nation.

NEA projects average teacher salaries in New Mexico to be the highest in the region, when compared to average salaries for teachers in Oklahoma, Arizona, Texas, Nevada, and Utah. The projected FY23 average teacher salary in New Mexico still falls \$4,889 below the projected national average of \$68.5 thousand but is a significant improvement over the prior year where the average salary for a teacher in New Mexico was \$12.5 thousand less than the FY22 national average of \$66.7 thousand. Notably, New Mexico was the lowest ranked state in the region for average teacher pay in FY22 but is now the highest ranked state in the region for average teacher pay, despite a major shift in the workforce to newer teachers.

Other states in the region are pursuing a range of strategies to address teacher compensation. Oklahoma and Utah are funding across-the-board pay increases for public school teachers, and Oklahoma is additionally funding performance-based incentives and sign-on bonuses for shortage areas. Arizona, Nevada, and Colorado are appropriating new funds for education but are leaving specific budget increases up to each school district. Texas has not passed comprehensive educator compensation increases in at least four years but appears to be heading for a special session on teacher pay in the coming months. Efforts to increase teacher compensation in Arizona, Texas, and Utah were all closely tied to debates over the use of public funds for private education through scholarships and vouchers.

A 2024 LFC progress report on special education found the state needs an additional 255 special education teachers to meet required teacher caseloads. Special education teacher vacancies are the largest category of total teacher vacancies statewide, making up 36 percent of total teacher vacancies. At the same time, there are roughly 1,300 active teachers with special education licenses who teach general education classes. The lack of teachers working in special education limits the capacity of public schools to provide special education, particularly for students with intensive needs. Case studies in New Mexico, other states, and research cited below indicate a \$10 thousand stipend is effective at improving recruitment and retention of special education teachers. LFC staff estimate it would cost \$20.4 million to provide a \$10 thousand stipend to teachers educating students with extensive or maximum special education needs.

Living Wage. A 2018 study by the Massachusetts Institute of Technology (MIT) showed average teacher salaries in 30 states were below a living wage. MIT noted New Mexico had the ninth largest teacher wage gap, with the average teacher salary being 16.3 percent below the statewide living wage. MIT's living wage calculator makes minimum costs assumptions for various family structures, including the living wage required for one full-time working adult to support a child without needing the aid of social welfare programs.

Since 2018, the state has substantially increased teacher pay; however, costs of living have also grown. MIT's 2022 analysis shows the estimated statewide living wage in New Mexico for one

full-time working adult supporting a child was \$68.6 thousand. At a statewide average teacher salary of \$61.1 thousand in FY23, the average teacher wage gap has narrowed but remains 10.9 percent below MIT's statewide living wage average for one adult supporting one child. Living wages also differ by county, creating unique challenges for each district to attract and retain teachers based on regional cost of living differences.

ADMINISTRATIVE IMPLICATIONS

The memorial would require LESC to report its findings and recommendations to the governor and Legislature by December 31, 2024.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The memorial relates to a \$15 appropriation in the House Appropriations and Finance Committee Substitute for House Bills 2 and 3 to pilot hard-to-staff differentials for special education teachers.

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