

<b>LFC Requester:</b>	<b>Sunny Liu, LFC</b>
-----------------------	-----------------------

**AGENCY BILL ANALYSIS  
2018 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

**[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)**

*and*

**[DFA@STATE.NM.US](mailto:DFA@STATE.NM.US)**

*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply: **Date** 01/29/18  
**Original**     **Amendment**    \_\_\_\_\_ **Bill No:** HB105  
**Correction**    \_\_\_\_\_ **Substitute**    \_\_\_\_\_

**Sponsor:** Rep. Miguel P. Garcia    **Agency Code:** 924  
**Short Title:** TEACHER INCENTIVE PAY ACT    **Person Writing:** Matthew Montano  
**Title:** \_\_\_\_\_    **Phone:** \_\_\_\_\_    **Email:** Matthew.montano1@state.nm.us

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	2,000.0	Recurring	General fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	\$15.0			15.0	Nonrecurring	PED Agency Operations

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriations in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

HB105 establishes the Teacher Incentive Pay Act which provides for the implementation and administration of an incentive pay program for teachers who agree to teach in elementary schools in which at least 90 percent of students qualify for free or reduced fee lunch and which earned a rating of D or F in the most recent year.

HB-105 contains a \$2,000.0 appropriation

**FISCAL IMPLICATIONS**

HB105 appropriates two-million dollars (\$2,000,000.00) from the general fund to the Teacher Incentive Fund for use in fiscal year 2019 through fiscal year 2028 to implement the provisions of the Act.

HB-105 creates the Teacher Incentive Fund.

Any funds remaining in the Teacher Incentive Fund at the end of FY28 shall revert to the general fund.

The appropriation contained in HB-105 may not be sufficient to meet the anticipated need of schools in a chronic D or F status. Additional appropriations will likely be needed in future years.

**SIGNIFICANT ISSUES**

HB 105 lists separate requirements for eligibility in two different sections; when read together it appears that HB-105 requires that for a teacher to be eligible to take advantage of the Teacher Incentive Pay program, a teacher must hold a level 3-A teaching license, and hold either a Master's Degree plus eight additional credit hours or hold a national board for professional teaching standards certification (NCBT).

This provision may serve to reduce the pool of candidates incentivized to serve in high-needs schools. Incentivizing level 2 teachers with commensurate experience and high effectiveness ratings would provide a larger pool for recruitment into these positions.

HB105 takes into account the decades of research that establish the most important school-controlled factor in student outcomes: the effectiveness of a teacher. The 2010 publication *The Widget Effect* indicates that schools that struggle to meet the needs of underserved populations often fail to understand the quality and effectiveness of their teaching pool in strategic placement.

Chetty, Friedman, and Rockoff (2011 and 2014) indicate that the impact of highly effective teachers on students is not limited to improving student achievement and closing gaps on standardized assessments, but the benefits to students who have access to these teachers is significant over the long term. Students assigned to highly effective teachers are more likely to attend college (including higher ranked colleges), earn higher salaries, and save more for retirement. This can equate of up to an increased classroom earning of \$250,000 over a lifetime. This not only has lasting benefits to students in classrooms taught by highly effective teachers, but also to the economy of New Mexico.

Limiting stipends to only elementary schools may cause challenges in staffing for middle and high schools that have the same population, school grade and need for the best teachers.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

SB105 calls upon the department to establish, promulgate rules, and administer the ten year teacher incentive pay program but does not outline funds to cover the cost of additional work required.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to HB106 Native New Mexican Teacher Incentive Pay bill

## **TECHNICAL ISSUES**

HB-105, on Page 2, lines 18 through 20; defines a teacher recipient to mean “a person who holds a level 3-A teaching license and who has entered into an incentive contract with a school district or charter school.”

The bill on Page 3, lines 23 through 25 and on page 4, lines 1 through 3; provides that “The program is open to a teacher who (1) holds a master's degree plus at least eight additional credit hours or national board for professional teaching standards certification; (2) is rated as a highly effective or exemplary teacher; and (3) signs an incentive contract with a school district or charter school to teach in qualified schools.

While there is some overlap between these sections of the bill, they are not the same. The requirement on page 2 only requires a level 3-A license while the requirements on pages 3 and 4 are much more detailed. These two areas of the bill should be amended to mirror each other. It will save on confusion and questions as rules are developed and promulgated.

HB-105 requires appropriation for subsequent years to FY19.

### **OTHER SUBSTANTIVE ISSUES**

SB105 would require a teacher recipient who does not complete their term of service to repay the funds received but does not provide guidance on how and when repayment should occur.

### **ALTERNATIVES**

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Schools struggling to meet students' needs will still have limited avenues to enlarge the talent pool of effective educators to serve their students.

### **AMENDMENTS**