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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/2007
 LAST UPDATED 3/12/2007 HB 35/aHEC/aHAFC

SPONSOR Stewart

SHORT TITLE School Principal Salary Calculation Changes SB _____

ANALYST Aguilar

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|--------|-------------------------|------------------|
| FY07 | FY08 | | |
| | ** NFI | | |

(Parenthesis () Indicate Expenditure Decreases)

**** LESC analysis received 3/12/2007 indicates that appropriations contained in House Bill 2 are sufficient to implement the provisions of this bill with no additional funding.**

Duplicates Senate Bill 73
 Duplicates appropriations contained in House Bill 2

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Public Education Department (PED)
 Office of Educational Accountability (OEA)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 35 as amended removes the appropriation.

Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 35 adds language which includes as part of principal evaluations a tie to student achievement and progress on the educational plan for student success.

Synopsis of Original Bill

House Bill 35 appropriates \$4.2 million from the general fund to the public school fund for distribution through the state equalization guarantee to implement minimum salaries for principals and assistant principals in the 2007-2008 school year.

House Bill 35 amends existing statute by:

- Adding a definition of “responsibility factor” and assigning multipliers to be used in determining salary minimums;
- Providing that in order to receive a level 3-B (administrator) license a “teacher” rather than an “instructional leader” must have held a level 3-A license for at least one year;
- Removing school size and adding a responsibility factor as the criteria for determining salary minimums for principals and assistant principals;
- Providing that the \$50,000 minimum salary for level 3-A teachers be used as the base for applying the responsibility factor, and;
- Requiring that by the beginning of the 2008-2009 school year, a uniform standard of evaluation be implemented.

FISCAL IMPLICATIONS

The appropriation of \$4.2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund.

Estimates made by LFC and LESC indicate that \$4.2 million would be sufficient to implement the minimums contained in the bill assuming no salary increases. As compensation appropriations increase, this amount would decrease.

Existing statute, based on school size, would require approximately \$750 thousand to implement minimums.

The public school support recommendation from the executive does not recommend funding for principals using a responsibility factor nor does it recommend minimum salaries for assistant principals.

SIGNIFICANT ISSUES

Since the implementation of the three-tier salary structure for teachers, concerns have been raised that principal’s and assistant principals’ salaries were not keeping pace with increases in teacher salaries and a number of administrators were returning to the classroom causing a shortfall in available candidate pools. The Office of Educational Accountability notes that a number of studies have identified school leadership as second only to teaching among school-related factors that affect student achievement. Recent research by the OEA indicates a high turnover rate of principals in the New Mexico schools in need of improvement and there is widespread concern that fewer experienced educators will choose to become or remain principals if they can make as much or more money by staying in the classroom.

House Bill 35 attempts to address these concerns by implementing an evaluation system for

principals and by including a responsibility factor that ensures principals' and assistant principals' minimum salaries are always higher than the highest proposed minimum salaries (\$50,000) for Level 3 teachers.

The bill also replaces the term "instructional leader" with the word "teacher" as a technical correction to statute. Under provisions of the Public School Code "instructional leader" is not defined as an educational position.

Minimum salaries would be as follows:

| | |
|-------------------------------|----------|
| Elementary School Principals, | \$60,000 |
| Middle School Principals, | \$70,000 |
| High School Principals, | \$80,000 |

| | |
|------------------------------|----------|
| Elementary School Assistant, | \$55,000 |
| Middle School Assistant, | \$57,500 |
| High School Assistant, | \$62,500 |

ADMINISTRATIVE IMPLICATIONS

PED has indicated it will require as much as \$400 thousand to develop the evaluation system yet in testimony before LESC the department indicated it had utilized \$150 thousand from the Teacher Professional Development Fund and \$60 thousand in funds received from the Wallace Foundation to begin development of the system. It appears the agency is well on its way to developing the evaluation system and may not require additional funding.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 35 duplicates Senate Bill 73 and relates to appropriations contained in House Bill 3.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Salary minimums currently in statute based on school size would take effect on July 1, 2007.

PA/nt:csd:mt