

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Romero, GA ORIGINAL DATE 1/28/2020
LAST UPDATED 2/11/2020 HB 102/aHAFC
SHORT TITLE National Board Certification Scholarship Act SB _____
ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$1,306.1	\$1,306.1	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB90
Companion to HAFC Substitute for HB2 and 3

SOURCES OF INFORMATION

LFC Files
Legislative Education Study Committee (LESC) Files

Responses Received From
Public Education Department (PED)

Other Responses
New Mexico National Board Certified Teacher Network (NBCN)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 102 strikes the \$500 thousand appropriation from the bill. **The HAFC Substitute for House Bills 2 and 3 contain a \$500 thousand appropriation from the public education reform fund contingent on enactment of this bill.**

Synopsis of Original Bill

House Bill 102 appropriates \$500 thousand from the public education reform fund to PED for the purpose of providing scholarships to level 2 or level 3-A teachers in New Mexico public schools seeking National Board certification. Scholarships will cover certification fees and be provided for up to three years, unless PED finds exigent circumstances prevent the teacher from

completing the certification. The bill further requires PED to provide an annual report evaluating the performance of scholarship recipients and establishes a National Board certification scholarship fund.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is from the public education reform fund (PERF), which is subject to appropriation by the Legislature for improving educator quality, extending learning time, supporting at-risk students, and increasing oversight and accountability. Although the appropriation from PERF does not directly impact the general fund, continued teacher interest in National Board certification (as a pathway for level 3-A licensure advancement) and a lower cost barrier to apply will likely increase demand for scholarships and create fiscal impacts to the public school funding formula if new teachers become certified.

While teachers can complete National Board certification in one year, some may choose to do so over several years. Candidates must complete four components of the National Board assessment, with each component costing \$475 (or \$1,900 in total). Candidates can pay for and submit each component separately. Separately, candidates are charged a \$75 nonrefundable registration fee for each assessment taken, regardless of the number of components being assessed. As such, the cost to separately assess each of the four components could be up to \$2,200 per teacher candidate.

Assuming \$2,200 per candidate, the \$500 thousand appropriation would be able to cover up to 227 candidates. If all 227 teachers become certified and teach within New Mexico public schools, they will generate 283.8 more program units in the public school funding formula. At the current FY20 unit value of \$4,602.27, this could create a general fund impact of \$1.3 million in the statewide public school program cost and shift more formula funding to schools employing these teachers. Fiscal impacts to the funding formula, or state equalization guarantee (SEG) distribution, however, would likely happen over multiple fiscal years.

Currently, there are no balances in PERF; however, \$110 million from the SEG distribution is expected to revert to PERF at the end of FY20. In FY20, the Legislature appropriated \$119.9 million for K-5 Plus programs and \$62.4 million for extended learning time programs (ELTP). According to preliminary PED data, schools applied for \$29 million in K-5 Plus funding and \$42.3 million of ELTP funding in FY20, resulting in a projected reversion of \$111 million to PERF. On January 31, 2020, PED increased the final unit value by 0.81 percent, which decreased the estimated reversion to PERF by about \$575 thousand.

This bill would appropriate \$500 thousand from PERF to the National Board certification scholarship fund for expenditure in FY21. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to PERF.

SIGNIFICANT ISSUES

The bill allows PED to award a scholarship, equal to the certification fees assessed by the National Board, to an eligible teacher seeking certification from the National Board for Professional Teaching Standards (NBPTS). The scholarship is available to an eligible teacher for a period not to exceed three years, unless PED finds that exigent circumstances prevent the teacher from finishing the certification process within three years. To be eligible for the

scholarship, the recipient must be a New Mexico resident, hold a valid level 2 or higher teaching license, teach in a New Mexico public school, and submit a reference letter from the school principal.

According to NBCN, approximately 1,276 teachers in New Mexico have achieved National Board certification, and 579 teachers are in the process of earning certification in New Mexico. In 2019, New Mexico ranked 21st in the country for the total number of board-certified teachers, and 11th in the country for overall percentage of teachers with National Board certification at 6.05 percent.

In 2019, the top five school districts for board-certified teachers are Albuquerque (651), Santa Fe (76), Las Cruces (57), Rio Rancho (55), and Los Alamos (44). The top five school districts with teachers currently seeking board certification are Albuquerque (193), Santa Fe (55), Las Cruces (29), Espanola (28), and Taos (27).

LESC notes a teacher who receives their National Board certification is eligible to advance from a level 2 teaching license to a level 3-A teaching license. The teachers' pay will increase from a minimum \$50 thousand for a level 2 teacher to a minimum \$60 thousand for a level 3-A teacher. Additionally, teachers who receive National Board certification will receive an additional stipend on top of their base salary pay for each year they are certified.

PERFORMANCE IMPLICATIONS

Multiple studies suggest NBPTS-certified teachers are more effective than their peers in producing academic gains for students. A 2017 Mississippi State University study found kindergarteners were 30.7 percent and third graders were 10.7 percent more likely to achieve a proficient literacy assessment score than their peers if they had a board-certified reading teacher. A 2015 Center for Education Data and Research working paper found board-certified teachers could produce gains of up to 1.5 months of additional learning. A 2012 Harvard University study of the Los Angeles Unified School District found students with NBPTS teachers gained the equivalent of two months of additional instruction in math and one month in English language arts.

ADMINISTRATIVE IMPLICATIONS

PED will need to promulgate rules detailing scholarship contractual terms, application evaluation, exigent circumstances for incompleteness, and subject matter and grade-level preferences and potentially interview applicants for the scholarship program. The bill also requires PED to submit an annual report to the governor and Legislature on the scholarship program.

PED notes the bill does not allocate funding to the department to implement and oversee the scholarship program. Thus, any costs associated with the creation, support, implementation, and supervision of the scholarship program will be borne by the department.

PED notes the bill does not stipulate penalties if the scholarship recipient does not pass the National Board certification assessment or chooses to discontinue the process of seeking certification. Additionally, the bill does not contain information regarding an appeal process if the applicant is not chosen for the scholarship. Finally, the bill does not address whether board-

certified teachers who are seeking renewal of their certification are eligible for this scholarship program.

COMPANIONSHIP, RELATIONSHIP

This bill is a companion to the HAFC Substitute for House Bills 2 and 3, which includes \$500 thousand for NBPTS certification scholarships. This bill relates to House Bill 90, which allows all National Board-certified licensed school employees (beyond just teachers) to generate program units in the public school funding formula.

TECHNICAL ISSUES

PED notes on page 3, line 22, the sponsor may wish to include “or charter school” after “school district” because under the definitions section of the Public School Code, 22-1-2 NMSA 1978, the definition for “school district” does not include charter schools.

OTHER SUBSTANTIVE ISSUES

According to the National Board, as of July 2019, the following states offer state financial incentives for certification, specifically support for board certification fees:

State	Support for Board Certification Fees ^{1,2}
Arkansas	First-time candidates subsidized initial fee but must repay if certification not achieved. Candidates receive three days release.
Arizona	Scholarships available through the Arizona K12 Center.
Hawaii	Scholarship funding available statewide.
Iowa	First-time candidates subsidized for up to one-half the fee.
Illinois	Up to 750 first-time candidates in high-need schools and 250 teachers in other schools can be subsidized the application fee. Renewal candidates may receive a \$1,000 subsidy.
Kansas	First-time candidates subsidized up to \$950. Renewal candidates subsidized \$500.
Maryland	First-time candidates subsidized 2/3 of fee and the district pays the remaining 1/3. Candidates must repay if they don't complete the process.
Maine	First-time candidates subsidized the application fee on a first-come, first-serve basis.
Mississippi	First-time candidates are reimbursed the assessment fee upon completion of each component.
North Carolina	First-time candidates receive \$1,900 loan to be repaid over three years.
North Dakota	First-time candidates subsidized half the application fee up to seven candidates.
Nebraska	Candidates reimbursed one-half the fee. The remainder is reimbursed upon certification.
New York	First-time candidates subsidized for three components. Upon completion, candidates will be reimbursed the cost of the first component.
Oklahoma	Candidates receive scholarships of \$1,300 and additional \$500 to cover other expenses.
Oregon	At least 150 teachers will be reimbursed for the costs of each component and for the costs related to participating in a cohort.
South Dakota	Upon obtaining national board certification, the state will reimburse fees paid by the teacher.
Utah	The state board may pay up to the total cost for a teacher to pursue or renew board certification.
Washington	First-time candidates receive interest free conditional loan for three components.
Wisconsin	Those who certify may apply for reimbursement of up to \$2,000 in expenses.
West Virginia	First-time candidates reimbursed one half the fee at enrollment, and the remainder at completion. Those who achieve national board certification are reimbursed up to \$600 for additional expenses.
Wyoming	Up to \$950 available through the Wyoming National Board Certification Initiative.

Source: NBPTS

1. The structure of fee support may change as states transition to the new format of the national board assessment.
2. State funds for fee support are typically subject to annual appropriations, and there may be a cap on recipients or subsidies may be prorated if there is a defined funding pool.