

**Government Restructuring Task Force Staff Analyses
of
Recommendations Regarding K-12 Education**

Recommendations derived from the Carruthers Report and the June 21 GRTF meeting.

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LCS, LESC, LFC, DFA and OEA
for July 29-30 meeting**

**1. Merge the Public Education Department and the Higher Education Department.
(Carruthers report) (LFC)**

This item is part of LFC/DFA agency analyses and will be reported at later date.

2. Remove or reduce the small school size adjustment in the public school funding formula. (LFC -- Aguilar/Gudgel)

Overview

- School size units are included in the current funding formula to compensate districts for the increased costs of operating small schools, particularly in rural areas.

Cost Savings

- If the school size adjustment is removed, approximately \$67.5 million (based FY 2010 data) would be saved or available for reallocation through the formula; if the adjustment is limited to statutorily defined necessarily small schools, as proposed in *Other Options*, approximately \$29.3 million (based on 2009 data) would be saved or available for reallocation through the formula.
- **NOTE:** an analysis should be done to determine the impact statewide and the impact on individual districts.

Time Frame

- Requires statutory change in 2011, with funding reduction or reallocation in the succeeding fiscal year.

Advantages

- Eliminates the incentive for schools to create and artificially maintain small schools and makes additional funding available for distribution through other parts of the funding formula.
- A number of districts and charter schools maintain low school enrollment to guarantee school size adjustment units are generated. As many as 25 districts operate separate kindergarten through eighth grade schools housed in the same building with shared administration, teaching staff, instructional support staff, and support services yet are claimed for formula funding purposes as two separate schools (e.g. K-5 elementary school and 6-8 middle school) in order to generate size adjustment units. In FY 2009, 77 of 89 school districts and 68 of 75 charter schools statewide claimed school size units at a cost of approximately \$72 million.

Disadvantages

- Schools that are truly small (not by design) would not receive additional funding that is needed to defray the increased operation costs that result from the school's small size. This could be of concern particularly in rural areas. These same schools might also suffer financially if the equation were changed such that the size adjustment calculation resulted in less funding.
- This change may result in an increase in emergency supplemental funding.

Implementation mechanisms

- Amend Subsection A of Section 22-8-23 NMSA 1978 to eliminate the small school size adjustment OR change the formula in statute to decrease the number of schools eligible for the size adjustment.
- Amend Subsection A of Section 22-8-23 NMSA 1978 to redefine eligibility criteria as follows: schools must be located in communities smaller than 3,000 and located at least five miles from another school offering the same services to claim size adjustment units.

Other options

- Eliminate charter schools from being eligible for school size adjustment units. This would help address the fact that some charter schools are similar to alternative programs, which are not eligible for size adjustment units.

3. Reduce the small district size adjustment in the public school funding formula. (SB 105, School Cost Differential & Program Units, 2010 Regular Session) (LFC -- Aguilar/Gudgel)

Overview

- Small school size units are included in the current funding formula to compensate small districts for the increased costs of operating, particularly in rural areas. The district size adjustment generates funding for most districts with little regard to the real affect of student population.

Cost Savings

- If the district size adjustment factor is removed, \$17.3 million (based on FY 2010) would be saved or available for reallocation through the funding formula.
- **NOTE:** An analysis should be done to determine the impact statewide and the impact on individual districts.

Time Frame

- Requires statutory change in 2011, with funding reduction or reallocation in the succeeding fiscal year.

Advantages

- This eliminates a unit generator that applies to 72 of the 89 school districts and makes the assumption that most districts are unable to take advantage of economies of scale even when districts are located near larger population areas. This change encourages the possible consolidation of school districts or district administrative functions, making additional funding available for distribution through the funding formula.
- In FY 2010, 72 of the 89 school districts were eligible for district size adjustment funding at a cost of approximately \$17.3 million. The central offices of a number of districts are located within a few miles of each other and, in one case, within the same city. While individual communities may want their small districts to function independently, it appears to be unfair to other districts for the state to pay for the extra administrative costs associated with operating these districts.

Disadvantages

- Districts that are small and isolated would not receive the additional funding that is needed to defray the increased operation costs that result from their small size and larger percentage of administrative overhead.
- This change may result in an increase in emergency supplemental funding.

Implementation mechanism

- Amend Subsection B of Section 22-8-23 NMSA 1978 to eliminate the small district size adjustment OR change the formula to decrease available size adjustment.

- Amend Subsection B of Section 22-8-23 NMSa 1978 to redefine eligibility criteria as follows: school district could not have more than a total MEM of 3,000 (current law allows 4,000), including early childhood education, and could not be located less than 15 miles from the central office of another school district.

Other options

- Define eligibility criteria differently

4. Expand the role of the regional education cooperatives (REC) in providing services to school districts. (LFC -- Aguilar/Gudgel)

Overview

- Currently, nine RECs are in operation. They are authorized by statute to provide technical assistance, staff development, cooperative purchasing, fiscal management, administration of federal programs and additional services as may be determined to be appropriate by the regional education coordinating council, which is made up of representatives of the school districts that make up the REC. Services provided vary among the nine RECs.

Cost Savings

- Cannot be calculated without specifics.

Time Frame

- Short- to mid-term. Short-term for statutory amendment; mid-term for determining the expanded role and implementation issues will be required.

Advantages

- May allow for improved delivery of services by centralizing functions and eliminating duplicative work; would encourage cost savings and sharing of best practices, especially in rural districts. Unnecessary duplication of services in various independently acting school districts may increase the overall cost of running a district, taking resources away from the classroom; RECs provide the ability to consolidate administrative functions to allow resources to be redirected to other critical needs.
- Local considerations appear to hamper REC effectiveness currently; a change in law might improve efficiency in school districts and in the RECs.

Disadvantages

- It is not clear that making the proposed changes to current statute will result in any meaningful improvement to service delivery to school districts. RECs are currently authorized to provide services and do not because their member districts choose not to use them for some of these purposes.

Implementation mechanism

- Amend the Regional Cooperation Education Act to include more services, such as transportation and maintenance, and make it mandatory that REC members use the REC for certain functions. The act could also be amended to make membership mandatory and perhaps consolidate REC boards to provide more central oversight.
- RECs are state agencies, and as such should be subject to the same provisions as other state agencies. To ensure appropriate oversight, amend statute to require compliance with the Procurement Code and the Personnel Act.

Other options

- Consolidate smaller RECs to take advantage of economies of scale and reduce overall REC expenditures, allowing member districts to be better served as economically as possible. It is likely that consolidation would also allow RECs to provide a wider range of services.
- Eliminate general fund support for RECs to make them self-supporting.
- Create another REC for the NW corner of the state, the school districts of which have not seen fit to create an REC.
- Although RECs are really created by school districts, they have been given state agency status. One option would be to return them to being instrumentalities of school districts.
- Eliminate RECs and regionalize PED. If PED provided its technical assistance and oversight functions throughout the state, instead of from Santa Fe or Albuquerque, it might be of more assistance to school districts and charter schools and efficiencies to the public school system.

5. Reduce the multiplier in the public school funding formula for the senior year from 1.25 to 1.045 (LFC -- Aguilar/Gudgel)

Overview

- Student attendance in the senior year continues to be of concern with the increasing number of programs available for seniors to complete their course of studies. As a result of programs such as dual credit, distance learning, computer-based learning and career technical and workforce training, it appears that a large number of seniors are not present at school for the majority of their senior year. As a result, schools are receiving funding for students that are not receiving direct services.

Cost savings

- Changing the funding formula multiplier for 12th grade to 1.045 will result in approximately \$14.2 million (based on FY 2010) in savings or reallocation through the funding formula.
- **NOTE:** A statewide analysis may be necessary to determine how much time seniors are physically present in school. A study may also be necessary to determine what other multiplier should be used.

Time Frame

- Requires statutory change in 2011, with funding reduction or reallocation in the succeeding fiscal year.

Advantages

- The reduction in the multiplier for seniors from 1.25 to 1.045 accounts for seniors' reduced time in school.
- The state would not be paying a premium for senior year.

Disadvantages

- Funding all seniors at a decreased cost differential based on the assumption that all seniors are less than full-time equivalent students and are not physically present on campus decreases funding for those students who are physically on campus and receiving direct services during the entire day.
- It is unknown exactly how many seniors spend only a portion of each school day on campus and, therefore, difficult to determine the exact amount of full-time equivalent funding districts are receiving for those seniors.

Implementation mechanism

- Amend Section 22-8-20 to decrease the cost differential factor from 1.25 to 1.045.

Other options

- Decrease the cost differential factor to some other number.

6. Defer ERB contributions by the state for another year. (LCS -- Bannerman)

Overview

- Prior to 2005, there were concerns about the long-term actuarial solvency of the education retirement fund. Minimum industry standards require 80% for the funded ratio and 30 years for the funding period. Actuaries indicated that the retirement benefits had an infinite funding period and were effectively insolvent in the long term. In 2005, legislation was passed to increase the employer contributions to the educational retirement fund by 5.25% over seven years (a 0.75% increase per year) to restore the long-term actuarial solvency of the fund. Since 2005, the state contribution has increased from 8.65% of employees' salaries to 10.9%. Due to the current financial crisis, in 2010 (SB 91) the legislature delayed the 0.75% increase scheduled for FY 2011. FY 2011 would have represented the sixth year of increases if the legislature had not delayed the increase until FY 2012. The current suggestion is to again delay the 0.75% increase. This would delay the 0.75% increase intended for FY 2011 to FY 2013.
- **NOTE:** Laws 2009, Chapter 127 contains an employee swap of certain employer contributions to various state retirement funds. Specifically, employees must make an additional 1.5% contribution into their relevant retirement fund until June 30, 2011. At that time the state will take over that 1.5% increase. Unless the date is extended, the state will have to contribute an additional 1.5% on top of the 0.75% increase delayed by SB 91 in 2010 for a total additional contribution of 2.25%. This would result in an additional expenditure of \$54 million out of the general fund (\$36 million for the 1.5% combined with \$18 million if the educational retirement fund contribution is not delayed).

Cost Savings

- \$18.3 million, including public schools and higher education. \$54 million if the date in Laws 2009, Chapter 127 is also amended to extend the 1.5% employee-employer swap.

Time Frame

- Short term -- statutory amendment.

Advantages

- Considering the employer contribution for both public education and higher education, the postponement of this payment provides good short-term benefit for the general fund.
- Assuming normal performance of the fund over time, the delay will have a de minimus impact on the actuarial solvency of the fund.

Disadvantages

- Laws 2005, Chapter 273 was enacted to increase both employer and employee contributions to the educational retirement fund, which became actuarially insolvent by

the end of FY 2004. Continuing to delay the contributions does not help the solvency of the fund.

- If the fund does not perform well, or has not performed well this past year, delaying the employer contributions could detrimentally impact the long-term solvency of the fund.
- Presumably, the general fund would have to make up the payment in another year, which means the savings are not recurring and are only short-term.

Implementation mechanism

- Amend Section 22-11-21 NMSA 1978 to defer the additional employer contributions to FY 2013 and 2014.

Other options

- Lower employer contributions to the fund. Section 22-11-21 NMSA 1978 could be amended to lower the amount the state contributes to the fund. For example, the employer contribution level could be lowered to the 2005 level, which was 8.65%. Doing so would cut the state's budget by around \$18 million. However, such a change would be detrimental to the actuarial soundness of the fund unless a concomitant increase in the employee contribution was required.
- Increase employee contributions to the fund. HB 270, passed in 2005, raised the employee contribution to the educational retirement fund by 0.30% over four years. The current contribution level of 7.9% was reached in FY 2009 and has remained at that level. In FY 2009 this increase brought in an additional \$7.8 million in revenue. As originally proposed, HB 270 raised employee contributions by 1% over four years. The bill was amended to lower the contribution to 0.30%. If the 1% were implemented, employees would contribute 8.6%. Employee contributions could be raised by 0.70%, to end up at 1%, as originally proposed in HB 270. This would result in an addition \$18 million in revenue.
- Change the plan's design for longer-term cost savings for the general fund. This option would require further analysis.

7. Reduce the number of school districts. (LCS -- Maison)

This item is still being researched and will be reported at a later meeting.

**8. Modify and/or incorporate three-tiered licensure into the Training and Experience Index.
(LFC -- Aguilar/Gudgel)**

This item is still being researched.

9. Hold a three-day working session, attended by a wide range of stakeholders statewide, to examine the K-12 education system in detail and to make recommendations for restructuring, cost-savings, and improved outcomes. (LESC -- Harrell)

Overview

- The state's K-12 educational system is complex and multifaceted. It comprises not only 89 public school districts and nearly 800 district schools but also a growing number of charter schools (72 in school year 2009-2010, with another nine opening in school year 2010-2011). In addition, charter schools may be authorized by either a local school board or the public education commission (PEC); and those authorized by the PEC (21 so far, with several others under consideration this interim) are tantamount to school districts. Another factor is the 61 New Mexico Pre-K programs operating in 29 school districts in FY 2010. Although not part of the K-12 education system *per se*, these programs would likely be affected by any restructuring of the K-12 system. Given this complexity, a multi-day working session focused exclusively on K-12 education may be worth considering. As a final point, the government reorganization during the 1970s, which produced the executive cabinet system, spent more time than is allotted to the GRTF and did not attempt to restructure the K-12 or higher education system.

Cost Savings

(NA; actually may cost money)

Time Frame

- Short term

Advantages

- Such a meeting would provide more time for experts to study the issues surrounding restructuring K-12 education; and ensure greater "buy-in" to any proposed reforms.

Disadvantages

- A three-day meeting may not be sufficient time to cover the issues surrounding restructuring K-12 education, and, therefore, this option may not be accomplished before the final report of the Government Restructuring Task Force in December 2010.
- May require funding for per diem and mileage costs and other meeting costs.

Implementation mechanism

- Identify members and schedule a meeting; however, it is unclear on whose authority this might be done.

Other options

- Introduce a memorial to create a statewide stakeholder group to meet throughout the 2011 interim and provide a final report before the 2012 legislative session. However, memorials do not appropriate funds.

10. Make a broader use of IDEAL-NM in providing online courses for students and online professional development for teachers. (See Section 22-30-1 to 22-30-8 NMSA 1978, Statewide Cyber Academy Act) (LESC -- Van Moorsel/Gerstner)

Overview

- In 2007 the LESC-endorsed Cyber Academy Act was enacted to create a statewide cyber academy. That same year, the legislature appropriated funds to implement IDEAL-NM. Both of these initiatives represent significant steps toward providing New Mexicans with access to online learning resources. Cooperatively administered by PED and HED, these initiatives aim to:
 - ▶ provide eLearning services to public schools, higher education institutions, and state agencies;
 - ▶ reduce geographic and other barriers to educational opportunity statewide; and
 - ▶ increase the computer literacy skills online learners need to participate in a global economy.

Cost Savings

- Difficult to quantify.

Time Frame

- Could be short term, contingent on the ability of IDEAL staff to manage increased workload.

Advantages

- Savings in staff time/travel for teachers participating in professional development.
- Savings also realized by other state agencies for professional development.
- More students would meet the graduation requirement of taking one online course.
- Cyber academy-developed courses may be less expensive than those purchased from for-profit vendors.
- Extra cyber academy course enrollments could provide extra pay for teachers teaching through the cyber academy.
- After significant performance issues during the 2009-2010 school year, IDEAL has a new management team that is trying to address concerns through reorganization, cost-cutting and improved course delivery.

Disadvantages

- \$200 per student per course per semester cost for school districts may be difficult to afford for some school districts experiencing financial hardships. **NOTE:** a constitutional question may arise if public school students are having to pay for their

education. Per the Statewide Cyber Academy Act, Section 22-30-5 NMSA 1978, the statewide cyber academy shall "provide for reasonable and equitable means to allocate the costs of distance learning courses among the statewide cyber academy, the course providers and the school districts whose students are enrolled in a distance learning course". School districts whose students "attend" the statewide cyber academy count those students in their MEM.

- Cost savings may only be realized if cyber academy or online professional development participation replaces some other operational cost of the school district.
- Past performance gives the perception that IDEAL-NM may not be effective. The IDEAL-NM e-learning system had significant performance issues during the 2009-2010 school year, particularly in the higher education sector where data hosting provided by Blackboard crashed multiple times. To some degree, similar concerns were expressed in the K-12 sector. These performance questions should be addressed through a comprehensive strategy if expansion of IDEAL-NM is proposed.
- Lack of interest in and awareness of IDEAL-NM offerings.
- Broadband access may continue to be a barrier to using IDEAL-NM in some areas.
- Are there cost implications for professional development for school districts whose teachers are under a collective bargaining agreement?
- Potential access issues in rural areas

Implementation mechanism

- Identify or develop quality evidence-based online teacher professional development programs and determine whether they would be cost-effective alternatives to traditional professional development delivery.
- Increase awareness of course and professional development offerings of IDEAL-NM.
- Ensure quality support of e-learning systems by IDEAL staff and contractors; increase ongoing oversight by stakeholders.
- Identify potential additional roles for RECs in increasing access to and participation in IDEAL-NM.

11. Increase the maximum pupil/teacher ratios (PTRs) in state law. (OEA -- Hughes)

Overview

- School districts are requesting flexibility during the financial crisis, and one of the areas of concern is the statutory PTRs. While school districts have the ability to seek waivers of PTRs, at least one superintendent suggested that the waiver process takes time and resources.

Cost Savings

Not easily quantifiable; statutory PTRs are maximums and the number in any particular class type, school or district is variable.

Time frame

- Medium term if goal is to change state law. Short-term if goal is to retain status quo and just increase awareness of waiver request option now in statute.

Advantages

- Can reduce the need for capital expansion projects.
- Might reduce the need for hiring additional teaching staff or educational assistants.
- Could reduce the need for purchasing additional educational supplies, furniture, etc.

Disadvantages

- An increase in PTR will produce increased workloads for teachers.
- If a higher PTR is not implemented without adequate professional development and prior preparation for the teacher, the quality of the classroom experience will likely be degraded.
- High PTRs should be avoided in the lower elementary grades (K-3) because of the critical need for highly effective instructors and teaching methods in early childhood education settings and that are enhanced in classrooms with smaller PTRs.

Implementation Mechanism

- A mechanism currently exists for waiver of existing statutory PTRs through a formal application process made by districts to the secretary. To make a more permanent change, statute will have to be amended via the legislative process and approved by executive signature.

Other options

- Retain the current statute as is and enhance the general awareness in school district personnel of the option for seeking a waiver for larger PTRs.

12. Better define whether PED's role is technical assistance or compliance or both. (LFC -- Aguilar/Gudgel)

NOTE: This analysis takes a slightly different approach to this question of PED role.

Overview

- By statute, PED is required to provide both technical assistance and oversight to school districts, as well as enforce the Public School Code. Most of PED's enumerated duties are regulatory in nature. In the general appropriation act, unlike all other departments, PED is funded as a single program and the secretary determines how revenue flows to the various organizational divisions. In practice, this has resulted in the budgetary emphasis of program over finance and operations; the program side of the department has received a larger share of the PED appropriation, resulting in the finance and operations side being short-staffed over time. This has caused significant delays in the flow of funds to districts and PED's inability to provide adequate oversight of districts. The recommended method of addressing this problem is to create two financing programs for PED in House Bill 2: (1) a finance program that includes the all the divisions under the supervision of the deputy secretary for finance and administration, the office of the inspector general and human resources; and (2) a program oversight program that includes all other PED divisions.
- **NOTE:** This option would address financial oversight and compliance, though it might not appropriately address program oversight.

Cost Savings

This is not a cost savings measure but rather an efficiency measure.

Time Frame

- Short-term by PED restructuring its budget request. If the budget request is not restructured, the legislature could force restructure through House Bill 2.

Advantages

- This proposal should result in the finance division being funded and staffed properly to allow the division to meet its statutory charge. PED remains the only department that does not have multiple programs. Creation of a finance program within the PED budget, including the inspector general and human resources, will result in a better staffed and funded finance division, quicker flowing of federal funds to districts and increased oversight from the inspector general.

Disadvantages

- Reduces the secretary's flexibility to move funds and staff between operating units.

Implementation mechanism

- Create the two programs in the budget process, culminating in House Bill 2 funding by program.
- Work with PED and DFA to create two programs in PED's FY2013 budget request.

Other options

- Move all finance functions to DFA.

13. Use performance contracts to define charter school performance in terms of accomplishing the goals of the charter, together with clarifying the process for closing charter schools that do not meet their performance goals. (LESC -- Harrell)

Overview

- Current law prescribes the contents of the charter, to which both the charter school applicant and the authorizer agree.

Cost Savings

Not quantifiable; the value of the recommendation is the assurance that the state is funding effective charter schools.

Time frame

- Short term for statutory changes; longer term for authorizers and charter schools to determine performance measures, negotiate contracts, implement and evaluate.

Advantages

- Performance goals would be spelled out over a set period, perhaps five years, with annual measures. Failure of the charter school to meet those measures and goals would result in closure of the school, thereby ensuring that the state is not funding ineffectual charter schools.
- New Mexico would be following a common practice nationwide. According to survey results received by the National Association of Charter School Authorizers:
 - ▶ 90% of large authorizers – those that authorize 10 or more schools – sign formal contracts with the charter schools they oversee, as do 98% of responding district authorizers; and
 - ▶ in those instances where performance contracts are not required, one reason is the absence of such a requirement in the state's charter school legislation.
- Charter schools could serve as pilots for the efficacy of performance contracts. If such contracts are successful, the system could be replicated in traditional public schools.

Disadvantages

- The performance contract would be another document in addition to the charter itself and the newly required reports during the planning year.
- A separate performance contract may be redundant or it may be difficult to distinguish between the existing provisions and those of the performance contract because:
 - ▶ the approved charter application is already considered a contract between the charter school and the chartering authority; and

- ▶ a charter may already be suspended, revoked or not renewed for a material violation of the conditions, standards or procedures in the charter.

Implementation mechanism

- Amend the Charter Schools Act to:
 - ▶ require a signed performance contract between the authorizer and the charter school;
 - ▶ specify the contents of the contract and the consequences for meeting or not meeting the terms; and
 - ▶ delineate a process for closing a charter school that fails to meet the terms (or what's considered enough of the terms) and for reassigning the students to other schools.
- Amend the existing provisions for suspending, revoking or not renewing a charter.
- **Note:** drafting effective legislation will require research and should be reviewed by stakeholders.

Other options

- The Charter Schools Act could be amended to require that performance goals and measures be included in the charter.

14. Extend the use of performance contracts to traditional public schools. (LESC -- Harrell)

Overview

- The performance of traditional public schools is under the purview of their local school boards, subject to requirements in state and federal law. Like charter schools, they are accountable to the state under the Assessment and Accountability Act for their success or failure to make adequate yearly progress. The act provides progressive consequences for schools that need improvement or corrective action, leading, if necessary, to restructuring the school by converting it to a charter school, replacing all or most of the staff as allowed by law, turning the management of the school to PED or making other governance changes.

Cost Savings

- Not quantifiable; the value of the recommendation is the assurance that the state is funding effective traditional schools.

Time frame

- Short term for statutory changes; longer term for the state, school districts and schools to determine performance measures, negotiate contracts, implement and evaluate.

Advantages

- Traditional public schools would have the same kind of accountability as charter schools, with the same additional consequences for failure to satisfy the performance contracts.
- Policymakers, taxpayers, parents and children would know whether a school is providing quality educational programming.

Disadvantages

- Because the state is constitutionally required to provide a free public education to all children of school age, the closure of traditional schools is problematic. The state and school districts will have to provide an alternative for the students who are being displaced, and policymakers have to determine what that alternative will be Pursuant to state and federal law. One question has always been, where will the new personnel come from?
- Because traditional public schools do not have the same flexibility or autonomy as charter schools, it may be unfair to apply the same kind of performance measures to them unless the law is changed to give them that autonomy.
- Giving traditional schools autonomy usurps the authority of local school boards. Autonomous traditional schools are, essentially, charter schools.
- In some small districts, there may not be another school that students from the closed school could attend.

- Determining performance measures, negotiating contract provisions, implementing and evaluating performance will require significant investments of time and money.
- The performance contract could require that the PED take over a failed district school, but the department currently lacks the resources to do so.

Implementation mechanism

- Amend the Public School Code to:
 - ▶ require that each traditional public school sign a performance contract with its local school board;
 - ▶ specify the contents of the contract and the consequences for meeting or not meeting the terms; and
 - ▶ delineate a process for closing a traditional public school that fails to meet the terms (or what is considered enough of the terms) and for reassigning the students to other schools.
- **Note:** drafting effective legislation will require research and should be reviewed by stakeholders.

Other options

- Create "rapid response teams" made up of educational mentors and experts in teaching and school administration to provide technical assistance and oversight for failing schools under the current Assessment and Accountability Act before the schools progress to corrective action. The drawback of this option is the cost -- and the lack of experts in the state who are not otherwise employed.

15. Implement "smart caps" to facilitate the replication of successful charter school models. (LESC -- Harrell)

Overview

- According to the New Mexico coalition for charter schools, which made this proposal to the LESL during the 2009 interim, smart caps are a means of providing "accountable replication of successful charter schools" by basing growth in the number of charter schools on proven quality rather than an arbitrary number. As explained in a recent analysis by Education Sector¹, states with smart caps would remove any limit on the replication of schools that have demonstrated "outstanding gains for students", as determined by the state; and, at the same time, states would impose a cap on the number of new schools with no proven record of success, based primarily on the capacity of the authorizer to oversee charter schools. (In New Mexico, the authorizer is either a local school board or the public education commission.) Smart caps, Education Sector analysis further explains, are a more reasonable alternative to the largely arbitrary numerical caps in place in most states' laws, which "fail to differentiate between good schools and lousy schools and between successful charter school authorizers and those with a poor track record . . .".

Cost Savings

- N/A

Time frame

- Long-term. PED would have to identify successful, i.e., effective, charter school models, preferably models from New Mexico experience. Identification would have to include an assessment of what makes the model effective and whether the model would work in the proposed location. There may be proven models in urban settings that could not be replicated in a rural environment, for example. Replication would depend on whether there were qualified applicants to operate the charter school.
- Note: may require statutory changes, particularly if the idea is to convert existing traditional schools into charter schools.
- Note: State law does not allow the state, a school district or a charter school to enter into management contracts with private entities for the management of a public school or a school district subject to corrective action and, therefore, subject to be converted to a charter school (Subsection L of Section 22-2C-7 NMSA 1978).

Advantages

- The likelihood of new charter schools being successful/effective should be increased if it is based on a proven model or it is mentored by a successful school.
- Any caps on the number of new charter schools would be based on experience rather than an arbitrary number.

¹Education Sector is a self-described nonprofit, nonpartisan, independent education policy think tank devoted to developing innovative solutions to the nation's most pressing educational problems.

- Charter management organizations might be encouraged to operate in New Mexico. (note statutory limitation on private management contracts)
- Proponents argue that a provision in law to replicate successful models might attract private funds to support charter schools. That would be an advantage, but might be less likely in a state like New Mexico than locales like New York or Chicago, where that has occurred.

Disadvantages

- What works in one district or community may not work in another.
- Relying too heavily on successful models may tend to discourage true innovation. This point is ironic, but valid.
- Nonprofit charter management organizations might be encouraged to operate in New Mexico, although it is worth noting that "nonprofit" does not mean the organization does not make money; the state might want to consider carefully whether it wants to pay out-of-state companies to run New Mexico charter schools.
- Unless the criteria in law were quite explicit, determining what constitutes a successful model may be problematic.
- New Mexico data do not show that charter schools are necessarily superior to traditional public schools or necessarily provide a better education to their students.
- Charter school applications have never come close to reaching the statutory maximum number in any year.

Implementation mechanism

- Amend the Charter Schools Act to define the term "smart caps" and to prescribe a process for replicating successful models – also to define or describe successful models.
- Review and possibly amend the provisions in the Charter Schools Act related to applications in school districts with fewer than 1,300 students and to the number of charter schools allowed per year or in any five-year period.
- A review of other provisions in law, for example, Subsections L and R of Section 22-8B-4 NMSA 1978, may also be needed.

Other options

- None identified

16. Place a temporary moratorium on the authorization of new charter schools. (DFA -- Marcelli)

Overview

- This proposition was presented to the government restructuring task force in response to a request for recommendations for restructuring. The concern expressed is that new charter schools dilute funding for all existing traditional and charter schools in a time when public school support is being cut.

Cost Savings

- Testimony presented at the July LFC meeting indicated cost savings can be estimated at \$6 million to \$10 million a year. The legislature would have to decide if it takes the general fund savings or reallocates the savings to the SEG.

Time frame

- Short term – legislative action required. Legislature will determine how long the moratorium would be in place.

Advantages

- Fewer schools means better funding for existing schools.
- Lowers the number of schools eligible for small school size adjustment. A charter school can limit the number of students it accepts to receive additional funding in the SEG distribution. This is not an option available to public schools, which must accept all eligible students.
- Reduces the amount of support (fiscal/administrative) that a school district provides to its chartering partners. Several news articles have been published recently concerning financial practices of charter schools and the lack of accountability in reporting to central office of the partnering school district. A moratorium on new charter schools will limit the amount of training/support necessary from central office to its affiliates.

Disadvantages

- Limits the ability of parents/guardians to choose new education opportunities for students. Charter schools provide more education options.

Implementation mechanism

- Amend the Charter Schools Act to provide for a temporary moratorium.

Other options

- None indicated.

17. Reduce both the number of tests given to students and the amount of time spent on testing, perhaps retaining only those tests that are required by federal law or that demonstrate clear instructional value. (LESC -- Maestas; LCS -- Maison)

Overview

- In a memorandum dated February 9, 2010, Secretary Veronica Garcia informed

superintendents, charter school administrators and state educational institution administrators that certain tests may be exempted in FY 2011 (see Attachment).

Cost Savings

- Quantifying will require further research.

Time Frame

- Currently operative.

Advantages

- A reduction in the number of tests saves teachers and students time and saves school districts money.
- Allows more time for instruction.

Disadvantages

- The legislature continues to request, and at times require, public school performance and other data. Data-driven decision making requires the collection of data. The suspension of some testing will result in data "holes" in longitudinal data, which may impair decision making.
- If the legislature considers tying teacher evaluations to student performance, and making tenure or salary decisions based on those evaluations, student growth will have to be demonstrated. Testing is one important measure of both student growth and student performance.
- Short-cycle assessments are used by teachers to assess where students are in a given subject during the school year. The information gleaned from the assessments are used to make instructional decisions. Without the assessments, student success may be hampered.
- College readiness assessments, part of high school redesign, are supposed to be used to determine what remediation a student needs before the student leaves high school. Remediation in high school is much cheaper than remediation in college.

Implementation mechanism

- PED memorandum to school districts extending the exemption provided by PED for FY 2011. If the legislature wishes to extend temporarily or permanently by statute, legislative action is necessary in 2011 session.

18. Implement a statewide five-mill property tax levy for public education, to supplement general fund. (LCS -- Maison)

Overview

- This recommendation began as part of revenue possibilities to fund the new funding formula. In 2008, House Joint Resolution 10 was introduced by Representative Lucky Varela. The constitutional amendment proposed to amend Article 8, Section 2 of the constitution of New Mexico to increase the millage limitation from 20 to 25 mills. The additional five mills would be imposed statewide and distributed to public schools through the state's public school fund.

Cost Savings

- The DFA economist estimated revenue of approximately \$261 million in fiscal year 2010. That was before values fell in 2009-2010, so estimate would have to be revised.
- See ***Other Options*** for other revenue enhancements.
- **NOTE:** all revenue estimates on these recommendations should be re-estimated.

Time Frame

- Mid-term; requires a constitutional amendment and implementing legislation to make the public school fund a nonreverting fund.

Advantages

- Millage would be collected statewide to help pay for public education. The money would be segregated in the public school fund for distribution to public schools through the funding formula. Currently, the state does not receive any property tax revenue (other than assessments to pay general obligation bonds); the constitutionally allowed 20 mills are divided primarily between municipalities and counties. School districts may impose a .5 mill levy for operations.
- The idea is for the millage is to supplement, not supplant, general fund revenue for school funding.

Disadvantages

- Voters might not approve the required constitutional amendment, New Mexicans have a particular distaste for property tax as a governmental revenue source; however, schools may be an exception to that general rule.
- Revenue from this source would not begin until the 2013 property tax year.
- It is almost impossible to ensure that the general fund effort would be supplemented, not supplanted. The legislature can always end up taking credit for the millage revenue.
- Making the public school fund nonreverting may have consequences for calculating the state's annual operating reserve because money in the fund would not revert.

Implementation mechanism

- Pass a constitutional amendment to amend Article 8, Section 2 of the constitution of New Mexico.
- Pass amendment to Section 22-8-14 NMSA 1978 to make the public school fund a nonreverting fund.

Other options

- Consider other funding formula task force revenue sources:
 - ▶ increase the property tax valuation from 33 1/3 to 40 percent (Article 8, Section 1 of the constitution of New Mexico). Requires a companion bill to change the statutory property tax rates for counties, municipalities and school districts.
revenue: approximately \$177 million in general fund revenue and approximately \$59 million in direct school district revenue in fiscal year 2010. Again, based on assumed valuations before the crash.
 - ▶ increase the distribution of the land grant permanent fund.
NOTE: the recession affected the value of the land grant permanent fund and will negatively affect income for the beneficiaries in the next few years. Distributions are based on fund's five year average market value.
revenue: In 2008, at 6.5 percent, the increase was expected to be approximately \$103 million in fiscal year 2013 (total distribution). Other percentage increases would generate other estimates.
 - ▶ equalize the oil and gas emergency school tax at four percent on all products subject to the tax. (Currently, oil and CO₂ are taxed at lower rates than natural gas.) To make the revenue applicable to schools, legislation would have to provide for a distribution of some percentage (funding formula task force recommended 12.5 percent) of the net receipts attributable to the tax to the public school fund.
revenue: approximately \$29 million in fiscal year 2013.
 - ▶ equalize the oil and gas emergency school tax and increase the tax by one percent and swap out the increase for a decrease in severance tax. The option is neutral for taxpayers.
revenue: generates approximately \$101 million for school funding in fiscal year 2013, with a corresponding reduction in severance tax income.
 - ▶ remove yield control on property tax for school districts.
revenue: approximately \$6 million in general fund and \$2 million direct school district revenue in fiscal year 2013.
- Revert the SEG and the public school fund to the state school support reserve and change the law to allow the money to be used for school shortfalls. (Sections 22-8-25 and 22-8-31 NMSA 1978)

- Other revenue options could be explored at the direction of the task force.

19. Expand the use of electronic formats in (1) school business applications like contracts and memoranda of understanding; and (2) educational applications like online courses and textbooks or other resource material.

- Dr. Garcia reported to the government restructuring task force that PED is already using electronic formats for many applications. She did not identify any statutory impediments to electronic formats for business applications. Educational applications are limited by publishers and school computer resources.

20. Examine the related services (ancillary) multiplier of 25 in the public school funding formula to determine whether a lower multiplier would suffice. (LESC -- van Moorsel)

Overview

- The funding formula currently funds special education personnel in approved ancillary programs by multiplying the number of FTE personnel by the cost differential of 25.0.

Cost Savings

- During school year 2008-2009 there were 1,956.04 ancillary FTE statewide. Multiplying by 25 generates 48,901 units (excluding multiplication with the T&E). At a final unit value of \$3,871.79 , this represents approximately \$189.3 million in program cost.
- To illustrate potential cost savings, a reduction in the factor from 25 to 24 would have reduced the units generated by 1,956 units to 46,945; and reduced the funding by approximately \$7.6 million, to approximately \$181.8 million.

Time Frame

- Short term for legislative action; however, the study will take time, perhaps an interim, or longer, depending on resources provided for the task.

Advantages

- An examination of current use of the ancillary multiplier statewide could generate important information related to the costs and uses of ancillary personnel statewide, including the cost of ancillary services statewide, and which areas display the greatest needs for such personnel.
- If the study determined that the current multiplier generates too much funding for ancillary staff, a reduced multiplier could save the state money or lead to a more equitable distribution of SEG dollars that more accurately reflects districts' costs of providing programs.
- A change in the multiplier could bring the multiplier in line with the actual cost of ancillary staff
- Ancillary staff could potentially be shared among districts, possibly facilitated by RECs.

Disadvantages

- Such a study may require legislation, as well as significant time and financial investment.
- As school funding is being reduced, the elimination or reduction of formula factors will make it even more difficult for local school boards to develop budgets and provide statutorily required and community-requested educational programming.
- How would districts budget the cost of ancillary FTEs if they share the cost for

such staff?

- How can districts meet the cost of ancillary personnel if students requiring ancillary services transfer in to a district that has not budgeted or received funds for such staff?

Implementation mechanism

- Recommendations resulting from the examination of the ancillary staff factor may require statutory or regulatory changes.

Other options

- Implement and fully fund the proposed funding formula.

21. Suspend all new public school construction for a specific period. (LFC -- Aguilar/Gudgel)

Overview

- The January 2010 public school capital outlay council financial plan forecast indicated that project funding needs would exceed public school capital outlay budget availability in the July-September 2010 time frame by about \$30.8 million. The council has suspended new construction awards during FY 2011 as a result of possible insolvency. This item discusses extending the solvency of the public school capital outlay fund.
- **NOTE:** Public school capital outlay is funded through issuance of supplemental severance tax bonds, which are dedicated to that purpose. Money in the severance tax bonding fund not used for bonding is credited to the severance tax permanent fund.
- **NOTE:** The state is still under court supervision re the *Zuni* lawsuit

Cost Savings

- There is no, or very little, general fund money used for public school capital outlay. The recommendation is less about savings and more about maintaining the solvency of the fund.

Time Frame

- Short term for legislative action; term of moratorium would be decided by legislature.

Advantages

- Suspension of new construction will eliminate the possibility that the fund will not maintain sufficient balances to meet funding obligations for already approved and awarded projects. Shortfalls could result if anticipated supplemental severance tax revenues fail to materialize at anticipated levels.
- Current statute requires that all charter schools be in publicly owned buildings by 2015. This requirement is expected to consume a large part of public school capital outlay funding year-to-year for the foreseeable future to meet the statutory deadline, thus reducing funds available for other projects. The proposed delay would allow already awarded projects to be completed.

Disadvantages

- Since the inception of the public school capital outlay program, building conditions statewide as measured by the New Mexico facility condition index (NMCI) have improved significantly. At the start of the program, the statewide NMCI stood at 70%, meaning that most of the building construction was for replacement of existing facilities. At present, the NMCI stands at 30%, reflecting construction activities focused on renovation of existing spaces. Depending on the length of time construction is suspended, it is expected that the NMCI would likely increase requiring increased supplemental severance tax bond proceeds to return the NMCI to pre-suspension numbers.

Implementation mechanism

- Awarding funds for public school capital outlay projects is not mandatory, so the council could implement a policy consistent with suspending all new school construction.
- Amend the Public School Capital Outlay Act to suspend all new school construction for a specified time period and suspend new awards.

Other options

- Leave the decision to suspend new school construction up to the council or require larger projects to be phased if possible, resulting in smaller awards.
- Use senior severance tax bonds as a funding source for the public school capital outlay fund so projects will not be delayed.

22. Examine the fiscal impact of existing charter school facilities in terms of lease payments, improvements, and the creation of an additional infrastructure beyond that of school districts. (LFC -- Aguilar)

This item is still being researched.

23. Eliminate the categorical restrictions to allow school districts more flexibility with their budgets.

- **NOTE:** Using categorical appropriations for operational expenses would disqualify the public school funding formula and may result in the state not meeting the disparity calculation for impact aid.

24. Provide incentives for districts to save money, perhaps by raising the cap on cash balances. (DFA -- Marcelli)

Overview

- Until 2003, school districts were allowed to retain cash balances to plan for extraordinary expenses like opening new schools or paying for expensive instructional materials adoptions. This statutory change resulted in some districts having to resort to emergency supplemental funding. With the current system, there is no incentive for a school district to save money. School districts may keep up to 5% of their operating budget in cash balances and the remainder reverts to general fund. In the past (\$16.4 million in FY 2004 and \$11.6 million in FY 2005), the state equalization guarantee appropriation took credit for school district cash balances.

Cost Savings

- None to state, at least not directly. There may be some savings in the long-term as districts no longer need emergency supplemental funding.

Time Frame

- Short term – statutory change required.

Advantages

- Allowing a school district to keep, rather than revert, cash balances in excess of 5% will provide an incentive to conserve cash balances, rather than to expend budget in order to avoid reversions. Structuring higher cash balance thresholds could assist districts as SEG cuts materialize in the current and subsequent fiscal years.
- In the long run, some school districts may be taken off the emergency supplemental list.

Disadvantages

- This change reduces the amount of reversions the state uses for solvency purposes.

Implementation mechanism

- Statutory changes will be required for implementation.

Other options

- Status quo.

25. Make school district cash balances more visible. (LESC -- Maestas/Gerstner)

Overview

- This proposition would allow the general public to review and compare budgeted operational fund cash balances approved by the secretary of public education and reported to the legislative finance committee, as required by current law (Section 22-8-41 NMSA 1978).

Cost Savings

N/A

Time frame

- Mid- to long-term if rulemaking is required. Rulemaking is always a time-consuming effort.

Advantages

- Can provide oversight agencies and the public with a better picture of the current finances of a school district or charter school, especially if emergency funding is requested.
- Allow for cash balance trends to help identify possible improvements in school district or charter school spending practices.

Disadvantages

- Transparency may result in the state "sweeping" or taking credit for appropriation purposes.

Implementation mechanism

- Statutory changes required.

Other options

- None identified

26. Implement the proposed public school funding formula: (a) in full with sufficient funding; (b) phased in over a period of three years; or (c) in piecemeal fashion with incremental funding. (LCS -- Maison)

This item is still being looked at; it may require a contract with AIR, which may be difficult with required budget cuts.

27. Examine the paperwork burden placed on school districts and charter schools in an effort to streamline it to reduce duplication or to eliminate unnecessary paperwork. (OEA -- Hughes)

Overview

- Anecdotal wisdom says that the state requires too much paperwork for school districts and charter schools. The proposition would either bear out the anecdote or not; if so, it asks for a review of paperwork flow in districts and charter schools and the department make adjustments as necessary to improve efficiency.
- **NOTE:** While this analysis is directed at PED requirements, there may be other state agencies that require paperwork from school districts and charter schools, e.g., department of environment, construction industries division and energy, minerals and natural resources (energy savings program).

Cost Savings

- Unknown.

Time Frame

- Depending on scope of project can be either short-term, three to six months, if only a handful of districts are reviewed, or long-term, up to 18 months, if all districts are reviewed and processes are eliminated, streamlined or automated where possible. In any case, all current report and filing requirements of the PED to the school districts/charter schools need review to inventory all reports currently being requested and identify where redundancies in collection, obsolescence of reports or lack of necessity in reporting exist. A work group comprised of PED and district staff will need to be formed to coordinate work and decision making.

Advantages

- Such an effort will produce overall greater efficiencies in administrative operations in districts and the PED.
- Increased administrative efficiencies can produce attendant cost reductions.
- If the study includes federal paperwork requirements, PED can consider piggybacking or aligning its reporting requirements, thus eliminating partial or complete duplication.
- Examining administrative systems for streamlining, reducing duplication and eliminating paperwork can help identify any number of improvements in processes currently in place and in use. Such efficiencies support district and state efforts to do more with less, an important objective not only in the current lean economic times but at any time. These efficiencies make for good management in general.

Disadvantages

- If such an effort to streamline, reduce duplication and eliminate paperwork is to be effective, a systems approach will have to be taken. Conducting this study in a

piecemeal manner without tight coordination among different divisions within the PED or at the school district/charter school level will likely produce mediocre results.

- A complete inventory of reports currently required along with the data sources used to complete those reports will have to be made. This poses a potentially intensive level of staff involvement and commitment at both the state and district level. The PED will have to provide the leadership on this effort that will also need to include the cultivation of commitment and buy in at the 89 districts for it to be successful.
- A study of this magnitude will likely take several months to complete, a potential detriment to successful execution of the effort.
- Automation of tasks may require up-front expenditures to realize long-term cost- and time savings. With little or no discretionary funding currently available, such changes may be difficult to justify in the short-term.

Implementation Mechanism

- To be successful, some form of coordinating body will need to be developed, either through a memorial or a memorandum of agreement between PED and the districts/charter schools. In addition, funding for the coordinating body will need to be secured, possibility through state funds or a third party; however, the restrictions now in place on state funds makes the possibility of securing this support unlikely.

Other Options

- To keep costs contained, an alternative approach that focuses on a small, medium and large district and one or two charter schools may be sufficient to identify where efficiencies in paperwork may be realized. Assuming that the various districts are required to report on similar or identical matters, this approach could be pursued with the findings to serve as a template for general changes across all districts.
- Rephrase the proposition to recommend that all operations district wide and school wide be reviewed to improve work flows, reduce redundancies and increase overall efficiencies.

28. Place the financial oversight of school districts and charter schools with DFA rather than PED. (DFA -- Hadwiger/Marcelli)

Overview

- The public school finance division of DFA was created in 1957 to advise and consult with the superintendent of public instruction. In the 1977 reorganization, the division was moved to the educational finance and cultural affairs department. In 1980, the division was again placed under DFA. It underwent a name change, to the office of education, in 1983. In 1988, all powers and duties of the office of education were transferred to the state department of public education. In 2003, PED was created in the constitution as a cabinet-level department, answerable to the governor instead of the old school board, and the school board was converted to the largely advisory PEC. Per the constitutional provision, the secretary of public education exercises all functions relating to the distribution of school funds and financial accounting for public schools. This proposal would revert financial control back to DFA.

Cost Savings

- Probably no savings; this is an efficiency and oversight proposal.

Time frame

- Long term, in that it requires a constitutional amendment, which would go on the 2012 ballot. Enabling legislation would be required, but that could be passed by the legislature at the same time as the resolution and made effective upon certification by the canvassing board that the people had approved the constitutional amendment.

Advantages

- DFA oversight could enhance available financial expertise in this area and reduce the opportunity for co-optation of PED staff by stakeholders.
- The move to DFA would include the integration of SHARE and OBMS, which would lead to greater transparency and better oversight by requiring school districts to voucher/perform payroll functions through DFA. The merger of financial data will provide for enhanced reporting.

Disadvantages

- Office space and staffing issues will likely result from the transfer of school finance to DFA.
- DFA would become more deeply involved with education policy. This is not directly aligned to DFA's central financial management mission, which is "to provide sound fiscal advice and problem-solving support to the governor, provide budget direction and fiscal oversight to state agencies and local governments so as to ensure a positive impact on the daily lives of all New Mexico citizens and ensure every tax dollar is spent wisely."
- Placing public school finance at DFA could create internal conflicts of interest as

one DFA unit (capital outlay or budget division) might oversee activities of another unit (public school finance).

- If the intent of the integration of SHARE and OBMS is to require local districts to voucher/perform payroll functions through DFA, then considerable FTE and additional resources would be needed in DFA's financial control division to ensure accountability standards.

Implementation mechanism

- If constitutional amendment passes, Section 9-6-3 NMSA 1978 would be amended to create the new division in DFA. Chapter 9, Article 24 NMSA 1978 and the Public School Code would also need amending to change the responsibility for K-12 financial activities from PED to DFA.

Other options

- Increase resources to the school budget and finance analysis bureau, office of inspector general and other monitoring functions of PED. (See Item 12)

29. Review public school transportation to identify possible cost-saving measures, with particular attention to planning more efficient bus routes. (LESC -- Gerstner/van Moorsel)

Overview

- In a 2008 letter to the LESL, PED recommended that the legislature form a task force to study issues related to public school transportation. PED noted that the last study had been conducted in 1994, at which time the legislatively appointed task force recommended that a study of public school transportation be conducted at least once every 10 years. During the 2009 session, legislation was passed to create such a task force to examine:
 - ▶ the statutes, constitutional provisions, rules, and court decisions governing public school transportation in New Mexico, including those provisions related to the transportation funding formula;
 - ▶ the personnel costs to school districts and school bus contractors;
 - ▶ the costs of fuel, equipment and maintenance; and
 - ▶ the administration of the public school transportation program.

However, the governor vetoed the legislation.

Cost Savings

- Unable to calculate without a study.

Time Frame

- Short term for enacting legislation to create a task force; long term for the study.

Advantages

- Such a review would be an opportunity to examine:
 - ▶ more efficient bus routes;
 - ▶ funding of fuel costs to better respond to changes in the price of fuel; and
 - ▶ the bus and equipment payment structure for school bus contractors.

State law currently requires the state to pay for contractor-owned buses using rental fees over a five-year period; however, state law also allows for a school bus to be used over a period of 12 years.

Disadvantages

- Would require an independent review, which would require state resources.

Implementation mechanism

- Such an examination would likely need legislation and an appropriation to create a task force to conduct the study.

Other options

- Fund the use of the Public School Facilities Authority geospatial information

system (GIS) system to identify possible improvements to make bus routes more efficient.

30. Revise the nine teacher competencies in the current teacher evaluation system to place more emphasis, and more consequences, on student growth. (OEA -- Hughes)

Overview

- The national movement toward tying teacher evaluations to student growth has found an advocate in the Obama administration. The race to the top grant program clearly indicates a preference for states to undertake teacher quality reforms. This proposition is part of that debate.

Cost Savings

- N/A

Time frame

- Because the nine competencies have statewide impact related to teacher performance, evaluation and contracts, a work group comprised of various stakeholders, including union representatives, charter schools, school and district administrators, university and agency staff, will need to be formed to guide the consensus building. A term of at least six months will need to be put into place to accommodate meetings and negotiations for the changes.

Advantages

- Providing a means of determining whether a student achieves measurable growth over the course of an academic year and, if not, identifying ways the teacher may improve his or her performance is a valid aspect of teacher and principal evaluation.
- Teacher effectiveness has long been recognized as the single most important factor in student academic performance. Having this effectiveness reflected in terms of student academic achievement can provide a means of building an incentive structure or helping identify individuals who could be enticed to move to schools deemed high need. It may also add in building public good will.
- Implementation would align New Mexico to wider national trends in teacher and principal evaluation both at the federal and other state levels.

Disadvantages

- New rules will need to be developed for monitoring student growth that take into account the wide differences in students and schools, for example, the differences between students with special needs and those in gifted programs.
- Over-emphasis or -reliance on any one measure for determining teacher or principal effectiveness must be avoided to ensure that a fair and balanced evaluation system is maintained. This is especially true with use of the standards-based assessment, which provides a rather blunt means of assessing teacher effectiveness.
- Any changes made to the way that teachers or principals are evaluated will need to be negotiated with the teacher unions or individuals in the case of principals or teachers in charter schools.

- Students may fail to perform even with the best of teachers and teaching methods and principals because there are several factors that exist outside the control of the teacher, principal or school, such as poverty, mobility, domestic violence, abuse, or substance abuse in the household. Unless adequate safeguards are built into the evaluation system to protect teachers and to mitigate against such contingencies, the evaluation system will be resented and undermined as a result.

Implementation Mechanism

- Statute and rules related to three-tiered licensure will need to be reviewed and probably modified to reflect changes. Outreach to and negotiation with various stakeholder groups, primarily teacher unions, will need to be pursued. Those individuals responsible for oversight of evaluation systems will need to be trained in how the new methodology works. Statute changes will require legislative action and executive approval; rule changes will be handled through PED and a public review process.
- Teacher contracts will need to be reviewed and modified to provide for proposed incentive structures and to conform to alignment between teacher performance and student academic growth.

Other Options

- Before putting such an evaluation program in place across all districts statewide, it may make more sense to pilot the effort in a handful of districts. Such a rollout plan would provide for adjustment of those dimensions in which problems have arisen prior to full implementation as well as a producing a better chance to build commitment and consensus across stakeholder groups. If successful, it might be worth the effort to explore the possibility of establishing a link between student performance and the evaluation of superintendents and local school board members.

31. Implement the proposal in the state's Race to the Top application to establish a link between student growth and teacher performance and a corresponding link between teacher performance and teacher preparation programs, with the professional practices and standards council recommending that the secretary of public education close persistently ineffective teacher preparation programs. (OEA -- Hughes)

NOTE: the link between student academic performance and teacher evaluation was addressed in Item 30 and will not be revisited in this section.

Overview

- See # 30. It stands to reason that a well-prepared teacher, meaning one who has had an excellent subject matter and pedagogical education, will out-perform one who is not so prepared. As noted in # 30, teachers are the single most important school-based factor in the calculus of student achievement. In line with the national movement, New Mexico has begun to establish those linkages through its educator accountability reporting system (EARS). This proposal goes further by recommending that the secretary be able to close persistently ineffective teacher preparation programs. The power to authorize curricula and programs offered through all two-year post-secondary educational programs is established in Subsection P of Section 22-2-2 NMSA 1978. The authority to close a program may be inferred in the law, but wording is not explicit as to this power. This recommendation represents a significant expansion in the oversight authority of PED into the realm of higher education. As a consequence, the issue will probably need a high degree of communication and buy-in from the various IHEs in the state.

Cost Savings

- N/A

Time frame

- Requires statutory clarification. Likely to take anywhere from six to 12 months to affect this change after the legislature has acted. A work group of stakeholders, including deans, faculty, teachers who have graduated from NM IHEs, current students, PED and HED staff, should be formed to identify all the related issues and consider the different consequences that may emerge from this change.

Advantages

- If a teacher preparation program churns out ineffective teachers, it makes economic as well as social sense either to revamp the program completely or to shut it down.
- Providing a clear picture of the performance of the graduates from teacher preparation programs can give IHEs a clear sense of where program strengths and weaknesses lie. They can then use this information to adjust and strengthen those areas that need extra attention or a change in staff and help further bolster those areas identified as being strong.
- Graduate performance data can help inform choices made by students who are

interested in entering the teaching profession. The information could also be used by outside funding entities who are interested in providing monetary support to successful teacher preparation programs.

- School districts complain that they must spend time and resources to teach graduates of teacher colleges how to teach. If teachers are properly prepared, simple mentoring will be sufficient to assist new teachers and school districts will be able to redirect resources to other matters.

Disadvantages

- Beginning teachers often take a few years to get "acclimated" to the field and rigors of teaching. As a consequence, early performance may not be a true indicator of the quality of a teacher preparation program.
- If decisions for continued funding are made too rashly based on early data, effective teacher preparation programs may be unnecessarily punished, thus producing an unintended consequence of reducing statewide capacity for educator preparation and unwarranted degrading of the overall reputation of an IHE.
- Beginning teachers often are assigned to high need schools with the result that their early performance is directly affected by several factors outside their control, e.g., poorly motivated or performing students, toxic school cultures, poor community support mechanisms or the lack of adequate mentoring and professional development.

Implementation Mechanism

- Statute and rule changes will be required. Coordination with the deans and staff of the various colleges of education will need to be achieved in order to develop consensus and agreement on how the linking will work. The national council for the accreditation of teacher education (NCATE) accreditation provisions should probably be reviewed for alignment with the linking objectives.
- University faculty contracts may need to be reviewed and modified to account for alignment between their performance and the outcomes realized by program graduates.
- The board of regents of the various IHEs will need to be consulted as they have the authority to approve any of the proposed accountability plans for their respective colleges of education.

Other Options

- Develop some other approach based on full, reasoned input by representatives of faculty and administration from all colleges of education. The proposal put forth in the race to the top application was done under "hothouse" conditions and should be completely reviewed prior to implementation.

32. Provide signing or relocation incentives for Level 2 and Level 3 teachers to teach in high-needs schools. (LFC -- Aguilar/Gudgel)

Overview

- Many school and districts face challenges in hiring and retaining qualified and competent teachers. Schools considered hard to staff, those with high concentrations of low-performing, socioeconomically challenged students, face high teacher turnover and higher percentages of teachers who are not qualified to teach the subjects they are teaching.

Cost Savings

- Could cost money rather than save money; however, incentives may improve quality of education in high-needs schools and increase student achievement.
- NOTE: not all incentives need to be monetary or structured as bonus pay to teachers. There may be other incentives that are equally effective

Time Frame

- Short or medium term – will require formula changes to provide incentives for districts to increase compensation to teachers moving into high needs areas.

Advantages

- Signing and relocation incentives aimed at higher level teachers (Level 2 and 3) allow less desirable, high-needs and rural assignments to recruit, attract and retain higher quality teachers.
- Limiting incentives to Level 2 and Level 3 teachers ensures experienced teachers are recruited.

Disadvantages

- Monetary incentives have mixed success in attracting teachers to high-needs schools and even less success in helping schools retain them.
- Monetary incentives will not compensate for the lack of support that exists in high-needs schools that often contributes to high teacher turnover.
- Educational funding is diverted from other uses to increase teacher compensation.

Implementation mechanism

- High-needs districts can allocate SEG dollars to incentives or school improvement funding can be used, if available.
- Implement formula changes to provide incentives.
- Criteria for eligibility should include at a minimum a limitation to Level 2 and Level 3 teachers who did not teach at the high-needs school the previous year, possibly more.

Other options

- Limit signing and relocation incentives to teachers teaching core subjects and payable over an extended period of time to ensure qualified teachers are retained.
- Tie signing and relocation incentives to student growth to ensure teachers are effective in the classroom.
- Allow signing or relocation incentives for Level 1 teachers. While Level 1 teachers are not as experienced as Level 2 or 3 teachers, they often are eager and enthusiastic to teach and may have the benefit of newer research-based teaching approaches.