

Senator John Arthur Smith
Chairman

Senator Sue Wilson Beffort
Senator Pete Campos
Senator Carlos R. Cisneros
Senator Carroll H. Leavell
Senator Howie C. Morales
Senator George K. Munoz
Senator Steven P. Neville

State of New Mexico
LEGISLATIVE FINANCE COMMITTEE

325 Don Gaspar, Suite 101 • Santa Fe, NM 87501
Phone: (505) 986-4550 • Fax (505) 986-4545

David Abbey
Director



Representative Jimmie C. Hall
Vice-Chairman

Representative Paul C. Bandy
Representative George Dodge, Jr.
Representative Jason C. Harper
Representative Larry A. Larrañaga
Representative Patricia A. Lundstrom
Representative Nick L. Salazar
Representative Luciano "Lucky" Varela

July 15, 2015

RECEIVED

JUL 16 2015

LESC

MEMORANDUM

TO: Representative Dennis Roch, Chair, Legislative Education Study Committee
Senator John Sapien, Vice Chair, Legislative Education Study Committee

FROM: Charles Sallee, Deputy Director, Legislative Finance Committee

CC: Ms. Frances Maestas, Director, Legislative Education Study Committee

RE: Previous LFC Staff Recommendations for the T&E Index and Instructional Materials

Legislative Finance Committee (LFC) staff was asked to provide a summary of previous staff recommendations regarding the training and experience index (T&E index) in the state equalization guarantee funding formula and for instructional materials to assist with legislative deliberations on these topics this interim. These recommendations came as a result of LFC staff program evaluations, including a joint staff report with the Legislative Education Study Committee. Recommendations adopted by the LFC are noted as well. Staff is currently in the process of reviewing progress to date on implementation of recommendations made in the Instructional Materials Fund report. Finally, this memo also offers commentary on issues worth considering as LESL and LFC members consider these and other policy options for possible modification to the T&E index and instructional materials.

Training and Experience Index

For more than a decade, LFC staff has identified issues with the T&E index, including its impact on hard-to-staff high-poverty districts, as a multiplier for ancillary services staff units and lack of alignment with the three tiered licensure and salary system. In fact, the T&E index has received considerable attention, including from appropriators, dating back to the early 1980s. Beginning in 2011, LFC program evaluation staff began making more specific recommendations in a number of different reports to address identified issues with the T&E index. The reports also highlighted how high-poverty school districts are at a funding disadvantage due to low-weight of the at-risk index and struggle to attract teachers with more education and experience and thus

receive less of a financial impact of funding through the T&E index. Basically, high-poverty districts tend to have low T&E index values and less funding per pupil. An independent study conducted for the Maddox Foundation also found “districts with a high T&E index tend to have relatively fewer at-risk students.” The report recommended the state drop the T&E index from the formula and develop a categorical aid program focused on providing funds for high-need districts to improve teacher qualifications and recruit teachers in hard-to-staff schools and subjects.

LFC staff recommendations can be classified into three main parts: *aligning* the T&E index with the three-tiered licensure system; *targeting* differences in classroom teacher labor costs; and *enhancing* uniformity.

Aligning. Since 2011, LFC staff has recommend aligning the T&E index with the three-tiered licensure system. These recommendations have become progressively more complex in response to additional research and stakeholder interest. These are shown as Options 1-3 in Attachment A. Option 1 provides for a simple alignment as the three-tiered licensure system already takes into account some years of experience and education. Option 2 was developed as a result of working with stakeholders throughout 2012 to recommend a series of funding formula changes, including significantly boosting the at-risk index. The recommendation for changing the T&E index was endorsed by the LFC and contained in House Bill 158. Option 3 was developed by LFC staff as part of negotiations between the HB 158 sponsors and education stakeholders for possible inclusion in a committee substitute. While, ultimately, this option was not included in the committee substitute it is presented as an option for further deliberation because it was developed to reflect concerns of education stakeholders, specifically superintendents and teachers unions. Option 2 and 3 weights within each cell were developed based on actual salary and years of experience data for teachers as reported by public schools to PED. Of the three options, LFC program evaluation staff recommends Option 3 for primary consideration.

Targeting. State statute specifies instructional staff to be included in the T&E index calculation; however, PED routinely includes other staff in the calculation, even those funded through other formula components. Instructional staff is defined as follows: “personnel assigned to the instructional program of the school district, excluding principals, substitute teachers, instructional aides, secretaries and clerks.” However, the personnel listed as eligible for inclusion in T&E index guidance includes principals and positions that would typically be classified as related service, ancillary, or instructional support providers. They include coordinators/subject matter specialists; library/media specialists; guidance counselors, registered nurses; diagnosticians; speech therapists; occupational therapists; physical therapists; psychologists; audiologists; interpreters; orientation and mobility specialists; and social workers. Many of these positions are also defined in statute as being eligible for units as ancillary staff in special education, meaning that districts are compensated for these staff members in two different formula components. Ancillary staff is not all included in the three tiered salary structure. A key policy consideration is whether an adjustment factor should be targeted to a public school’s largest labor cost center, classroom teachers or not. LFC staff has recommended targeting any new index to classroom teachers, as shown in Recommendation 2 in Appendix A.

Further, the T&E index is multiplied against additional program units such as special education and discretionary programs including elementary P.E., fine arts and bilingual. This can distort

funding distributions depending on a school district or charter schools special education and discretionary program units that are not necessarily driven by differences in instructional labor costs. For example, ancillary staff are funded at 25 units per FTE, or over \$100,000 per FTE, and then further adjusted upwards depending on the public school's T&E index. LFC staff has routinely recommended multiplying the T&E index against basic program units to reflect labor cost adjustments for the core educational program, as shown in Recommendation 3.

Both recommendations 2 and 3 were endorsed by the LFC and included in HB 158.

LFC evaluations have also recommended targeting additional compensation to teachers and school leaders meeting competencies choosing work at high-poverty schools, in part to even out the disparities that exist in the distribution of teachers among high and lower poverty schools and districts, and to address recruitment/retention of educators. Two approaches have been presented in the past, one to add weights within the existing T&E index matrix for those teachers at high poverty schools, or a separate adjustment factor similar to the one for National Board Certified teachers. LFC evaluation staff recommends considering a separate adjustment factor for administratively simplicity, transparency, and accountability to ensure funding is passed directly through to those teachers and principals in the form of additional compensation, as shown in Recommendation 4.

Uniformity. State law allows counting of years of experience and educational credits according to a local school district salary schedule. As a result, evaluations have found differences across the state in how schools count these two items that result in differences in T&E. LFC staff have recommended standardizing how to count years of experience through PED rule/guidance, as shown in Recommendation 5.

Instructional Materials

In January 2014, LFC staff released a program evaluation on instructional materials that contained three key issues. First the report found the instructional materials process suffered from a lack of oversight and school districts and charter schools sometimes expend funds in ways inconsistent with state law. Second, the system for funding instructional materials, according to the report, does not meet current needs, resulting in reports of inadequate resources while allocated money goes unspent. And finally that New Mexico is unprepared for a transition to a personalized digital learning environment. The report included a series of recommendations for statutory changes, as shown in Appendix B. Some of these recommendations were contained in House Bill 146 in the 2015 legislative session. The bill passed but was vetoed.

Previous efforts - some successful, some not - have sought to provide local schools more flexibility on spending their instructional materials funding on items other than those from the state approved list. While the continuing need for a separate instructional materials fund was not an objective of the evaluation, now may be the time for such a policy consideration. Having a dedicated fund to purchase a limited number of approved textbooks implies the intent to use state level purchasing power to get a better price and have more uniformity over what types of textbooks schools can use. However, efforts to provide more spending flexibility and a more expansive adoption list dilutes purchasing power and uniformity and results in potentially unnecessary levels of regulation and administration. Public schools are not required to spend their allocations according to the adoption cycle either. Alternatives with less regulatory burdens, but still with accountability, could be explored by moving funding into the SEG.

APPENDIX A: T&E STAFF RECOMMENDATIONS

Alignment.

Option 1:

Classroom Teacher License Level	Weight
Level I	0.75
Level II	1.00
Level III	1.25

Option 2:

Classroom Teacher	Licensure Level		
	Level 1	Level 2	Level 3
Less than 15 Years of Experience	0.75	1	1.18
More than 15 Years of Experience		1.08	1.25

Option 3: Recommendation 1

Classroom Teacher	Years of Experience				
	0 to 2	3 to 5	6 to 8	9 to 15	over 15
Licensure Level					
<i>Level 1</i>	0.755	0.785	0.800		
<i>Level 2</i>		0.994	1.023	1.050	1.123
<i>Level 3</i>			1.184	1.208	1.277

Targeting.

Recommendation 2: Define "teaching staff" to mean a licensed teacher who is assigned classroom teaching responsibilities for inclusion in any new T&E index.

Recommendation 3: Multiply the revised, or even existing, T&E index by early childhood education and basic education units only.

Recommendation 4: Add an adjustment factor for effective teachers and leaders at high-poverty schools (\$5 thousand to \$15 thousand stipend).

Uniformity.

Recommendation 5: Require PED to establish criteria for counting years of experience in rule.

APPENDIX B: INSTRUCTIONAL MATERIALS

Recommendation 6: Amend the Instructional Materials Law to require that instructional materials funds be used on state approved materials on the multiple list, which includes both core/basal and supplemental materials.

Recommendation 7: Convert the instructional materials fund a reverting fund from the local level or consider taking credit for unspent instructional materials allocations if substantial fund balances continue at school districts, charter schools, state funded schools, and private schools.

Recommendation 8: Modify statute mandating that adequate instructional materials be available to all students at school and at home from the current statute of one textbook being available to each student to take home.

Recommendation 9: Modify statute to require all districts have a plan in place to ensure all students have adequate access to instructional materials as defined by the Legislature.

Recommendation 10: Direct the PED to develop quality and accountability standards for all digital content, e-reader devices, and electronic courses, and other technologies used for instruction.

Recommendation 11: Consider sweeping and re-appropriating the education technology fund balance. (Implemented but should monitor this fall through the budget process).