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July 21, 2015

**MEMORANDUM**

**TO:** Legislative Education Study Committee

**FR:** Robin Shaya

**RE: STAFF REPORT: LESC AND LEGISLATIVE FINANCE COMMITTEE (LFC)  
STAFF POLICY RECOMMENDATIONS/OPTIONS: INSTRUCTIONAL STAFF  
TRAINING AND EXPERIENCE INDEX**

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**INTRODUCTION**

During the June 2015 interim meeting of the Legislative Education Study Committee (LESC), the committee heard testimony relating to the Instructional Staff Training and Experience (T&E) Index in the public school funding formula, including:

- a description of the index by LESC staff outlining:
  - the history behind its creation;
  - the statutory and regulatory features of the T&E Index;
  - its role as a multiplier for certain units in the public school funding formula; and
  - a 10-year average trend in the index for individual districts and charter schools; and
- from a district perspective, a report by the Superintendent of the Las Cruces Public Schools describing the inclusion of the index in the formula in order to recognize the costs of recruiting and retaining highly-qualified and highly-effective teachers. Among other points, the superintendent emphasized that a review of previous studies on the T&E Index structure should be considered as the committee discusses the potential alignment of the index to the three-tiered licensure system.

For the review of the committee, this staff reports summarizes the previously proposed alternatives to the T&E Index and includes the following attachments:

- **Attachment 1, *Fact Sheet, T&E Index***, which is included as a resource for members to review current provisions in law; and
- **Attachment 2, *2008 AIR Report – Proposed Instructional Staff Quality Index***.

## **PREVIOUSLY PROPOSED ALTERNATIVES TO THE T&E INDEX**

The Legislature has funded two independent studies, which considered potential revisions to the T&E Index, including:

- in 2003, the LESC contracted with Augenblick, Palaich and Associates, Inc. (APA), to study the relationship between the T&E Index in the public school funding formula and the implementation of the three-tiered licensure system for teachers; and
- in 2008, the legislative Funding Formula Study Task Force received a report it had commissioned from the American Institutes for Research (AIR) titled “An Independent Comprehensive Study of the New Mexico Public School Funding Formula,” which suggested the replacement of the T&E Index with an Index of Staff Qualifications (ISQ) among its other findings and recommendations.

### ***2003 T&E Index Study by APA***

Based on a report given to the LESC in December 2003, by APA that studied the relationship between the T&E Index in the public school funding formula and the implementation of the three-tiered licensure system for teachers, it was suggested that a pilot period during which the current T&E calculation would remain in effect would allow the state to test one or more of the proposed alternatives using real-time data. Although there was no specific alternative recommend, the final written report from the firm, which was received in January 2004, recommended an approach that includes the following:

- added adjustments for certification by the National Board for Professional Teaching Standards (NBPTS), the mentoring of Level 1 teachers, and other qualifications;
- recognition of higher salaries for teachers who are in Level 2 for more than nine years; and
- recognition of increased credentials.

According to the report, the resulting matrix “is a way to focus the accumulation of credit hours in a way that focuses teachers on knowledge and skills that are associated with student learning. The credentials that should be recognized in this scheme include the following: teachers certified in two or more subject areas; and teachers with specialist certifications in reading, math and potentially science.”

*Table 10: APA's Recommended HQEI Approach*

	Professional Licensure Level							
	Level I		Level II			Level III		
	1st year within level	2-3 years within level	1-2 years within level	3-6 years within level	7-9 years within level	1-2 years within level	3-6 years within level	7-9 years within level
Bachelor's degree	1.00	1.10	1.20	1.30	1.40			
Master's degree			+ .10	+ .10	+ .10			
Renewal of Level II license			+ .15	+ .15	+ .15			
Master's degree or NBPTS certification						1.70	1.80	1.90
Other duties (mentoring)				+ .10	+ .10	+ .10	+ .10	+ .10

The recommended High Quality Educator Index (HQEI) includes only teachers because the three-tiered licensure system established by the Laws of 2003 includes only teachers. In contrast, the current T&E Index includes all instructional staff, including not only classroom teachers but also subject matter coordinators, guidance counselors, social workers, registered nurses, diagnosticians, speech therapists, occupational therapists, physical therapists, psychologists, audiologists, interpreters, and orientation and mobility specialists.

**2008 AIR Funding Formula Study**

In 2008, the legislative Funding Formula Study Task Force received a report it had commissioned from AIR which suggested the replacement of the T&E Index with an ISQ among its other findings and recommendations. The report presented results of a 16-month study aimed at determining the cost of a sufficient education for all public school students in New Mexico. At the time of its release, the report suggested that state support for public schools should increase by 14.5 percent or \$334.7 million in 2007-2008 dollars to achieve sufficiency. The report made recommendations for simplifying the funding formula to maintain equitability once a sufficient level of funding were available, including a proposed alternative to the T&E Index noting that these recommended funding formula changes were contingent on the availability of funding to reach sufficient levels. Moreover, AIR's proposed replacement for the T&E Index, the ISQ, must be understood through the context of an entirely revised funding formula.

The funding formula proposed by AIR began by calculating the base per-student cost, which defined by AIR, is the sufficient per-student cost for the average-sized district with average shares of K-5, 6-8, and 9-12 enrollment and no additional student needs. Once the base per-

student cost has been determined, it is then multiplied by a series of cost factors to arrive at the per-student cost that is sufficient for the needs of a particular school district or charter school.

The AIR study proposed two formulas used to calculate sufficient per-student cost, one for school districts and one for charter schools. The two formulas differ only with regard to scale; that is, the charter school formula recognizes that a single charter school does not have the complexity of a school district.

To determine total program cost for each school district and charter school, the sufficient per-student program cost is multiplied by the district's or charter school's total enrollment. For other than growth districts, total enrollment is the average of the prior year's December and February enrollments. For a growth district (a district that has a higher current year than prior year October enrollment), total enrollment is the higher of the current year October enrollment or the average of the prior year December and February enrollments.

The cost factors used to determine the sufficient per-student cost for a school district or charter school are:

- poverty, which is measured by the percentage of qualified students in a school who qualified for free or reduced-price lunch as of September 30 of the prior school year;
- English language learners, which is measured by the percentage of qualified students designated as English language learners based on a department-approved English language proficiency assessment;
- special education, which, for school districts, is measured by 16 percent of the number of qualified students; and which, for charter schools, is measured by the actual percentage of qualified students who are required by the federal *Individuals with Disabilities Education Act* (IDEA) to have an individualized education program for the delivery of special education, including developmentally disabled three- and four-year-old qualified students; and
- mobility.

Other factors used in the calculation are:

- the percent of the district's or charter school's students enrolled in grades 6-8;
- the percent of the district's or charter school's students enrolled in grades 9-12; and
- the weighted ISQ.

In outline form, the new public school funding formula proposed by AIR may be represented as follows:

$$\begin{aligned} \text{Sufficient Per-Student Cost} &= \text{Base Per-Student Cost} \\ &\times \text{Poverty Adjustment} \\ &\times \text{English Learner Adjustment} \\ &\times \text{Special Education Adjustment} \\ &\times \text{Mobility Adjustment} \\ &\times \text{Share 6-8 Enrollment Adjustment} \\ &\times \text{Share 9-12 Enrollment Adjustment} \\ &\times \text{Enrollment (Size) Adjustment} \\ &\times \text{Weighted Index of Staff Qualifications} \end{aligned}$$

$$\text{Total Program Cost} = \text{Sufficient Per-Student Cost} \times \text{Total District Enrollment}$$

Under this proposed formula, the current T&E matrix and index calculation would be replaced with the Index of Staff Qualifications (ISQ). The ISQ incorporates two separate matrixes, one that reflects the three-tiered licensure system for teachers (**Attachment 2, Matrix A**), and one that is a recalibrated version of the current T&E for other instructional staff who are not a part of the three-tiered system (**Attachment 2, Matrix B**).

On the surface, the T&E and the ISQ appear similar: both are calculated in basically the same manner and both default to 1.0 if the actual calculation is less than 1.0. However, the differences are significant:

- First, the default “1.0” does not represent the same thing. With regard to the T&E, 1.0 represents the base level of funding, indicating an instructional staff with approximately a master’s degree and three to five years of experience. However, the value of 1.0 in the new ISQ corresponds to the average compensation levels at the time with the average educator in New Mexico having had approximately 11 years of experience and a master’s degree, around which the AIR research team calibrated the ISQ. As a result, an ISQ of 1.0 corresponds to a T&E Index of approximately 1.15.
- Second, although both indices are used as multipliers, the T&E Index is used as a multiplier on program units, which are not directly tied to personnel costs. In contrast, the ISQ is directly tied to personnel costs because it is weighted in proportion to the percentage of its budget that is expended for the salaries and benefits attributable to the individuals included in the calculation of the ISQ before being used to adjust projected sufficient per-pupil cost.

AIR recommended that the state retain its salary differential for National Board-certified teachers, but that the state makes the funding categorical rather than part of the funding formula. Categorical funding is not included in the State Equalization Guarantee distribution but must be separately appropriated by the Legislature on a yearly basis for the specific purpose intended.

**FACT SHEET:  
T&E Index**

The T&E Index for each school district and charter school is calculated in accordance with instructions issued by the Secretary of Education (see Table 1, below).

TABLE 1 T&E INDEX CALCULATION

Academic Classification	Years of Experience				
	0 – 2	3 – 5	6 – 8	9 – 15	Over 15
Bachelor’s degree or less	0.75	0.90	1.00	1.05	1.05
Bachelor’s degree plus 15 credit hours	0.80	0.95	1.00	1.10	1.15
Master’s degree or Bachelor’s degree plus 45 credit hours	0.85	1.00	1.05	1.15	1.20
Master’s degree plus 15 credit hours	0.90	1.05	1.15	1.30	1.35
Post-master’s degree or master’s degree plus 45 credit hours	1.00	1.15	1.30	1.40	1.50

The following calculations for the T&E index shall be computed:

1. multiply the number of full-time equivalent (FTE) instructional staff in each academic classification by the numerical factor in the appropriate "years of experience" column provided in the table above;
2. add the products calculated in step 1; and
3. divide the total obtained in step 2 by the total number of *FTE* instructional staff.

There are two additional instructions included in statute regarding the T&E index that require:

- The cost differential factor not be lower than 1.00 or higher than 1.50; and
- 1.12 to be the designated T&E Index for newly created school districts.

## 2008 AIR Report - Proposed Instructional Staff Quality Index

**Matrix of Staff Qualifications A - Teachers**

Academic Classification	Years of Experience, by Licensure Level									
	Level I			Level II				Level III		
	0 - 1	2 - 3	4-5	4-6	7-8	9-15	Over 15	7-8	9-15	Over 15
Bachelor's degree	0.64	0.67	0.71	0.76	0.82	0.93	1.04	0.90	1.02	1.17
Master's degree or National Board Certified	0.68	0.72	0.76	0.81	0.88	1.00	1.11	0.96	1.09	1.25
Master's degree plus 45 credit hours or post-master's degree	0.71	0.75	0.79	0.85	0.92	1.05	1.16	1.01	1.14	1.31

**Matrix of Staff Qualifications B - Other Instructional Staff**

Academic Classification	Years of Experience				
	0-2	3-5	6-8	9-15	Over 15
Bachelor's degree or less	0.65	0.78	0.87	0.91	0.91
Bachelor's degree plus 15 credit hours	0.70	0.83	0.87	0.96	1.00
Bachelor's degree plus 45 credit hours of master's degree	0.74	0.87	0.91	1.00	1.04
Master's degree plus 15 credit hours	0.78	0.91	1.00	1.13	1.17
Master's degree plus 45 credit hours or post-master's degree	0.87	1.00	1.13	1.22	1.30

\*\*\* The 2008 AIR report on the NM public school funding formula recommended funding National Board for Professional Teaching Standards (NBPTS) certification through a categorical appropriation. As such, the ISQ Index does not adjust for NBPTS certification.