

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

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/10

SPONSOR     Ryan     LAST UPDATED                      HB                     

SHORT TITLE     Report on Teacher Reward Mechanisms     SM     38    

ANALYST     Hoffmann    

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		None				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration Office of Education Accountability (DFA)

Public Education Department (PED)

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

Senate Memorial 38 requests that the Public Education Department report prior to the first session of the 50th legislature on its study of mechanisms to reward teachers and principals who improve student achievement. The memorial requests that the department consider the use of both standardized teacher evaluation and student achievement reports to determine the basis of merit awards as well as other worthy measures. It also requests that the department work with teachers, unions, principals and other administrators in the determination of the process and design of instruments.

## **FISCAL IMPLICATIONS**

Senate Memorial 38 makes no appropriation.

The DFA and the PED report that Senate Memorial 38 has no fiscal implications.

## **SIGNIFICANT ISSUES**

The Office of Education Accountability provides the following information about the PED's Race to the Top Application.

On January 19, 2010, New Mexico submitted its proposal to the US Department of Education as part of the Race to the Top competition. The Race to the Top application is a comprehensive framework laid out by the US Department of Education for improving student achievement and closing the achievement gap. The Application required states to outline a cohesive framework for school reform, which addressed the following conditions (with percentage of points):

- State factors for success (25%)
- Standards and assessments (14%)
- Data systems to support instruction (9%)
- Great teachers and leaders (28%)
- Turning around the lowest-achieving schools (%10)
- General (11%)
- STEM—Science, Technology, Engineering and Mathematics (3%)

Within each of these categories, the Race to the Top Application asked each state to address how it would build a school reform agenda that met relatively specific criteria. For example, within Great teachers and leaders, states were asked to address the following sub-components:

- “D. Great Teachers and Leaders (138 points)
- (D)(1) Providing high-quality pathways for aspiring teachers and principals (21 points)
- (D)(2) Improving teacher and principal effectiveness based on performance (58 points)
- (D)(3) Ensuring equitable distribution of effective teachers and principals (25 points)
- (D)(4) Improving the effectiveness of teacher and principal preparation programs (14 points)
- (D)(5) Providing effective support to teachers and principals (20 points)”

(adapted from the RTTT application)

And within each section, there is still further required guidance. For example, in section (D) (2), improving teacher and principal effectiveness based on performance, asks each state to outline:

“The extent to which the State, in collaboration with its participating LEAs (as defined in this notice), has a high-quality plan and ambitious yet achievable annual targets to ensure that participating LEAs (as defined in this notice):

- (i) Establish clear approaches to measuring student growth (as defined in this notice) and measure it for each individual student; (5 points)

- (ii) Design and implement rigorous, transparent, and fair evaluation systems for teachers and principals that (a) differentiate effectiveness using multiple rating categories that take into account data on student growth (as defined in this notice) as a significant factor, and (b) are designed and developed with teacher and principal involvement; (15 points)
- (iii) Conduct annual evaluations of teachers and principals that include timely and constructive feedback; as part of such evaluations, provide teachers and principals with data on student growth for their students, classes, and schools; (10 points) and
- (iv) Use these evaluations, at a minimum, to inform decisions regarding— (28 points)
  - (a) Developing teachers and principals, including by providing relevant coaching, induction support, and/or professional development;
  - (b) Compensating, promoting, and retaining teachers and principals, including by providing opportunities for highly effective teachers and principals (both as defined in this notice) to obtain additional compensation and be given additional responsibilities;
  - (c) Whether to grant tenure and/or full certification (where applicable) to teachers and principals using rigorous standards and streamlined, transparent, and fair procedures; and
  - (d) Removing ineffective tenured and untenured teachers and principals after they have had ample opportunities to improve, and ensuring that such decisions are made using rigorous standards and streamlined, transparent, and fair procedures.”

(Taken from the Race to the Top Application)

While the quotes above are lengthy, they demonstrate the both the comprehensive nature of the Race to the Top application process, and the multiple requirements laid out by the US Department of Education for state participation.

New Mexico’s proposal does not specify measures, systems and evaluations to be used in the determination of highly effective educators. Instead, it outlines a process for engaging multiple stakeholders and creating the Teacher and Principal Effectiveness Taskforce. The Taskforce’s membership shall be comprised of representatives from the teachers unions, principal and administrator organizations, teacher and principal preparation programs (both traditional and alternative) parent teacher organizations, charter schools, business communities, the Governor’s Office, NMPED, Higher Education Department, Office of Education Accountability, the New Mexico Leadership Institute, the Legislative Education Study Committee and the Legislative Finance Committee and other stakeholders. The Taskforce has been charged with several critical tasks including:

- Developing multiple measures of teacher growth.
- Developing multiple measures of principal effectiveness.
- Determining how these measures can be gathered, interpreted, disseminated and used fairly.
- Determining how these measures can enhance the Three-Tiered Licensure System and The Highly Objective Uniform Statewide Standard of Evaluation for principals and assistant principals.

- Determining how these measures can be used to recruit high quality school personnel.
- Determining how these measures can provide feedback to education preparation programs and beginning teacher mentor programs.
- Ensuring that prospective teachers and leaders have a strong understanding of how they will be evaluated.
- Developing a School Level Teacher Quality Matrix.
- Developing the School Principal Performance Matrix.
- Developing a web-based reporting system.
- Ensuring equitable distribution of teachers and principals.
- Defining selection criteria for the New Mexico Exemplary Teacher and Principal Cadres.

The Exemplary Teacher and Principal Cadres will be placed in New Mexico's lowest performing schools and charged with turning around these schools. Cadre members will also be responsible for implementing new school governance, staffing plans, new curriculum, providing intensive professional development to existing staff, and working directly with high-needs students. Cadre members will receive additional training, compensation and will be evaluated using the multiple measures developed by the Task Force.

It is crucially important to differentiate this approach from "merit pay." New Mexico is not proposing a merit pay system, wherein it provides financial rewards to individual teachers and leaders because of increased student test scores. Instead, in exchange for increased compensation and specialized training, members of the Cadres will be placed in New Mexico's most struggling schools and charged with the responsibility of turning around those schools. A parallel can be drawn between the Cadres and the Three-tiered licensure system for teachers—increased compensation is given in exchange for greater accountability and increased responsibility. Because New Mexico is not proposing a merit system, the sponsor may wish to consider striking any reference to "merit" within this memorial.

SM 38 would require the Public Education Department to report on the progress of the implementation of this proposal to the legislative education study committee and the legislature prior to the beginning of the first session of the fiftieth legislature. One important issue to consider is that the Race to the Top is a competitive application, the results of which will not be announced until this spring. If New Mexico is not successful in its application for Round 1, it may revise its proposal and resubmit for Round 2. Awards for Round 2 will be made September 31, 2010. This late award date may limit the amount of implementation information available prior to the start of the fiftieth legislature.

In addition, the New Mexico Race to the Top Application includes a comprehensive evaluation component. The Application proposes that an evaluation of all components of the project, including the section on Great teachers and leaders will be evaluated by an independent evaluator managed by the New Mexico Office of Education Accountability.

## **ADMINISTRATIVE IMPLICATIONS**

The Office of Education Accountability reports it would be able to participate in this memorial with existing staff.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Memorial 38 relates to Senate Bill 111 “ADDITIONAL TEACHER EVALUATION STANDARDS” which would add to the teacher evaluation system how teachers implement what they learn in professional development. However, Senate Bill 111 does not directly connect evaluations to a merit pay program.

**TECHNICAL ISSUES**

The Office of Education Accountability states that the sponsor of the memorial may wish to include the Office of Education Accountability in this memorial.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If Senate Memorial 38 is not passed the PED states it will not report on the implementation of the Exemplary Teacher and Principal Cadre to the New Mexico Legislative Education Study Committee and the Legislature prior to the beginning of the 50th legislature.

CH/mew