

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** SB 567

**50th Legislature, 1st Session, 2011**

**Tracking Number:** .183859.2

**Short Title:** Teacher Choice Compensation Fund

**Sponsor(s):** Senator John Ryan

**Analyst:** Pamela Herman

**Date:** February 20, 2011

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**Bill Summary:**

SB 567 creates a new section of the *School Personnel Act* to establish a Teacher Choice Compensation Program to provide annual one-time performance-based salary increments for teachers meeting measurable student performance goals based on student assessment results.

Among its provisions, SB 567 establishes the Teacher Choice Compensation Program, as follows:

- the program shall be established by the Public Education Department (PED) in rule to be implemented beginning in school year 2012-2013;
- only Level 2 and Level 3A teachers may participate; and
- teachers who choose to participate must opt out of the standard negotiated contract while employed with a school district; however, if they move to another district, they may choose either to remain in the program or resume working under the standard contract.

SB 567 establishes these criteria for the annual one-time performance-based salary increments:

- a level of improvement in student scores on value-added test instruments determined by PED that give a reliable measure of skills and knowledge transferred to students while they are in the teacher's classroom, selected by the district from among the following:
  - for a teacher in grades and courses with required statewide standards-based assessments, the majority of the teacher's evaluation shall be based upon student academic growth in reading and mathematics; or
  - if no designated school district assessments apply, the majority of the evaluation shall be based on teacher-developed, superintendent-approved assessments;
- observations and evaluations by school principals or other administrators with appropriate expertise; and
- additional measures of teacher effectiveness developed by each district, including student and parent surveys, peer observations and reviews, teacher performance portfolios, or other evidence-based measures.

Among other components of the program:

- before the beginning of school year 2012-1013, PED shall develop criteria for determining eligibility for the salary increments, including a range of target scores on assessments for use by districts; and the department must provide a protocol for teacher evaluations that include at least four levels of effectiveness;
- teachers shall qualify annually in October for the salary increments of \$5,000 up to a maximum of \$15,000, in addition to any base salary to which the teacher is entitled, minus all standard withholding amounts; and
- subject to availability of funds, PED shall pay school districts the total or partial amount of the district's salary increments, to be paid in one lump sum in January following the October of qualification.

Finally, SB 567 creates the non-reverting Teacher Choice Compensation Fund in the State Treasury.

**Fiscal Impact:**

SB 567 does not contain an appropriation.

**Substantive Issues:**

- SB 567 requires that, once they opt into the program, participating teachers must remain in it for the duration of their employment with a district. However, since payment of the salary increments provided for in the act depends on availability of funds, those teachers would have no assurance from year to year of receiving the increments for which they qualified.

*Linking Student Achievement to Teacher Evaluation*

- In 2007, a joint evaluation of the New Mexico three-tiered teacher licensure system by the Legislative Education Study Committee (LESC), the Legislative Finance Committee (LFC), and the Office of Education Accountability, observed that policymakers across the country had been advocating for development of ways to link teachers to student achievement and use that information to evaluate and strengthen teacher effectiveness. The evaluation stated that, at that time, there existed no clear and uncontroversial methodology to do so.
- The evaluation noted that student achievement is one component of the New Mexico system, although the system focuses more on documenting student achievement than providing direct consequences for teachers.
- In 2009, the US Department of Education (USDE) announced the federal Race to the Top (R2T) program, to award competitive grants to states to implement systemic school reform. The competition required state applications to include a plan to revise teacher evaluation, compensation, and retention policies to encourage and reward effectiveness.

- New Mexico submitted unsuccessful applications in both rounds of the R2T competition. PED stated that, based on discussions and agreements with teacher organizations and others, in its 2010 R2T application the state would:
  - strengthen the link between teacher and principal evaluation and student growth, making it a “significant factor” in the annual evaluation process under the existing three-tiered licensure system;
  - not use student growth as the only factor in teacher and principal evaluation;
  - pending development of a new statewide standards-based assessment system by the multi-state “Smarter Balance” consortium, *not* use the current standards-based assessments as a tool to measure student growth;
  - include practitioners (teachers and principals) and other stakeholders (parents, community, school boards, legislators, and others) in design of the evaluation system;
  - include practitioners in design of student assessments;
  - remain committed to a transition to multiple measures of student growth and teacher impact, including:
    - ✓ assessments conducted at multiple points in time;
    - ✓ formative assessments;
    - ✓ summative assessments; and
    - ✓ actual student work;
  - over a period of 18 to 36 months, adopt and implement new academic standards, aligned assessments, and changes to the three-tiered teacher evaluation system; and
  - seek funds in its R2T application for professional and leadership development to implement the new system.

### *Merit Pay*

- The Education Commission of the States (ECS) states that merit pay programs for educators—sometimes referred to as “pay for performance”—that tie a teacher’s compensation to his or her performance in the classroom are being implemented in a growing number of districts around the country, thanks in part to the USDE Teacher Incentive Fund (TIF).
- In 2010, ECS summarized the results of four studies of merit pay systems:
  - a review of the Iowa Pay for Performance Pilot Program by Learning Points Associates in 2010 found that there was insufficient student test data to determine the real impact of the program on student achievement;
  - a study of the Texas Governor’s Educator Excellence Grants by Mathematica Policy Research found no evidence that it fostered student achievement gains, although the program did show some positive results especially in teacher retention;
  - a study of the Chicago Teacher Advancement Program by Mathematica found no evidence that the program raised student test scores, nor did it impact teacher retention; and
  - a study of the Denver Professional Compensation for Teachers program conducted by the ProComp Evaluation Team at the University of Chicago found no solid evidence that teachers in the program had improved student achievement over those who did not participate in the program.

## **Background:**

An ECS Issue Paper on student performance assessment in diversified teacher compensation systems states that “the argument that a student’s academic achievement is influenced by factors beyond a teacher’s control and, therefore, should not be used for teacher evaluation, is strongest in systems using standardized tests.” ECS says that a method of student performance assessment that attempts to control for external factors is student growth. According to ECS:

- growth models are statistical models that predict a student’s performance, assess it at the end of the year and over a period of years, and evaluate it based upon that prediction; the best known method for this being “value-added”;
- value-added methods can show when a lower-scoring student is doing better than expected and when a higher performing student is not learning up to potential, and well-developed value-added systems can measure how individual teachers influence learning for each child;
- to effectively and efficiently connect student test scores and other quantitative measures to evaluation of a teacher’s performance adequate and appropriate data systems need to be in place. In these types of systems, the accuracy of the data is critical, and requires dedicating adequate resources and putting into place a simple, streamlined system that is easy to use;
- according to the Data Quality Campaign, based on self-reported information from the states, New Mexico’s statewide longitudinal data system known as STARS (Student Teacher Accountability Data System) meets nine of 10 requirements for an effective system and can link student achievement data to classroom teachers;
- however, STARS does not include student performance data for district-adopted short-cycle or teacher-developed formative assessments; although many school district data systems may include that data.

## **Related Bills:**

\*SB 502 *School Teacher & Principal Evaluation*

\*SB 503 *School Personnel Evaluation System*