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FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/13
 SPONSOR Sapien LAST UPDATED 03/14/13 HB _____
 SHORT TITLE School Employee Program Units SB 359/aHEC
 ANALYST Gudgel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$325.4 to \$9,900.0	\$325.4 to \$9,900.0	Recurring	School District and Charter School Operating Budgets

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the GAA – for the state equalization guarantee distribution

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to Senate Bill 359 includes:

- Striking “licensed school employees” throughout and replacing with “teachers,” and
- Creating three subsections clarifying the individuals (1. teachers, 2. counselors, and 3. principals and head administrators) who are eligible to generate program units in the public school funding formula, for being certified by the National Board of Professional Teaching Standards.

Synopsis of Original Bill

Senate Bill 359 amends the Public School Finance Act by expanding the individuals who are eligible to generate program units in the public school funding formula for being certified by the National Board of Professional Teaching Standards to all licensed school employees beginning with the 2014-2015 school year. Currently only teachers are eligible to generate these units.

FISCAL IMPLICATIONS

An increase in program units generated by school districts or charter schools that is not accompanied by an increased appropriation has the effect of diluting the unit value, impacting school districts and charter schools statewide. Unit value dilution in FY14 will have a negative effect on the state meeting the maintenance of effort requirements of Part B of the federal Individuals with Disabilities Education Act (IDEA-B) in FY14. Currently, each National Board of Professional Teaching Standards (NBPTS) certified teacher generates 1.5 program units. These units are multiplied by the unit value, resulting in the amount distributed to the teacher in the form of a one-time salary increase. For FY13, this totals \$5,510.00 per NBPTS certified teacher. For FY13 there are 769 NBPTS certified teachers in New Mexico, or approximately 3 percent of teachers. Approximately \$2.6 million of the FY13 state equalization guarantee distribution (formula funding) will be distributed to school districts to distribute to NBPTS certified teachers in the form of a one-time salary increase.

Counselors

There are currently 846 certified school counselors in New Mexico. If all of these individuals are already NBPTS certified, the Legislative Finance Committee (LFC) staff estimates this bill will have an impact on school district and charter school operating budgets of \$4.7 million assuming no new funding is included in the state equalization guarantee distribution for this purpose. Assuming only 3 percent of school counselors already have NBPTS certification, the LFC staff estimates this bill will have an impact to school district and charter school operating budgets of \$140 thousand. The Public Education Department (PED) data indicates that on average approximately 93 new teachers receive NBPTS certification annually. Since FY04, the first year units could be claimed by NBPTS teachers, the number of teachers receiving NBPTS certification has grown from 85 teachers to 869 teachers in FY13. Without additional funding included in the state equalization guarantee distribution for this purpose, the impact to school district and charter school operating budgets will continue to grow if the rate of school counselors receiving certification grows annually.

School Principals and Head Administrators of Charter Schools

There are approximately 940 school principals and head administrators of charter schools statewide. The PED does not currently collect information on the number of school principals or head administrators of charter schools who are NBPTS certified. If all of these individuals are already NBTPS certified, the LFC staff estimates this bill will have an impact on school district and charter school operating budgets of \$5.2 million assuming no new funding is included in the state equalization guarantee distribution for this purpose. Assuming only 3 percent of school principals and head administrators of charter schools already have NBPTS certification, the LFC staff estimates this bill will only have an impact on school district and charter school operating budgets of \$155.4 thousand. Without additional funding included in the state equalization guarantee distribution for this purpose, the impact to school district and charter school operating budgets will continue to grow if the rate of school principals and head administrators of charter schools receiving certification grows annually.

SIGNIFICANT ISSUES

NBPTS offers 25 certificates that cover a variety of subject areas and student developmental levels, and are applicable to more than 95 percent of America's teachers. Of these 25 certificates, 24 are for teachers while one is for school counselors. Under current statutory

language, only school counselors do not qualify for to generate units and receive a one-time salary increase. The expansion to all licensed school employees will make NBPTS certified school counselors, principals and head administrators of charter schools eligible for a one time salary increase.

The original intent of including units in the funding formula for teachers earning a NBPTS certificate was to offer incentives to teachers to improve their capacity to positively impact student achievement. The PED recognizes the contribution school counselors provide to students, but notes it is unclear if their impact on student achievement rises to the level to that of a teacher or school principal. The PED notes there is no research to support a correlation between student achievement and school counselors or other licensed school employee impact. The PED's analysis states, "Creating an incentive for this type of credentialing is still suspect, as there is no data to inform on the impact it will have on student outcomes.

The PED also notes potential long term effects of this legislation could be for other licensed professionals to seek inclusion in the funding formula for the purpose of similar salary increases for completing a national certification program. Many school employees are "licensed", including educational assistants, psychologists, speech-language therapists, physical and occupational therapists, and business managers.

Additionally the amendment includes school principals and head administrators, of charter schools, as eligible to generate program units, for being NBPTS certified and to receive a one-time salary increase. While data shows that school leaders have the second largest impact on student outcomes (second only to teachers), it is unknown whether NBPTS certification is positively linked to improved student outcomes. Based on the lack of data, it is unclear why the state would create an incentive in the form of a one-time salary increase for a school leader to become NBPTS certified.

ADMINISTRATIVE IMPLICATIONS

The PED will be required to approve these units after the school district or charter school verifies the licensed school teachers, counselors, principals or head administrators the district is claiming units for has received a one-time salary increase for being NBPTS certified that is at least as much as the amount generated by the units multiplied by the unit value.

RELATIONSHIP

This bill is related to HB 192.

ALTERANTIVES

- Study the impact NBPTS certification of school counselors and school principals and head administrators have on student outcomes prior to creating an incentive in the funding formula to seek NBPTS certification.
- Change the effective date to July 1, 2015, consistent with the effective date the House Education Committee included in HB 165 (School Finance Units for Small Districts) to address HEC's concerns with creation of unfunded units and the potential impact on MOE for FY14.