

\$92.8 million from the general fund to the state equalization guarantee distribution of the public school fund for expenditure in FY20 for salary increases for teachers and counselors (\$86.5 million) and school principals (\$6.3 million). Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

FISCAL IMPLICATIONS

The bill makes an appropriation of \$92.8 million in FY20 for the minimum salary increases in the state equalization guarantee, which will become a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund. The bill does not include appropriations for minimum salary increases in FY21 and FY22, which are outlined in the chart below:

Job Description	Current Minimum Salary	FY20 Proposed Minimum Salary	FY21 Proposed Minimum Salary	FY22 Proposed Minimum Salary
Level 1 Teacher	\$36,000	\$40,000	\$42,500	\$45,000
Level 2 Teacher	\$44,000	\$50,000	\$52,500	\$55,000
Level 3-A Teacher or Counselor	\$54,000	\$60,000	\$62,500	\$65,000
Level 3-B Elementary assistant principal	\$55,000	\$66,000	\$68,750	\$71,500
Level 3-B Elementary principal	\$60,000	\$72,000	\$75,000	\$78,000
Level 3-B Middle school assistant principal	\$57,500	\$69,000	\$71,875	\$74,750
Level 3-B Middle school principal	\$70,000	\$84,000	\$87,500	\$91,000
Level 3-B High school assistant principal	\$62,500	\$75,000	\$78,125	\$81,250
Level 3-B High school principal	\$80,000	\$96,000	\$100,000	\$104,000

Legislative staff estimate the cost of raising minimum salaries in FY20 based on provisions in this bill to be \$96 million. This estimate includes, \$88.8 million for teachers, \$1.1 million for level 3 counselors, and \$6.1 million for principals and assistant principals. This estimate is based on salary data from FY18 and adjusted for an across-the-board salary increase of 2.5 percent and legislated minimum salary increases in FY19. As such, estimated incremental costs for raising the minimum salaries of teachers, counselors, and principals in FY20, FY21, and FY22 are estimated to be \$3.1 million (after deducting the appropriation), \$59.1 million, and \$61.8 million, respectively. **New FY19 data has been incorporated into this analysis.**

The HAFC Substitute for House Bills 2 and 3 appropriation for public school support includes \$40.4 million to increase minimum salary levels for teachers, counselors, and principals, which is the estimated cost of the salary increase after an across-the-board salary increase of 6 percent for all school personnel. This estimate includes an additional 23.01 percent fringe benefit cost to cover the additional contributions school districts and charter schools would be required to make to ERB and Retiree Health Care Authority.

Since FY04, state law has required public schools to pay teachers a minimum salary based on their licensure level. Level 3 counselors were included in the minimum salary requirements in FY16. Initially, minimum salaries were set at \$30 thousand for level 1 teachers, \$40 thousand for level 2 teachers, and \$50 thousand for level 3 teachers. Subsequent legislation increased minimum salaries by \$6,000 for level 1 teachers and \$4,000 for level 2 and level 3 teachers. The bill would provide a \$10 thousand differential between each licensure level.

Between FY08 and FY15, the New Mexico teaching workforce fell and rose slightly. The total number of licensed teachers fell from 22.3 thousand in FY08 to 21.4 thousand in FY13 before

increasing slightly to 21.7 thousand in FY15. Over this same period, the annual number of teachers leaving the profession increased from 2,546 teachers in FY08 to 3,033 teachers in FY15, outpacing the number of new teachers entering the workforce. Additionally, only 32 percent of all teachers over this eight-year period stayed in the same school.

NEW MEXICO AVERAGE TEACHER SALARY			
Fiscal Year	Average Salary	Dollar Increase	Percent Increase
2008-2009	\$46,605	\$1,775	3.96%
2009-2010	\$45,530	-\$1,075	-2.31%
2010-2011	\$45,218	-\$312	-0.69%
2011-2012	\$45,207	-\$11	-0.02%
2012-2013	\$45,077	-\$130	-0.29%
2013-2014	\$45,572	\$495	1.10%
2014-2015	\$46,913	\$1,341	2.94%
2015-2016	\$47,522	\$609	1.30%
2016-2017	\$47,638	\$116	0.24%
2017-2018	\$47,985	\$347	0.73%
2018-2019 ¹	\$49,784	\$1,799	3.75%

REGIONAL AVERAGE REAL TEACHER SALARIES				
(in thousands)				
	1999-2000	2009-2010	2015-2016	2016-2017
US	41.8	55.2	58.4	59.0
NV	39.4	51.5	56.9	57.4
TX	37.6	48.3	51.9	52.6
CO	38.2	49.2	46.2	46.5
NM	32.6	46.3	47.2	47.5
UT	34.9	45.9	46.9	47.2
AZ	36.9	47.0	47.2	47.4
OK	31.3	47.7	45.3	45.2

Source: National Center for Education Statistics

¹ This is an estimated amount taken from operating budgets.
Source: PED

Average teacher salaries dropped following the Great Recession but began increasing in FY14. Data from the National Center for Education Statistics shows New Mexico teacher salaries ranked in the middle of surrounding states, behind Texas and Nevada but ahead of Arizona, Colorado, Oklahoma, and Utah in FY17.

New Mexico was able to pull ahead of Arizona and Oklahoma in recent years due to the adoption of statutory minimum salary levels and language in the General Appropriation Acts of 2014, 2015, 2016, and 2018, that increased these minimums. However, recent protests in surrounding states have resulted in forthcoming increases to teacher wages in surrounding states, a sign that teacher salary increases will be an ongoing issue for New Mexico in future years.

CONFLICT, RELATIONSHIP

This bill conflicts with House Bills 5 and 171, which provide a different salary minimum level increase than prescribed in this bill.

This bill relates to House Bill 25, which creates a teaching pathways coordinator to evaluate teacher workforce needs; House Bill 39, which provides teacher incentive pay to native New Mexicans; House Bill 42, which provides teacher incentive pay in schools with high free and reduced fee lunch student participation; House Bill 47, which changes rules on school personnel probation; House Bill 77, which limits school expenditures on administration; House Bill 240, which provides an alternative licensure advancement pathway to Level 2; House Bill 397, which increases all school employee minimum salary levels; House Bill 412, which provides formula funding for all National Board-certified employees; House Bill 431, which changes rules relating to the termination of school employees; Senate Bill 1, which would increase minimum salaries to the same level as prescribed by this bill in FY20 (but further increases minimum salaries for teachers participating in K-5 Plus or extended learning time programs); and Senate Bill 593, which provides reciprocity for out-of-state administrators applying for licensure.