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FISCAL IMPACT REPORT

SPONSOR Cervantes **ORIGINAL DATE** 2/19/19
LAST UPDATED 2/22/19 **HB** _____

SHORT TITLE Increase School Instructional Hours and Days **SB** 554/aSEC

ANALYST Eckberg

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Companion to Senate Joint Resolution 18

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico School for the Blind and Visually Impaired (NMSBVI)

Public Education Department (PED)

Regional Education Cooperatives (REC)

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 554 strikes “fifth” on page 2, line 8 and inserts “sixth”, strikes “sixth” on page 2 line 12 and inserts “seventh”, strikes “plan” on page 3, line 18 and inserts “program”, strikes “nine” on page 6, line 20 and inserts “ten”, strikes the remainder of line 3 after “superintendent” and strikes line 4 up to the semicolon, and strikes “nine” on page 9, line 9 and inserts “ten”.

The amendment changes the grade level ranges from grades 1 through 5, to grades 1 through 6, and from grades 6 through 12, to grades 7 through 12 for purposes of extending the school year. The extensions are now as follows:

- Kindergarten: for half day programs from two and one-half hours per day or 450 hours per year to at least 500 hours in 200 instructional days. For full-day programs, from five and one-half hours per day and 990 hours per year to at least 1,100 hours in 200 instructional days.
- Grades 1 through 6: from five and one-half hours per day or 990 hours per year to 1,100 hours in 200 instructional days.

- Grades 7 through 12: from six hours per day or 1,080 hours per year to 1,200 hours in 200 instructional days.

The amendment changes the length of a teacher’s standard contract from nine and one-half months to 10 and one-half months.

The amendment also strikes language “through the highly objective uniform statewide standard of evaluation” in regards to granting level three-A licenses to applicants.

Synopsis of Original Bill

Senate Bill 554 increases the school year by 20 days, requires a minimum of 80 hours for teacher professional development, and raises minimum salary levels for teachers.

FISCAL IMPLICATIONS

The bill does not include an appropriation. Extending the school year, providing expanded professional development, and raising teacher compensation would have a significant fiscal impact on New Mexico schools and school districts. Provisions of this bill are contingent on an amendment to the New Mexico Constitution as proposed by Senate Joint Resolution 18, providing for an additional annual distribution of 1 percent from the permanent school fund.

PED notes the following fiscal implications:

PED estimates that the cost to implement provisions of SB 554 increasing teacher salaries will be \$213.4 million, using a cost of benefits projection of 23.01 percent. If the Executive recommendation and proposed General Appropriation Act language to apply an average 6 percent pay increase before new minimums were to be considered, the estimated cost of SB 554 would decrease to \$141.0 million.

Level 1	\$45,000	\$25,611,452.15
Level 2	\$55,000	\$71,574,039.11
Level 3	\$65,000	\$76,312,996.37
Subtotal		\$173,498,487.63
Benefits	23.01%	\$39,922,002.00
Total Cost		\$213,420,489.64

Source: STARS Certified 40th Day Data

PED also estimates that increasing the hours of instruction required by SB 544 would have significant cost increases as well, though these are more difficult to model, as different schools use different calendars that meet statutory requirements and SB 544 changes the grade bands to which these are applicable. Further complicating the estimate is that some schools use half day requirements to meet hours and it is unclear how much of the current day labeled instructional hours would be defined as non-instructional hours. Still, assuming that most school districts and charter schools would realign sixth grade to the grades 7-12 hours model, and using final FY18 Operational fund expenditures, PED estimates the range of cost to be between \$177.3 to \$234.7 million dollars where the low end estimate uses the average cost of an hour of instruction across

statutory band ranges statewide the statewide estimated gap in instructional hours and the high end uses the individual school district/charter school’s average estimated cost of an hour of instruction times the individual entity’s estimated gap in instructional hours. In either instance, the cost for these added instructional hours using the same instruction delivery model as used in FY18 would be significant.

PED estimates the additional 1 percent of the average of the year-end market values of the fund for the immediately preceding five calendar years to provide approximately \$216.2 million per year using fiscal year-end asset valuations from the State Investment Council’s website.

SB 554 Land Grant Permanent Fund Distributions (1%)	
Year End (6/30)	Balance
2014	\$20,106,758,420
2015	\$20,666,854,213
2016	\$20,226,202,902
2017	\$23,099,746,941
2018	\$24,009,455,009
5-Year Average	\$21,621,803,497
1.00%	\$216,218,034.97

Source: January 2019 SIC Dashboard Report

SIGNIFICANT ISSUES

Senate Bill 554 extends the school year as follows:

- Kindergarten: for half day programs from two and one-half hours per day or 450 hours per year to at least 500 hours in 200 instructional days. For full-day programs, from five and one-half hours per day and 990 hours per year to at least 1,100 hours in 200 instructional days.
- Grades 1 through 6: from five and one-half hours per day or 990 hours per year to 1,100 hours in 200 instructional days.
- Grades 7 through 12: from six hours per day or 1,080 hours per year to 1,200 hours in 200 instructional days.

The bill adds a requirement that every school district require a minimum of 80 hours beyond instructional hours for teachers at all grade levels for professional development. The professional development is to be high quality, job-embedded, and grounded in day-to-day teaching designed to enhance content-specific instructional practices to improve student learning. The time should be school or classroom based and integrated into the workday. PED may not waive the total minimum instructional time or total minimum professional time required by the bill.

The 2018 LFC program evaluation, *Instructional Time and Extended Learning Opportunities*, found extending the school year can be an effective strategy in closing learning achievement gaps. Many New Mexico students enter kindergarten behind grade level and lose ground in learning over summer breaks. By third grade, low-income students, on average, perform below grade level. National research has found that low income students face a 6,000-hour learning gap

by the sixth grade, compared to their middle- and high-income peers, who are more likely to have access to high-quality learning opportunities outside of school. This learning gap especially impacts students who are considered at-risk, which includes 70 percent of New Mexico public school students. At the same time, students in the state now have fewer instructional days than they had a decade ago.

Additionally, the report found additional instructional time will not necessarily improve outcomes without high-quality instruction, delivered by effective teachers who engage in professional development, collaboration, and planning. The amount, content, and strategies for professional development vary significantly across LEAs. Overall, school districts have an average of seven non-instructional days for teachers, as well as time built into the school day, and many supplement this time with early release days for professional development.

The report also looked at four-day week districts and found the number of New Mexico school districts and charter schools with a four-day week schedule has increased by over a third since SY10. Four-day weeks may not be an effective way for districts to reduce costs, with national research showing very modest, if any, cost savings. At the same time, four-day weeks can create financial and logistical burdens for families, with childcare on “off” days estimated to cost approximately \$2,000 per year for two children. New Mexico school districts gave various reasons for adopting four-day week calendars.

REC notes provisions of the bill would take away local control from districts in implementing hybrid calendars such as a four-day week schedule. REC notes when looking at school grades and NM PARCC scores districts that currently are operating on a four-day week tend to have higher grades and scores. This bill would require those successful districts to revert to a five-day school week regardless of the success they have demonstrated.

The bill raises minimum salaries for a standard 10 and one-half month contract as follows:

- Level 1: from \$36,000 to \$45,000.
- Level 2: from \$44,000 to \$55,000.
- Level 3-A: from \$54,000 to \$65,000.

The minimum annual salary for a licensed school principal or assistant principal is raised from \$50,000 to the same as level 3-A teachers, or \$65,000, multiplied by the applicable responsibility factor.

The bill also removes language from Section 22-10A-11.4 NMSA 1978 directing PED to adopt a highly objective uniform statewide standard of evaluation for school principals and assistant principals.

The 2018 LFC progress report, *Teacher Compensation*, found New Mexico has implemented a number of strategies to improve recruitment and retention of high quality teachers including increasing statutory minimum teacher salary levels, pay increases for all classroom teachers, incentive pay for exemplary teachers, loan assistance programs, strategies to recruit local students to become teachers, and professional development programs, amongst others.

Despite interventions to recruit and retain high quality teachers, the number of returning teachers declined by 6 percent since 2016. A New Mexico State University study also reports a corresponding increase in teacher vacancies. Returning teachers in FY18 have 1.4 years less

experience on average compared with teachers three years ago.

Additionally, despite pay increases and incentive pay, at an average of \$47.6 thousand annually, teacher pay in New Mexico is lower than the national average, though somewhat competitive for the region.

ADMINISTRATIVE IMPLICATIONS

NMSBVI notes the following:

Extending the school year would interfere with our summer programs which we provide to students throughout the state. These programs provide a variety of learning experiences that are vital for students who are blind or visually impaired. This school year extension also interferes with summer experiences for our students such as employment, sports, time with family, recreation, summer school, etc. This would also impact morale of the educators, as lengthening the school year does not improve the quality of teaching. Our staff also work extra days over weekends several times per year in order to host weekend events for students across the state. This also would require us to extend the year beyond the 200 days in order to accommodate for in-services and mandatory trainings.

PED notes the following:

Department Administrative Implications. SB 554 proposes specific language about different minimum requirements for instructional days and hours by grade level. If enacted, the Department's School Budget and Financial Analysis Bureau staff would be impacted administratively as new guidance to districts regarding school calendars will be necessary to ensure statewide compliance, especially to ensure only instructional time is appropriately included in calculations for meeting minimum instructional requirements.

In addition, SB 554 outlines expectations for professional development. The Department would be responsible for ensuring that it actively monitors for and enforces new law by ensuring it holds districts and charter schools accountable for meeting the new professional development requirements in terms of hours met and content/quality. This may impact the Educator Quality Division, which can incorporate this review into its current (onsite) monitoring processes and application review of federal Title II applications, which support professional development for educators. The school accountability system should account for new professional development expectations and reporting on student learning outcomes should be reported. It would be important to determine if the change in law requiring more instructional time and more teacher professional development is impactful on student learning. The Department should report such outcomes to relevant legislative committees.

School District and Charter School Administrative Implications. Given the increase in instructional hours and days proposed in this bill, there may additional needs for student transportation and meals that would need to be factored into future planning for effective operational implementation. Additionally, school districts and charter schools will need to communicate any pertinent calendar changes with the community and families to ensure childcare can be coordinated.

The bill proposes increases in minimum salaries for teacher and administrators. The increased salary appears to be tied to the increased demand on staff time, including an additional 80 hours of professional development. School districts and charter schools may need to be prepared to address to renegotiate existing collective bargaining agreements with relevant parties to reflect any changes to law. However, the increase school day and year may have impacts on district and charter school needs for additional non-certified staff, which would need to carefully planned, especially in the light that there are other bills proposing to increase state minimum wages and school personnel wages.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Provisions of this bill are contingent on an amendment to the New Mexico Constitution as proposed by Senate Joint Resolution 18, providing for an additional annual distribution of 1 percent from the permanent school fund.

PED notes:

There are other bills, introduced to date, that address an increase in minimum instructional hour requirements and different methods for supporting the associated increases (SB 1, HB 171). Additionally, there are other bills proposing different ways to increase required professional development for teachers and clarify non-instructional time (HB 171) and raise educator salaries (SB 1, SB 47, HB 171, Executive Budget Recommendation). Sponsors of relevant proposed legislation may wish to collaborate and amend bills in such a manner to reconcile several conflicting proposals and achieve agreement.

Depending on the bills that enacted, the Department may need to update and correspondingly amend pertinent rules to reflect changes in statute relating to licensure and other areas related to education growth and development. For example, the 6.65.2 NMAC, Professional Development Framework (2006) and the recently passed 6.60.10 NMAC, Mentorship Programs for Teachers (2018).

ALTERNATIVES

PED proposes the following:

While the Sponsors take care to describe expectations for professional learning at the local level, it is important that district and charter schools can demonstrate that requirement and resources used to support teachers strengthen their practice and improve instruction actually results in improved student learning. Therefore “intent” should be deleted. The Department recommends the following change:

C. Every school district shall require a minimum of eighty hours beyond instructional hours for teachers at all grade levels for professional development. This noninstructional time shall be used to provide high-quality job-embedded professional development that is grounded in day-to-day teaching practice and designed to enhance teachers' content-specific instructional practices **[to improve]** with the intent of improving student learning. Noninstructional time shall be school- or classroom-based and integrated into the workday.

By amending the language as proposed above, the Department would in a stronger position and thereby supported in ensuring that it can hold districts and schools accountable for effectively supporting its teachers and thereby improving learning for students, which is a requirement of making sure the state can meet its demands related to the Martinez/Yazzie lawsuit.

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