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## Tell the Governor to Support this Important Reform Package

CS/HB 481, Senate Bill 588, Senate Bill 587, Senate Bill 115, HB 2-the General Appropriations Act, House Bill 623, and House Bill 192 should all be signed by the Governor. Ask the Governor to support these important bills.

## House Bill 2, Budget Heads to Governor without her Teacher Merit Pay Plan! Veto Threat Subsidies!

The General Appropriations Act was approved by a unanimous vote of the Senate and by a near party-line vote of the House, with all Democrats voting yes, except Representative Sandra Jeff and all Republicans voting no. Since the bill reached her desk fewer than 72 hours before the end of the session, the Governor has until April 5 to sign, veto, or line-item veto the budget bill. She has indicated that since the legislature passed a tax package to her liking, she will sign the bill with some possible line-item vetoes.

The Governor's merit pay language was removed the final measure and changed from "provide a stipend to exemplary and highly effective teachers and school leaders and to provide incentives to high school teachers to increase participation and success in advance placement classes." to the following "to provide stipends to level two and level three teachers and school leaders to move from schools rated A or B to schools rated D or F pursuant to the A-B-C-D-F Schools Rating Act that serve a high proportion of at-risk students or high-poverty students and to provide stipends to high school teachers of advanced placement classes that increase the proportion of students receiving college credit for advance placement classes."

The Senate scrapped a House provision for a \$3 million pilot program of merit pay for teachers and instead earmarked \$2 million for stipends for teachers who agree to work in schools in high poverty areas with low student performance. Republican Gov. Susana Martinez had requested \$11 million for pay incentives for high-performing teachers, and sixteen Democrats in the House voted against the House budget, most because of objection to the reduced merit pay program was included in the budget. We consider this new language to be acceptable extra pay for extra work and responsibility and appreciate the work of the Senate Finance Committee to remove the pilot merit pay program from the bill. We appreciate the votes of the legislature, in the face of the Governor's veto threat, to keep the plan out of the budget!

The proposed \$5.9 billion budget has a more than 4 percent increase in spending next year and money for a 1% pay raise for all public employees, except police who get a 4% raise. The Senate unanimously supported the budget, even though the Governor was threatening a veto over the loss of her merit pay plan and House Republicans were railing against the loss of the merit pay plan.

The measure calls for spending nearly \$5.9 billion next year on public education and general. That's an increase of nearly \$246 million or 4.4 percent over current spending, and \$6.5 million more than a House-passed budget bill. Like the House plan, the measure provides 1 percent pay raises for state workers and educators and 4 percent for state police. The Senate measure provided an additional \$4 million for higher education, including for research projects, nursing education programs and efforts to improve college graduation rates. The bill earmarks \$17 million in the state's cash reserves for possible use by the 2014 Legislature to offset federal spending cuts that affect state agencies.

Given what could have happened, the budget is reasonable, except for salary funding, so we need to urge the Governor to sign it with no line-item vetoes.

## SB 587, Bill to Change A-F grading On Governor's Desk!

Senate Bill 587, introduced by Senator Howie Morales, repeals the A-B-C-D-F Schools Rating Act and enacts a temporary provision creating the State School Grades Council, a two-year body administratively attached to the Public Education Department, that will develop an A-B-C-D-F school grading system and make recommendations to the Legislature and the Public Education Department on implementation of the system. The bill contains temporary provisions for the grading of schools during the 2013- 2014 and 2014-2015 school years. The bill also amends Section 22-8-11 NMSA 1978 of the Public School Finance Act, eliminating the requirement that PED ensure that public schools are prioritizing resources of public schools rated D or F toward proven programs and methods linked to improved student achievement until the school earns a C or better.

While the grading system is supposed to be designed to give educators, parents and students a clear sense of how their schools are performing, the current school grading system continues to remain controversial and difficult for many to understand. Concerns persist about the significant changes in preliminary grades issued for the 2010-2011 school year and the first round of final grades issued for the 2011-2012 school year. Additionally, the grading system and formula is so complex the PED acknowledged that there are likely only a few people in the state that understand it. This measure repeals the current grading system and enacts a new system to be temporarily used for the next two years while the State School Grades Council develops recommendations for a new school grading system.

The measure Senate Bill 587 passed the Senate on a near party-line vote with all Democrats, except Senator Mary Kay Papan, voting for it and all Republicans voting against it. Senator John Arthur Smith was excused and did not vote.

The bill passed out of the House Education Committee on a straight party line vote, and passed the House on a similar party-line vote with Democrats supporting and Republicans opposed. It is awaiting action by the Governor.

## **SB 370 (Sanchez) Adds a modified assessment formula to the A-f rating Act for Supplemental Accountability Model (SAM) Schools**

### **House Bill 481 Seeks to Protect Teacher Licensure Options On the Way to the Governor**

Representative Sheryl Stapleton's HB 481 seeks to protect the current three-tiered licensure system and offer additional options for movement through the system. Two pieces of legislation supported by the Governor, Secretary-designee, and the Albuquerque Chamber of Commerce seek to make drastic changes in licensure statutes to conform the new teacher effectiveness rule and turn licensing toward a merit pay system have been tabled in committees on straight party-line votes. Thank Democrats in the House Labor Committee for tabling HB 276 and Democrats in the Senate Education Committee for dealing a similar fate to SB 316.

An Education Committee Substitute for HB 481, which we supported, was adopted in the Education Committee, known as CS/HB 481 it provides two routes for a Level 1 teacher to obtain a Level 2 license.

Through the first route, in addition to other conditions already in law, the candidate must:

- submit a professional development dossier (PDD), or
- submit an electronic recording of moving images and sound depicting the following competencies

Through the second route, in addition to other conditions already in law, a candidate must receive:

- one of the two highest teacher evaluation ratings after teaching for three years with a Level 1 license; or
- a satisfactory teacher evaluation rating after teaching for five years with a Level 1 license.

For Level 3-A licensure, CS/HB 481 requires either:

- at least three years of experience at Level 2 and certification by the National Board for Professional Teaching Standards (NBPTS); or

- at least three years of experience at Level 2 and:

a post-baccalaureate degree; demonstration of instructional leader competence as required by PED and verified by the local superintendent through the highly objective uniform statewide standard of evaluation; and one of the following three options:

1. submit a PDD
2. submit an electronic recording of moving images and sound depicting the following competencies
3. receive the highest teacher evaluation rating for at least two of the prior three years.

CS/HB 481 passed the House on a near party-line vote. It also passed the Senate Education committee on a party-line vote. It passed the full Senate on a similar party line vote.

## **SB 115, Senate Retirement Bill On Governor's Desk**

The Senate version of Retirement Solvency, Senate Bill 115, sponsored by Senator Ingle, received a unanimous do-pass recommendation from the Senate Education Committee last Friday. The Governor signaled that she would not sign Senate Bill 115 in its original version, so stakeholders have reluctantly agreed to slight reductions in Cost of Living Adjustments (COLA) until the fund reaches 100% solvency. This means a COLA of 1.6% instead of 2% for most retirees. Those with a retirement annuity under the median of 20,000 will receive a COLA of 1.8%. The Governor's office first requested a COLA suspension until solvency was achieved. They also stated that retirees should have "skin in the game" to help move toward solvency. The stakeholder group refused to even consider COLA suspensions. This change gets our solvency projections to 100.4% by 2043.

This episode teaches us one more time that elections have consequences. If want to restore the 2% COLA, we need a new Governor elected in 2014!

The bill passed the Senate Finance Committee and the full Senate unanimously over the weekend. It received a do-pass recommendation in House Labor Committee. A minor amendment was proposed by Speaker Martinez in the Labor Committee. It was added in the House Appropriations and Finance Committee; while minor, the amendment does make slight improvement to the Senate Bill. Under this amendment COLA reductions will be 10% and 20% until ERB is 90% funded; once 90% funded, the COLA reductions will be 5% and 10% until ERB is 100% funded; and once ERB is 100% funded, the COLA reductions will cease. The House Appropriations and Finance Committee approved the measure and it passed the House, with several Education Supporters resisting because of the difference standard used to craft the PERA retirement bill, which only reaches an 88% funded ratio in 30 years, unlike the standard forced on ERB by the Senate Finance Committee and Governor of 100% funded ratio in 30 years. late yesterday and it is on the House Calendar for action, possibly later today or early tomorrow. After approval by the House, the small change made in the Appropriations Committee was concurred with by the Senate and the bill is on the Governor's Desk

We held our nose and supported this compromise as the only bill that could pass the Senate Finance Committee and possibly get signed by the Governor, now we need to demand that she sign it.

## Teacher Evaluation Bill Passes Senate

Senate Bill 588 introduced by Senator Howie Morales received a do-pass recommendation in the Senate Rules Committee on a straight party-line vote. It passed the Senate on a near party-line vote.

This bill represents NEA-New Mexico and AFT New Mexico's best thinking on a teacher evaluation system for the state. We believe the evaluation system should be established by legislation as we have long advocated, not by rule. We will continue working with legislators to produce an evaluation system that is embedded in statute and therefore protected against any arbitrary changes.

We believe that the current rule proposed by the public education department needs to provide a pilot year and therefore rushes a system that should not be rushed. All experts have told us that introducing a new teacher evaluation system requires time. Members on New Mexico Teach, the Secretary Designee's Advisory Council for the evaluation system, have stated this often at their meetings.

NEA-New Mexico has supported working collaboratively to create a system that doesn't harm current statutory due process rights for teachers. We continue to advocate for more local control over the student achievement portion of the evaluation system. While we know that the U.S. Department of Education requires that student achievement be a significant portion of the evaluation system, we also know that they don't require any particular percentage based on student achievement or any particular percentage based on test scores.

We worked with Secretary-Designee Skandera to try to influence the current rule as much as possible. We believe we made some good changes. We believe that the rule now provides professional development for teachers to improve once they've been found to be ineffective and maintains all protections under our current due process statutes.

We have advocated from the beginning of the rule-making process that 35% based on New Mexico's assessment system gives too much weight to standardized test scores. We've also advocated that too many top-down mandates destroy the concept of collaboration at the local level. We have consistently advocated for maximum flexibility for school districts and their employees to determine what will be counted for student achievement.

The proposed evaluation bills provide this flexibility at the local level. We also believe that the current teacher evaluation rule does not provide enough transparency around how the value-added methodology will be used to calculate student achievement scores. That's why we believe that local school districts and their employees should determine what will be counted as student achievement in the new teacher evaluation system. This is very firmly embedded in the legislation we are supporting.

The bill received a do-pass recommendation on a straight party-line vote in the House Education Committee and passed the House on a similar party-line vote.

## School Counselor Bills on Governor's Desk

House Bill 623, Sponsored by Representative Christine Trujillo and Senator John Sapien makes a holder of the highest ranking School Counselor License eligible for the \$50,000 minimum annual salary afforded to Level 3-A teachers. This legislation is an important fairness and equity measure. Some districts have placed counselors on the teacher salary schedule at this level through collective bargaining. If the Governor signs this measure all districts will be required to provide this level of fairness

House Bill 192 also sponsored by Representative Christine Trujillo provides that any licensed school employee (current law allows only teachers) who gains certification by the National Board of Professional Teaching Standards (NBPTS) will qualify for the stipend currently afforded teachers. 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 to generate funding units and receive a one-time recurring salary increase. The expansion to all licensed school employees will make NBPTS certified school counselors eligible for the salary increase, as well as the recipients of any future certificates the NBPTS may create.

## House Joint Resolution 10 Never Had a Hearing in Senate Finance

Representative Jim Trujillo's House Joint Resolution 10 (HJR 10) would have placed a constitutional amendment on the November 2014 ballot allowing the 5.5% distribution from the state land grant permanent currently in place to continue indefinitely. The funding level dropped to 5.5% this year and, unless the amendment passes, will drop to 5% in 2016. The measure in the House by 36 to 33; all Democrats except Representative Sandra Jeff voted for the measure and all Republicans voted against continuing this vital funding for public schools.

The measure died in the Senate Finance Committee because Chair John Arthur Smith refused to schedule a hearing!

## Tax Bill Crafted and Passed in Last Half Hour of Legislative Session!

The Governor indicated that if a tax compromise could be reached before the Legislature adjourned, she would sign the budget and not call a special session. In the wee hours of Saturday morning the Senate Finance Committee crafted a tax package negotiated with the Governor. In the last half hour of the session, that package became an amendment to House Bill 641 in the Senate. The Senate vote reflected that several progressive senators did not feel comfortable voting for a major change in New Mexico's revenue system when almost no one understood what the effect. When the bill returned to the House for concurrence a similar vote occurred (that vote is not recorded on the legislative web site). That vote in the House happened literally as the clock struck twelve ending the session!

The Secretary of the Department of Finance and Administration assured the House in a rarely permitted discussion on the House floor in the middle of debate that the measure actually increased state revenues in the next five years. Here is what we know the bill does:

- Lowers the state's corporate income tax rate from 7.6 percent to 5.9 percent over five year.
- Provides a single sales factor tax break to manufacturers that sell most of their goods and services outside of the state. Companies will have the option of basing their tax liability on their sales in New Mexico. The change could help corporations like computer chip maker Intel, which has a plant in Rio Rancho. The tax obligation of a corporation currently is tied to its payroll, property and sales in New Mexico.
- Narrows recently enacted business incentives, including one offering a tax break to companies creating high wage jobs. The incentives have ended up costing the state far more in lost revenue than initially estimated.
- Revamps the tax treatment of large multi-state retailers, so-called combined reporting. Supporters contend it will help stop "big box" retailers, such as Wal-Mart Stores Inc., from avoiding taxes by shifting income to subsidiaries in other states.
- Sweetens incentives for attracting television and film projects. New Mexico offers a 25 percent tax refund for certain film and TV production expenses. The incentive will increase to 30 percent for a TV show producing at least six episodes in New Mexico. The extra 5 percent also will be available to film and TV projects that use a film studio in the state for an extended time. The total incentives remain capped at \$50 million a year but the legislation allows unused subsidies up to \$10 million to be carried over to the next year - offering up to \$60 million annually in some instances.
- Phases out revenue the state has been providing to local governments. That helps lower the cost to the state of the overall tax package. Currently, the state provides cities and counties with revenue to offset what they lost when New Mexico lifted taxes from food and medical services in 2005. Those payments have grown to nearly \$150 million a year by holding local governments harmless from any revenue loss. The legislation ends the provision over 15 years, starting in July 2015. Local governments will have the power to increase their gross receipt tax by up to three-eighths of a cent. Smaller cities and counties will have the option of continuing with the current system rather than trying to raise taxes.

The tax proposals are projected to cost the state about \$37 million in reduced revenue in the fiscal year starting in July 2015 and grow to \$56 million the following year. Whether the combined reporting, tightened loopholes, and the phase-out of the city and county hold harmless payments can make up this difference is yet to be finally determined.

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