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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/17
SPONSOR Morales **LAST UPDATED** _____ **HB** _____

SHORT TITLE State School Grades Council **SB** 40

ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications	See Fiscal Implications		Recurring (2 years)	PED Operating Budget

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with HB163, SB62
 Relates to SB31, SB140, SJM1

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Regional Education Cooperatives (REC)

No Responses Received From
 Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 40 repeals the A-B-C-D-F Schools Rating Act and enacts a temporary provision creating a State School Grades Council, a body administratively attached to PED, that will develop a school grading system and make recommendations to the Legislature and PED on implementation of the system for the 2019-2020 school year. The bill contains temporary provisions for the grading of schools during the 2017-2018 and 2018-2019 school years and requires PED to promulgate the new rules for the temporary grading system. The bill also amends Section 22-8-11 NMSA 1978 of the Public School Finance Act, eliminating the requirement that PED ensure 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.

FISCAL IMPLICATIONS

The bill does not provide an appropriation but allows members of the council, who are not otherwise eligible for per diem and mileage through their public employer, to be paid per diem and mileage as provided in the Per Diem and Mileage Act for state employees. PED's FY18 request for in-state travel and board member costs associated with mileage and fares totaled \$162.6 thousand. Costs will vary depending on the frequency of in-person council meetings and PED's available travel budget. Future PED budget requests may also increase as a result of the council's travel costs.

SIGNIFICANT ISSUES

While the grading system is 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. The bill 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 State School Grades Council is to be comprised of three of each of the following: 1) classroom teachers; 2) instructional support providers; 3) principals; 4) superintendents; 5) local school boards; 6) charter schools; and 7) other educational experts, business or community leaders, or other interested persons. One member from each group will be appointed by the Governor, the Speaker of the House, and the President Pro Tempore of the Senate.

The Council will be required to study the current school system, determine all the factors that affect student's learning environments and develop a new A-B-C-D-F grading system that takes those factors into account. The Council will be required to make final recommendations to the Legislative Education Study Committee by November 1, 2018 for a new grading system to be implemented for the 2019-2020 school year.

2017-2018 and 2018-2019 School Years

The bill requires PED to promulgate new rules by December 1, 2017, for grading public schools based on grade factors, growth, and other factors to be used during the 2017-2018 and 2018-2019 school years. Grade factors, defined as an element of a public school environment that is used to calculate a school's grade, are to be determined by current year's student assessment results; school growth that measures the change in performance of successive snapshots of students over time based on different students each year; growth of the highest 75th percentile and lowest 25th percentile of student assessment scores based on individual student growth over three years (if applicable); opportunity to learn, including student participation in extracurricular activities, attendance, and truancy rates and the teacher training and experience indicators (this is to be the highest weighted factor); college and career readiness, including participation in advanced placement, international baccalaureate courses, dual enrollment courses and SAT and ACT test scores.

The bill defines "growth" as the knowledge that a student learns in three years' time as demonstrated on the New Mexico standards-based assessment that demonstrates the student has 1) changed from one score to another indicating growth and performance; 2) has worked toward a proficient or advanced proficient performance level as provided by PED rule; or 3) has remained

in beginning steps or nearing proficient performance level but has improved by one or more scale score points. The bill defines “standards-based assessments” as tests administered annually to students from grades three through eight and grades 10 and 11 pursuant to the Assessment and Accountability Act. The bill prohibits PED from establishing rules that permit any grade factor to drop a public school’s grade by an entire letter grade.

The formula for calculating A, B, C, D, or F grades during the 2017-2018 and 2018-2019 school years will be as follows:

Elementary and Middle Schools

- 33 percent is based on the following standards-based assessment results:
 - 5 points for current standing;
 - 8 points for school growth;
 - 10 points for growth of the highest performing students; and
 - 10 points for growth of the lowest performing students;
- 67 percent is based on opportunity to learn, including opportunities to participate in extracurricular activities provided, attendance rates, and the teacher training and experience indicators; and
- 5 bonus points are available for the parent participation indicator.

High Schools

- 33 percent is based on the following standards-based assessment results:
 - 9 points for current standing;
 - 12 points for growth of highest performing students; and
 - 12 points for growth of lowest performing students;
- 34 percent is based on the following opportunity to learn and college and career readiness results:
 - 17 points for the 2017-2018 and 2018-2019 school year graduation rates and the value-added conditioning of school growth, taking into account school characteristics for the past three years; and
 - 17 points for career and college readiness and an advanced placement indicator;
- 33 percent is based on opportunity to learn, including opportunities to participate in extracurricular activities provided, attendance rates, and the teacher training and experience indicators; and
- 5 bonus points are available for the parent participation indicator.

PED will be required to share all of the data used in the grade calculation with every school district and charter school prior to releasing school grades during the 2017-2018 and 2018-2019 school year. The bill prohibits the use of grade factors or other components of the grading system by any teacher or school principal evaluation system until after a new school grading system is enacted by the Legislature. The bill allows parents with a student in a public school rated F for two of the last three years to transfer the student to any public school in the state not rated F.

Public schools will be graded using a cohort of public schools that are grouped based on the following: 1) a public school’s student economic status (using Title I status and U.S. Census poverty indicators); 2) English language learner population; and 3) the school grade issued on July 1, 2019.

ADMINISTRATIVE IMPLICATIONS

The Council will be administratively attached to the PED for staffing and other administrative services. The Council will be required to make final recommendations for implementation of a grading system to the Legislative Education Study Committee (LESC) by November 1, 2018 for a new grading system to be implemented for the 2019-2020 school year, and will be required to report periodically to the LESC and the LFC.

A previous PED analysis of similar legislation in 2013 indicated 4 FTE would be necessary to staff the council and draft regulations. The bill repeals requirements of Section 22-8-11 NMSA 1978 mandating PED to review the budgets of public schools receiving a D or F school grade to ensure the schools are prioritizing resources to proven programs and methods linked to improved student achievement until the school earns a C or better. This will result in 314 fewer individual budgets to review.

CONFLICT, RELATIONSHIP

This bill conflicts with HB163, which discounts a chronically absent student's test score in school grades or teacher evaluations, and SB62, which adjusts factors for calculating school grades. This bill relates to SB31, which removes advanced placement and dual credit graduation requirements; SB140, which provides school districts with consecutive A or B grades the certain flexibilities; and SJM1, which requests a study on alternative or innovative state assessments.

SL/jle