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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
56th Legislature, 2nd Session, 2024

Bill Number	<u>HB171/aHEC</u>	Sponsor	<u>Romero/Lane/Stewart</u>
Tracking Number	<u>.227285.1</u>	Committee Referrals	<u>HEC;SEC</u>
Short Title	<u>School Graduation Requirements</u>		
Analyst	<u>Hathaway</u>	Original Date	<u>1/26/2024</u>
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FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

BILL SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 171 (HB171/aHEC) removes the requirement that students complete demonstrations of competency in core academic subjects—mathematics, reading and language arts, writing, social studies, and science—as a requirement to receive a high school diploma. The amendment also removes two references to demonstrations of competency to align with the removal of this requirement as a contingency of receiving a high school diploma.

Synopsis of Original Bill

House Bill 171 (HB171) amends current law to update New Mexico’s high school graduation requirements. The bill maintains the current requirement of 24 units to earn a high school diploma, increases unit requirements in core academic subject areas, requires the development of graduate profiles, requires school districts and charter schools to set two of the required units for graduation, and allows additional courses in career technical education (CTE) and work-based learning to count toward core academic requirements.

The bill would go into effect for high school students beginning ninth grade in the 2025-2026 school year. Graduation requirements would not change for students currently in high school.

FISCAL IMPACT

The bill does not carry an appropriation.

There may be minimal fiscal impacts to schools to offer professional learning and strategic planning to implement revised requirements and, potentially, to develop graduate profiles. There may also be minimal administrative, and therefore fiscal, impacts to the Public Education

Department (PED) to comply with the proposed measures, develop administrative rule, and to provide training for school districts in charter schools.

The Legislative Education Study Committee (LESC) budget recommendation for FY25 contains \$30 million for CTE, some of which could be used to fund professional learning for school counselors and other educators to implement new requirements, as well as \$15 million for work-based learning and innovation zones. This funding could also be used to support the development of graduate profiles by schools.

SUBSTANTIVE ISSUES

The state last comprehensively updated its high school graduation requirements via statutory changes that passed in 2007. While there have been piecemeal changes to graduation requirements since then, current requirements were developed for students that began high school in the 2009-2010 school year. Since that time, economic changes, altered workforce and postsecondary needs, and technological advancements have permeated the education system.

Revised high school graduation requirements could modernize New Mexico's expectations for what it means to earn a high school diploma in a way that allows for a more engaging high school experience for students while also ensuring rigorous academic and skill development. Further, revised high school graduation requirements may also allow for systemic education design that is more responsive to students' needs to be ready for college, career, and civic life and aligns with 21st century learning expectations.

High School Graduation Rates. New Mexico's high school graduation rate stands at 76.2 percent. The state has gradually improved its graduation rate since reaching a low of 63 percent in FY10, but still lags behind the national averages. For the four-year cohort of FY22, the graduation rate was 76.2 percent, compared with a national average of 85 percent. While a high school diploma on its own can improve job opportunities and earning potential, it is also a prerequisite for a wide range of postsecondary education options—credentials or certificates, two-year degrees, and four-year degrees alike.

The Role of Graduation Requirements in Student Engagement, Relevance, and School Design. LESG has prioritized the study of middle and high school design in recent years. Previous LESG research has noted that current high school models may be inhibiting systemic school transformation that allows the state's high schools to be more responsive to student needs, postsecondary educational expectations, economic needs in the job market, and systems that prepare students for any path they may choose after high school. This has spurred interest in school redesign to ensure high schools are structured to allow for foundational, rigorous academic development while also remaining responsive to learning needs of today. Redesigning schools is also imperative given a lack of engagement and readiness among middle and high school students.

Research shows student engagement drops sharply as students get older, with survey results showing by 12th grade, a mere 34 percent of students are engaged in school. Additionally, New Mexico is experiencing concerning rates of chronic absence with data from the 2022-2023 school year showing about 40 percent of students across all grade levels are chronically absent.

Complicating the lack of engagement and high rates of chronic absence, LESG research has also found students often fail to leave high school ready for what comes next. This is evident in several data points: a stagnant high school graduation rate (76.2 percent for FY22), high rates of

remediation if students do attend postsecondary schooling, low student achievement rates, a lack of preparedness for available jobs, a lack of access to career pathways in high school, and especially concerning, high rates of disconnection from either school or the labor market. National research has found New Mexico has one of the highest rates of youth disconnection—meaning teens and young adults ages 16 to 24 who are neither in school nor working—with 19.6 percent of the state’s young people considered to be disconnected.

Modernizing graduation requirements could allow for secondary school redesign that fosters more meaningful high school experiences, upholds a rigorous foundation of academics, and helps to address outcomes around high school graduation rates, school attendance, achievement rates, youth connection, and readiness after high school.

Current High School Graduation Requirements. New Mexico currently requires students to complete 24 units—and to demonstrate competency in core academic subjects including English, mathematics, science, and social studies—to earn a New Mexico diploma of excellence. HB171/aHEC amends the state’s high school graduation requirements, but still requires 24 units to graduate. A table comparing current requirements and proposed changes is included below:

Academic Subject	Current Graduation Requirements (expressed in units)	Proposed Changes (expressed in units)
English	4 Must include a major emphasis on grammar, nonfiction writing, and literature	4 Must include a 3-unit sequence; department-approved work-based learning, CTE, or English language development courses that meet English or English language development standards may qualify.
Math	4 One unit must be the equivalent to, or higher than, algebra II	4 2 units must include a sequence of algebra 1 and geometry, or another integrated pathway of mathematics equivalent to algebra 1 and geometry; department-approved financial literacy courses, work-based learning, or CTE courses that meet math academic content and performance standards may qualify. Algebra 2 <u>must</u> be offered in all school districts and charter schools.
Science	3 2 units must include a lab component	3 Must include 2 units of laboratory sciences; CTE and work-based learning may apply
Social Studies	3.5 Must include U.S. history and geography, world history and geography, government and economics, and 0.5 unit of New Mexico history	4 Must include U.S. history and geography, including course content that contains New Mexico history; government and economics/personal financial literacy, including course content that contains civics; and world history and geography
Physical Education	1	1 As determined by the school district or charter school and may include a physical education program that meets state academic content and performance standards, or participation in marching band, dance programs, junior reserve officers' training corps, interscholastic sports sanctioned by the New Mexico Activities Association, or any other co-curricular physical activity.
Health	"A course" Can be taken in middle or high school; Does not count toward total units earned.	0.5 The 0.5 unit of health may be earned in middle or high school.
Electives	7.5 *Must meet PED content and performance standards	5.5 Elective units must meet department academic content and performance standards and must include a 2-unit pathway concentration of the student's choice in a language other than English (including American Sign Language), fine arts, health, military career preparation, a CTE program, community or service learning, a capstone course, or work-based learning. Requires that financial literacy, computer science, student service learning, CTE courses and a sequence of languages other than English shall be offered as electives. Media literacy and pre-apprenticeship programs may be offered as electives.

Career Cluster, Workplace Readiness, or a Language other than English	1	
Additional Requirements	At least 1 unit must be AP or honors, dual credit, or distance learning. Health is required, but can be offered in middle or high school.	<p><i>Additional state law requires that dual credit must continue to be offered to students; Section 22-13-1.4 NMSA 1978 requires each school district to offer a program of courses for dual-credit, in cooperation with an institution of higher education, and a program of distance learning courses.</i></p> <p><i>Includes language protecting a student's ability to take Advanced Placement, honors, dual credit, distance learning, and International Baccalaureate courses. Requires information about these options to be incorporated into Next Step Plans.</i></p>
Local Discretion Units		2 Local school districts and charter schools must set 2 additional units for graduation requirements. These must meet academic content and performance standards and can be elective units or core competencies
Total Units	24	24

Proposed Changes in Core Academic Courses. A unit is typically defined as a course that is a full academic year (or two semesters) in duration. This bill would make several changes to core academic units (core academic units including English, mathematics, science, and social studies):

- **English:** This bill retains four units of English, but amends statute to require a sequence of three units, allows for English language development, CTE, and work-based learning courses to count for core units.
- **Mathematics:** This bill retains four units of mathematics, but removes the algebra II requirement currently in place, instead requiring a sequence of algebra I and geometry (or a sequence equivalent to these courses). HB171/aHEC allows CTE and work-based learning courses to count and requires algebra II to be offered to all students.
- **Science:** This bill retains three units of science, including two units that must be laboratory-based. HB171/aHEC allows CTE and work-based learning courses to count.
- **Social Studies:** This bill increases units from three and one-half units to four units and removes the one-half unit of New Mexico history; requires 1) U.S. history and geography, including course content that contains New Mexico history; 2) government and economics/personal financial literacy (meaning all students will take economics/personal financial literacy), including course content that contains civics; and 3) world history and geography.

Local Discretion Units and Student Mobility. This bill proposes allowing school districts and charter schools to set two units for high school graduation. HB171/aHEC allows school districts and charter schools to play a meaningful role in developing the graduation requirements for their community and to re-design the high school experience to meet student needs. It also contains language specifying any units earned by a student that are set by a school district or charter school must be accepted by a receiving school district if a student were to transfer between districts in New Mexico.

Career Technical Education and Work-Based Learning Access. This bill would allow for CTE and work-based learning (such as internships, apprenticeships, or other experiential learning) courses—both of which would still need to meet academic content and performance standards set by PED—to count for increased numbers of units in core academic subjects, as well as elective units. Modern CTE courses are developed as courses that provide hands-on, applied learning

experiences. CTE courses today are widely taken by students no matter their intended pathways after high school, whether that includes two- or four-year college, entry into the workforce, military service, trade school, or any other pathway a student may choose.

Electives. There are 5.5 units dedicated to electives in HB171/aHEC. While current law specifies 7.5 units, many elective units are currently used to access courses the proposed bill would allow students to take as core academic units—thereby increasing access to these courses both in core requirements and as electives. Currently, many students use their electives to access arts, music, and language courses, as well as CTE courses, and many English, mathematics, social studies, and science courses. This bill is designed to expand access to these courses in core units, so students do not have to use elective units to take courses that also meet core academic standards. Included in electives, students would be required to take a two-unit pathway concentration with a number of options such as health, a language other than English, CTE courses, military preparation, fine arts, community learning or a capstone course, or work-based learning.

Financial Literacy. Financial literacy is highlighted in three places in HB171/aHEC, providing access to this content in multiple ways. First, all students are guaranteed access in a required economics and personal finance course in social science units. Second, financial literacy is required to be offered as an elective. Third, financial literacy can also count as a math course if a student selects this option. Additionally, in their local discretion units, school districts or charter schools could require students to take personal finance.

In updating social studies standards, personal finance and economics content is now required across all grades, kindergarten through high school. All personal financial literacy standards are shown below. Standards related to personal finance in the required economics/personal finance course in high school are covered in standards 20-32, below:

Grade	Social Studies Standard
	The student shall demonstrate an understanding of personal financial literacy by:
Kindergarten	1. Recognizing personal finance choices people make.
1	2. Identifying examples of producers and consumers; and 3. Examining how earning money through work is related to the purchase of goods and services.
2	4. Identifying different types of jobs performed in the community; 5. Assessing priorities when making financial decisions; and 6. Classifying financial goals as short-term or long-term.
3	7. Examining the various ways people earn a living to meet their basic needs (e.g. food, clothing, shelter) and how this has changed over time in various world communities; and 8. Creating a plan with specific steps to reach a short-term financial goal.
4	9. Establishing the purpose of banks and how they work; and 10. Explaining what a checking and savings account are used for.
5	11. Creating a way to keep track of money spent and saved; and 12. Determining the relationship between long-term goals and opportunity cost.
6	13. Analyzing how external factors might influence spending decisions for different individuals and households; and 14. Giving examples of financial risks that individuals and households face.
7	15. Summarizing how the distribution of resources impacts consumerism and individual financial decisions; and 16. Differentiating between saving and investing.
8	17. Determining the relationship between long-term goals and opportunity cost; 18. Identifying ways insurance may minimize personal financial risk; and 19. Illustrating the power of compounding to highlight the importance of investing at a young age.

<p>High School Economics and Personal Financial Literacy</p>	<p>20. Explaining how and why people make choices to improve their economic wellbeing; 21. Comparing the costs and benefits of saving, using credit, or making certain types of financial investments; 22. Evaluating how and why individuals choose to accept risk, reduce risk, or transfer risk to others; 23. Investigating ways that personal information is fraudulently obtained; 24. Identifying voluntary (i.e. retirement contributions) and involuntary deductions (i.e. payroll taxes) and how they impact net income; 25. Preparing a budget or spending plan that depicts varying sources of income, a planned saving strategy, taxes, and other sources of fixed and variable spending; 26. Evaluating options for payment on credit cards and the consequences of each option; 27. Describing how a credit score impacts the ability to borrow money and at what rate; 28. Identifying various strategies students can use to finance higher education and how to access student aid through completion of the free application for federal student aid; 29. Calculating the total cost of repaying a loan under various rates of interest and over different time periods; 30. Explaining what a mortgage is, why most Americans require one to finance a home, and the challenges of financing mortgages on tribal land; 31. Explaining how investing may build wealth and help meet financial goals (e.g. stocks, bonds, mutual funds, retirement savings options, or real estate); and 32. Explaining various types of insurance and the purpose of using insurance to protect financial interests.</p>
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Source: LESC Analysis of PED Social Studies Standards

Demonstrations of Competency. HB171/aHEC removes the requirement to demonstrate competency to receive a diploma. Current state statute, Subsection O of Section 22-13-1.1 NMSA 1978, specifies that a New Mexico Diploma of Excellence may not be received by a student if the student has not demonstrated competence in the subject areas of mathematics, reading and language arts, writing, social studies, and science “based on a standards-based assessment or assessments or a portfolio of standards-based indicators established by the department [PED] by rule.”

In other words, current law requires all students to earn both course units *and* demonstrate competency to earn a high school diploma. The HEC amendment to HB171/aHEC removes the requirement to demonstrate competency in addition to completing coursework specified in state law—this removal would be for all students and practically means earning a diploma requires only the completion of coursework across all subject areas. According to [data](#) reported by the National Center for Education Statistics, a federal division within the U.S. Department of Education’s Institute of Education Sciences, New Mexico is one of 13 states that requires exit exams (via its demonstrations of competency) to earn a diploma. The majority of states do not.

LESC staff note that federal testing requirements under the Every Student Succeeds Act (ESSA), federal law that governs education policy nationally, remain in place. ESSA and federal funding requirements still require standardized test administration in third, eighth, and 11th grade, consistent with assessment practices across the nation. The state will still utilize the SAT assessment in 11th grade to determine proficiency and align with federal testing requirements.

Graduation Requirements for Students with Disabilities. For students with disabilities, administrative rule allows students to obtain a diploma of excellence through three possible [programs](#) of study, with a student’s individualized education plan (IEP) specifying accommodations needed for each student. HB171/aHEC does not change these options for students. PED, however, will need to update administrative rule in response to proposed changes to clarify these options for students with disabilities.

Graduate Profiles and Next Step Plans. Graduate profiles are a national best practice in which school districts and charter schools—in partnership with their community’s families, business leaders, students, and educators—specify the cognitive, personal, and interpersonal competencies students should have when they graduate. They are locally driven and tailored to each community, but allow for robust visioning about the purpose of a high school education. These are already in

use in schools across New Mexico, including Hobbs, [Aztec](#), [Zuni](#), [Gallup](#), and [Raton](#), among others.

HB171/aHEC also requires every student to develop a personal advising plan (called a Next Step Plan), outlining their academic and career goals, ensuring they receive guidance and take the appropriate courses that are aligned to their individual goals.

Implementation and Phase-In. HB171/aHEC would go into effect for students entering ninth grade in the 2025-2026 school year, allowing several months for PED to update administrative rule (which would be required by HB171/aHEC) and time for schools to plan for new requirements. Current law prohibits graduation requirements from being changed for a student once they begin ninth grade. HB171/aHEC would keep this language so graduation requirements wouldn't change for students who are already in high school and wouldn't be allowed to be changed for students under the proposed new requirements.

ADMINISTRATIVE IMPLICATIONS

This bill would require significant administrative work by PED to update administrative rule in several places to align with proposed changes in state law, align course codes in the state's manual for courses, and to develop training for school counselors and other professionals who would be charged with implementing changes in graduation requirements. It would also require school districts to allocate time and resources to develop graduate profiles.

PED has piloted the development of graduate profiles, most formally in its FY23 and FY24 Innovation Zone awards (these awards were funded with the legislature's \$40 million CTE appropriation in FY24 and its \$10 million career technical education appropriation in FY23 to the department), which requires awarded school districts and charter schools to develop graduate profiles. Additionally, some school districts in New Mexico have developed graduate profiles in previous years as part of their own, or department-supported, initiatives.

RELATED BILLS

Conflicts with House Bill 246, Financial Literacy for Graduation, which adds a requirement for a one-half unit of a personal finance course for graduation and reduces elective units to seven.

Conflicts with House Bill 244, Career School Courses as a Series, which requires that every CTE course offered shall be part of series of at least three courses that are part of a single program of study that is relevant to a career field or industry certification.

SOURCES OF INFORMATION

- LESC Files
- Department of Workforce Solutions (DWS)
- Higher Education Department (HED)
- University of New Mexico (UNM)