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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/06/2007

SPONSOR Stapleton LAST UPDATED 2/25/2007 HB 584/aHEC

SHORT TITLE High School Redesign SB \_\_\_\_\_

ANALYST Aguilar

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
See Fiscal Implications	\$0.1	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 561  
Relates to HB 68, SB 211

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)  
Department of Higher Education (HED)  
Public Education Department (PED)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment to Senate Bill 561 makes changes to the title of the bill and removes the requirement giving districts the option of charging student for subsequent administrations of the statewide college and workplace readiness assessment.

The amendment allows for a parent to exempt their child from the mandatory attendance requirements of statute by submitting written permission.

The amendment adds science and social studies to minimum instructional areas in grades one through three.

The amendment also allows parents to exempt their child from the Algebra II requirement of the Diploma of Excellence, removes the foreign language requirement and increases the number of

elective classes allowed.

The amendment deletes a proposed requirement for the New Mexico Diploma of Excellence that students complete two years in a language other than English; and inserts a requirement that beginning with the 2009-2010 school year, each school district must offer at least two years of classes in at least one language other than English.

### **FISCAL IMPLICATIONS**

The amendment removes the provisions allowing districts to charge students for additional administrations of the assessments, meaning districts will have to bear the cost of all administrations of the assessments. This is expected to increase testing costs to districts, but with the elimination of the current competency exam it may approach being cost neutral. At present approximately \$7.5 million is contained in the State Equalization Guarantee for student testing, with a 2005-2006 cost statewide of approximately \$6.6 million. The amount outstanding remains at the districts and may be sufficient to cover the additional costs. This is unclear at this time.

### **SIGNIFICANT ISSUES**

It appears that allowing parents to exempt students from the higher rigor mathematics classes and not requiring foreign language courses may result in students receiving a “Diploma of Excellence” who are not meeting the admission requirement of some universities. The amendment provides that school districts offer foreign language classes but does not require that they be taken.

The amendment also provides that schools offer dual credit courses as an honors course.

### Synopsis of Original Bill

House Bill 584 integrates various components of high school redesign. The bill provides for college and workplace readiness programs; clarifies language regarding assessments, creates a college and workplace readiness assessment system; limits the use of funds in the Public School Reading Proficiency Fund to middle, junior and high schools, raises the compulsory school attendance age.

The bill further changes high school graduation requirements and establishes the New Mexico diploma of excellence and provides the criteria required to earn the diploma.

### **FISCAL IMPLICATIONS**

This bill provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for funds, as earmarking reduces the ability of the legislature to establish spending priorities.

A significant requirement of this bill is for PED to create a readiness assessment system to measure the readiness of every New Mexico high school student for success in higher education or a career by the 2008-2009 school year. The assessment program consists of three components as follows:

- A ninth grade high school readiness assessment;
- A tenth grade college readiness assessment; and,
- An eleventh grade workplace readiness assessment.

The cost for the initial application of the test at each grade level will be at no cost to the student. It is estimated that current assessment instruments with some modifications may be suitable to meet the need of the ninth and tenth grade assessments. It appears that a new eleventh grade assessment may be needed resulting in a substantial cost to the department. The bill provides that PED may adopt an already-developed commercial assessment that can be customized and is aligned to New Mexico content standards. While the extent of the alignment of the new assessment to New Mexico's academic content standards and benchmarks is unclear, the cost of each administration is expected to be relatively inexpensive. The General Appropriations Act contains \$1.5 million for an eleventh grade exit assessment, some of which could possibly be used for these efforts.

### **SIGNIFICANT ISSUES**

HB 584 provides for increased emphasis on legislative findings to include the importance of providing rigorous and relevant high school curricula to New Mexico's students and ensuring that students have accurate, useful information about the quality of their high school preparation and post-secondary options

The bill eliminates the current high school graduation examination by July 2010, and requires that before the 2008 legislative session, the Public Education Department (PED) establish by rule a new graduation assessment or portfolio system for use beginning in school year 2010-2011.

In addition, HB 584 directs PED to create a readiness assessment system for all New Mexico public high school students no later than the 2008-2009 school year. This new material would create a substantial new assessment to be administered by the PED. It requires that during the fall of each school year, the assessment system, while aligned with New Mexico academic content standards will:

- Assess high school readiness in English, reading, mathematics and science in the fall of grade nine.
- Assess college readiness in English, reading and mathematics and "locating" information in the fall of grade 10.
- Assess workplace readiness in applied skills in reading, mathematics and "locating" information in the fall of grade 11.

All students will participate in the assessment at no cost for the first administration in each grade level, however HB 584 provides that districts may charge students the cost of the administration should the students choose to re-take any of the assessments. The bill also mandates that results from these assessments shall be made available to students, parents and public schools no later than four weeks following the date on which the assessments are administered.

At present students in a limited number of schools are being assessed using the Work Keys assessment with federal Carl Perkins funding being used cover the cost of the assessment.

HB 584 provides that a school-age person must attend public, private or home school until they are 18 years of age, unless they have graduated or received a general educational development

certificate (GED.) Additionally, HB 584 provides that a school or charter school may not exempt a student from attending school for any reasons except those provided by law or parent-authorized medical reasons. It appears that the intent of these provisions is to make it more difficult for students to drop out of school prior to graduation. Research shows that students who complete high school earn more money and are more likely to complete post-secondary education than those that do not.

HB 584 increases rigor for students by requiring algebra I be offered in the eighth grade, provides that students entering ninth grade in the 2009-2010 school year, in order to graduate, must earn at least one unit as advanced placement, dual credit, or one distance learning course. Further, the bill creates the New Mexico diploma of excellence, sets out the course requirements and provides for certificates of completion for those students who do not meet graduation requirements.

HB 584 further provides that funds contained in the Public School Reading Proficiency Fund can only be distributed only to middle, junior and senior high schools to implement scientifically based reading programs including the Middle and High School Literacy Initiative provided for in the bill. This provision would eliminate elementary schools from having access to the fund. While it is important to focus on literacy skills at all stages of a child's education, research has shown that early literacy interventions have the most effect. By eliminating elementary schools' access to this fund, early intervention programs may be adversely impacted.

#### **TECHNICAL ISSUES**

The Office of Educational Accountability notes that existing statute indicates that students will be tested in social studies by the 2005-06 school year, should the legislature provide funding. HB 584 strikes existing language which indicates that students will be tested in social studies upon provision of funding from the legislature. Removal of this language would mean the requirement of the implementation of social studies assessment in grades 3-8 & 11. The social studies component of the assessment is currently under development at the PED, however, the PED Assessment and Accountability staff indicate that only the grade 11 assessment will be available by the 2007-08 school year. Clarification needs to be made about whether the sponsor intends for the social studies component of the New Mexico Standards Based Assessment to come on-line for all effected grades in 2007-08, or whether some graduated roll-out is allowable

HED also notes that under provisions contained in HB 584, a student under 18 years of age cannot drop out of school unless he/she has graduated from high school or received a General Educational Development (GED) certificate. However, federal law mandates that a student cannot receive a GED unless he/she has officially withdrawn from high school. A student therefore cannot obtain a GED while enrolled in high school. The impact of HB 584 is that a student under 18 years of age who drops out of high school will be unable to officially withdraw or earn a GED.

A question for consideration is whether the reading proficiency fund duplicates the purposes of the reading materials fund.

#### **OTHER SUBSTANTIVE ISSUES**

The Higher Education Department notes that provisions relating to graduation requirements contain a clause giving students and their parents the opportunity to opt out of the mathematics

requirement required to earn a New Mexico Diploma of Excellence. According to national research, success in Algebra II is a good predictor for success in college and the skills needed for success in college/careers are the same. It is notable that students and parents are presented the opportunity to opt out of only the math requirement, not any of the other core content area requirements.

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