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FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/08

SPONSOR Miera LAST UPDATED 2/7/08 HB 503

SHORT TITLE College & Workplace Readiness Assessments SB _____

ANALYST Wilson

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI*		

(Parenthesis () Indicate Expenditure Decreases)

* There is \$4,000.0 in the General Appropriation Act as a special non-recurring appropriation. Also, funding for the requirements in this bill is in the State Equalization Guarantees.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY2008	FY2009	FY2010	3 Year Total Cost	Recurring Or Non-Rec	Fund Affected
Implementation Costs (PED)	\$2,764.9	\$2,564.9	\$2,564.9	\$7,894.7	Recurring	General Fund
Implementation Costs (Districts)	\$300.0	\$300.0	\$300.0	\$ 900.0	Recurring	General Fund
Development Costs (PED)	\$900.0			\$ 900.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 460

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance & Administration (DFA)

Higher Education Department (HED)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 503 amends section 22-2C-4.1 NMSA 1978. It changes high school and college readiness assessments in grades 9 and 10 to short cycle assessments in reading, language arts and math, and will allow students to choose a college readiness assessment, a work-place readiness assessment or an alternative demonstration of competency using standards-based indicators in the fall of grade 11.

HB 503 allows financial literacy to be offered as an elective to high school students. Finally, the bill allows the New Mexico Standards-Based Assessment to be used as the high school graduation exam.

The bill eliminates the deadline for the establishment of rule for the NM Diploma of Excellence and high school competency exam.

FISCAL IMPLICATIONS

PED estimates of costs to implement the program are shown in the table above. PED also submits the bill should have an emergency appropriation of nearly \$3,000,000 in order to have the diagnostic assessments in grades 9 and 10 ready by fall of 2008.

SIGNIFICANT ISSUES

DFA provided the following:

The 2007 Legislature passed and Governor Bill Richardson signed SB 56, High School Redesign. The purpose of this legislation was to increase the rigor of high school graduation requirements and coursework, as well increase the support given to high school students and teachers in ensuring that New Mexico’s high school graduates are prepared for college and the world of work.

One of the primary components of the High School Redesign legislation was the creation of a high school readiness assessment in grade 9, a college readiness assessment in grade 10 and a workplace readiness assessment in grade 11. This legislation was designed to ensure that students and teachers will have timely, accurate information about student’s ability to meet high school standards and be ready for college level coursework and the workplace. HB 503 proposes to change the high school and college readiness assessments to short cycle diagnostic assessments in reading, language arts and mathematics, which will be given a minimum of three times per year.

Short cycle diagnostic assessments are a type of assessment known as “formative” assessment—which is designed to mark student progress throughout the school year in meeting educational standards. It is designed to be diagnostic—and to highlight areas for improvement during the course of the school year. This is different from the New Mexico Standards Based Assessment, which is a “summative” assessment, which is designed to measure student achievement at the end of a school year.

One of the advantages of using the short cycle assessments proposed in HB 503 is that they will be administered three times per year, which will allow teachers more opportunities to “correct the course” for individual students who are not making progress toward mastery of the standards.

However, one serious concern is that the language of HB 503 does not provide that these short cycle assessments are aligned to the New Mexico education standards, nor does it require that these assessments be designed to measure student progress towards these standards. It is critical that any assessments used be aligned to New Mexico’s standards in order to determine if students are making progress towards mastery of those standards.

Another concern is that HB 503 allows for the use of different short cycle assessments by districts. Proposed language in Section E of 22.2C.4.1 NMSA 1978 will allow the PED to approve already developed commercial short cycle assessments, or approve short cycle assessments already in use in school districts and charter schools. Allowing multiple short cycle assessments to be used will limit the PED and the legislature’s ability to monitor whether or not students are making progress towards meeting standards, beyond what is currently in place with the NMSBA. Also, ensuring that assessments meet the technical quality and rigor required to measure student progress towards meeting standards is a time and resource consuming process, one that requires significant levels of assessment expertise. Use of a uniform statewide short cycle assessment will negate this issue.

In grade 11, HB 503 allows students to choose whether or not they will take a college or workplace readiness assessment, or some alternate method of demonstrating competency of the standards. This provision recognizes that not all of New Mexico’s students are college-bound.

This bill also requires that financial literacy shall be offered as an elective in high schools. During the 2007 regular session, HB 1205 proposed to add financial literacy as an elective in high school. HB 1205 passed and was signed. HB 503 proposes to carry over this requirement into the new high school graduation requirements under the New Mexico Diploma of Excellence that will take effect for grade nine students entering high school in the 2009-10 school year.

HB 503 allows for the grade 11 Standards-Based Assessment to be used as the high school graduation examination, rather than implementing an additional assessment. This will eliminate the need for the PED to develop a new high school competency assessment. However, PED will need to be vigilant in ensuring that the grade 11 assessment has sufficient technical quality to meet the needs of both uses.

Another issue of serious concern is the 11th grade assessment passing rates. In 2007, 53.3% of grade 11 students did not meet proficiency in reading, and 68.2% did not meet proficiency in math. If the grade 11 assessment were used as a high school competency exam today, nearly 70% of students will not pass. These students will need to be allowed to take the exam in grade 12, which will result in additional cost. About 20,000 students take the grade 11 assessment, at an estimated cost of \$30 dollars per administration. If 13,640 (68.2%) students need to re-take the exam in grade 12 because they were unable to meet standards in grade 11, the additional cost will be approximately \$409 thousand per year.

HB 503 allows students who do not pass the grade 11 NMSBA to choose to complete a portfolio process as a demonstration of competency, which will include examples of student work, and demonstration of competency down to the benchmark level, and may include the results of the SAT, ACT or Work Keys assessments. It is unclear how many students will select the alternate portfolio option.

Finally, HB 503 removes the deadline for the PED to create the rule regarding the New Mexico high school diploma of excellence and high school competency assessment. The PED reports that the rule is currently in draft form but may need to be redrafted after the close of the 2008 Legislative Session, if legislation changes.

At current passing rates, about 68% of New Mexico 11th graders may need to re-take the grade 11 exam in grade 12 in order to receive a diploma. The assessment costs about \$30 dollars per student to administer. Approximately 20,000 students take the exam in grade 11 each year, of which 68% is 13,640 students. Total estimated cost for students to re-take the exam is approximately \$409 thousand in recurring cost beginning in FY 11.

PED provided the following:

- The short-cycle diagnostic assessments administered locally in grades 9 and 10 will require review for technical quality and alignment to New Mexico Content Standards and Benchmarks.
- PED staff will be engaged in monitoring local school districts for compliance with the legislation.
- The standards-based assessment required in Section 22-2C-4 NMSA 1978 will need to undergo a performance standard-setting procedure in order to be used for high school graduation.
- PED will need to develop a short-cycle diagnostic assessment for the 29 school districts that have not implemented a local short-cycle assessment.
- All state mandated tests must meet federal standards for accessibility for English language learners and students with disabilities including special education.
- Results from these assessments must be portable, preferably by electronic means, as students transfer between districts, charter schools and districts and schools within districts.

HED states they will cooperate with PED to fulfill the requirements of the alignment statute enacted in 2003, which requires high school curricula and end-of-course tests be aligned with the placement tests administered by the publicly funded higher education institutions in New Mexico. The High School Redesign legislation enacted in 2007 increased the rigor of the high school curriculum, while HB 503 provisions for the fall eleventh grade assessment increase and facilitate the alignment of high school end-of-course tests with postsecondary placement exams.

HED will continue to work closely with the publicly funded higher education institutions in New Mexico on the alignment process, which includes conducting a crosswalk of all college

placement exams to ensure high school graduates are appropriately placed into entry-level English and math courses.

Moreover, PED and NMHED shall collaborate as needed with the publicly funded higher education institutions in New Mexico to determine which elements constitute college readiness for the tenth grade short cycle assessments in English, language arts, and mathematics.

ADMINISTRATIVE IMPLICATIONS

PED indicates the legislation can be implemented within existing resources.

DUPLICATION

HB 503 duplicates SB 460

TECHNICAL ISSUES

DFA offered the following:

Amend Section A, Subsection 1 to read: ...in grade nine, a short-cycle diagnostic assessment in reading, language arts, and mathematics that is aligned to the New Mexico educational standards to be locally administered in the fall and at least 2 additional times during the year.

Amend Section A, Subsection 2 to read: ...In grade ten, a short cycle diagnostic assessment in reading, language arts and mathematics that is aligned to the New Mexico educational standards to be locally administered at least three times during the year;

DW/nt