

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Nava **ORIGINAL DATE** 02/11/11
LAST UPDATED 02/28/11 **HB** _____

SHORT TITLE Student Assessment Requirements Suspension **SB** 360/aSEC/aSFC

ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	(\$4.8M) (See Fiscal Implications)	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Education Department (PED)

Not Received
Governor's Office (GOV)

SUMMARY

Synopsis of SFC Amendment

SFC Amendment strikes SEC Amendment 4 and clarifies that the workforce readiness assessment is to be suspended.

Synopsis of SEC Amendment

Senate Education Committee Amendment removes several assessments from the list of suspended assessments for the 2011-2012 school-year. The amendment would allow continued administration of the following assessments:

- 11th grade standards based assessment/high school graduation assessment;
- 3rd, 5th and 8th grade standards-based writing assessment;
- Workforce readiness assessment and alternative demonstration of competency using standards based indicators (though the amendment is unclear whether it continues administration of both assessments or only the alternative demonstration of competency because of vagueness in the amendment); and
- Assessments required for certain 9th and 10th graders by the federal Individuals with Disabilities Act.

Synopsis of Original Bill

Senate Bill 360 suspends certain required student assessments for the 2011-2012 school year.

FISCAL IMPLICATIONS

Funding for administration of assessments is appropriated to PED and school districts each year in the General Appropriation Act through the state equalization distribution (SEG). Districts are currently receiving \$8.9 million in recurring funding for assessment and test development through the state equalization guarantee distribution. House Bill 2 currently includes a credit of \$3.5 million to account suspension of assessments proposed by PED.

The Public Education Department submitted a general fund request for FY12 of \$3.2 million for school district costs associated with assessment and test development, and \$808 thousand for the department's costs for FY12. Suspension of these assessments would provide cost savings for both PED and school districts during FY12. Suspension of these state mandated assessments is contemplated as a means of eliminating costs to districts, charter schools and the department.

PED proposes additional efficiencies in the statewide assessment program to further reduce assessment costs and support the intent of the bill. Efficiencies include a freeze on item development (the development of new questions annually), item sharing with other states, and a freeze on scoring new items. Savings realized for these efficiencies would total an additional \$2,650.0 to both school districts and the department. These savings appear to be in addition to the savings realized as a result of suspending certain state assessment requirements.

PED indicates the following savings will be realized from suspending the enumerated assessments in the amended bill and from cost savings related to efficiencies:

FY 2012 TOTAL ASSESSMENT SAVINGS:

- Immediate Savings from Suspended Assessments: \$2,220.9
- Savings from Assessment Program Efficiencies: \$2,575.3

FY 2012 PED SAVINGS:

- Immediate Savings from Suspended Assessments: \$402.1
- Savings from Assessment Program Efficiencies \$1,425.3

FY 2012 LOCAL DISTRICT SAVINGS:

- Immediate Savings from Suspended Assessments: \$1,818.8
- Savings from Assessment Program Efficiencies \$1,150.0

PED desires to manage assessment costs for local school districts. PED indicates that redirecting district funding for assessments to PED would remove potential conflicts between competing priorities to support assessment and instruction and it would protect important assessments from unanticipated impacts on district funding. Senate Bill 425 has been introduced to do this. The department is also asking for \$8.9 million in funding included in the SEG distribution for the purpose of assessments to be transferred to the department. It is important to note that recurring funding for assessments may be reduced by \$3.5 million dollars to account for suspended assessments.

SIGNIFICANT ISSUES

Senate Bill 360 suspends specified student assessments for the 2011-2012 school year. The Public Education Department, school districts, charter schools and state educational institutions will not be required to administer the following assessments:

- 11th grade standards based assessment/high school graduation assessment;
- 11th grade standards-based assessment in social studies;
- Standards-based assessment in writing in grades 3 through 8 and 11;
- 9th and 10th grade short-cycle assessments in reading, language arts and math; and
- 11th grade college placement assessment, workforce readiness assessment or alternative demonstration of competency using standards-based indicators.

A workgroup was convened by PED in December 2010 to determine student assessment priorities through the 2013-2014 school-year. Participants recommended the suspension of assessments specified in the original bill. The amendment represents a compromise with the Governor and PED in order to support some of the initiatives on the Governor's agenda, including grading schools and third grade retention.

The costs of statewide student assessments have been shared by PED and school districts since FY00. Funds for assessments are distributed to districts through the SEG distribution, and are non-categorical and may be used for other district operating expenses.

Senate Bill 360 provides a lawful means to suspend certain assessments required in state statute. During the 2010-2011 school year, former Secretary Garcia granted exemptions to school districts and charter schools from administering certain state assessments, despite not having the legal authority to do so. Any changes in the required statewide assessment program have to be done legislatively.

PED provided the following analysis:

The suspension of certain state assessments is necessary to maintain solvency for the PED and Local Districts. The costs of statewide student education assessments have been shared by PED and the school districts since FY 2000. State appropriations provided funding through the SEG formula to cover those costs. However, funds are non-

categorical and may be used for other district operating expenses. During the current statewide budget crisis, school districts have requested that certain state assessments be suspended. Those circumstances have blocked the implementation of an important reform of the high school assessment system enacted in 2008 (Section 22-4C-4.1, NMSA 1978). That reform established a system to measure the readiness of every New Mexico High School student for success in higher education or a career. High school redesign assessments include a short-cycle assessment in grades 9 and 10, a college placement test, a workforce readiness assessment, and an alternative demonstration of competency using standards-based indicators. The districts' budget crisis also threatens the spring 2011 implementation of the high school exit exam based on the grade 11 Standards Based Assessment, the state's first exit exam to measure student mastery of high school standards (Section 22-13-1.1, NMSA 1978).

TECHNICAL ISSUES

SEC Amendment 4 is unclear which assessments are intended to be continued, as the amendment strikes language from the bill after the work "assessment" on line 17, but it does not reference after which occurrence of the work "assessment". PED recommends the workforce readiness assessment be suspended. LCS indicates this was a drafting error and the intent of the amendment was to continue suspension of the workforce readiness assessment. SFC Amendment fixes this.

OTHER SUBSTANTIVE ISSUES

PED suggests limiting the time in which a student has to pass the SBA/HSGA or complete the alternative demonstration of competency to the senior year. Currently, statute allows a student 5 years after they exit high school to complete one of these requirements to receive a diploma. PED indicates this will result in savings of \$164.9 thousand annually.

In certain circumstances, students complete high school coursework on an accelerated schedule that enables them to exit high school early. Such students should be allowed to take the SBA/HSGA during their 10th grade year, so they may also complete the assessment requirement for graduation. An amendment to the bill is needed to address students in such circumstances.

The language of the bill states that certain assessments "shall not be required." The bill also introduces each assessment with the phrase "notwithstanding." The combination of the two phrases in the bill appears to create a double negative that has confused readers about which assessments are suspended. Therefore, it is recommended that the phrase "notwithstanding" be removed from the language of the bill, as specified in the amendment section below.

ALTERNATIVES

PED's original analysis indicated the following:

The new Secretary of Education is implementing initiatives that rely on the continuation of the writing assessment in grades 3, 5, and 8 and the administration and scoring of the SBA/High School Graduation Assessment, which is continued by the Senate Education Committee's amendment. Both assessments play a key role in ensuring the development of essential academic skills. The SBA/HSGA will be administered to grade 11 students for the

first time in spring 2011. The test will be scored for high school exit requirements and results will be reported to that cohort of students (Class of 2012). Class of 2012 students that do not pass the SBA/HSGA will prepare an alternate demonstration of competency during their senior year, as allowed by the Senate Education Committee's amendment. Statutory requirements for passing the SBA/HSGA and demonstrating mastery of content standards with a portfolio of standards based indicators to receive a Diploma of Excellence shall be suspended for the 2011-2012 academic year. That year shall serve as a statewide pilot for policymakers and school districts to examine SBA/HSGA pass rates and determine their impact on requirements for retesting and producing alternate demonstrations of competency (ADC). Necessary adjustments in policy and procedure will be implemented based on findings from the pilot year. The first cohort that will be required to pass the SBA/HSGA or complete an ADC will be the class of 2013 (cohort of 10th grade students in 2010-2011).

The SBA/High School Graduation Assessment represents the rigor of the State's high school exit requirements. The SBA/High School Graduation Assessment (SBA/HSGA) meets stringent federal requirements for alignment with state content standards. SBA/HSGA performance levels have been defined by stakeholders to indicate readiness for college and the workforce. Without this test, the state will lack an objective, standardized measure of mastery of New Mexico academic content standards. Local District expectations for mastery of high school standards will vary widely in rigor. Further, Local Districts will have the added administrative burden to evaluate every student's attainment of those standards. In order to maintain rigor and ensure solvency, the SBA/HSGA in writing and social studies should be suspended. A plan for transitioning to higher expectations over a number of years could be implemented to manage Local District resources for high school exit. Therefore, it is recommended that the administration of the SBA/HSGA not be suspended.

Suspension of Standards Based Assessments in writing in all elementary and middle school grades will remove a key accountability indicator for an essential communication skill that is broadly applicable across academic disciplines. Diagnostic information on writing skills is needed in grades 3, 5, and 8 to guide instruction at key points in a student's development. Therefore, it is recommended that writing assessments in grades 3, 5, and 8 not be suspended. The Senate Education Committee's amendment allows the continued administration of the SBA writing assessment in grades 3, 5, and 8.

RSG/bym:mew:svb