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FISCAL IMPACT REPORT

ORIGINAL DATE 03/12/11
 SPONSOR Asbill LAST UPDATED 03/17/11 HB _____
 SHORT TITLE A-B-C-D-F Schools Rating System SB 427/aSEC/aSFL#1
 ANALYST Gudgel

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|------|-------------------------|------------------|
| FY11 | FY12 | | |
| | NFI | | |

(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)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Education Department (PED)

Responses Not Received
Office of the Governor (GOV)

SUMMARY

Synopsis of SFL Amendment Number 1

Senate Floor Amendment Number 1 eliminates SEC amendments 3 through 7; limits the distance learning options available under the “school options” definition to the statewide or a local cyber academy; eliminates the definition of “scientifically based research”; changes Subsection E of Section 4 to require PED to ensure that a local school board or governing body of a charter school is prioritizing resources of a public school rated D or F toward proven programs and methods linked to improve student achievement until the public school earns a grade of C or better for 2 consecutive years; and eliminates Section 5 which establishes the Public School Recognition Program which created a performance incentive program for outstanding faculty and staff in highly productive public schools.

Synopsis of SEC Amendment

The SEC amendment to Senate Bill 427 does the following:

#1 – requires input from the Secretary’s Superintendent’s Council in establishing criteria to assign letter grades to schools.

#2 – includes growth in high school graduation rates as an additional academic indicator for high schools.

#3 – changes distribution of an award to all classroom personnel from classroom teachers in the event the school staff and the school advisory council cannot agree how to expend the award.

#4 – clarifies that school recognition awards shall be awarded to public schools.

#5 – deletes the word “merit” on page 5, line 25.

#6 – nonrecurring awards to faculty and staff will be determined by the public school staff and the advisory council to encourage whole school reform.

#7 and #8 – PED is limited to directing funds and resources toward programs and methods that are grounded in scientifically based research linked to improve student achievement of schools receiving a D or F until the school earns a grade of C or better for 2 consecutive years.

#9 – includes a Severability Clause.

Synopsis of Original Bill

Senate Bill 427 enacts the “A-B-C-D-F Schools Rating Act” which establishes an annual school rating system than ranks schools from A to F beginning with the 2011-2012 school year. School rankings will be determined based on, at a minimum, student proficiency, student growth, and other academic indicators. The bill allows students to transfer from schools receiving an F rating under certain circumstances and increase budget control by the Secretary of schools receiving a D or F rating. Options provided under the A-B-C-D-F School Ratings Act are in addition to those already provided for in law.

Senate Bill 427 also enacts the “New Mexico Public School Recognition Program” to provide financial awards to public schools that demonstrate high performance by earning or maintaining a school grade of A or demonstrates improvement by improving a letter grade.

Existing sections of the Public School Code are amended to allow the department to direct funds and resources toward programs and methods that are grounded in scientifically based research linked to improved student achievement.

FISCAL IMPLICATIONS

The department indicates a 0.5 FTE Statistician (Education Administrator A) will be hired to fill an existing general fund vacancy. The position will collect data, manage quality assurance reviews with districts, compute longitudinal student growth, and report school ratings. The department will also hire a 0.25 FTE STARS Programmer (Database Administrator A) to manage collection of data on completion of Board Examination Systems’ requirements, SAT and

ACT scores, program STARS reports, and provide STARS data extractions to be used for high school grade computations.

Senate Bill 427 does not include an appropriation. Implementation of the A-B-C-D-F Schools Rating Act will allow the Secretary to ensure that schools receiving a D or F rating prioritize existing resources toward proven programs and methods linked to improved student achievement until the public school earns a grade of C or better for two consecutive years. This means districts and charter schools may be required reprioritize existing funding at the direction of the Secretary.

Students who attend a public school rated F for 2 of the last 4 years will be able to transfer to any other public school in the state not rated F or enroll in a distance learning offered through IDEAL or a local cyber academy. The school district or charter school in which the student is enrolled will be responsible for the cost of distance learning. Currently it is indeterminate what the costs to districts and charter schools may be for distance learning programs.

SIGNIFICANT ISSUES

In determining a schools annual rank pursuant to the A through F system, department rules will include as a minimum the combination of the following factors:

- Student proficiency, including achievement on the New Mexico Standards-Based Assessment (NMSBA);
- Student growth in reading;
- Growth of the lowest 25th percentile of students in the public school in reading and math; and
- Additional academic indicators, such as high school graduation rates, growth in high school graduation rates, advanced placement and international baccalaureate courses, dual enrollment courses and SAT and ACT scores for high school students.

Students at schools receiving an F rating for two years will be able to transfer to any other school in the state, or to participate in the state cyber academy (IDEAL) or a local cyber academy. The charter school or school district the student transfers from is responsible for all costs.

The Secretary is required to ensure that schools receiving a D or F rating prioritize resources toward proven programs and methods linked to improved student achievement until the public school earns a grade of C or better for two consecutive years

The Public Education Department provided the following analysis:

States have expressed concerns that the AYP model implemented under the No Child Left Behind Act of 2001 is no longer an effective tool for holding students, schools and districts accountable for academic achievement. Each year, more schools and districts fall into serious accountability designations because one or more student subgroups failed to reach broadly applied proficiency targets.

New Mexico parents, students, and stakeholders have also objected that AYP ratings and designations are difficult to understand. A new system is needed that will help parents make well-informed decisions about school choice and help policy makers and stakeholders better

apply resources and sanctions where they can make the greatest improvements of school performance.

Schools in Florida, Hawaii, and New York City are using a more straightforward grading system to measure performance. Annual state report cards in Florida rank public schools on an A-B-C-D-F scale based on students' performance each year. Schools that earned high marks under Florida's A+ Plan received funding bonuses and greater autonomy. The state required schools that received an F twice in a four-year period to implement state-sanctioned reforms.

Under the Florida A+ Plan, 50 percent of a high school's grade is based on student scores on the state test. The other half is based on factors including high school graduation rates; graduation rates of at-risk students; student participation and performance in programs such as [Advanced Placement](#), [International Baccalaureate](#), [Advanced International Certificate of Education](#), and [dual enrollment](#) courses; postsecondary readiness as measured by ACT, SAT, and Common Placement Test (CPT) results; and [industry certifications](#).

Florida's A+ Plan targeted the lowest-scoring schools for funding increases and assistance to low-scoring minority students, who subsequently made the largest test score improvements to close the achievement gap. Other factors also have contributed to improvements, such as school district alignment of curriculum with state standards.

This bill implements a similar school grading system in New Mexico. Specifically, elementary and middle schools will be rated using information about student proficiency, student growth in reading and math, and growth of the lowest 25 percent of students in reading and math as measured by the Standards Based Assessments. High schools will be rated by a combination of weighted factors. Seventy-five percent of a high school's grade will be based on student proficiency, student growth in reading and mathematics, and growth of the lowest twenty-fifth percentile of students based on the Standards Based Assessments. Twenty-five percent of a high school's grade will be based on the graduation rate, graduation rate of at-risk students who scored at 'Beginning Step' on the grade 8 Standards Based Assessments reading and mathematics examinations, and growth or decline in the high school graduation rate and at-risk graduation rate from year to year. An amendment is needed to incorporate the revised weighted rating system for high schools.

PED will compute longitudinal student growth for elementary and middle schools using data from the NMSBA and the New Mexico Alternate Performance Assessment (NMAPA) in grades 3 through 8. The NMSBA is only administered to all students in grade 11 and scores in grades 8 and 11 are not vertically linked. Therefore, growth indicators for high schools can be based on a model predicting grade 11 scores from grade 8 scores or aggregate year-to-year growth can be used as an indicator. PED will develop growth models with stakeholder input that will serve as indicators for accountability determinations, inform decisions about teacher/principal evaluations, and inform decisions about student retention. The longitudinal growth model will be implemented during the FY12 academic year.

PED will negotiate with test vendors for an earlier administration of the NMSWBA and the NMAPA to enable the PED to publish school ratings before the end of an academic year.

PERFORMANCE IMPLICATIONS

The bill may affect the number of 4th and 8th graders scoring proficient on reading and math assessments, and the graduation rate and percentage of high school graduates requiring remediation in postsecondary institutions.

ADMINISTRATIVE IMPLICATIONS

The Public Education Department will be required to promulgate rules consistent with the Act.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB355 as twice amended is a Duplicate.

TECHNICAL ISSUES

The title of the bill states, “PROVIDING FUNDING FOR FAILING SCHOOLS TO IMPLEMENT PROGRAMS LINKED TO IMPROVED STUDENT ACHIEVEMENT.” The bill does not provide any additional funding to districts or public schools but rather states that the department shall ensure that school boards and governing bodies of charter schools prioritize existing resources toward programs and methods linked to improved student achievement.

RSG/svb:mew