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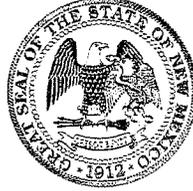
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September 8, 2008

MEMORANDUM

TO: Legislative Education Study Committee

FR: David Harrell 

RE: STAFF REPORT: DUAL CREDIT: LESC WORK GROUP REPORT

Background

Enacted in 2007, legislation endorsed by the Legislative Education Study Committee (LESC) provided, for the first time, a statewide dual credit program authorized in statute and supported by the state. Standardizing formerly inconsistent arrangements throughout the state, this legislation defines the program, establishes student eligibility criteria, provides a uniform funding mechanism, requires uniform administrative procedures, requires the Higher Education Department (HED) and the Public Education Department (PED) to promulgate rules to address certain details of the program, and requires HED and PED to evaluate the effects of the program upon the students and the institutions involved. In 2008, LESC-endorsed amendments expanded the program to include state-supported schools, in addition to school districts and charter schools, and to allow dual credit courses to be taken during the summer term. Now in school year 2008-2009 the program is being fully implemented.

One of the premises behind the legislation – the funding provisions in particular – is that each party in the process – the secondary school or school district, the postsecondary institution, the student and his or her family, and the Legislature – should make an investment in the program. The investment, or responsibility, of the school district, charter school, or state-supported school is to provide the textbooks and course supplies. While this provision does create a fiscal impact on the secondary schools, the legislation itself and the PED and HED rules promulgated to implement it provide certain mitigating factors:

- the student must return the textbooks and any unused course supplies, which then become the property of the school district, charter school, or state-supported school; and
- both agency rules and the Uniform Master Agreement, which enumerates the conditions of the dual credit courses, encourage colleges to “make every effort to adopt textbooks for at least three years.”

These factors notwithstanding, there has been considerable concern over the fiscal impact that providing dual credit textbooks and course supplies may have on secondary schools and school districts. To help offset this impact, the 2008 Legislature increased the FY 09 appropriation to the Instructional Material Fund by \$1.3 million. While this appropriation should help alleviate the fiscal impact during school year 2008-2009, it was not considered a solution to the problem. Because this additional appropriation was made to the Instructional Material Fund, it is subject to the same distribution as the rest of the money in the fund. That is, it will be distributed to certain entities – private schools and Adult Basic Education centers – that are eligible for instructional material funds but not for the dual credit program. Even so, this increased appropriation addressed an immediate need; and it highlighted the need for a more permanent solution.

LESC Work Group on the Dual Credit Program

In February 2008, the Chair of the LESAC, through a memorandum to the committee members, asked the Director to “convene the parties whose involvement is required” to address “two pressing issues that remain unresolved after our work over the 2007 interim.” One of those issues was “the cost of textbooks for dual credit courses . . . [and the] concerns that school districts will need additional resources to pay for these books.” This memorandum also identified two specific issues related to textbooks and course supplies for dual credit courses: the need for “reliable and accurate data to indicate how much money is needed and a methodology for distributing those funds.”

Also in February 2008, the Director of the LESAC invited a number of people to serve on the LESAC Work Group on the Dual Credit Program. In addition to LESAC staff, the work group comprised representatives of the Legislative Finance Committee, the Executive, PED, HED, school districts, charter schools, state-supported schools, secondary education associations, postsecondary education associations, and college bookstores. Attachment 1 provides a complete membership list.

Through a series of meetings, supplemented by correspondence via email, the members of the work group researched and discussed the topics assigned and reached agreement on two recommendations: an appropriation amount and a method for distributing the funds.

Recommendations of the Work Group

Funding Level

To address the first charge to the work group – estimating the cost of textbooks and course supplies for dual credit courses – several members gathered enrollment data and textbook cost data. Included were expenses and experiences of school districts and charter schools, actual costs of textbooks used in dual credit courses at a number of postsecondary educational institutions in New Mexico, textbook costs nationwide, and the most recent dual credit enrollment data compiled by HED and PED.

Based on these data, the work group reached consensus on the following points:

- an average per-course cost of textbooks and course supplies of \$82.00;
- a projected enrollment in dual credit courses of 6,000 students during school year 2008-2009; and
- an average of three dual credit courses per student.

Therefore, assuming 18,000 dual credit courses at a cost of \$82.00 each for books and supplies, the work group recommends an appropriation of \$1.5 million for FY 10 (school year 2009-2010). There was further agreement that the appropriation request is likely to increase each year because of annual inflation (the work group members assumed a rate of 5.0 percent) and because of the anticipated increase in participation in the dual credit program. Therefore, an annual recalculation of the appropriation amount will be necessary. The work group members also agreed that, after the 2009 legislative session and after the first year of full implementation of the dual credit program, appropriation amounts can and should be based entirely on actual rather than projected enrollment data.

Distribution of Funds

To address the second charge, the members of the work group agreed that a separate fund should be created strictly for textbooks and course supplies for students participating in the dual credit program. As the discussions proceeded, the work group members agreed on a distribution plan somewhat like the process used in the *Instructional Material Law*, a plan prescribed in legislation (ideally with an emergency clause) that would require PED to allocate and distribute funds to school districts, charter schools, and state-supported schools based on prior-year data. This plan, whose provisions are outlined below, constitutes the second recommendation of the work group to the LESC. In addition, Attachment 2, *Dual Credit Allocation and Distribution Timeline*, summarizes the distribution of funds (both actual and recommended) for dual credit courses from the summer term of school year 2007-2008 through the fall term of school year 2009-2010.

**STATUTORY PROVISIONS
FOR THE ALLOCATION AND DISTRIBUTION OF FUNDS
FOR DUAL CREDIT TEXTBOOKS AND COURSE SUPPLIES**

Purpose

The purpose of these provisions is to allocate and distribute funds to school districts, charter schools, and state-supported schools (excluding the New Mexico Military Institute) so that they may provide textbooks and course supplies for students participating in the dual credit program pursuant to Section 21-1-1.2 NMSA 1978.

Creation of a fund

Create the Dual Credit Textbook Fund, non-reverting, administered by the Public Education Department (PED).

Require money in the fund to be used only to purchase textbooks and course supplies for students who participate in the dual credit program, after satisfying the eligibility requirements and after obtaining approval of their dual credit request forms per the uniform master agreement.

Allow PED to re-allocate and distribute any money remaining in the fund at the end of a fiscal year for the purchase of textbooks and course supplies for students participating in the dual credit program in subsequent years.

Determination of allocations

Allocate to each school district, charter school, and state-supported school a specific dollar amount for each dual credit course completed by an eligible student during the prior calendar year (spring, summer, and fall semesters). The specific dollar amount of the allocation is to be determined annually, by the Higher Education Department (HED) and PED, based upon cost data collected by HED and PED pursuant to the agencies' rules.

Require PED, on or before April 1 of each year, to determine each school district's, charter school's, and state-supported school's allocation for dual credit textbooks and course supplies.

Distributions from the fund

To the extent that funds are available, require PED to distribute directly to school districts, charter schools, and state-supported schools 100 percent of their allocations by July 31 of each year.

Allow school districts, charter schools, and state-supported schools that have funds remaining for the purchase of textbooks and course supplies for students participating in the dual credit

program to retain those funds for expenditure for dual credit program textbooks and course supplies in subsequent years.

Require each school district, charter school, and state-supported school to report to PED any money received from students participating in the dual credit program to pay for lost or damaged textbooks or unused course supplies and any money received through the sale of textbooks or unused course supplies relating to the dual credit program; and require PED to reduce the school district's, charter school's, or state-supported school's distribution for the dual credit program by that amount in subsequent years.

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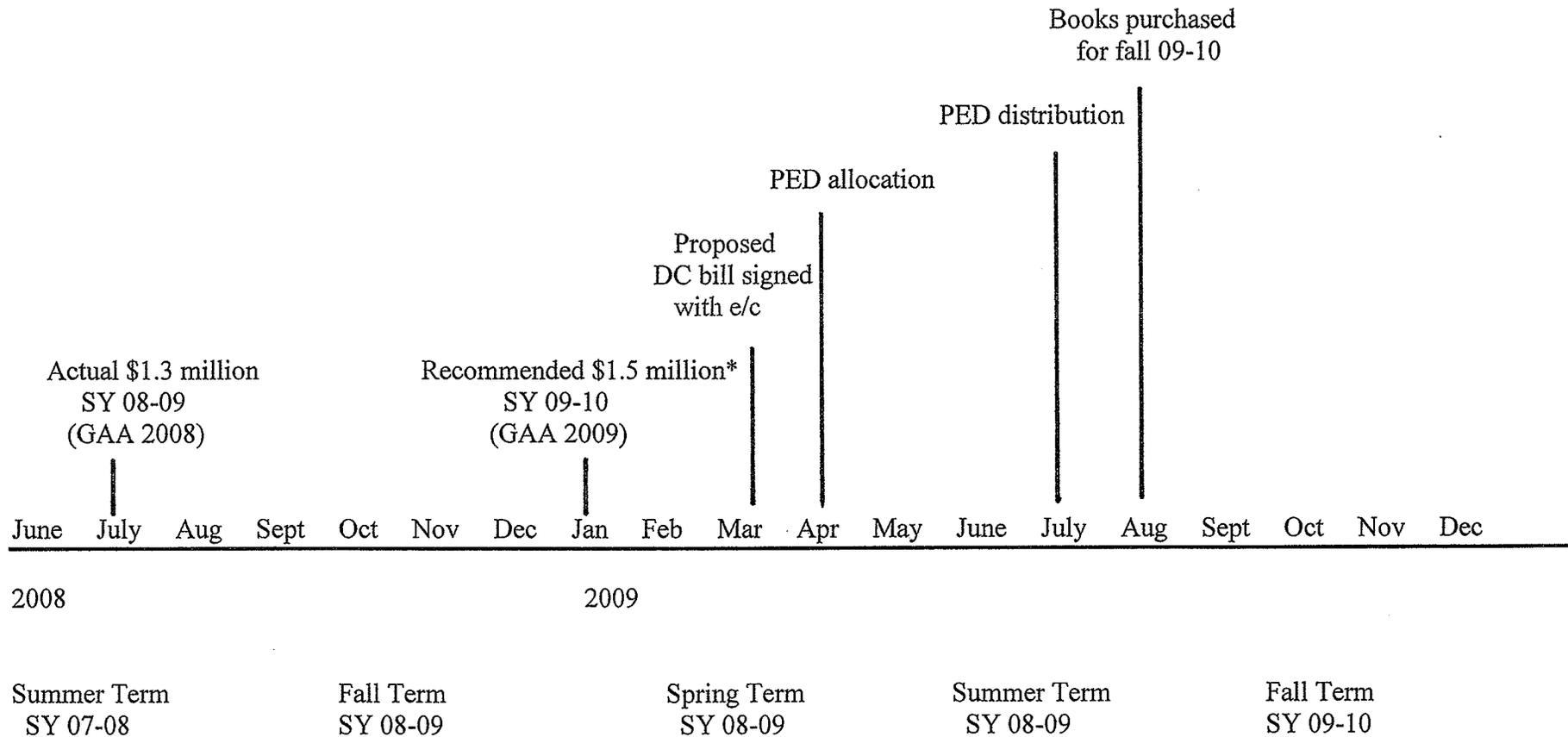
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DUAL CREDIT ALLOCATION AND DISTRIBUTION TIMELINE

Per Recommendation of the LESC Work Group on the Dual Credit Program



*Based on the assumption of 6,000 students taking 18,000 courses for dual credit at a cost per course of \$82.00 for textbooks and supplies