

STATE OF NEW MEXICO
LEGISLATIVE EDUCATION STUDY COMMITTEE

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MINUTES
LESC MEETING
JUNE 15-18, 2010

Senator Cynthia Nava, Chair, called the Legislative Education Study Committee (LESC) to order at 10:17 a.m. on Tuesday, June 15, 2010 in the lecture hall at V. Sue Cleveland High School in Rio Rancho, New Mexico.

The following LESK members were present:

Senators Cynthia Nava, Chair, Mary Jane M. García, Gay G. Kernan, and Lynda M. Lovejoy; and Representatives Rick Miera, Vice Chair, Jimmie C. Hall, Dennis J. Roch, Mimi Stewart, and Jack E. Thomas.

The following LESK advisory members were present:

Senators Vernon D. Asbill, Stephen H. Fischmann, and Sander Rue; and Representatives Ray Begaye, Eleanor Chávez, Nathan P. Cote, Nora Espinoza, Mary Helen Garcia, Karen E. Giannini, John A. Heaton, and Shirley A. Tyler.

Approval of Agenda

Upon a motion by Senator García, seconded by Representative Hall, the committee unanimously approved the agenda as presented.

Welcome and Introductions

Senator Nava recognized Representative Jack E. Thomas and Dr. V. Sue Cleveland, Superintendent, Rio Rancho Public Schools (RRPS), who welcomed the committee to the V. Sue Cleveland High School.

Senator Nava also recognized that Dr. Winston Brooks, Superintendent, Albuquerque Public Schools, who was in attendance.

NEW MEXICO PARTICIPATION IN NATIONAL SCHOOL REFORM INITIATIVES

a. Race to the Top - Status of Application

Senator Nava recognized Dr. David Harrell, LESC staff, and Dr. Veronica C. García, Secretary of Public Education, to discuss the current status of New Mexico's Race to the Top (RttT) application.

Dr. Harrell explained that, according to the US Department of Education (USDE), RttT is a competitive grant program through the *American Recovery and Reinvestment Act of 2009* (ARRA) intended to encourage states to advance education reforms around four specific areas:

- adopting standards and assessments that help prepare students for college and the workplace;
- building data systems that measure student growth and success;
- recruiting, developing, rewarding, and retaining effective teachers and principals; and
- turning around the lowest-achieving schools.

According to the USDE, Dr. Harrell reported, grants will be awarded to those states “that are leading the way with ambitious yet achievable plans for implementing coherent, compelling, and comprehensive education reform,” serving as models for the rest of the states to follow. He then described the two rounds of funding:

- of the 41 initial applicants in round one, only two – Delaware and Tennessee – were awarded funds;
- however, the 39 remaining applicants were invited to reapply during round two, which had an application deadline of June 1, 2010.

Referring to a committee handout outlining the six sections of the RttT application, Dr. García reported that, in order to determine whether the state should apply during round two of the RttT program, in mid-April 2010 the Public Education Department (PED) hosted a day-and-a-half meeting in Albuquerque that focused on the two sections of the state's round one application that had received the lowest scores in the first RttT application: Section D, Great Teachers and Leaders; and Section E, Turning Around the Lowest-achieving Schools. There was also some attention to Section C, Data Systems.

At this meeting, Dr. García emphasized, participants examined the reviewers' comments on New Mexico's unsuccessful round one application, compared them to the comments about the successful applications, and considered a number of factors pertinent to the decision about round two. She noted that perhaps the most fundamental question was whether New Mexico has the political will to proceed with the application. Although some participants expressed reservations about the process itself from the federal level, Dr. García stated that there was general agreement that the state should proceed with the round two application on the grounds that, even if the application were unsuccessful, the state will have identified and committed to important strategies for education reform.

Dr. García reported that, after announcing her intention to pursue the round two application, PED organized a number of small work groups to help draft new responses to sections D and E. She explained that, while sections D and E were substantially rewritten, there were revisions and updates to the other sections as well, in some cases in response to the revisions in sections D and E. Overall, she stated, the goal was to strengthen the application and introduce some major new reforms, such as tying student growth to teacher evaluation.

As an expansion of that point, she noted, one development during the round two process was the agreement among the participants in the revision of Section (D)(4), “Improving the effectiveness of teacher and principal preparation programs,” to link student growth data used in teacher and principal evaluations to the in-state programs where teachers and principals received their preparation and completed their licensure requirements. This agreement, she stated, also prescribes a process that could lead the Professional Practices and Standards Council to recommend that the Secretary of Public Education close an ineffective program. She explained that in PED rule, this council advises the Secretary of Public Education on matters related to the approval of educator preparatory programs, licensure, professional development, and ethics of licensed school personnel.

Dr. García reported that New Mexico’s application for \$75.0 million in funding over a four-year period was submitted on May 31, 2010. She noted that the second application includes 34 other states and the District of Columbia. She added that the US Secretary of Education had stated that, depending upon the size of the winning states, 10 to 15 states would receive funding. The USDE, she added, is to announce the winners before the end of September.

Committee Discussion

In response to a committee member’s question whether legislation amending current law needs to be considered if New Mexico is chosen for an RttT grant, Dr. García responded that many of the initiatives in the grant can be implemented without legislation. She suggested, however, that if the state wants to strengthen education reform, perhaps the Legislature should discuss statute changes to address initiatives outlined in Section D of the application relating to great teachers and leaders as well as Section E relating to turning around low-performing schools.

On a related point, another committee member indicated that Colorado had amended provisions in law regarding the tenure and evaluation of teachers. In response, Dr. García stated that an official tenure policy does not exist in New Mexico; however, the state’s three-tier licensure system provides for the evaluation of a teacher to be adapted to assess performance on student achievement.

In response to a committee member’s question about the number of schools that would receive low-performing school funds under the RttT grant, Dr. García stated that, in the first two years, 10 schools would receive funding. Over a four-year period, she added, approximately 30 schools would be funded.

In response to a committee member’s question whether the implementation of community-based support systems would still be a possibility if New Mexico fails to secure RttT funds for low-performing schools, Dr. García stated that legislation to fund those services may be needed.

In response to a committee member’s question whether legislation would be recommended by PED to identify consequences for teachers whose students are unable to demonstrate satisfactory achievement or growth, Dr. García stated that certain teaching positions – dance teachers, for example – would not be accurately represented by such a measure of performance. She added that consideration needed to be given for an evaluation system that does not unduly focus performance requirements on teachers whose areas are subject to assessment.

Senator Nava discussed a current initiative being considered in the Gadsden Independent Schools to attract effective teachers to low-performing schools. She explained that the district offered National Board for Professional Teaching Standards (NBPTS) certification assistance for teachers willing to transfer to a low-performing school designated as a professional learning community. As a salary incentive, she emphasized, the teacher, upon NBPTS certification, receives 1.5 times the unit value each year of certification, which currently is 10 years.

b. Common Core State Standards

Senator Nava introduced Ms. Pamela Herman, LESC staff, who joined Secretary García before the committee for a presentation on the Common Core State Standards.

Ms. Herman offered a brief summary of the staff report. She said that, in May 2009, the Governor announced that he and the Secretary of Public Education had signed a memorandum of agreement with the Center for Best Practices of the National Governors Association (NGA) and the Council of Chief State School Officers (CCSSO), along with most other states and the District of Columbia, to work together to develop common standards in English/language arts and mathematics for grades K-12. According to the NGA, the standards would be:

- aligned with college and work expectations;
- clear, understandable, and consistent;
- based on rigorous content and application of knowledge through high-order skills;
- built upon strengths and lessons of current state standards;
- internationally benchmarked—that is, informed by other top-performing countries, so that all students are prepared to succeed in our global economy and society; and
- evidence-based.

She noted that, since 2006 the LESC had focused ongoing attention on the quality of New Mexico high school diplomas and the college- and career-readiness of the state’s public high school graduates. Ms. Herman also pointed out that states had an additional incentive to join the Common Core State Standards Initiative when, in November 2009, USDE announced that among the final selection criteria for RttT grant applications was an applicant’s participation in “a consortium of a significant number of states working toward jointly developing and adopting a common set of standards, supported by evidence that they are internationally benchmarked and build toward college and career readiness; and the state’s adoption of the standards by August 2, 2010.”

Ms. Herman directed the committee’s attention to the timeline for development of the standards and identified three key points contained in the staff report:

- on September 21, 2009, the draft Common Core State College- and Career-readiness Standards (for 12th grade) were released for public comment;
- on March 10, 2010, the draft K-12 Common Core State Standards were released for public comment; and
- on June 2, 2010, the final K-12 Common Core State Standards were launched. Upon their release, the standards were accompanied by summaries entitled “Key Points in English Language Arts” and “Key Points in Mathematics.”

The staff provided committee members with copies of the standards on paper or DVD.¹

Ms. Herman noted that a 29-member Standards Validation Committee was nominated by states and national organizations to review and verify the standards development process and the resulting college- and career-readiness (12th grade) standards. Members included senior college faculty, K-12 teachers and administrators, and senior staff of education research organizations, including some nationally known figures who have presented to the LESC in past interims, such as Dr. David Conley, Dr. Linda Darling-Hammond, and Dr. Stanley Rabinowitz.

According to Ms. Herman, the Public Education Department (PED) states that it anticipates that the adoption and implementation of the new Common Core State Standards will involve certain adjustments, some with financial consequences for the state, and some that can be absorbed without cost:

- instructional materials that align with the new standards can be purchased by school districts for mathematics and English language arts according to the normal instructional material cycle, as described in the timeline below, thus avoiding any additional costs;
- professional development to support teachers in addressing the new standards should not involve any new costs, because state standards are frequently amended and revised; for instance, standards in English language arts and math were adopted in 1996 and revised in 2000 and again in 2008 and 2009;
- assessments based on the new standards may involve new costs. The state hopes to defray some of these expenses by:
 - participating in the SMARTER Balanced Consortium that is applying for a portion of \$350 million in funds available from USDE to develop assessments aligned to the new standards, which would be piloted on a limited basis in school year 2013-2014 and implemented statewide in school year 2014-2015; and
 - including in the state’s RttT grant a request for approximately \$2.25 million to improve technology infrastructure for online administration of state standards-based assessments.

Ms. Herman referred the committee to the five-year timeline included in the staff report, from 2010 through 2015, to complete the process of adopting a complete set of new benchmarks for English language arts and mathematics, developing new assessments, and completing the new instructional materials adoption cycles for both English language arts and mathematics.

¹ Also available online at <http://www.corestandards.org/>

As her final point, Ms. Herman indicated that Dr. Winston Brooks, Superintendent of Albuquerque Public Schools (APS), was available in the audience to answer questions regarding the participation of his district in a national pilot of the standards. Dr. García noted that the pilot was a five-way partnership among APS, the Coalition of Great City Schools, the NGA, the CCSSO, and PED, that would have the opportunity to leverage resources and work through potential problems that might arise in the implementation of the Common Core State Standards for other districts in the state.

Dr. García said that PED had announced a rule hearing on July 23, 2010, to take comments on adoption of certain of the common core standards. Following the adoption of those standards, the department proposes to empanel committees of educators and others to determine which, if any, of the state's current benchmarks and performance standards should be retained, since PED's agreement to implement the Common Core State Standards allows the state to maintain up to 15 percent of its own standards. In October 2010, the revised K-12 Benchmarks and Performance Standards will be published for review and adoption.

Dr. García stated that the implementation of the Common Core Standards is intended to be delayed from the time the standards are adopted until no sooner than school year 2011-2012. Thanks to New Mexico's participation in the SMARTER Balanced Consortium, she continued, it was likely that the state would receive grant funds to develop a new set of multi-state assessments aligned with the new standards. She also asserted that, because New Mexico teachers were used to teaching to high standards, the new standards would not represent a great change for them.

Committee Discussion

In response to a committee member's question regarding challenging areas for alignment, Dr. Kris Meurer, Acting Assistant Secretary, Student Success Division, PED, responded that the department has not completed a detailed benchmark-by-benchmark comparison to determine the full extent of the changes that will be necessary. She stated that there were certain cultural aspects of the standards that were particular to New Mexico that the state would likely wish to retain, but that overall, the standards were probably pretty close.

c. Board Examination Systems Program (Tough Choices or Tough Times)

Senator Nava recognized Ms. Ally Hudson, LESC staff, for a report on the Board Examination Program (BEP) initiative.

Ms. Hudson explained that the BEP initiative, whose main goal is to create college-ready students by age 16, was one of the recommendations of a 2006 report entitled *Tough Choices or Tough Times*, an initiative commissioned by the New Commission on the Skills of the American Workforce and the National Center on Education and the Economy (NCEE). Central components of a board examination system, she stated, include:

- a core program of courses defining what it means to be “an educated person”;
- constructed course designs captured in a syllabus;
- teacher training matched to the course syllabi;

- exams derived from the curriculum using multiple assessment methods; and
- general costs associated with program implementation, training, and materials.

Ms. Hudson emphasized that, because this system provides students with both programmatic and instructional support, it is designed to prepare all high school students to succeed in credit-bearing courses in open-admission two-year and four-year colleges before they leave high school.

Ms. Hudson reported that on February 17, 2010 New Mexico became one of eight states to join with NCEE and the Bill and Melinda Gates Foundation in the BEP initiative. The other seven participating states, she reported, are Connecticut, Kentucky, Maine, New Hampshire, Pennsylvania, Rhode Island, and Vermont. She noted that all participating states are using school year 2010-2011 as a planning year and that by school year 2011-2012, each state should be prepared to introduce the BEP initiative to a select number of pilot high schools.

Referencing the staff report included in the committee notebooks, Ms. Hudson reviewed the components of the BEP initiative, including concepts, lower and upper division curriculum options, and costs. Referring to an attachment included in the committee notebooks, *The System: A Close-Up*, Ms. Hudson noted that the BEP is structured around a move-on-when-ready model wherein students who have demonstrated competence—defined by NCEE as able to succeed in credit-bearing courses at open-admissions institutions—have three options available to them:

- stay in high school and enroll in upper division courses to prepare for selective colleges and universities;
- move into career and technical education programs at the high school, if available; or
- leave high school and enroll in a community college or four-year open-admissions institution to pursue a postsecondary education.

Ms. Hudson emphasized that each student, together with his or her parents and school personnel, will select an option based upon the student's interests, academic performance, and social maturity. An option will be on an individual basis by the student, his or her parents, and school personnel.

Ms. Hudson indicated that students who demonstrate competence in the lower division examinations in grades 9 or 10, and who choose to enroll in an eligible postsecondary institution, will receive an alternate state high school diploma. She added that students who do not demonstrate competence at the end of grade 10 will stay in high school and pursue a program to develop those areas of weakness and retake the board exams. This academic development, she reported, may take one semester or up to two years. Regardless, she emphasized, the goal of the BEP program remains to prepare all high school students for success in credit-bearing college courses before leaving the high school environment.

Regarding costs, Ms. Hudson stated that NCEE estimates a total cost per school of \$53,890 for year 1; \$115,345 for year 2; \$122,568 for year 3; and \$118,937 for year 4. She noted, however, that NCEE is developing proposals for funding from two sources: a Race to the Top (RttT) Assessment Program grant, which will require alignment of secondary school curricula with the Common Core State Standards; and (2) an i3 Innovation Program. Ms. Hudson said that, according to an NCEE representative, "if the i3 grant is not funded, but the RttT Assessment

Program grant is, the grant will fund fewer schools per state, but all states will have schools funded. If neither grant is funded, the consortium will continue to seek funding from the philanthropic community and the [federal] government through the [*Elementary and Secondary Education Act*] reauthorization.”

Ms. Hudson briefly outlined the selection criteria for participating districts, schools, teachers, and institutions. She reported that 15 districts have applied to participate in the BEP pilot, and districts will notify NCEE of their final decision to proceed by November 2010. She also noted that the Public Education Department is communicating with the state’s public postsecondary institutions regarding program implementation.

Ms. Hudson explained that, if after three years the BEP initiative proves successful, New Mexico could choose to make the program available – on a voluntary basis – throughout the state. If, however, the pilot proves unsuccessful, New Mexico could elect to remove itself from the program.

In conclusion, Ms. Hudson outlined three potential issues with the BEP pilot:

- the inability of BEP students to satisfy all of the high school graduation requirements that are outlined in current New Mexico statute,
- the inability of BEP students to meet federal accountability and assessment requirements, and
- the total, and potentially ongoing, costs of the program.

Committee Discussion

Committee discussion focused on some of the issues noted in the staff presentation as well as other matters. Committee members also discussed current federal accountability and assessment requirements that would label as a dropout a student exiting high school in the 10th grade. Further discussion addressed issues surrounding the inability of BEP students to satisfy all of the high school graduation requirements in current law and the need to define an alternative high school diploma for such an initiative. Another concern was the costs to the state and school districts if grant funding for the BEP initiative is not realized.

Several committee members discussed the BEP initiative in terms of the statewide dual credit program, noting such points as the lower cost and current availability of dual credit opportunities. In response, both Ms. Hudson and Ms. Linda Sink, Chief Academic Officer, Albuquerque Public Schools, said that the two programs were complementary and that offering both would increase the choices available to students. Ms. Hudson added that the relative costs might be a factor for districts to consider, and she noted that, to participate in the dual credit program, a student must be enrolled in a public school at least half-time.

Committee discussion also included potential benefits of participating in the BEP initiative. A committee member stated that a potential benefit could be that a successful BEP student would not require remediation in college. Another committee member suggested that the BEP would provide bright students with an alternative for exiting the high school environment at an earlier time to pursue a college degree.

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP) READING RESULTS FOR NEW MEXICO, 2009

Senator Nava recognized Ms. Pamela Herman, LESC staff, to report on the 2009 reading results for New Mexico students on the National Assessment of Educational Progress (NAEP).

Ms. Herman noted that Ms. Barbara Bianchi, NAEP Education Administrator in the Assessment and Accountability Division, Public Education Department (PED), was available in the audience to respond to committee questions.

Ms. Herman explained that, since the passage of the federal *No Child Left Behind Act of 2001* (NCLB), states have been required to administer NAEP to a sample of students in 4th and 8th grades in reading and mathematics as a condition of receiving federal Title I dollars. She added that although state participation in NAEP was voluntary, prior to 2003, New Mexico had participated since 1990. She said that the National Center for Education Statistics (NCES) in the US Department of Education is responsible by law for administering NAEP. Because, as NCES states, NAEP is the only nationally representative, continuing assessment of American students, Ms. Herman noted that performance on NAEP is often compared among the states.

Before discussing NAEP results themselves, Ms. Herman explained that scores are reported both on a quantitative scale from zero to 500 and by achievement levels of *below basic*, *basic*, *proficient*, and *advanced*—points along the scale, established by the test developers based on a judgment about what students should know and be able to do.

Regarding 4th grade achievement levels in 2009, Ms. Herman drew the committee's attention to a summary of data contained in Attachment 1 to the staff report, which showed that approximately 20 percent of New Mexico students scored proficient or advanced in reading. That result was three percentage points lower than in 1992; just one point higher than New Mexico 4th graders' low point in 2003; six percentage points lower than in 2007; and 11 points lower than 4th graders in the nation in 2009.

Ms. Herman directed the committee's attention to Chart 1 in the staff report, which showed a comparison of New Mexico and national 4th graders' average scale scores in reading over time. She said that the chart showed how, between 1992 and 2009, New Mexico 4th graders' scores fluctuated in a nine-point range between 203 and 212, although not all the changes from year to year were statistically significant, according to NCES. She noted that in 2009 the average New Mexico scale score was 208—four points lower than in 2007, the last time 4th graders took NAEP; five points higher than in 2003; and 12 points lower than the national average in 2009. Ms. Herman indicated that, according to NCES, New Mexico 4th grade students' average scale score in 2009 was 44th in the nation.

Ms. Herman referred to Chart 2 in the staff report, which presented a graphic representation of changes and persistence in achievement gaps among New Mexico 4th graders over the 17 years from 1992 and 2009 as measured by average scale scores. She noted that Hispanic and African-American students had narrowed their achievement gaps with all students, but had not made a statistically significant dent in their gap with white students. Furthermore, she pointed out that for Native Americans, whose performance had declined significantly in the 17-year period in question, gaps with all students and with white students had both increased. Ms. Herman noted

that the same dynamic appeared to hold true for male students, who showed declines in performance relative to all students and larger declines relative to female students.

Next, Ms. Herman pointed out Attachment 2 to the staff report, which showed NCES data regarding the state's 8th grade scores indicating that, in 2009, approximately 21 percent of New Mexico's 8th grade students were proficient or advanced in reading. She said that, according to NCES, that level was four points lower than in 1992; three percentage points higher than in 2005 and 2007; and eight points lower than 8th graders across the nation.

Ms. Herman referred to Chart 3 in the report comparing NAEP 8th graders' reading scores in New Mexico and the nation since 1998, and said that, in terms of average scale scores, NCES reports that between 1998, when state 8th graders' scores were just three points below those of 8th graders in the nation, New Mexico students' scores had declined for several years before rising in 2009. In that year, New Mexico 8th graders' average scale score of 254 was four points lower than in 1992; three points higher than 2005-2007, the lowest years for that age group; and eight points lower than the national average score. Ms. Herman said that, according to NCES, in 2009 New Mexico's 8th grade students' average scale score was approximately 42nd in the nation.

New Mexico 8th graders' scores, like those of 4th graders, are characterized by achievement gaps based on ethnicity and other factors, Ms. Herman, continued referring to Chart 4. Notably, over 11 years from 1998 to 2009, the gap between Native American and white students grew by five points, and the gap between low-income and non-low-income students grew by seven points.

On the subject of the relationship between NAEP scores and scores on the New Mexico standards-based assessments, Ms. Herman described the results of a standards-mapping study conducted by NCES based on 2007 assessment data. She observed that NCLB requires each state to administer standards-based assessments in reading and mathematics annually to certain grades, but that each state sets its own standards and develops its own tests. Therefore, scores on state tests are not comparable across the nation. According to NCES, standards-mapping is a procedure used to rank all state proficiency standards on the NAEP score scale (by finding the point on the scale where an estimated proportion of students in each state who score above that point on NAEP equals the estimated proportion in the state meeting the state's own performance standards). Ms. Herman said that Attachment 3 to the staff brief showed the results of the study, ranking New Mexico's 4th grade reading performance standards 11th highest of 48 states in the study; and its 8th grade standards 24th of 48. She added that, in 2005, the state's 8th grade standards had ranked higher, but that in the interval other states had improved the rigor of their 8th grade standards, placing New Mexico closer to the middle of the pack.

Ms. Herman turned next to a brief summary of recommendations in a 2010 study entitled *Early Warning! Why Reading by the End of Third Grade Matters*, by the Annie E. Casey Foundation. She said the findings of the study, echoed in reports issued by the foundation for other states, were based on 2009 NAEP reading scores. Ms. Herman observed that much in the study reflected concerns about long-term consequences of below-grade level reading achievement that had been presented to the LESC in prior interims. She said that the foundation identified certain factors as major causes of low-reading achievement, including developmental deficits related to poverty; failure of many schools to implement the essential components of reading instruction identified by the National Reading Panel; chronic absenteeism and academic ground lost over

summer months among disadvantaged students; and the ongoing distractions caused by such poverty-related factors as hunger, inadequate housing, and poor health care.

According to Ms. Herman, the report ended with a call to action, with four recommendations, to be undertaken in concert with national initiatives such as the reauthorization of the *Elementary and Secondary Education Act* and the adoption of common core state standards:

1. to develop a coherent, integrated system of early care and education, including a strong commitment to implementing the National Reading Panel recommendations;
2. to enable parents and others to play their crucial roles by providing more support for community schools and children in foster care;
3. to invest in results-driven initiatives to transform low-performing schools; and
4. to develop practical, scalable solutions to two major contributors to under-achievement among low-income children: chronic absence from school and summer-learning loss.

Ms. Herman said that the foundation states its resolve, with philanthropic partners in “a dozen-plus states” in every region of the country, to support a decade-long campaign to “move the needle” on grade-level reading proficiency by closing achievement gaps between low-income and higher-income groups, increasing by 50 percent the number and proportion of students who are proficient readers by the end of 3rd grade, and “raising the bar” so these readers are proficient based on rigorous standards.

Finally, Ms. Herman outlined some basics about the design and administration of NAEP, which are the responsibility of the National Assessment Governing Board (NAGB), a bipartisan board appointed by the US Secretary of Education. She said that, according to NCEES, NAEP is designed to test representative samples of students from each state in each subject area, not an entire population. For reading, NCEES selects students from approximately 100 schools in each state so as to achieve a random but representative sample of a state’s students. According to NCEES, in 2009 approximately 2,900 4th grade students in 100 schools and approximately 2,500 8th grade students in 100 schools in New Mexico took the reading tests.

Ms. Herman said that according to NCEES, participation in NAEP is voluntary for students, schools, and school districts, but not for a state that wishes to continue receiving Title I funds. Therefore, if a sufficient percentage of students from a participating school do not take the test, those results may not be accepted and a new school may be substituted.

Regarding the issue of accommodations for English language learners (ELLs) and students with disabilities, Ms. Herman noted that NAEP allows testing accommodations, but they may not be those specified in a student’s individual learning program, and the assessments are not offered in any language other than English.

Ms. Herman said that, in order to ensure reliable assessment results that test many hundreds of items covering all the specifications in NAEP frameworks, while assessing students in only 90 minutes, the items are divided into blocks and the blocks administered to different, but substantially equivalent, student samples in each state. NCEES says that the test booklets are distributed to ensure that different “forms” are administered in approximately equal numbers to each group of students in a sample.

Committee Discussion

In response to a committee member's question how NAEP assures that the sample of schools used is representative of the whole, Ms. Herman stated that NAEP has specialists who determine the schools tested and also which schools are used in place of schools opting out.

One reason that schools give for not participating, Ms. Herman explained in response to another question, is that there are no incentives for a school to participate and that the test takes 90 minutes from instruction.

In response to a committee member's question how NAEP administers the test, Ms. Herman stated that no student, school, or district takes the entire test, and that the results are aggregated.

A committee member expressed concern about the inclusion of students with disabilities with the total sample, noting that New Mexico will be at a disadvantage as long as disabled students and ELLs are included in the state's sample.

In response to a committee member's question regarding NAEP assessment of ELL students and students with disabilities, Ms. Herman stated that the sample of students used by NAEP is supposed to be representative of the state population.

The Chair recognized Ms. Barbara Bianchi, NAEP State Coordinator for New Mexico, PED, who assured the committee that no school in New Mexico has ever declined to participate in NAEP, and notified the committee that any district receiving Title I funds must participate in NAEP if asked. Ms. Bianchi also stated that NAEP is considered the nation's "report card," and that it seeks to test the most inclusive and representative sample possible.

Ms. Bianchi also described the five sections of the National Reading Panel, noting that no test item on NAEP assesses phonics or the mechanics of reading.

NEW MEXICO FIRST TOWN HALL: *RAISING THE ASPIRATIONS OF NEW MEXICO YOUTH*

Senator Nava recognized Ms. Heather Balas, President & Executive Director, New Mexico First (NMF), to provide the committee with an overview of the organization and present the committee with findings and recommendations resulting from the program. Ms. Balas described NMF as a series of town halls, including youth-led town hall programs in rural areas, as well as specialized deliberations for agencies and governments with the goal of engaging the people of New Mexico in public policy. During 2010, Ms. Balas said, NMF hosted four regional town halls.

Co-founded in 1986 by Senator Jeff Bingaman and Senator Pete Domenici, NMF is governed by a bipartisan and racially and politically diverse statewide board, Ms. Balas explained. The process includes compiling a comprehensive background report on the topic of discussion, followed by a two-day deliberation among a broad cross-section of stakeholders.

The 2010 town halls, according to Ms. Balas, were held in four separate regions, with roughly 300 participants including youth service providers, government workers, students, and other education stakeholders focusing on the theme of: raising the aspirations of New Mexico's youth.

The town halls were conducted around the question of how best to encourage New Mexico youth to set high goals for themselves as well as ensuring that support exists in order for them to reach those goals. Ms. Balas stated that participants agreed on a number of points, including the importance of families on youth success, the positive impact of mentoring, and work force development.

The recommendations from the town halls Ms. Balas continued, addressed the following activities:

- helping students set career goals;
- recruiting career mentors;
- resurrecting career centers;
- school beautification projects;
- youth councils and commissions; and
- action plans with short-, mid-, and long-term goals developed by youth.

Ms. Balas also noted several education policy options, such as requiring community service and financial literacy for high school graduation, requiring that New Mexico teachers be bilingual, and integrating youth development research into the curriculum at colleges of education.

PUBLIC SCHOOL CAPITAL OUTLAY PROCEDURES AND STATUTES

The chair recognized Mr. Peter B. van Moorsel, LESC staff, and Mr. Antonio Ortiz, Director, Capital Outlay Bureau, Public Education Department (PED), for a report on the current procedures and provisions in law for public school capital outlay.

Referring the committee to the staff report, Mr. van Moorsel said that statutory provisions for public school capital outlay are contained in three sections of current law, including:

- the *Public School Capital Outlay Act*, which, through a standards-based process, ensures that the physical condition and capacity, educational suitability and technology infrastructure of all public school facilities in New Mexico meet an adequate level statewide. To compare the status of school facilities to statewide adequacy standards, Mr. van Moorsel explained, New Mexico uses the New Mexico Condition Index (NMCI) to rank every public school facility in terms of relative need, from greatest to least. The condition of the facilities of all of New Mexico's 89 school districts, he indicated, is tracked by staff from the Public School Facilities Authority (PSFA), who weigh deficiencies according to nine categories to determine a facility's NMCI score. The NMCI score, he noted, is calculated as the ratio of the cost of needed repairs to the cost of replacement.

Mr. van Moorsel added that the cost of standards-based projects is the responsibility of both the state and the local school district. The primary determinant in the state/local match calculation is

net taxable value (valuation) per student membership (MEM). Referring the committee to an attachment to the staff report that delineated the state and local share by school district, he noted that the state's share for a school district with a higher valuation per MEM is lower than for districts with a low valuation per MEM.

The *Public School Capital Outlay Act*, Mr. van Moorsel continued, also provides for other adjustments to the state share of an award, including an offset that reduces the amount of state funding based on direct legislative capital outlay appropriations to a district. The offset amount, he reported, considers the total to the district of all legislative appropriations and of federal money for non-operating purposes pursuant to Title XIV of the federal *American Recovery and Reinvestment Act of 2009* (ARRA). He added that each district's offset balance was included in Attachment 3 to the staff report.

Finally, Mr. van Moorsel explained that the act creates several entities to oversee the public school capital outlay process, including:

- the Public School Capital Outlay Council (PSCOC), to review applications for assistance from the state and approve the distribution of funds in accordance with provisions in the act;
- the PSFA, charged with administering and overseeing public school capital outlay, including serving as staff to the PSCOC; and providing assistance and oversight functions required of the council; and
- the Public School Capital Outlay Oversight Task Force (PSCOOTF) to oversee:
 - the overall progress of bringing all public schools up to the statewide adequacy standards developed pursuant to the *Public School Capital Outlay Act*;
 - the progress and effectiveness of programs administered pursuant to the *Public School Capital Outlay Act* and the *Public School Capital Improvements Act*;
 - existing permanent revenue streams to ensure that they remain adequate long-term funding sources for public school capital outlay projects; and
 - the work of the PSCOC and PSFA.

Another duty of the PSCOOTF, Mr. van Moorsel said, is, before the beginning of each regular session of the Legislature, to report the results of its analyses and oversight and any recommendations to the Governor and the Legislature.

Mr. van Moorsel also discussed the *Public School Capital Improvements Act*, more commonly known as SB-9, which allows local districts to impose a property tax to fund capital improvement. He noted that authorized purposes for the use of SB-9 funds include:

- erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- purchasing or improving public school grounds;
- maintaining public school buildings or public school grounds, including purchasing or repairing maintenance equipment, participating in the Facility Information Management System (FIMS) as required by the *Public School Capital Outlay Act*, and making

payments under contract with regional education cooperatives (RECs) for maintenance support services and expenditures for technical training and certification for maintenance and facilities management personnel, but excluding salary expenses of school district employees;

- purchasing activity vehicles for transporting students to extracurricular activities; and
- purchasing computer software and hardware for student use in classrooms.

Mr. Ortiz addressed another related law, the *Public School Buildings Act*, or HB-33, which authorizes another local property tax to fund certain public school capital outlay projects. He noted that provisions of the act allow districts to impose a tax not to exceed 10 mills for a maximum of six years on the net taxable value of property upon approval of qualified voters. Authorized uses of HB-33 funds, he reported, include:

- erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings;
- making lease-purchase arrangement payments;
- purchasing or improving public school grounds;
- purchasing activity vehicles for transporting students to and from extracurricular activities (excepting school districts with membership greater than 60,000); or
- expending up to 5.0 percent of the total project costs on project administration, including expenditures for facility maintenance software, project management software, project oversight, and district personnel specifically related to administration of projects funded by proceeds of the HB-33 levy.

To conclude, Mr. Ortiz discussed the procedures for issuing general obligation (GO) bonds. He stated that local school districts may issue GO bonds for the purpose of:

- erecting, remodeling, making additions to and furnishing school buildings;
- purchasing or improving school grounds;
- purchasing computer software and hardware for student use in public schools;
- providing matching funds for capital outlay projects funded pursuant to the *Public School Capital Outlay Act*; or
- any combination of these purposes.

After a successful bond election, Mr. Ortiz said the district may issue the bonds and use the revenues of the approved property tax to service the debt by repaying the principal and interest on the bonds.

There being no other business, Senator Nava, with the consensus of the committee, recessed the LESC meeting at 4:06 p.m.

**MINUTES
LESC MEETING
JUNE 16, 2010**

Senator Nava called the LESC to order at 10:25 a.m. on Wednesday, June 16, 2010 in the lecture hall at V. Sue Cleveland High School in Rio Rancho, New Mexico.

The following LESC members were present:

Senators Cynthia Nava, Chair, Mary Jane M. García, and Gay G. Kernan; and Representatives Rick Miera, Vice Chair, Roberto “Bobby” J. Gonzales, Jimmie C. Hall, Dennis J. Roch, Mimi Stewart, and Jack E. Thomas.

The following LESC advisory members were also present:

Senators Vernon D. Asbill, Stephen H. Fischmann, and Sander Rue; and Representatives Ray Begaye, Eleanor Chávez, Nathan P. Cote, Nora Espinoza, Mary Helen Garcia, Karen E. Giannini, John A. Heaton, Sheryl Williams Stapleton, and Shirley A. Tyler.

**PUBLIC EDUCATION DEPARTMENT (PED) PLAN TO COLLECT AND
REPORT COURSE INFORMATION (RESPONSE TO LESC REQUEST)**

Senator Nava recognized Ms. Eilani Gerstner, LESC staff, to provide the committee with an update of the Public Education Department’s (PED’s) plan to begin collection of course offering and course completion data in response to an LESC request for these data.

Ms. Gerstner explained that, during a 2009 interim LESC meeting, committee members expressed concern that the number of students who meet graduation requirements in law cannot be reported because the Student Teacher Accountability Reporting System (STARS) tracks only course enrollment, and not course completion. Statutorily required course offerings cannot be tracked either because students do not always enroll in an offered course. As a result, she said, the LESC requested in January 2010 that PED provide a report to the committee during the second LESC meeting of the 2010 interim outlining how the department can address these data collection and reporting issues.

In response, Ms. Gerstner said, PED provided a letter explaining that a thorough report on PED’s plan to collect and report course grades will be available for the August 2010 LESC meeting. She said the department also indicated that:

- PED has created a document of assurances for school district superintendents and charter school administrators to certify that their graduating students have met graduation requirements in law;
- once the assurances have been signed and submitted to the department, staff will be assigned to conduct spot checks to verify that graduating students have met the course requirements in law; and
- the department is creating a rule to require school districts to report courses offered, courses enrolled in, and student grades.

PED noted, however, that the department is operating under limited capacity because of funding and staffing cuts and, therefore, lacks the resources to provide oversight of course and grade reporting.

**NATIONAL CONFERENCE OF STATE LEGISLATURES (NCSL) UPDATE:
REAUTHORIZATION OF THE FEDERAL
ELEMENTARY AND SECONDARY EDUCATION ACT**

Senator Nava recognized Mr. David Shreve, NCSL Federal Affairs Counsel, to provide the LESC with an overview of the US Department of Education's (USDE's) proposal for reauthorization of the federal *Elementary and Secondary Education Act* (ESEA), known during the previous administration as the *No Child Left Behind Act of 2001* (NCLB).

In February 2010, Mr. Shreve said, the NCSL Task Force on Federal Education Policy released a report entitled *Education at a Crossroads, a New Path for Federal and State Education Policy*, following two years of meetings and study. Mr. Shreve noted that LESC Vice Chair Representative Miera served on that task force and on an earlier NCSL task force on NCLB. According to Mr. Shreve, the report made the following findings regarding recent federal education policy:

- Historically, the federal role in public education has focused on compliance, targeting blatant access and equity problems with prescriptive remedies. Federal policy continues to apply these remedies to complex and intractable problems such as universal student achievement, which do not respond to simple fixes.
- Such policies can have unintended consequences, including:
 - adoption of lower standards by states trying to avoid a failure-oriented accountability model requiring 100 percent proficiency;
 - departures from struggling schools by experienced teachers worn out by blame-throwing and a narrowed curriculum;
 - abandonment by states attempting to develop advanced accountability systems in the face of threatened penalties; and
 - setting many special needs students up for failure when they must take grade-level tests even if their individualized education programs (IEPs) dictate otherwise.
- NCLB was the culmination of the “one size fits all” approach that took pieces of various state standards-based reforms and applied them across the board to all states, short-circuiting the standards-making process and imposing a punishment-centered notion of accountability for failure to reach unattainable academic goals.

Mr. Shreve stated that, under the proposed reauthorization of the ESEA, as in the *American Recovery and Reinvestment Act of 2009* and the Race to the Top grant program, there are four basic requirements. The assumption is that these are the most important elements for reform in each and every state, and that they are necessary preconditions to improve student performance:

1. reward more effective teachers by tying teacher evaluation to student assessments;
2. intervene more in “failing” schools in the form of opened-up charter laws;
3. commit to national (voluntary?) standards and assessments; and
4. build enhanced data systems.

Mr. Shreve said that, ironically, research tying most of these elements to an increase in student achievement is inconclusive at best. He said that, by tying limited federal resources so heavily to complex and unproven systemic reform, the traditional federal focus on the disadvantaged and on sponsoring useful, non-partisan research has diminished. He told the committee that, for these reasons, NCSL believes it is time to re-position the role of federal government in education policy, and that the NCSL Task Force makes the following recommendations:

1. Concentrate available federal funding on populations most at-risk, using a research-based formula that emphasizes the neediest students, instead of trying to leverage system-wide reform with the 7.0 percent federal contribution.
2. Fund the *Individuals with Disabilities Education Act* (IDEA) at promised levels, which would immediately free up \$16.0 billion annually that, because of federal maintenance of effort requirements, could be redirected to reform and innovation at state and local levels.
3. Make permanent changes to the tax credit provisions of bonding laws that apply to school construction, and free tens of billions of dollars in state and local resources that would otherwise be spent on debt-service for school bonds.
4. Revitalize the federal focus on research and reporting on what works and why, without mandating how and when “winning strategies” should be required by law, or “encouraging” the use of them by withholding federal resources.
5. Use any remaining funds to reward and encourage innovation—not conformity with others or compliance with a checklist of reforms—by progress toward performance gains.

According to Mr. Shreve, the USDE “Blueprint for Reform,” the document that lays out the department’s proposal for reauthorization of ESEA, is a “two-handed” analysis. That is, it includes a number of components with both positive and negative aspects.

- On one hand, it acknowledges the need for major changes to ESEA. On the other hand, while some changes would be positive, the law would remain top-down and process-driven.
- It recommends eliminating adequate yearly progress (AYP) and proposes use of a growth model; however, it still would use an annual snap-shot of each student’s performance.
- The climb toward 100 percent proficiency would be removed; however, in its place would be a new undefined goal of “college & career ready.”
- Teacher quality would no longer be determined by résumé, and there would be a re-emphasis on allocation of teachers among schools as resources. However, the new ESEA would measure the “highly effective teacher” based on test data, a very inexact “science,” and USDE would dictate how to determine equitable distribution of teacher resources.
- Good state practices would be rewarded by competitive grants; however, USDE would pick winners and losers, and the gulf between them would grow.
- Competitions require participation in “voluntary common state standards”; however, joining is not voluntary with so much funding at stake.
- New law would do away with federal sanctions, except for the lowest performing 5.0 percent of schools. The sanctions for those schools are rigid and “process-driven.”

Mr. Shreve noted other points in the proposed reauthorization, such as “Promise Grants” that would allow schools to act as human services coordinators, a laudable idea but one that would be based on competitive applications for very limited funds. He also mentioned intra-district funding equalization meant to ensure that high poverty schools would have resources (including reassigned teachers) comparable to low-poverty schools.

Mr. Shreve then described the interventions and sanctions for the lowest 5.0 percent of chronically underperforming schools, which he said were the same for both the proposed reauthorization of ESEA and School Improvement Grants:

- *the transformation model*, which requires replacement of the principal, strengthened staffing, implementation of a research-based instructional program, extended learning time, and new governance and flexibility;
- *the turnaround model*, similar to the above except that the school could not rehire more than 50 percent of its staff;
- *the restart model*, which requires the school to convert or close and reopen under the management of an effective charter operator, charter management organization, or educational management organization; and
- *school closure*, whereby students are enrolled in a higher-performing district school.

Mr. Shreve concluded with brief comments, as requested, on HR 4247, the *Preventing Harmful Restraint & Seclusion in Schools Act*, passed by the federal House of Representatives on March 3, 2010. He said that the Senate will likely attach the bill to the ESEA reauthorization, probably when it comes to a vote in 2011. He stated that the bill is an effort to protect all students – not only those in special education – from harm arising during seclusion or restraint. The bill would pre-empt policies in place in 31 states and in consideration in 15 additional states. It would also require states to adopt federal standards within two years of enactment regardless of varying conditions in states and without consideration for costs associated with compliance.

Committee Discussion

Responding to a committee member’s question whether the federal role in education is likely to increase or diminish, Mr. Shreve said that it is difficult to predict. In recent years, he said, federal education policy has extended beyond its historical focus on special education and students in poverty to efforts to push states in specific directions regarding pedagogy and educational reform.

In response to a question from a committee member regarding whether schools could be designed to advance students when they are ready, rather than by age, Mr. Shreve stated that there are some such alternative models in a few states, but they are still experimental.

In response to a question from a committee member regarding how to overcome factors such as social and economic disparities that hold children back, especially along the border, Mr. Shreve stated that the federal Promise Grants have potential; however, he added, the federal amount of dollars for these grants is only about \$200 million.

STATE REVENUE UPDATE

Senator Nava recognized Dr. Tom Clifford, Chief Economist, Legislative Finance Committee (LFC), who provided the committee with an update regarding state revenue projections.

Dr. Clifford began by explaining that New Mexico's job losses had bottomed out at approximately 4.5 percent, and explained that New Mexico's employment growth was lagging behind the nation as a whole.

Concerning tax revenues, Dr. Clifford stated that year-over-year taxable gross receipts turned positive in March; but he added that, since the beginning of FY 10, taxable gross receipts remained down 11 percent. He said that rising natural gas liquids prices have encouraged production, and increased the average value of New Mexico's natural gas production. However, he further explained that gas production has accelerated in the last two years, while oil production has remained more stable.

Regarding corporate income taxes, Dr. Clifford noted that corporate earnings fell during the recession, oil and gas prices fell, and film credits increased from zero to \$74.0 million per year, resulting in lower revenues.

Dr. Clifford then explained that taxable income fell sharply in 2008 as business income declined; adding that salary growth in 2009 was minimal.

Dr. Clifford stated that these revenue trends contributed to a cumulative 20 percent revenue decrease between FY 08 and FY 10, adding that, despite the recovery, revenues will likely not return to FY 08 levels until FY 15. Comparing general fund revenue accruals through March to the most recent consensus revenue forecast, Dr. Clifford reported that oil and gas income was higher than forecast, which was more than offset by gross-receipts tax (GRT) and corporate income tax (CIT) revenues earning below forecast, and PIT revenues slightly below the forecast.

Dr. Clifford reminded the committee that, over the last two years, state reserves are down \$500 million, approximately \$1.0 billion in appropriations has been cancelled and reverted, and recurring appropriations have been reduced by \$680 million. He added that, were it not for these solvency measures, reserves would have fallen well below zero during the recession.

Dr. Clifford next addressed the FY 12 budget challenge, noting that, even assuming a flat budget, New Mexico would have to replace \$324 million in one-time federal appropriations, and \$156 million in other one-time savings. Even with the revenue enhancements passed in 2010, the state would need to raise revenues by an additional \$236 million.

Committee Discussion

In response to a committee member's question regarding the accuracy of revenue projections, Dr. Clifford confirmed that they can be unpredictable, and noted that in the past revenue has been both overestimated and underestimated.

In response to a committee member's question regarding the cause of increased revenues due to the revenue enhancements passed in 2010, Dr. Clifford confirmed that an increase in tax rates, rather than an increase in the size of the tax base, was responsible for the revenue growth.

In response to a committee member's question regarding the revenue available for FY 12, Dr. Clifford stated that, holding FY 11 revenue constant and adding the increased revenues from increased tax rates, the replacement of one-time funds would result in a shortfall of approximately \$236 million. He cautioned that there is significant downside risk to this scenario in that, if federal matching Medicaid funds do not become available, this shortfall may be even larger.

In response to a committee member's question regarding the amount of one-time federal funds in the FY 11 budget, Dr. Clifford stated that for FY 11, \$324 million in one-time federal *American Recovery and Reinvestment Act of 2009* (ARRA) funds were appropriated, and he added that these funds must be replaced with state funds or some other source of funding.

In response to a committee member's question regarding the balance of funds in the "education lockbox," Dr. Clifford stated that approximately \$40.0 million remains in that fund.

In response to a committee member's question regarding yield control on property tax liabilities, Dr. Clifford stated that, under present law, yield control authorizes an increase in revenue to each property tax beneficiary, and a cap exists which is the lower of either the rate of inflation of government services or 5.0 percent. He added that yield control enables effective property tax rates to increase in the event of a decrease in the total assessed property value.

In response to a committee member's question regarding the LFC's workplan, Dr. Clifford stated that the LFC planned to study tax-related issues such as GRT pyramiding, CIT reform, and tax progressivity to be presented during the committee's July meeting. He added that health care tax and local government revenues were scheduled to be discussed at the LFC's August meeting.

SCHOOL FINANCE ISSUES

- a. LESC School Finance Work Group: Preliminary Report; and**
- b. Implementation of CS/HB 227 & 251, School Board Finance & Audit Committees**

Senator Nava requested that both school finance issues on the agenda be presented as a combined report. For the presentation, she recognized Ms. Eilani Gerstner, LESC staff; Mr. Steve Archibeque, Senior Audit Manager, Office of the State Auditor; Mr. Don Moya, Deputy Cabinet Secretary, Finance and Operations, Public Education Department (PED); Mr. Steve Burrell, Director, School Budget and Finance Analysis Bureau, PED; Mr. Joe Guillen, Executive Director, New Mexico School Boards Association (NMSBA); and Mr. Ramon Montaña, President, NMSBA.

Ms. Gerstner explained that, during the 2010 legislative session, the LESC endorsed Senate Joint Memorial 24, *Study School District Finances & Operations*, requesting that the Office of Education Accountability (OEA), in collaboration with PED and in consultation with the Office of the State Auditor (OSA), form a work group to examine public school finance issues.

Although the joint memorial did not pass both chambers, she said, in keeping with the LESC's focus on public school finances during the 2010 interim, the LESC requested that an LESC work group be formed and that updates on the progress of the work group be provided at each interim meeting.

Referring to two attachments to the staff report, Ms. Gerstner reviewed the proposed membership, objective, and activities for the LESC School Finance Work Group. Ms. Gerstner explained that the work group would also monitor the implementation of two statutory provisions that:

- allow PED to impose sanctions for failure of school districts or charter schools to submit timely audits to the State Auditor, including withholding up to 7.0 percent of a school district's or charter school's State Equalization Guarantee distribution and suspending the board of finance, effective July 1, 2010; and
- require local school boards and charter school governing bodies to create finance subcommittees and audit committees (Laws 2010, Chapter 115), effective May 19, 2010.

These provisions, she said, will require each local school board to appoint a finance committee to assist the board in carrying out its budget and finance duties. She then reviewed a recent guidance letter sent by PED to school district superintendents and charter school administrators, informing districts and charter schools of the law and proposing a PED work group to create further guidance.

Mr. Archibeque, referring to a committee handout, reported that the mission of the State Auditor's Office is to provide:

- a professional, unbiased opinion on the financial affairs of all agencies receiving public funds; and
- transparency and accountability for the citizens of New Mexico.

Mr. Archibeque also described the State Auditor's initiatives that affect all agencies, including school districts, which include:

- a fraud hotline;
- an At-risk Designation Program through which OSA monitors the status of late audits, reviews audit reports, and monitors the fraud hotline and referrals from oversight agencies, including PED, Higher Education Department, Department of Finance and Administration, Legislative Finance Committee, and others;
- site visits and risk advisory letters;
- special audits and investigations, including those conducted in Mora Independent Schools and Jemez Mountain Public Schools; and
- training presentations for school districts and other agencies, including the prevention of fraud, waste, and abuse and changes to law.

He noted that the auditor's office currently has a staff of 30, including six staff in the Special Investigations Division and 12 in the Financial Audit Division. He said that OSA staff annually reviews over 600 state audit contracts, including those of public schools.

Mr. Guillen provided the committee with a handout summarizing training activities of the NMSBA, including results of a survey showing which school boards already had finance subcommittees and audit committees.

With 53 of the 89 school districts responding to the survey, Mr. Guillen reported that:

- 45 percent of those responding had established a finance subcommittee, while 19 percent were in the process of creating one and 36 percent had no finance subcommittee; and
- 37 percent of the responding districts had established an audit subcommittee, while 25 percent were in the process of creating one and 38 percent had no audit subcommittee.

Committee Discussion

In response to a committee member's question why it took seven years and the embezzlement of over \$3.4 million before fraud and abuse were detected in Jemez Mountain Public Schools, Mr. Archibeque stated that it was the result of a lack of internal controls over bank statements and blank check stock, as well as minimal supervision and review of the business manager. He noted that independent audits failed to detect material misstatements that were indications of fraud.

In response to a committee member's question, Mr. Archibeque stated that there are approximately 60 approved audit firms in New Mexico; however, the majority of audits are handled by approximately 15 approved firms. He added that many firms are unwilling to audit small school districts for the relatively small fee those districts are able to pay.

In response to a committee member's question how PED will enforce the requirement that school boards and charter school governing bodies create finance and audit subcommittees, Mr. Burrell stated that PED could require verification that the requirements were met through the PED budget approval process.

A committee member requested that the OSA consider a review of the Commission on the Status of Women.

Finally, Senator Nava requested that Representative Rhonda S. King be added to the LESC School Finance Work Group.

Senator Nava recognized National Spelling Bee Representative Ms. Hannah Evans, New Mexico's representative. Her father, Mr. Randy Evans, Business Manager for Rio Rancho Public Schools, noted that Hannah placed 15th in the national competition. Mr. Evans emphasized that his daughter's spelling skills are attributable to phonics, early reading, and the study of Latin and Greek roots.

DIRECTOR'S REPORT

a. Approval of LESC Financial Reports for March 2010 and April 2010

On a motion by Representative Gonzales, seconded by Senator García, the LESC financial reports for March 2010 and April 2010 were approved by the committee.

b. Approval of Draft LESC Policies and Procedures

On a motion by Representative Gonzales, seconded by Senator García, the draft LESC Policies and Procedures manual was approved by the committee.

c. Approval of Draft LESC Minutes for April 2010

Ms. Maestas reported that the committee notebooks included a draft copy of the April 2010 LESC interim meeting minutes for review by the members. She stated that the minutes would be finalized for approval during the August LESC interim meeting.

d. 2010 LESC Interim Workplan, Adopted and Revised

Ms. Maestas referred the committee to the 2010 interim workplan that was revised to reflect changes requested by members during the April 2010 interim meeting.

e. Issues for the 2010 LESC Interim Workplan

Ms. Maestas reported that LESC staff developed an issues document that outlined, by topic and interim meeting, staff reports to be provided to the committee in the 2010 interim. The document, she explained, summarizes the content of each report.

f. Correspondence and News Articles

Ms. Maestas presented the following items of correspondence to the committee, noting that they are retained in the LESC permanent files:

- a letter of June 3, 2010 from Dr. Veronica C. García, Secretary of Public Education, to district superintendents, charter school administrators, and testing directors regarding the High School Readiness Assessment System for Career and College;
- a letter of June 2, 2010 from Secretary García to Dr. Winston Brooks, Superintendent, Albuquerque Public Schools (APS); Senator Bernadette Sanchez; Mr. Martin Esquivel, Board President, APS; and Mr. Robert D. Lucero, Board Member, APS, regarding the Secretary's decision to recommend neither approval nor denial of the creation of a Westside school district in Albuquerque;
- a notice from the Higher Education Department giving notice of a public hearing regarding a proposed action on the *Allocation and Distribution of the Adult Basic Education Fund Act* rule.

Finally, Ms. Maestas referred the committee to education-related press releases included in the committee notebooks:

- Three press releases came from the Governor’s office:
 - detailing leadership transitions at three state agencies;
 - announcing that \$4.5 million in federal stimulus funds is now available to 15 school districts for solar energy projects; and
 - announcing an improvement in New Mexico’s national ranking for pre-kindergarten programs.

- Two came from the Secretary of Public Education:
 - announcing a high school graduation rate of 66 percent for the class of 2009; and
 - noting that a national education journal has ranked New Mexico 5th nationally for the strength of the state’s mathematics proficiency standards.

- One came from the National Center for Education Statistics, listing the 20 states – New Mexico not among them – that will receive federal grants for the design and implementation of statewide longitudinal data systems.

SUPERINTENDENTS AND COMMUNITY INPUT

Senator Nava recognized representatives from CIM Technology Solutions, an Indiana-based technology distribution and consulting corporation, to provide the committee with a demonstration of electronic feedback devices designed for classroom use. The demonstration covered the use of “Clickers,” which are student-operated remotes used by teachers in combination with software that tabulates responses in order to gauge understanding of topics. Presenters also demonstrated a device targeted for teachers that enables them write to a presentation board wirelessly throughout the classroom.

Senator Nava recognized Mr. Vernon Kerr, Government Counselor, and Mr. Mike Moye, Activities Director, Boys’ State, to request LESC assistance in obtaining dual-credit status for the program. Mr. Moye described the program as a simulation in which participants form and advocate for a political platform in a structure closely modeled on the workings of city, county, and state government in New Mexico. Mr. Moye noted that Eastern New Mexico University currently grants three college credit hours to participants completing the program. Also, Mr. Moye invited committee members to attend a session of the program in order to evaluate the program content.

Committee Discussion

A committee member suggested that Mr. Moye and Mr. Kerr request that the higher education institutions that award credit for the program execute an agreement with local school districts to allow dual credit status.

There being no other business, Senator Nava, with the consensus of the committee, recessed the LESC meeting at 6:17 p.m.

**MINUTES
LESC MEETING
JUNE 17, 2010**

Senator Nava called the LES C to order at 9:15 a.m. on Thursday, June 17, 2010 in the lecture hall at V. Sue Cleveland High School in Rio Rancho, New Mexico.

The following LES C members were present:

Senators Cynthia Nava, Chair, Mary Jane M. García, and Gay G. Kernan; and Representatives Rick Miera, Vice Chair, Roberto “Bobby” J. Gonzales, Jimmie C. Hall, Dennis J. Roch, Mimi Stewart, and Jack E. Thomas.

The following LES C advisory members were also present:

Senators Vernon D. Asbill, Stephen H. Fischmann, and Sander Rue; and Representatives Ray Begaye, Eleanor Chávez, Nathan P. Cote, Nora Espinoza, Mary Helen Garcia, Karen E. Giannini, John A. Heaton, and Shirley A. Tyler.

Also in attendance was Representative Jane E. Powdrell-Culbert.

**BUILDING NEW MEXICO’S FUTURE:
A MASTER PLAN FOR HIGHER EDUCATION IN NEW MEXICO**

Senator Nava recognized Dr. Viola E. Florez, Secretary of Higher Education, to discuss the process for formulating a state master plan for higher education.

The plan, according to Dr. Florez, will serve as a roadmap for the strategic planning efforts of the state’s public and private postsecondary education institutions. The vision of the plan, she emphasized, includes:

- expanding educational opportunities for students;
- increasing accountability for performance;
- enhancing efficiency in operations and policies;
- developing funding mechanisms to provide quality improvements in education programs, student services, and capital facilities;
- enhancing the effectiveness of instruction and student learning; and
- defining the roles and missions of New Mexico’s public universities, colleges, and community colleges in ways that will contribute significantly to New Mexico’s economic development, competitive position, and the quality of life for our citizens.

In the development of the state master plan, Dr. Florez explained, key leaders in the higher education community will be asked to participate, including faculty, students, college and university presidents, governing boards, boards of regents, and private schools. To obtain a broad perspective, she added, emphasis also will be placed on persons outside of the postsecondary education community, including individuals from business and industry, the Legislature, and health care, social work, and education agencies. As the plan is developed,

Dr. Florez stated, other means of input from all interested individuals will be available, including statewide public hearings and an online survey designed to reach out to diverse sectors of the state. The input from the survey, coupled with the goals listed above, will be used to develop issue papers designed to outline top-level concerns and provide context for discussion. The issue papers will be presented to the New Mexico Higher Education Advisory Board and other key affiliates, according to Dr. Florez, to review and discuss and to identify focus areas for inclusion in the structure of the plan. After this process, she said, a draft of the state master plan will be shared with higher education stakeholders for further review and input.

To conclude, Dr. Florez stated that the Higher Education Department (HED) anticipates a final draft of the plan in November 2010. The final plan will be submitted to the State Board of Finance for approval in December.

Committee Discussion

In response to a committee member's question, Secretary Florez noted that, in addition to the invitation to readers of HED's website to take the survey, the department solicited various groups to take the survey in order to garner survey responses from diverse sectors of the state, including parents, students, faculty, administrators, and the business community.

In response to a committee member's question whether the master plan will include tribal colleges, Secretary Florez stated that a public hearing is scheduled at the Southwestern Indian Polytechnic Institute, at which time public comment on Native American needs as they relate to the master plan can be gathered.

In response to a committee member's question relating to the scheduling of statewide public hearings, Secretary Florez confirmed that the hearings would be held in select locations throughout the state and that HED would be contacting individual legislators to notify them when meetings in their area are scheduled.

HIGHER EDUCATION FUNDING FORMULA OVERVIEW

Senator Nava recognized Ms. Eilani Gerstner, LESC staff, and Mr. Tino Pestalozzi, CPA, Deputy Cabinet Secretary for Higher Education, to provide the committee with an overview of the higher education funding formula.

Ms. Gerstner referred the committee to the staff report, noting that the higher education funding formula affects several programs that relate directly to public schools, including teacher preparation programs and the dual credit program, which rely on funding allocated through the formula. She said that, while the LESC has statutory authority over teacher preparation programs and endorsed the legislation that created the dual credit program, the committee had not received a report on the higher education funding formula since the 2008 interim.

Ms. Gerstner explained that, although the higher education funding formula is not in statute or rule, current law requires the Higher Education Department (HED) to:

- “develop a funding formula that will provide funding for each institution of higher education to accomplish its mission as determined by a statewide plan”; and
- “be concerned with the adequate financing of these [higher education] institutions and with the equitable distribution of available funds among them.”

Continuing, Ms. Gerstner said that each year the Legislature appropriates dollars to each public institution of higher education for “instruction and general purposes,” also known as I&G. Calculated through the higher education funding formula, annual I&G appropriations may be adjusted for inflation (including compensation) or other factors, such as appropriation reductions to meet state solvency efforts.

Ms. Gerstner also explained that several funds in law may provide additional funding for specific programs or institutional needs. In particular, dollars in the Higher Education Program Development Enhancement Fund² may be awarded to institutions of higher education to “[expand] instructional programs to meet critical statewide work force and professional training needs.” She said that this fund may be of particular interest to the LESC because, since the 2008 interim, the LESC has received reports indicating that New Mexico may need approximately 99 additional mathematics teachers to meet increased mathematics graduation requirements in place for the students who entered their freshman year in school year 2009-2010.

Next, Mr. Pestalozzi provided the committee with a more specific overview of the mechanics of the higher education funding formula. First he explained that the funding formula establishes the I&G funding for New Mexico’s seven public universities and 17 community colleges. As a comparison, he noted that for FY 11, public education, including PED, received approximately \$2.4 billion in General Fund appropriations (75 percent of all education appropriations) compared to approximately \$788 million for higher education, including HED (25 percent of all education appropriations).

Mr. Pestalozzi explained that the I&G consists of nine factors:

1. instruction and instructional support;
2. student services;
3. physical plant operations and maintenance/utilities;
4. land and permanent fund revenue credit;
5. mill levy revenue credit;
6. tuition revenue credit;
7. 3.0 percent scholarship adjustment;
8. building renewal and replacement adjustment; and
9. equipment renewal and replacement adjustment.

He further explained that most of the factors are based on data from two years earlier in order to allow a full year of data to be collected before calculating appropriations (known as the “two year lag”). He said that if any factor stays within 3.0 percent over or 5.0 percent under the previous data (known as the “band”), the factor generates neither more nor less funding.

² Created in 2003, this fund has its purpose enhancing “the contribution of post-secondary educational institutions to the resolution of critical state issues and the advancement of the welfare of state citizens.”

Mr. Pestalozzi next noted that instruction makes up approximately half of the I&G appropriation for each institution and that funding for student credit hours in “instruction and instructional support” is categorized into three tiers, based on the estimated, average cost of delivering instruction. Within each tier, he said, there are three instruction levels – lower level, upper level, and graduate. Each tier and instructional level has an assigned funding per credit hour (noted in a table in his presentation), and institutions receive instruction and instructional support funding based on the total number of student credit hours in each tier and level.

Next Mr. Pestalozzi provided an example of how teacher preparation courses are funded, noting that teacher preparation coursework is funded in Tier 1, with some exceptions. He added, however, that not all funding generated by teacher preparation student credit hours stays within the teacher preparation program; rather, the funding is allocated to each institution’s board of regents, which allocates funding within the institutions.

Mr. Pestalozzi also provided an example of how dual credit courses are funded through the higher education funding formula. Since FY 09, he said, the funding formula reimbursements to institutions have increased from approximately \$1.9 million in FY 09 to nearly \$2.9 million in FY 11.

Changes to the higher education funding formula, Mr. Pestalozzi said, originate with recommendations by the Higher Education Funding Task Force, which are then submitted to the Secretary of Higher Education, who submits the formula change requests to the Department of Finance and Administration and the Legislative Finance Committee. Approved formula changes are reflected in the total I&G appropriations to institutions in the *General Appropriation Act*.

Finally, Mr. Pestalozzi reviewed projections for FY 11 and FY 12 I&G appropriations, noting that from FY 08 to FY 12 student enrollment is projected to increase 16 percent, whereas funding may decrease by nearly 10 percent. He said that the projected FY 11 General Fund shortfall combined with a need for increased funding could result in a \$70.0 million shortfall for I&G funding in FY 12.

Committee Discussion

In response to a committee member’s question if the mill levy revenue credit factor of the funding formula applies to all institutions, Mr. Pestalozzi said that this factor applies only to two-year institutions and that it is one of the factors that does not have a two-year lag but is based on prior-year property values. He added that, because the amount can vary each year, especially in areas with oil and gas revenue, the Higher Education Funding Task Force is considering using a three-year rolling average in the calculation.

In response to a committee member’s question whether HED approves institution budgets, Mr. Pestalozzi indicated that two HED staff members review the budgets of 29 institutions yearly.

Several committee members asked whether HED had done an analysis of how much funding goes to administration at higher education institutions. In response, Mr. Pestalozzi indicated that HED had begun collecting some data. The committee members urged HED to continue the

analysis to determine whether administration is over- or under-funded at New Mexico higher education institutions.

In response to a committee member's question why funding recommendations for the public school funding formula go through the House Education Committee (HEC) but funding for the higher education funding formula does not, the Chair noted that statute does not provide for it.

Expressing interest in the Higher Education Program Development Enhancement Fund, several committee members asked whether the fund could be used to support teacher preparation programs. Mr. Pestalozzi indicated that, in past years, language in the *General Appropriation Act* has restricted the funding to nursing programs. Ms. Gerstner added that, although language designated the funds for nursing, statute requires HED to determine four "critical issues" to be addressed through awards from the fund.

In response to a committee member's question regarding the cost to implement the BA/MD program at the University of New Mexico, Mr. Pestalozzi cited the costs were between \$600,000 and \$800,000.

In response to a committee member's question regarding tribal colleges' participation in the dual credit program, Mr. Pestalozzi stated that the department is currently working on the mechanics of a formula designed to generate money for tribal colleges having waived tuition for dual credit students.

HIGHER EDUCATION FUNDING FORMULA TASK FORCE: UPDATE

Senator Nava recognized Mr. Curt Porter, Associate Vice President for the University of New Mexico (UNM), for an update of the interim work of the Higher Education Funding Task Force.

Referring to a committee handout, Mr. Porter said that the task force has appointed three subgroups to examine the following issues:

- funding implications of the statewide master plan, including:
 - proposals to calculate funding for institutions depending on their missions; and
 - governance issues;
- the tuition credit; and
- higher education funding formula mechanics, including:
 - building renewal and replacement; and
 - possible changes to the funding band.

The task force, Mr. Porter stated, has reviewed results of master plan surveys, which indicate that among the strengths of higher education in New Mexico are affordability, access, investments in facilities, and strong research programs.

Priorities for moving forward, Mr. Porter said, include promoting a culture that values education, considering how best to implement performance funding, maintaining institutional autonomy, and enhancing P-20 coordination and cooperation.

Finally, regarding the tuition credit, Mr. Porter said that it has been very difficult for institutions to plan for future years under the current method of tuition credit reimbursement. Because the current calculation is closely tied to enrollment, the task force is considering alternate methods of calculating the tuition credit.

Committee Discussion

In response to a committee member's questions whether two-year institutions are represented on the higher education funding formula mechanics subgroup, Mr. Porter stated that Mr. Danny Earp, Director, New Mexico Independent Community Colleges, and Mr. Ty Trujillo, Executive Director, New Mexico Association of Community Colleges, are members of the subgroup.

In response to a committee member's question about the portion of UNM's budget that is derived from state funding, Mr. Porter said that state dollars account for approximately 17 percent of the university's \$2.4 billion budget.

***STUDY READING CURRICULA IN TEACHER EDUCATION,* HJM 16 WORK GROUP: PRELIMINARY REPORT**

Senator Nava recognized Representative Stewart to provide the committee with a preliminary report on the implementation of House Joint Memorial 16 (HJM 16), *Study Reading Curricula in Teacher Education*, which was endorsed by the LESC in 2010 and passed by the 2010 Legislature.

Representative Stewart said that the impetus for the memorial was the presentation in the 2009 interim of a report from the National Council on Teacher Quality (NCTQ) entitled *Preparing Tomorrow's Teachers: Are New Mexico's Education School Graduates Ready to Teach Reading and Mathematics in Elementary Classrooms?* She explained that, based on a review of the curricula and syllabi of reading courses in teacher preparation programs, the report claimed that most programs in New Mexico were not preparing candidates to teach the science of reading and that they used a wide variety of reading textbooks, most of which did not address the science of reading.

According to Representative Stewart, the New Mexico Deans and Directors of Colleges of Education contested the methodology of the NCTQ study and volunteered to sponsor the study, which was the subject of HJM 16. The memorial requests that the deans form a work group to:

- examine the curricula and assigned text materials of all required reading courses in programs that prepare teachers for state licensure; and
- determine if those courses meet the statutory requirements that they be based on current scientifically based research.

Members of the work group, Representative Stewart reported, were selected as specified in the memorial. They include three deans or directors of undergraduate teacher preparation programs and alternative teacher licensure programs and three members of the LESC:

- Dr. Jerry Harmon, Dean, College of Education and Technology, Eastern New Mexico University (ENMU);
- Dr. Richard Howell, Dean, College of Education, University of New Mexico (UNM);
- Ms. Erica Volkers, Director, Education Programs, Central New Mexico Community College (CNM);
- Representative Jimmie C. Hall, LESC member;
- Senator Cynthia Nava, LESC Chair; and
- Representative Mimi Stewart, LESC member.

Representative Stewart said that all nine publicly funded teacher preparation programs were required to participate in the study and that private programs were not required but were encouraged to do so. She said that, at its organizational meeting on May 21, 2010, the work group had established a two-phase review process for the study: first, a review of all syllabi and assigned reading materials for the six-credit reading courses required for elementary education licensure; and second, site visits and interviews at each program, using a protocol to be developed by the work group at its second meeting.

Reviewers were to be selected, Representative Stewart indicated, based on responses to invitations to apply that were sent to 13 nominees via email. She said six would be chosen and trained, and would be assigned to review three or more institutions each in teams of two, at a rate of \$250 per day for approximately four days of work. The study timeline called for reviewers to submit evaluations for each program by October 1, so that the work group could complete its final report to the committee in time for the November LESC meeting.

Committee Discussion

In response to a committee member's question whether NCTQ may amend the scores given to state reading programs as a result of the work group, Representative Stewart stated that the question will be discussed at the next work group meeting and that the group may present the changes in the hope that NCTQ considers amending the grade.

In response to a committee member's question whether private institutions of higher education (IHEs') reading programs are approved by the Public Education Department (PED), Ms. Pamela Herman, LESC staff, stated that they are, but that HJM 16 only addressed public IHEs. She added that the hope of the work group is that PED will include the forthcoming recommendations in an accreditation process.

In response to a committee member's question whether any of the HJM 16 reviewers are Spanish-speaking, Representative Stewart stated that, of the 13 possible reviewers, one is bilingual. However, she added that, regardless of language, the science of reading is constant, and that the committee concerns and comments will be discussed at the next work group meeting.

In response to a committee member's question on the methodology and usefulness of the NCTQ report as a measure of New Mexico's teacher education, Representative Stewart stated that the report did have issues including the lack of site visits.

READY FOR COLLEGE 2010 REPORT

Senator Nava recognized Dr. Peter Winograd, Education Policy Advisor, Office of the Governor, for a presentation on the *Ready for College 2010* report. Dr. Winograd began by explaining that, each year since 2006, the Office of Education Accountability (OEA), the Public Education Department (PED), and the Higher Education Department (HED) have produced the report, which includes findings on how many New Mexico high school graduates take remedial courses in mathematics and literacy at New Mexico's public postsecondary institutions. He noted that charter schools and alternative schools are measured separately from traditional public high schools because when the report was first published there were few charter schools, and it is important to compare apples to apples when analyzing long-term data.

Noting that it includes data from the fall 2009 semester, Dr. Winograd discussed a number of highlights from the 2010 report, among them:

- the number of New Mexico public high school graduates attending a New Mexico public postsecondary educational institution increased to 9,713 in fall 2009 from 9,346 the year before;
- there was a statistically significant decrease (3.1 percent) in the percentage of those students required to take at least one remedial course: 47.1 percent in 2009 compared to 50.2 percent in 2008; and
- of the 4,524 seniors who had taken a dual credit course in school year 2008-2009, only 35 percent were required to take a remedial course during the fall of 2009.

Dr. Winograd also explained that taking even one remedial course in college reduces a student's chance of completing a degree or certification. Even so, he continued, 36 percent of students who had taken one or more remedial courses managed to complete a degree or certification in 2009.

Finally, Dr. Winograd explained that he would eventually like to be able to track students who attend postsecondary institutions in other states. Toward that end, he is seeking \$18,000 for the state to join the National Student Clearinghouse, which maintains a database of enrollments in all US postsecondary institutions.

Committee Discussion

In response to a committee member's question regarding alternatives for students needing remediation, Dr. Winograd stated that students have options such as re-testing and tutoring.

In response to a committee member's question whether all colleges determine a student's need for remediation in the same way, Dr. Winograd noted that each institution administers a placement test but that the tests and the cut-scores vary by institution.

LEGISLATIVE LOTTERY SCHOLARSHIP

Senator Nava recognized Ms. Ally Hudson, LESC staff, for a report on the Legislative Lottery Scholarship.

Created by legislation enacted in 1996, Ms. Hudson explained, the Legislative Lottery Scholarship is a renewable, full-tuition award granted to qualifying students beginning in their second semester at a public postsecondary institution in New Mexico and continuing for seven more consecutive semesters. The scholarship, she noted, covers the cost of tuition only; therefore, students are responsible for additional educational expenses such as student fees, course materials, and housing.

Among its provisions, Ms. Hudson reported, current law requires an eligible student to:

- be a New Mexico resident;
- have graduated from a New Mexico public or accredited private school or have obtained a New Mexico GED;
- enroll full-time (in at least 12 credit hours) at an eligible New Mexico public college or university, in the first regular semester immediately following high school graduation; and
- obtain and maintain a cumulative grade point average (GPA) of at least 2.5.

Other provisions, Ms. Hudson added, address specific accommodations with regard to:

- students with disabilities;
- students whose parents are in the military; and
- individuals who either immediately enlist in, or have recently departed from, the US Armed Forces.

Ms. Hudson reported that, since its inception, the New Mexico Lottery has raised \$417 million for education, and more than 61,000 students have attended college on lottery scholarships.

Regarding the demographic characteristics of lottery scholarship recipients, Ms. Hudson explained that the majority of New Mexico's postsecondary institutions do not require a student to fill out the Free Application for Federal Student Aid (FAFSA) form in order to qualify for the Legislative Lottery Scholarship. As a result, information such as socioeconomic status, parental educational attainment, median household income, and other data are not consistently collected. Referring to an attachment to the staff report, *Lottery Attainment by Ethnicity*, Ms. Hudson reviewed lottery recipients by ethnicity for academic years 2004-2008. The attachment, she noted, illustrated that student populations receiving the Legislative Lottery Scholarship have increased every year across all institutions dating back to 1997.

Referencing another attachment to the staff report, *Lottery Awards Since Inception*, Ms. Hudson stated that total lottery headcount has increased from 133 students in 1997 to 18,426 students in 2008; and total lottery disbursements have increased from \$76,901 in 1997 to \$43,236,870 in 2008.

Concerning the educational outcomes of lottery scholarship recipients, Ms. Hudson highlighted data that suggest that lottery scholarship recipients graduate at a higher rate than students from the same four-year cohort who do not receive the lottery scholarship; and she emphasized data suggesting that lottery students require less remediation than their non-lottery counterparts. Ms. Hudson also noted the inconsistency in the state's postsecondary institutions' exit interview policies and the complex variables that affect student withdrawal.

Ms. Hudson called attention to the status of the Lottery Tuition Fund by referring to another attachment to the staff report, *Lottery Scholarship Sustainability*. According to the Higher Education Department (HED), she reported, expenditures from the fund already exceed incoming revenue. Ms. Hudson explained that HED anticipates issues with the fund's solvency by either FY 11 or FY 12.

Committee Discussion

In response to a committee member's question regarding a student's ability to re-enter the lottery program after losing scholarship status due to hardship, Ms. Hudson said that each postsecondary institution is responsible for reviewing instances of hardship and approving or denying such cases.

In response to a committee member's question whether dollars in the lottery scholarship fund are sufficient to fund all eligible students, Ms. Hudson stated that, while expenditures do exceed revenues, the fund has a sufficient balance to support this year's freshmen for the next four years.

There being no other business, Senator Nava, with the consensus of the committee, recessed the LESC meeting at 4:41 p.m.

MINUTES LESC MEETING JUNE 18, 2010

Senator Nava called the LESC to order at 9:20 a.m. on Friday, June 18, 2010 in the lecture hall at V. Sue Cleveland High School in Rio Rancho, New Mexico.

The following LESC members were present:

Senators Cynthia Nava, Chair, Mary Jane M. García, Gay G. Kernan, and Lynda M. Lovejoy; and Representatives Rick Miera, Vice Chair, Roberto "Bobby" J. Gonzales, Jimmie C. Hall, Dennis J. Roch, Mimi Stewart, and Jack E. Thomas.

The following LESC advisory members were also present:

Senators Vernon D. Asbill, Stephen H. Fischmann, and Sander Rue; and Representatives Nathan P. Cote, Nora Espinoza, Karen E. Giannini, John A. Heaton, and Shirley A. Tyler.

USE OF FEDERAL SCHOOL IMPROVEMENT GRANT FUNDS

Senator Nava recognized Dr. David Harrell, LESC staff, for a presentation on the use of federal School Improvement Grant funds. Dr. Harrell introduced Dr. Sheila Hyde, Deputy Secretary, Learning and Accountability, Public Education Department (PED); Ms. Linda Sink, Chief Academic Officer, Albuquerque Public Schools (APS); Mr. James Lujan, Principal, Ernie Pyle Middle School, APS; Ms. Bobbie Gutierrez, Superintendent, Santa Fe Public Schools (SFPS); and Dr. Andrea Tashan, Director of Curriculum and Instruction, SFPS.

Dr. Harrell said that, according to the US Department of Education, Title I of the *Elementary and Secondary Education Act of 1965* authorizes School Improvement Grants through state educational agencies to local educational agencies for use in Title I schools. More specifically, he said, the grants are for Title I schools that are “identified for improvement, corrective action, or restructuring [and] that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of their students so as to enable the school to make adequate yearly progress and exit improvement status.”

Dr. Harrell stated that, in early April 2010, the US Secretary of Education announced that New Mexico will receive more than \$28.5 million in federal School Improvement Grants. As part of its application for these funds, PED applied the federal definition of persistently lowest achieving schools to identify 20 Title I schools in New Mexico as the first ones eligible to apply for these funds. In early May 2010, PED announced that, based on their applications, nine of these 20 schools, among seven districts, have been selected to receive awards ranging from \$500,000 to \$2.0 million (\$11.3 million altogether).

Dr. Harrell explained that schools participating in the program selected one of four models for improvement:

- **Turnaround Model**: This model requires that the principal and at least 50 percent of the staff be replaced and that the school adopt a new governance structure and implement a new or revised instructional program.
- **Close/Consolidate Model**: Under this model, the low-performing school is closed and its students are enrolled in other, higher-performing schools in the district.
- **Restart Model**: This model requires either that the school be converted or that it be closed and then restarted, perhaps as a charter school.
- **Transformation Model**: A school adopting this model must implement four strategies that address teacher and instructional reform:
 - develop educator effectiveness by basing evaluations on student growth, and implement models to reward those who improve student outcomes and replace those who do not;
 - implement instructional reform strategies based on alignment through data;
 - extend learning time; and

- provide flexibility in terms of staffing, calendars, and budgets while ensuring that the school receives assistance from the district, state, and other entities.

Next, Ms. Sink and Mr. Lujan briefed the committee on how School Improvement Grants were being used to implement the Transformational Model at Ernie Pyle Middle School in APS. Explaining that student achievement was the focus of the reform efforts, they listed the following student gain expectations:

- 10 percent or higher gains in math, reading, and writing on Standards-based Assessments;
- proficiency or higher using district benchmark assessments;
- lower achievement gaps for subgroups by 10 percent on Standards-based Assessments;
- 10 percent increase in the number of students involved in activities at the school; and
- 100 percent of 8th graders completing their five-year plans for high school graduation.

Mr. Lujan also discussed strategic actions that the school had taken to drive the implementation of these goals, including embedded professional development, project-based and data-driven instruction, rigorous standards-based lessons, and active engagement.

Ms. Sink noted district-wide actions being undertaken in pursuit of the same goals, including professional learning communities and social-emotional learning support, as well as teacher and principal incentives designed to further the commitment to instructional and professional development initiatives. In addition, she discussed measures the district is taking to ensure sustainability of these reforms.

Ms. Gutierrez and Dr. Tashan discussed how SFPS is using the School Improvement Grants at Ramirez-Thomas Elementary School, the only school in the state to implement the turnaround model, the most stringent of reform methods. They discussed support measures designed to enhance the effectiveness of school principals, which include developing strong assistant principals, data coordinators, instructional coaches, and office secretaries. They also outlined measures such as professional development, increased learning time, strengthening classroom standards, and the continuous improvement model, which uses an ongoing four-step process to make progressive adjustments based on assessments.

Finally, Ms. Gutierrez and Dr. Tashan also discussed non-academic support for students, centered on strong ties between families and schools.

Committee Discussion

In response to committee members' questions, Ms. Gutierrez stated that teachers received classroom management training in order to better manage student behavior and that many classrooms are staffed by bilingual teachers. Responding to another question about personnel, Ms. Gutierrez stated that, many of the teachers who were let go were simply mismatched with the school rather than being ineffective. She added that incoming teachers are mostly Tier II and Tier III teachers, who are more appropriate for the environment at Ramirez-Thomas Elementary School.

In response to a committee member's question, Mr. Lujan stated that 127 students at Ernie Pyle Middle School in APS are special education students and that the school has 1.5 nurses, supplemented by a full-service clinic.

In response to a committee member's question what techniques the school uses to intervene with students lacking reading proficiency, Mr. Lujan identified such programs as Balanced Literacy, Spire, and Just Words, as well as the Fundamentals of Reading and other scientifically based programs.

In response to an inquiry from the Chair about parental involvement, Mr. Lujan stated that community nights, take-home flyers, and parent liaisons are ways that Ernie Pyle Middle School has been increasing parent engagement.

In response to a committee member's question which high school core courses Ernie Pyle Middle School offers its 7th and 8th graders, Mr. Lujan stated that algebra is offered, as well as a program in which 8th graders spend their last two weeks of middle school at a high school in order for them to begin acclimating to the high school environment.

GOVERNMENT RESTRUCTURING TASK FORCE: PRELIMINARY REPORT

Senator Nava recognized Dr. David Harrell, LESC staff, to provide the committee with a preliminary report on the progress of the Government Restructuring Task Force (GRTF). This task force, he said, was created through legislation enacted in 2010 (HB 237a, or Laws 2010, Chapter 101, with emergency clause) to examine all of state government and to make recommendations leading to increased efficiencies and reduced costs.

Dr. Harrell noted that membership consists of:

- five House members appointed by the Speaker of the House and five Senate members appointed by the President Pro Tempore of the Senate;
- six public members who possess expertise in public and private sector organizational structure and who reflect the ethnic, cultural, and geographic diversity of the state, three appointed by the Speaker of the House and three by the President Pro Tempore of the Senate; and
- the Secretary of Finance and Administration.

In addition to these members prescribed by law, Dr. Harrell said, the task force includes eight advisory members: four representatives and four senators, appointed by the leader of each house, respectively. Dr. Harrell added that Representative Miera is a voting member of the task force and that Senator García and Senator Lovejoy are advisory members.

Among other statutory provisions, Dr. Harrell continued, the task force meets at least once and no more than twice per month, and staffing is provided by the Legislative Council Service (LCS), the Legislative Finance Committee (LFC), the LESC, and the Department of Finance and Administration.

At the first meeting of GRTF, Dr. Harrell continued, the task force elected Senator Tim Eichenberg as Chair and Representative Patricia A. Lundstrom as Vice Chair. The task force also began formulating a workplan and a meeting schedule and heard a historical perspective of New Mexico government structure, funding, and previous restructuring initiatives, including a history of public education. The task force agreed that all three branches of government and their respective agencies and programs are subject to review and possible restructuring, and that the recommendations of the Governor's Committee on Government Efficiency (2010), commonly known as the *Carruthers Report*, could serve as an effective starting point.

At the second meeting of GRTF in May, the task force was introduced to the newly hired facilitator, Mr. Tim Karpoff, of Karpoff and Associates, who emphasized the importance of a transparent process and a robust conversation as the task force proceeded with its work.

The task force also heard several staff presentations, Dr. Harrell said, two of which made direct references to public education:

- LCS presented and discussed a comprehensive organizational chart of state government, including the cabinet departments, agencies, bureaus, and boards and commissions. Among other points, this presentation noted:
 - that the state constitution creates a number of postsecondary educational institutions that are under the absolute control of their respective boards of regents;
 - that the uniform system of free public schools is one of the few direct mandates to the state;
 - that local school boards are recognized although not created in the state constitution; and
 - that the Public Education Department (PED) is the only cabinet department created in the state constitution.
- LFC presented findings from an analysis of US Census Bureau data to compare the levels of government employment in New Mexico to those of 10 other selected states and to national averages. Among the findings, New Mexico has:
 - a higher proportion of K-12 public education FTEs per 1,000 residents than the group and national averages; and
 - a higher proportion of higher education FTEs per 1,000 residents aged 18 and above than the group and national averages.

Dr. Harrell encouraged committee members to attend the upcoming June meeting, which will focus on public education: K-12 on Monday, June 21, and higher education on Tuesday, June 22.

Finally, Dr. Harrell listed some points and ideas made in discussions by both small groups and the full task force:

- merge PED and the Higher Education Department into a single department of education;
- reduce the number of postsecondary educational institutions;
- consolidate selected school districts;

