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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/03/10  
 SPONSOR HEC LAST UPDATED 02/10/10 HB 70/HECS/aHEC  
 SHORT TITLE Educational Data System SB \_\_\_\_\_  
 ANALYST Hoffmann

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

- Department of Finance and Administration (DFA)
- Department of Information Technology (DoIT)
- Department of Workforce Solutions (DWS)
- Department of Health (DOH)
- Public Education Department (PED)
- Higher Education Department (HED)

### SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to House Education Committee substitute for House Bill 70 makes the following modification.

Clarification is added (“prior to submission and publication of the report referred to in subsection K”) to the language directing that a draft of the annual status report be sent to school districts, charter schools and all public post-secondary educational institutions to allow comment on the draft report.

Synopsis of HEC Substitute

The House Education Committee substitute for House Bill 70 makes the following material changes.

## **House Bill 70/HECS/aHECS – Page 2**

- Language is added to ensure the privacy of any person whose personally identifiable data is contained in the data system.
- The requirement for public entities participating in the data system to protect personally identifiable information is clarified to reference applicable state and federal laws.

House Education Committee substitute for House Bill 70 defines an “Educational Data System” that serves Pre-K through Post-Graduate Education (P-20), defines the “data systems council” and outlines specific components and functions of the data system.

The purpose of the system would be to

1. collect, integrate and report longitudinal student-level and educator data required to implement federally or state-required education performance accountability measures,
2. conduct research and evaluation regarding federal, state and local education and training programs at all levels, and
3. audit and ensure compliance of those programs with applicable federal or state requirements.

House Bill 70 would create the educational data system council. Council membership would consist of eight cabinet secretaries, the director of the office of education accountability, a representative of the office of the governor, at least six public school superintendents, three charter school administrators, the director of the Legislative Education Study Committee, the director of the Legislative Finance Committee and would amend post-secondary educational institution membership to one research based university, one four year comprehensive university, two branch colleges and two community colleges.

### **FISCAL IMPLICATIONS**

House Bill 70 makes no appropriation.

According to the PED, House Education Committee substitute for House Bill 70 assumes adequate funding for the educational data system. The PED has identified as a potential funding source a federal grant for the development and implementation of a statewide P-20 data system. On December 3, 2009 the New Mexico Data Warehouse Council submitted New Mexico’s application for this grant to the U.S. Department of Education. The award could be as high as \$20 million. However, yearly operational funds will need to come from state’s general fund after the system is implemented.

There are no estimates available for the cost of developing this system, nor are any estimates available on the annual cost to operate this system.

### **SIGNIFICANT ISSUES**

This bill was introduced for the Legislative Education Study Committee (LESC). The LESC said at its December 2009 meeting that legislation was needed to codify a comprehensive P-20 data system.

Much of the data collection is complete for the K-thru-12 components. The definition of

requirements (data capture, new/modified processes, compliance with federal/state, technical & program support, and infrastructure) for Pre-K and postsecondary will require significant time and funding. Needed are the following:

- Determining who owns the data and gaining concurrence of that ownership;
- Security and access to the data must be clearly defined, possibly by individual user;
- Skills & personnel needed to provide support from help-desk to system administration;
- Management structure to provide daily support and management of the data collection and reporting to include security down to the data element level;
- Data Entry training for school & district staffs (where the data is captured); and
- Reviews (yearly, if not quarterly) to insure new data requirements are approved and the required processes and modifications are properly assigned and managed.

The PED stated the following concerns.

The collecting and reporting of dropout data by individual student, particularly as related to private schools, home schools and “other states” is currently a manual process. Each principal is charged with calling or writing to a student’s last known address to determine dropout status. This data is typically not available until December of each school year and is not submitted into STARS. PED has started to provide districts with a list of ‘potential dropouts’ from STARS and plans to augment the data reporting.

The data required for the ‘data system’ from the postsecondary institutions and the associated data model need to be designed, documented and developed. The data collection, validation and verification, along with specific reports, also need to be designed, documented and developed. Postsecondary institutions will need to provide significant resources for this effort and for on-going training.

The DFA added the following comments regarding House Bill 70.

[T]he American Recovery and Reinvestment Act of 2009 (“ARRA”) required that New Mexico provided an assurance that it was “establishing pre-K to college and career data systems that track progress and foster continuous improvement.”

In order to meet this assurance, and to streamline the data analysis process, this past summer, The Governor signed Executive Order 2009-019 establishing the New Mexico Data Warehouse Council. This Council, jointly chaired by the Secretaries of Public Education and Higher Education has been charged with:

- Establishing a longitudinal data system that meets the requirements of ARRA.
- Developing a proposal for a longitudinal data system that could be submitted to the US Department of Education.
- Creating a management plan for operating the data warehouse.
- Developing interagency agreements for data sharing.
- Developing a strategic plan.
- Remove barriers and provide oversight to ensure that timely and useable reports were produced, and develop a schedule of reports.

The Data Warehouse Council has held meetings since August 2009. The Council has met a number of its major milestones. The Council has established a P-20 data sharing Memorandum of Understanding which has been signed by all data-sharing agencies.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 69 is a companion bill to House Bill 70. House Bill 69 would amend and add to Section 1: Section 22-2C-11, NMSA 1978, which specifies requirements for PED, school districts and charter schools to report accountability information. Specifically, the bill delineates publication requirements for the 4-year and 5-year cohort graduation rates, along with alternate outcomes of high school students who did not graduate. The bill also updates language throughout to include the new class of state-chartered charter schools, clarifies the responsibility of local education agencies (LEAs) to report for their locally-chartered schools and explicitly states that confidentiality must be protected in reporting.

### **OTHER SUBSTANTIVE ISSUES**

The HED observes there are numerous technical obstacles in connecting the data between NMHED and other agencies. Technologies for such systems exist and are widely utilized; however, these technologies are expensive as demonstrated in the cost of building and implementing STARS. Matching could potentially take place now, but only manually, and is viable only on a limited basis and for pilot projects. Another major challenge would be the migration of the existing data.

### **ALTERNATIVES**

The HED suggests three potential alternatives:

- Each department could provide access to limited subsets of data elements identified by using a common protocol. This ensures everyone still owns their individual systems and those systems can continue to function for the unique and important needs of each department. With limited funding, a smaller less functional commercial database could manage these elements and aid research and reporting in advance of a fully implemented system.
- A comprehensive P-20 database without requiring significant additional funding can be created by utilizing a database which tracks students by social security numbers (SSN). This probably would be the best, most effective, and simplest approach to maintaining P-20 records. Currently, NMPED does not collect SSN from students enrolled in the system; however, if they were to start the collection today, NMHED would be able to match data tomorrow. The SSN need not be used as a student's primary identifier. Rather, SSNs could be collected as a subfield or additional identifier that is encrypted and fully protected. This approach is not without precedent: Florida currently tracks students by maintaining a database of SSNs. The SSN P-20 database is recommendable because of multiple elements. The SSN is a unique number that most individuals have and know from memory. Data quality and accuracy is significantly improved, and the scope for data matching is expanded. By collecting SSNs, NMHED will have the tools necessary to data match with other agencies.
- Fully fund a statewide education warehouse that includes the development of the higher education portion of the warehouse compatible and comparable to the STAR system.

The HED will continue to seek non-state funding for this project, but until such time as additional funding is received, HED is limited to the low/no cost foundational steps that can be taken toward a fully realized longitudinal data system.

A project of this magnitude requires a thoughtful phased-in approach that allows appropriate time to develop the necessary governance structure, secure adequate funding, design an agreed upon system architecture, communicate data element and associated data dictionary specifics, and other technical operational details.

CH/mt:mew