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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/10

SPONSOR Fischmann LAST UPDATED _____ HB _____

SHORT TITLE Suspend Certain School Assessments SB 75

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	(\$0 to \$3 million) See narrative	Recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB130 and HB 72

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 75 would allow school districts to suspend the administration of all required state assessments that are not required by the federal No Child Left Behind Act except short cycle assessments with the frequency of test administration left up to the districts discretion.

FISCAL IMPLICATIONS

The PED provided the following fiscal analysis that suggests limitations on potential savings.

Funding for administration of assessments is appropriated to the PED and school districts each year in the General Appropriations Act. Starting in school year 2010-2011, the “school districts may suspend” the state-required assessments not required by ESEA, except short-cycle assessments in grades 9 and 10. Suspension of the assessments would provide cost savings for both PED and school districts beginning in FY11; however, an exact dollar savings is difficult to estimate because it is unknown which school districts would choose to suspend certain state-required assessments.

The PED estimates the annual cost for administration of the state-required assessments, which could be suspended in FY11 for both PED and the school districts, to be \$3.8 million; therefore, the maximum that could be saved each year during the three-year period would be approximately \$3.8 million (\$1 million for PED and \$2.8 million for the school districts), assuming all districts suspend all state assessments not required by ESEA. The amount of the savings will be dependent upon the number of school districts that choose to suspend certain assessments and also on whether or not funding was provided for this purpose to PED and the school districts.

It should be noted that in the budget recommendations for FY 11 neither the Executive nor the LFC fully funded administration of these state-required assessments and, therefore, if House Bill 72 was passed and implemented by all school districts, the total savings of approximately \$3.8 million could not be realized.

This bill provides no funding to PED for state-required assessments and provides no new assessment funds to the school districts. Therefore, if this bill is enacted there would be no savings in FY 11 for PED and between \$0 to approximately \$2,000.0 million savings for the school districts dependent upon which school districts suspend which assessments.

House Bill 72 provides that each school district, and not PED, can make its own decision to suspend the assessments. If only one school district decides to not suspend assessments, the PED must have testing available, and consequently will not realize any savings. This means the total savings to the PED in FY11 could vary from \$0 to \$1,000.0 million. Savings to school districts could vary from \$0 to \$2,000.0 million, depending on which school districts suspend which assessments.

House Bill 72 provides that school districts may not suspend short-cycle assessments but may determine how often they administer such assessments. It is important to note that vendors provide short-cycle assessments at a fixed yearly cost per student. The school districts may administer short-cycle assessments as many times as they wish for that cost. Reducing the number of administrations does not reduce the cost per student.

It is also important to note that there are immediate savings when testing is removed. However, these are offset by costs to the PED to restart customized testing at a later date. An additional \$650.0 over a two-year period in costs will be needed to fully restore the state testing program. These costs cover field testing of items and item review meetings. It should also be noted that to prepare and restart a testing program requires a two-year period. Therefore, PED would need to be provided with restart funding of approximately \$400.0 in FY 12 and \$250.0 in FY 13 if testing is expected to resume in school year 2013/2014.

SIGNIFICANT ISSUES

The PED also noted the following issues.

- Students in grades 11 and above are retesting on the New Mexico High School Competency Exam. Statute (§22-13-1.1) specifies that students may retest for five years after leaving high school. The test must be available until 2016 to meet that requirement and give students an equal opportunity to receive a high school diploma.

- Removal of the SBA/High School Graduation Assessment to be implemented in spring 2011 will remove a standardized method for qualifying students to exit high school. The rigor of alternatives will vary substantially across the state.
- The bill allows school districts flexibility to participate in assessments that they can fund. However, it is not feasible to offer a menu of testing options to districts. Testing vendors cannot provide tests to some districts and not others and still offer a reduction in testing costs. Test companies must develop items and tests for the most inclusive program statewide. If fewer students test, then testing companies will price those materials to compensate for the reduction in the number of students tested. So, any content area test, such as social studies, must be removed statewide to realize any costs savings for the PED and school districts.
- Federal Funding for Student Assessments. Federal law specifies if a state has developed approved ESEA assessments, federal funding may be used for developing and implementing such assessments, including the standards-based assessments and New Mexico Alternate Performance Assessment (Title VI, 20 U.S.C 7301 et seq., Part A, Subpart1, Section 6111). Federal law also allows the funding to be used to develop and improve the English language proficiency assessment. It does not allow that federal funding be used to develop and implement high school graduation assessments, short-cycle assessments or content areas other than reading/language arts, mathematics and science. Therefore, the LFC recommendation to remove all state funding will remove the high school graduation assessments from the statewide testing program.

This bill will require the removal of the standards-based assessments (SBA) in Spanish. The state made a substantial commitment to ensure that Spanish-speaking students would have an equal opportunity to demonstrate academic achievement as students taking the SBA in English. These assessments have been well received by students and teachers. Federal peer reviewers have praised New Mexico for providing native language tests.

PERFORMANCE IMPLICATIONS

The PED states that this bill will affect the following public school support performance measure: Current year's cohort graduation rate using four-year cumulative method (60%).

RELATIONSHIP

Senate Bill 75 is related to Senate Bill 130 and House Bill 72. Both of these bills also propose to suspend the same assessments, but the effective dates are school years 2010-2011 through 2012-2013.

CH/mew