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FISCAL IMPACT REPORT

ORIGINAL DATE 01/30/11

SPONSOR Espinoza & Garcia LAST UPDATED 02/02/11 HB 100

SHORT TITLE No 4th Grade Without Reading Proficiency SB _____

ANALYST Gudgel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

House Bill 100 is committee sponsored legislation for the Legislative Education Study Committee.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 100 amends the Public School Code to prohibit the promotion of a third grader to fourth grade if the third grader is not academically proficient in reading based on objective standards established by each district or charter school before the start of the fourth grade year. The bill requires notification of parents at the end of the third grade year that their child will not be promoted to the fourth grade and that a parental waiver will not be allowed for the student. Student assistance teams will be required to immediately develop an academic proficiency plan

to ensure progress toward overcoming the student's academic deficiencies. The bill limits the number of times a third grader can be held back to two times.

FISCAL IMPLICATIONS

The Public Education Department is unable to estimate the number of third graders that will be held back because they are not academically proficient in reading. Florida passed a similar law in 2002 that prohibited the promotion of third graders who did not score at a Level One, the lowest of five levels, on the reading portion of the Florida Comprehensive Assessment Test (the Florida standards-based assessment). Based on school year 2002-2003 data, 14 percent of Florida third grade students were not promoted to fourth grade.

During the 2009-2010 school year there were over 25,000 third graders in New Mexico. During FY10, 42.6 percent of these third graders scored below proficient on the New Mexico Standards Based Assessment (NMSBA). Almost 16 percent of third graders scored “beginning steps”, the lowest level. There will be an additional burden placed on districts and charter schools annually to educate these students for an additional year, diluting per student funding, and including increased class sizes requiring additional teachers.

In addition to the cost of educating a student for an additional year, districts and charter schools can be expected to have increased costs associated with summer and after school remediation programs, professional development for underperforming teachers, assessments, curriculum, student assistance teams, and additional third grade classrooms and teachers needed.

SIGNIFICANT ISSUES

HB 100 requires retention of third grade students who are not proficient in reading for no more than two years. The bill does not establish a universal set of standards to be applied to determine whether third grade students are not proficient and should be held back. Each school district and charter school will be required to establish objective standards to measure academic proficiency in reading. There are 89 school districts and over 80 authorized charter schools, likely resulting in differing determinations of academic proficiency across the state and within district boundaries.

PED indicates a valid and reliable assessment should be used to determine proficiency. The department also indicates exemptions should be provided for limited English-proficiency students who have less than 2 years of instruction in English; disabled students whose IEP indicates testing is inappropriate; students who scored above the 51st percentile or higher on another standardized norm reference reading test; students who are disabled and received intensive remediation in reading; students who demonstrate proficiency through a student portfolio; and students who have been retained twice previously.

The Public School Code defines “academic proficiency” as the mastery of the subject-matter knowledge and skills specified in state academic content and performance standards for a student's grade level. Approximately 42 percent of third graders failed to reach proficiency on the English portion of the NMSBA during the 2009-2010 school year.

PERFORMANCE IMPLICATIONS

Retention of third graders who are not proficient in reading will impact the number of fourth graders who score proficient or above on the standards-based assessment. Additional, the number of students who graduate and the number of students needing remediation in college could be affected in the future.

ADMINISTRATIVE IMPLICATIONS

PED will be required to realign department rules to conform to the changes to the statute.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB21. HB 21 prohibits the promotion of third graders to fourth grade if the third grader is not academically proficient in reading, and the promotion of seventh graders to eighth grade if the seventh grader is not academically proficient.

OTHER SUBSTANTIVE ISSUES

Traditionally students learn to read in kindergarten through third grade so they can read to learn in the upper grades. Early reading proficiency is a leading indicator of future academic success. A child who cannot read by the fourth grade will continue to fall behind their peers and, without remediation, academic proficiency will continue to decline as reading improvement changes most dramatically in the early years. Long term effects include failing classes, dropping out, and the inability to compete in higher education and the workforce. Ensuring students can read is critical to improving student achievement and closing the achievement gap.

Current law requires school boards to approve district-developed remediation and academic improvement programs to provide special instructional assistance to students in first through eighth grade who do not demonstrate academic proficiency. Despite this statutory requirement, a large percentage of students fail to achieve proficiency on the New Mexico Standards Based Assessment. Districts must have academic improvement programs that are effective and provide targeted remediation. While a retention policy is intended to increase student achievement and ultimately lead to better outcomes, reports indicate some negative effects of retention if not coupled with effective interventions. In some instances where targeted remediation programs were lacking, retained students have been shown to have behavioral problems, to show lower levels of academic achievement, to be less likely to receive a high school diploma, and to be more likely to drop out of high school.

The Legislature may wish to consider implementing a 220 day school year for kindergarten through third grade as a means of addressing early student reading and academic achievement. The state currently provides limited funding for the kindergarten-three-plus program, a program that extends the school year for eligible low-income schools.

ALTERNATIVES

Implement effective strategies to improve literacy scores, including better preparation of elementary teachers. The Public Education Department outlines numerous strategies to improve literacy scores and help students achieve proficiency or above on standard-based assessments in

House Bill 100 – Page 4

reading, including remediation programs and providing struggling students with high performing students. The department also suggests mandatory retention of students who are not proficient in reading in grades five and eight also.

RSG/bym