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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/13

SPONSOR Sharer LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Study New Approaches to Education Reform SJM 14

ANALYST Gudgel

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Implications				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Education Department (PED)

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 14 directs the Legislative Council Service (LCS) to create a task force composed of legislators, superintendents, school personnel, school board members, public post-secondary educational institutions, the business community, parents and taxpayers to study the failures of the current educational system and the efficacy of a trifurcated diploma system. The joint memorial directs the LCS, the Legislative Finance Committee (LFC), and the Legislative Education Study Committee (LESC) to staff the task force.

### FISCAL IMPLICATIONS

The joint memorial requests the task force consider an alternative mechanism of funding public education, based on three distinct educational pathways that have district diplomas issued to graduates – a basic education diploma; a trades-ready diploma; and a baccalaureate-ready diploma. The joint memorial asks the task force to consider that school districts and charter school should be funded for results, recognizing the costs of providing each of the different educational pathways. Funding schools based on a trifurcated diploma system will change substantially the way schools are funded and may result in redistribution of public education funding among school districts and charter schools. It may also result in the loss of federal

Impact Aid payments if the new funding system results in wide differences in per-student funding at the school district or charter school level across the state.

## **SIGNIFICANT ISSUES**

### According to PED:

The trifurcated diploma system that the bill proposes to study will have the effect of dividing students before high school into college-bound and workforce tracks.

Students on the workforce track receiving a “basic high school diploma” or a “trades-ready diploma” will be held to lower expectations in math and English language arts compared to students who are tracked to receive a baccalaureate-ready diploma (Sections A-C, SJM14). According to SJM14, students receiving a basic high school diploma will be required to master math and English language arts standards at an eighth grade level and students receiving a trades-ready diploma will be required to master these standards at a tenth grade level (Sections A-B, SJM14). The bill contradicts the “Ready for Success” initiative of the PED strategic plan which aims to prepare all students for college and careers and contradicts the PED’s initiative to implement the common core state standards (PED strategic plan, page 11, Standards for Excellence rule 6.29.13 and 6.29.13).

SJM14 proposes to study funding districts based on the level of diploma that they offer, with districts that offer trades-ready diplomas receiving less funding than districts offering baccalaureate-ready diplomas. The bill would create inequity among districts, and has the implication of funding districts with a high percentage of students who are minority and from low income backgrounds at a lower level than districts with students from higher income backgrounds (also contradicting the PED strategic plan, pages 11-12).

## **PERFORMANCE IMPLICATIONS**

### According to PED:

SJM14 will not affect the performance of PED programs in FY14. However, SJM14 has the possibility of impacting performance targets in future years if the recommendations of the task force to implement the proposed trifurcated diploma system are passed into law. If the proposed trifurcated diploma system is passed into law, then graduation requirements would change and current PED college and career readiness initiatives, including common core professional development, dual credit, advanced placement, and STEM initiatives, would be impacted. These programs would no longer be relevant to areas of the state where baccalaureate-ready diplomas are not offered.

## **ADMINISTRATIVE IMPLICATIONS**

Participating agencies, including the Public Education Department, Higher Education Department, LCS, LESC, and LFC will have to devote staff time to the proposed task force during the interim, likely including travel. The task force is required to report its recommendations to the first session of the fifty-second legislature.