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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/17

SPONSOR Youngblood LAST UPDATED _____ HB 114

SHORT TITLE Reading Improvement Plans & Interventions SB _____

ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB185, HB354, HJR5, HM9, HM15, SB32, SB256, SB323, SJM1

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 114 repeals Section 22-2C-6 NMSA 1978 of the Public School Code – Remediation programs; promotion policies; restrictions – and enacts a new Section 22-2C-6 NMSA 1978 – Grade promotions; improvement plans to include interventions and remediation; retention policies; exemptions – that outlines identification, intervention, and rededication policies for kindergarten through high school students. Rededication includes summer school, extended-day or extended-week programs, tutoring, progress-based monitoring, and other research-based models for student improvement. Provisions related to students in fourth grade and beyond are relatively similar to what is currently in law.

The bill provides for the screening of early reading skills of all New Mexico students in grades K-3 on the same screening assessment tool. The tool is to be approved and provided by PED. After a K-3 student is screened and found to be showing deficiencies in the student’s early reading skill, the student assistance team will develop a reading improvement plan aligned to a student’s needs. The bill also specifies that parents are to be notified regarding the results of the assessment at the end of the first grading period for students in grades K-3. If the student is struggling, parents are provided with strategies to support their child at home. Beginning with the 2017-2018 school year, the bill provides several options for the end of third grade:

1. The student is proficient in reading and promoted to the next highest grade;
2. The student is not proficient in reading and shall participate in the required level of rededication. Upon certification by the school district that the student is proficient in reading, the student shall enter next highest grade; or
3. The student is not proficient in reading after rededication and shall be retained in the same grade with a reading improvement plan that is different from the student’s prior plan.
4. There are several good cause exemptions included that are detailed below.

The bill exempts third grade students from the mandatory retention policy if they meet one of the four exceptions enumerated in the bill. These exceptions include a student who has:

- scored at the 50th percentile on a PED-approved norm-referenced assessment;
- been classified as an English language learner who;
- is proficient in reading another language; or
 - received less than two years of instruction in English for speakers of other languages;
- been identified with a disability;
 - in which case the student would be assessed, promoted, or retained in accordance with the provisions of the student’s individualized education program; or
- been retained once in kindergarten, first grade, or second grade.

For grades 4-8, grade promotion decisions for each student shall be based upon the determination that a student is:

- academically proficient and promoted to the next higher grade; or
- not academically proficient and enrolled in required rededication.

Academic proficiency plans will be developed for students in grades 4-8 who are not promoted because of academic deficiencies. Students who have received an academic proficiency plan that is different from the previous year’s plan, but fail to become academically proficient at the end of that year (as measured by grades, performance on the screening assessment, and other measures identified by the school district), will be provided with an alternative program.

A parent will be notified in writing no later than the end of the first grading period (for students in grades K-3) or no later than the end of second grading period (for students in grades 4-8) of each year that a student is not proficient in reading. Parents are to be provided with strategies they can use at home to support their student.

The bill requires each school district and charter school to include the percentages of academically proficient students by school and charter school in their annual accountability report pursuant to Section 22-2C-11 NMSA 1978.

FISCAL IMPLICATIONS

During previous legislative sessions, PED has indicated that the cost of implementing this bill will be absorbed by school districts and charter schools. Department testimony indicated districts receive \$225 million in federal funds that can be reprioritized for reading initiatives to support this bill, \$20 million in federal Title II funds for professional development, and that the state equalization guarantee (SEG) distribution includes \$10.5 million for professional development. It is reasonable to expect that districts should prioritize existing resources into strategies that are scientifically based and have proven success to increase reading achievement.

While districts are free to spend distributions from the SEG as they choose, it is critical that decisions are strategic, focusing on highly effective programs with proven results. Districts need to become more flexible and willing to implement a coherent improvement strategy, targeting resources to achieve the maximum benefit to improve student achievement and reading proficiency. Given the current economic climate, now is the time to look closely at how districts and charters are spending current revenues, what programs are working and should be prioritized, and what programs have little success and should be terminated.

In addition to the cost of educating a student for an additional year, school districts and charter schools can be expected to have increased costs associated with remediation programs, including summer and after school remediation programs, professional development for underperforming teachers, assessments, curriculum, student assistance teams, and needed additional third grade classrooms and teachers. While existing funds may be able to be reprioritized, there will be actual increased costs to districts to implement and pay for the costs of remediation programs in kindergarten – districts are not statutorily required to do this currently. These costs are not easily estimated, as data on kindergarten student proficiency is not readily available.

The bill requires cost of rededication programs in grades 9-12 to be borne by the parent. However, in cases in which parents are determined to be indigent, according to guidelines established by the department, the school district shall bear those costs. If a parent refuses to allow the student to participate in any prescribed intervention, the school district shall provide an appropriate form to be signed by the parent indicating refusal of the prescribed intervention.

SIGNIFICANT ISSUES

Sociologist Donald Hernandez found that children who do not read proficiently by the end of third grade are four times more likely to leave school without a diploma than proficient readers. Black and Hispanic children who are not reading proficiently in third grade are twice as likely as similar white children not to graduate from high school (about 25 vs. 13 percent). Hernandez found that the graduation failure rate for children who cannot read proficiently and are poor for at least one year is 26 percent, or more than six times the rate for all proficient readers. Overall, 22 percent of children who have lived in poverty do not graduate from high school, a figure about three times greater than the rate for children with no family poverty experience.

The bill requires PED to approve and provide a screening assessment for all districts to assess K-3 students' reading skills, including, but not limited to, phonological awareness, phonics, spelling, reading fluency, vocabulary, and comprehension. The screening assessment will be available in the student's first and second language for English language learners. Districts will utilize data from the 2016-2017 school year to establish baseline data on students reading performance in grades K-3. The screening assessment tool shall be used to establish levels of performance to determine if a student will be provided with a reading improvement plan.

The bill defines "reading proficiency" as a score on the statewide standards-based assessment (SBA) or screening assessment that is higher than the lowest level established by PED. The Partnership for Assessment of Readiness for College and Careers (PARCC) assessments replaced the New Mexico Standards-Based Assessment in math and English in FY15. PARCC has five performance levels with one representing a student with the greatest need and five representing a student who demonstrates advanced performance. PARCC considers scores of four and five to be proficient and demonstrate a student is "on track to be college- and career-

ready.” Over 24 thousand third grade students were assessed on the 2016 PARCC test for English language arts, with 18.4 thousand, or 75.8 percent, scoring less than proficient. Almost 6,800 third grade students, or 28 percent, scored at the lowest level. According to the 2015 National Assessment for Educational Progress (NAEP) reading results for New Mexico, the percentage of fourth grade students in New Mexico who performed below the NAEP proficient level was 77 percent.

PERFORMANCE IMPLICATIONS

Provisions of this bill may affect performance measures pertaining to proficiency rates of third, fourth, and eighth graders on the standards-based assessment. Additionally, effects on graduation rates, juvenile delinquency rates, and college remediation rates may be realized in future years. PED notes the number of students identified as needing special education may change.

ADMINISTRATIVE IMPLICATIONS

The bill will increase PED and public school duties. PED will need to ensure department rules conform to the changes proposed in this bill, and will be required to approve a screening assessment. PED indicates the department will continue to provide statewide training on use of the universal screening assessment tool to districts and schools. Training will focus on how to administer the assessment and how to interpret the data to drive instructional practice.

While school districts are already required to identify and provide remediation to first through eighth grade students who are not proficient, districts and charter schools will be required to develop remediation for kindergarten students.

RELATIONSHIP

This bill relates to HB185, which limits statewide school testing days; HB354, which expands the definition for school-age person and acceleration opportunities; HJR5, which prohibits enforcement of new school mandates without sufficient funding; HM9, which requests a study on middle school preparedness; HM15, which allows for school academic acceleration; SB32, which expands K-3 Plus eligibility; SB256, which extends instructional time minimums for kindergarten through sixth grade; SB323, which allows for early kindergarten enrollment; and SJM1, which requests a study on innovative assessments.

TECHNICAL ISSUES

The bill requires notification of parents of fourth through eighth grade students who are not “academically proficient” no later than the end of the second grading period. The existing statute that is being repealed included a definition of “academically proficient”; however, it has been eliminated in the new section.

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 the child’s 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 state’s standards-based assessment each year. During the 2015-2016 school year, only 24.2 percent of third graders scored proficient or above on the English language arts assessment for the PARCC test. Research indicates that passing students on to the next grade when they are unprepared neither increases student achievement nor properly prepares students for college and future employment. At the same time, research also shows that holding students back to repeat a grade without changing instructional strategies may be ineffective. Retention and social promotion, if not accompanied by effective programmatic intervention, fail to provide long-term benefits for low-performing students.

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 are exacerbated if not coupled with effective interventions. In some instances where targeted remediation programs were lacking, retained students have been shown to exhibit behavioral problems, show lower levels of academic achievement, be less likely to receive a high school diploma, and be more likely to drop out of high school.

Ending social promotion is one of the Governor’s priorities. PED has not provided an estimate of potential costs, or savings, including the number of children that could potentially be affected by the changes in this bill or estimates of fiscal impact to school districts and charter schools to implement effective interventions and remediation.

Florida implemented a mandatory retention 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). The Florida plan allowed five “good cause exemptions” in which third graders who were not reading at Level One could be promoted to the next grade. Florida has approximately 2.59 million total students. Based on school year 2002-2003 data, the first year of implementation in Florida, 14 percent of Florida third grade students were not promoted to fourth grade. Florida appropriated \$107 million in FY07, \$134.7 million in FY08, \$123.3 million in FY09, \$106.5 million in FY10, and \$104.6 million in FY11 for the Just Read, Florida program and formula funds to school districts for comprehensive reading programs. The Just Read, Florida program required the following:

- Establish statewide standards for P-12 school reading programs based on latest scientific research;
- Operate Reading Academies to train teachers and reading coaches in scientifically-based reading instruction;
- Develop and monitor reading competencies that must be demonstrated for teacher licensure, reading endorsement and reading certification, including:
 - Elementary licensure (five competencies encompassing 61 indicators must be documented);
 - Secondary licensure (two competencies encompassing 26 indicators);

- Reading endorsement for reading interventionists (six competencies encompassing 74 indicators); and
- Reading certification (30 graduate semester hours or a master degree or higher in reading and a passing score on the state K-12 reading subject area test).
- Approve postsecondary teacher preparation programs based on proof that programs cover the required reading competencies;
- Develop screening, diagnostic and progress-monitoring assessments for instruction in reading;
- Support Florida Family Literacy Initiative; and
- Promote public-private partnerships, family involvement programs and volunteer initiatives to help children and adults to learn to read.

Legislation was passed in Florida in 2005 requiring districts to provide retained students with intensive interventions in reading to address the specific reading deficiency identified by a valid and reliable diagnostic assessment, including:

- A minimum of 90 minutes daily of intensive, uninterrupted scientifically based reading instruction;
- A summer reading camp;
- Appropriate teaching methodologies;
- A high performing teacher as determined by student performance data and above satisfactory performance appraisals; and
- Either supplemental tutoring; a Read at Home plan; or a mentor or tutor with specialized reading training.

A February 2013 study from Harvard researchers Schwerdt and West found that students retained in third grade under Florida's test-based promotion policy experience substantial short-term gains in both math and reading achievement. On average over the first three years after being held back, retained students outperformed their same-age peers who were promoted by 0.34 standard deviations in reading and by 0.26 standard deviations in math. These positive effects faded out over time, however, becoming statistically insignificant in both subjects within five years.

From 1999 to 2002, Texas implemented a reading initiative that cost approximately \$75 million to train approximately 79,000 teachers in Grades K-3. Texas implemented a mandatory 4-day summer Teacher Reading Academy based on common curriculum. The training was research-based and very prescriptive, included video clips illustrating teachers working with students, and focused on individualized instruction based on each student's needs. Eventually, the state trained all K-8 teachers at an average cost of \$950 per teacher. The Texas initiative had several components, including:

- Developing a statewide consensus framework for reading instruction based on reading research;
- Creating assessments for student diagnosis and placement;
- Developing training curricula for all teachers who teach reading or language arts;
- Providing four-day summer Teacher Reading Academies, face-to-face or on-line;
- Developing a reading curriculum scope and sequence (C-Scope), with suggested materials and exemplary lessons for use statewide;
- Providing ongoing teacher support and technical assistance;
- Evaluating all students on standardized instruments and providing mandated

- interventions for struggling students; and
- Enacting a bar on social promotion at grades 3, 5 and 8.

After teachers had been trained through 3rd grade, the first group of 3rd graders was subject to retention if they scored at the basic level on the 3rd grade Texas standards-based assessment in reading. Students who test at basic or nearing proficiency are required to receive intensive interventions.

School officials in New York have added \$2,000 per student for remediation efforts, in a district whose average general education spending per pupil is about \$13,000 – and have seen positive gains.

ALTERNATIVES

There are a number of programs and interventions that could be used to address reading proficiency and reading interventions, including:

- K-3 Plus, an extended school year program, has shown success in increasing reading skills of reading deficient students;
- Programs to increase parental involvement;
- Elementary breakfast;
- Prekindergarten, also proven to improve student achievement;
- Extended learning opportunities, including after school reading programs and the 21st Century After School Programs;
- Principal and school leadership programs; and
- The use of Title 1 funds for district wide reading programs, including programs that extend the school year like K-3 Plus.

The state may want to be more prescriptive in requiring research-based remediation measures such as extended learning opportunities, and increased time-on-task, like the state's K-3 Plus extended school year program that adds an additional 25 instructional days for at-risk students. For example, the Legislature could choose to implement a mandatory statewide K-3 Plus program for all students scoring at the lowest level of reading proficiency or in all high poverty schools to address third-grade proficiency. K-3 Plus has several years of history in New Mexico and preliminary evidence of success.

K-3 Plus may be a relatively inexpensive remediation program because it builds on existing infrastructure. The average annual cost of K-3 Plus is approximately \$1,250 per student and is based on the funding formula unit value. If the state mandated K-3 Plus for the lowest scoring students, it is likely almost 26 thousand kindergarten through third grade students would need reading intervention. At the current per-student estimated cost, about \$32.5 million may be needed to fund such a proposal. Current K-3 Plus funding of \$23.7 million funds about 18.9 thousand students; therefore, \$8.8 million in additional funding could be used to reach students at risk of retention pursuant to this bill. LFC recommended increasing funding for K-3 Plus to \$32.3 million in FY17. The expectation would be to see fewer students held back in the third grade because they are deficient in reading. This would decrease the additional funding required to educate these students for an additional year.

Implement effective strategies to improve literacy scores, including better preparation of elementary teachers. PED outlines numerous strategies to improve literacy scores and help students achieve proficiency or above on standard-based assessments in reading, including remediation programs and providing struggling students with high performing teachers.

Additionally, the Legislature could require retention decisions to be based on more than a single data point, similar to the teacher evaluation system, including short-cycle assessments, classroom work, classroom test scores, and teacher observations.

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