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FISCAL IMPACT REPORT

SPONSOR: Carraro DATE TYPED: 3/13/01 HB _____
 SHORT TITLE: Reading Proficiency by End of Third Grade SB 10/a SEC/aSFC/aSFL#1/aHEC
 ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 5,000.0	Indeterminate - See Discussion		Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Relates to: HB 74, HB 33, HB24, HB82, HJM5, SB34, SB307 Conflicts with: SB138

SOURCES OF INFORMATION

LFC Files
 Legislative Education Study Committee (LESC)
LESC Report to the First Session of the 45th Legislature
 State Department of Education (SDE)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to Senate Bill 10 (as amended), strikes the bill's original language and all prior committee amendments, adds material comprising a new section of the Public School Code, specifies an effective date of July 1, 2004 for implementation of the bill's provisions, and includes a \$5.0 million appropriation.

Senate Bill 10 prohibits promotion to the fourth grade of third graders who cannot read independently. This amendment strikes the original language and adds the following provisions:

A student *who has completed a full-day kindergarten program* and who fails to read independently by the end of the third grade shall not be promoted to the fourth grade until the student reads independently.

The SDE shall set forth guidelines for assessing whether students are reading independently by the end of the third grade and monitor school district compliance with the guidelines.

School districts shall use multiple measures to assess whether students are reading independently by the end of the third grade.

The provisions of this bill do not apply to developmentally disabled students who are learning to read in accordance with a developmentally appropriate plan approved by a certified school instructor.

Synopsis of SFL#1

Senate Floor Amendment #1 strikes the Senate Finance Committee amendment in its entirety.

Synopsis of SFC Amendment

The Senate Finance Committee Amendment adds language to clarify that this bill does not apply to *developmentally disabled students who are learning to read in accordance with a developmentally appropriate plan approved by a certified school instructor*. This amendment also changes the effective date to July 1, 2003.

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 10 changes the words *independently* on page 1, lines 18 & 20 to proficiently. Therefore, this bill now requires students to read proficiently (as opposed to independently) by the end of the third grade, in order to be promoted to the fourth grade. This change, as recommended by the State Department of Education (SDE), reduces the ambiguity of the language in the original bill.

Synopsis of Original Bill

Senate Bill 10 requires that all students in New Mexico public schools who fail to read independently by the end of the third grade shall not be promoted to the forth grade until the student reads independently. This bill adds new material to the Public School Code mandating the ability to read in order to be promoted to the third grade. If enacted, this legislation will require teachers to measure the performance of students' independent reading abilities and hold back students that do not have proficient reading skills as measured at the third grade level.

PERFORMANCE IMPLICATIONS

This bill mandates indirect performance requirements for elementary schools and teachers by holding back students who fail to meet minimum reading standards.

FISCAL IMPLICATIONS

The appropriation of \$5.0 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY02 shall revert to the general fund.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

The statewide reading initiative (**HB74** funded at \$1.0 million) was recommended for approval by the LFC and the LESC. This bill relates to SB10 in that it implements initiatives to improve reading proficiency in the state.

Senate Bill 307 and **House Bill 82** - section 7A of these bills appropriates \$4.1 million from the general fund to pay teachers to teach intensive summer education programs for students in need of assistance.

Senate Bill 34 appropriates \$4.0 million to implement intensive summer education programs for grades 1-3 and specifies improving literacy as a major priority.

The following bills also **relate** to improving reading and literacy programs in New Mexico:

HB24 Statewide Early Childhood Programs

HB33 Even Start Family Literacy Program

HJM-5 Monitor Statewide Reading Initiative

SB34 Intensive summer education program

Senate Bill 138 conflicts with SB10/aSEC since it amends the public school code to state that students must read independently by the end of the third grade as apposed to proficiently read by the end of the third grade as stated in this bill.

OTHER SUBSTANTIVE ISSUES

According to the SDE, the state standardized measurements, Terra Nova Survey Plus and the National Achievement of Educational Progress (NAEP), provide scores that places a student's reading ability to be at one of the following levels: below basic, basis, proficient, or advanced. At this point, students who score in the proficient range are considered to be reading at grade level. It would need to be determined if this level would be the equivalent of "read independently". At the district and school levels a variety of instruments are used to diagnose and assess reading levels.

According to the 1998 National Assessment of Educational Progress (NAEP), 48% of New Mexico's fourth graders scored "below basic" in reading compared with 39% of students nationally.

According to the SDE, the rigid standard mandated by this bill will result in significant costs to New Mexico public school districts, especially in districts where the majority of students live in poverty and

may face greater barriers to developing reading skills. Many school districts will be unable to address this performance mandate without significant additional resources.

If students are retained at the third grade level, additional teachers and classrooms must be added to many of the school districts across the state. There will also be a need to develop intense reading programs for students and to require significant and costly professional development in reading for K through third grade teachers. There are currently 449 elementary schools in the state. The cost for teacher compensation alone to add a single third grade class (for students held back because of reading problems) in only 20% of the elementary schools in the state would cost approximately \$3.7 million. When teacher training costs and capital outlay for additional classrooms are added, it becomes clear that New Mexico public schools will need significant funding sources to meet this bill's mandate.

The various assessment tools used to measure grade-level reading skills can also be highly contested by parents. Different tests yield different results. For example, in New Mexico students perform better on the Terra Nova Survey assessment than on the National Achievement of Educational Progress assessment.

LG/njw