

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Carraro DATE TYPED 01/26/05 HB _____

SHORT TITLE Require Fourth Grade Reading Proficiency SB 32

ANALYST Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$10,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Related to the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 32 appropriates \$10 million from the general fund to the Public Education Department (PED) for the purpose of funding reading enhancement in grades one through three in the public schools. It adds a new paragraph to Section 22-2C-6 NMSA “REMEDICATION PROGRAMS—PROMOTION POLICIES—RESTRICTIONS—stating that a student who fails to read proficiently by the end of the third grade shall not be promoted to the fourth grade until the student reads proficiently. It exempts the provision for developmentally disabled students with a developmentally appropriate plan approved by a licensed school employee.

Significant Issues

PED states the bill would change the scope of current statutes which allows a parent or guardian to sign a wavier indicating the desire that the student be promoted to the next higher grade level if they have an academic improvement plan.

PED further states “The research on the effects of retention—particularly for students at risk, such as those who speak a primary language other than English—suggests a strong association between retention and student dropout rates. Furthermore, as a remediation strategy, retention does not appear to improve school performance (Roderick, Melissa. “Grade Retention and School Dropout: Policy Debate and Research Questions,” Phi Delta Kappa Research Bulletin, n15, pp. 1-6, December 1995).

From assessment data from 2003-2004, approximately 23,000 could be retained for failure to read proficiently.

PERFORMANCE IMPLICATIONS

Reading proficiently is currently tested and reported for 4th grade students and is a performance measure found in the General Appropriation Act for Public School Support. It is also a requirement under the federal No Child Left Behind performance indicators. Requiring reading proficiency for promotion to the 4th grade will improve performance indicators for 4th grade proficiency.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2006 shall revert to the general fund.

The LFC FY06 appropriation recommendation is balanced between revenues and expenditures and any increase in recurring funding must be offset by reductions in other areas of the recommendation. The Legislature must consider all priorities and funding requirements to find revenue to support this legislation.

PED estimates the cost for retaining students would be \$2.1 million based upon estimated costs of \$1 thousand per student in the Reading First program, \$750 for beginning step, and \$500 for those nearing proficiency. The department estimates administrative costs of \$87 thousand and 2 FTE to administer the program.

ADMINISTRATIVE IMPLICATIONS

PED will have to develop procedures for awarding the funds to districts. It will need to develop criteria, curriculum, application forms and procedures, review and award processes. In addition, performance measures and reporting requirements will be required to determine success of the reading enhancements funded by the appropriation.

ALTERNATIVES

The appropriation could be made directly to public school support to be distributed through the state equalization guarantee.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The existing statute would remain unchanged.

POSSIBLE QUESTIONS

1. What are the key components envisioned for the reading enhancement program?
2. Is non-promotion the best method to ensure reading proficiency?
3. Are PED administrative costs contained in the appropriation?

GAC/lg