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FISCAL IMPACT REPORT

ORIGINAL DATE 2/22/2007
LAST UPDATED 3/1/2007 HB _____

SPONSOR Boitano

SHORT TITLE “School Collaborative Improvement Program” SB 1183/a SEC

ANALYST Schuss

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$2,500.0)	(\$2,500.0)	Recurring	General
	\$2,500.0	\$2,500.0	Recurring	School Collaborative School Improvement Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$10.6*	\$10.6*	\$21.2*	Recurring	General

(Parenthesis () Indicate Expenditure Decreases) * PED estimate

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SEC Amendment

The amendment proposed by the Senate Education Committee replaces all references to *school principal* with *cluster leader*.

Synopsis of Bill

Senate Bill 1183 creates a new section to the Assessment and Accountability Act, creates the school collaborative school improvement fund, providing that a portion of the unencumbered balances of the certain general fund appropriations shall revert to the fund. The bill intends to do the following:

- In school districts that have more than 35,000 students (applies to Albuquerque Public Schools), a school principal will have the authority to approve an individual school plan to implement a school collaborative school improvement program plan. The plan must be supported by the participating teaching staff.
- The school principal must include input and concerns from parents, students, school employees and members of the community in developing the plan.
- If necessary to the school collaborative school improvement program, the school principal may apply to the department for a waiver of Public School Code provisions relating to the length of school day, staff patterns, subject areas or purchase of instructional material. Also, the school principal would be required to submit a plan budget to the Public Education Department showing the students and school employees served under the plan.
- A teacher may communicate with the department to comment on the school principal's waiver request after the teacher's opinion have been turned into the school principal in writing.
- Creates the school collaborative school improvement fund that consists of transfers, distributions, appropriations, reversions, gifts, grants, donations, and bequests made to the fund. Income from the fund shall be credited to the fund and money from the fund shall not revert or be transferred to any other fund at the end of the fiscal year. Money in the fund is appropriated to the department to provide supplemental funding for the implementation of the school collaborative school program. The department may hold no more than 3 percent for administrative costs.

FISCAL IMPLICATIONS

The decrease in revenue of \$2,500,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of any fiscal year shall not revert to the general fund.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

SB 1183 states that 10 percent of all unreserved undesignated balances in reverting funds and accounts as of the end of each fiscal year effective fiscal year 2008 shall be transferred to the school collaborative school improvement fund to provide supplemental funding for implementation of the school collaborative school program waivers granted by the department.

The consensus revenue estimate for recurring reversions to the general fund in FY08 is \$24,800,000. SB 1183 would require 10 percent of that amount, or \$2,480,000, to go to the school collaborative school improvement fund.

PED states that there may not be any fiscal implications if the school reallocates funding to

accomplish this program fund. There would need to be a person at PED to work on the review and recommendations regarding the schools being granted this option. This would require additional work by current PED staff to review and make recommendations regarding this waiver request. PED would be able to accomplish this with existing staff. It is estimated that it would take approximately 320 hours of a Education Administrator A's time to accomplish this (\$25.50/hr. X 320 hrs (\$8,160) + 30% \$10,608.00 amount).”

SIGNIFICANT ISSUES

According to PED, Schools In Need of Improvement (SINOI) should be excluded from this process as the schools have not made Adequate Yearly Progress (AYP) for a minimum of two years and up to six years. These schools need additional support but the federal *No Child Left Behind Act of 2001* (NCLB) requires specific steps be taken for schools in Corrective Action, Restructuring I and Restructuring II.

DFA has included the following issues in their analysis:

New Mexico currently has a school improvement framework which defines requirements for schools that are designated in need of improvement. In a discussion with the Public Education Department's Priority Schools Bureau, SB 1183 would provide an avenue for identified schools to be excluded from current requirements and mandates if they are identified as a school in need of improvement. The concern of the department is that if SB 1183 passes, some APS schools would apply for a wavier from the Public School Code and would not have to implement the current requirements set in the School Improvement framework.

Currently the following requirements are implemented at schools in need of improvement:

- NM PED EPSS Coordinators deployed to specific school sites, as required.
- Diagnostic Assessment Reports for all Priority Schools.
- Submission by superintendent of “Semester District Progress Report for SINOI” for each school with an AYP designation of SI-I, SI-II, CA, R-I, R-II.
- Relevant documentation of an EPSS strategic plan for continuous improvement reflecting assessment data and systems alignment.
- Articulated data-driven instruction and evaluation of programs and curriculum.
- Implementation of shot-cycle assessments.
- Facilitation of site Goal Teams.
- Teams of administrators and teachers are required to participate in Regional Leadership Training in Baldrige continuous systems improvement model.
- Teams of administrators and teachers are required to participate in the Professional Development Institute for Educators.
- Administration is responsible to maintain relevant documentation of EPSS strategy implementation and actions taken to implement continuous improvement.
- Schools are required to maintain documentation of Advisory School Council activities.

Under current law, Section 22-2C-8.1 NMSA 1978, when a school has moved through the school improvement designation cycle for 7 years of not meeting AYP the school must develop a plan for reconstitution. The following options can be chosen:

- Replace all or most of the staff who are relevant to failure to make AYP;

- Enter into a contract with another organization (excluding private entities per NMSA 22-2C-7 K), with a demonstrated record of effectiveness, to operate the school;
- Turn over operation of the school to the NM PED, in accordance with state law and if agreed to by the NM PED; or
- Any other major restructuring of a school’s governance arrangement that makes fundamental reforms and has promise of enabling the school to make AYP.

In regards to these options, if a school in APS was identified as a restructuring school and may have to reconstitute, SB 1183 would provide an avenue out of implementing the PED requirements. However, as indicated above, option four in reconstitution may give a school the same avenue that SB 1183 is attempting to address if a collaborative school improvement plan could demonstrate “any other major restructuring of a school’s governance arrangement that makes fundamental reforms and has promise of enabling the school to make AYP”. In this case, provisions for such a plan already exist under New Mexico’s current school improvement system.

PERFORMANCE IMPLICATIONS

PED notes that Schools In Need of Improvement should be able to work with PED and jointly request a waiver from the Public School Code if research indicates that certain restrictions prevent schools from increasing student achievement. The provision for much of this redesign could be accomplished by broadening this bill to include the work of PED with Schools In Need of Improvement.

ADMINISTRATIVE IMPLICATIONS

PED will have to record, assemble and communicate the comments of teachers regarding the principals’ program. This leaves districts out of the communication loop and they are responsible for the performance of the school.

TECHNICAL ISSUES

Attaching this bill to the Assessment and Accountability Act will require PED to resubmit the State Assessment and Accountability Plan to the federal government for review for compliance with NCLB requirements. This would take time to submit, review and receive approval/denial/or revision. The PED may or may not receive approval for the change, which would make the new legislation invalid.

OTHER SUBSTANTIVE ISSUES

PED states that Schools In Need of Improvement should be excluded from the principal applying for a collaborative to a joint application by PED and the school district. In this manner, the PED would meet NCLB requirements and provide more latitude to help these schools improve student achievement.