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FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/13

SPONSOR Roch LAST UPDATED _____ HB 111

SHORT TITLE Education Dept. Pays for Standards Tests SB _____

ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	See Fiscal Implications		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$10,800.0)	(\$10,800.0)	(\$21,600.0)	Recurring	Public School Operating Budgets
		\$10,800.0	\$10,800.0	\$21,600.0	Recurring	Public Education Department Operating Budgets

(Parenthesis () Indicate Expenditure Decreases)

For the Legislative Education Study Committee
Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 111 mandates that PED pay for the costs of developing, administering, scoring and evaluating standards-based assessments and the costs of reviewing, compiling, distribution and

publishing the assessment results. The bill defines “standards-based assessments” as any assessment administered as part of the statewide accountability system and any assessment used to measure a student’s academic proficiency or to evaluate a school, school principal, head administrator, or teacher.

FISCAL IMPLICATIONS

House Bill 111 assigns responsibility to PED to pay for the costs of all required standards-based assessments and any assessments used to measure a student’s academic proficiency or evaluate a school, school principal, head administrator, or teacher. The PED indicates the department’s base budget does not include sufficient funds to implement the provisions of HB111. Current statewide assessment costs total \$10.8 million.

For FY14, the estimated cost of manufacturing, distribution and collecting standards-based assessments and reporting results are:

- Standards Based Assessment (SBA) in grades 3 through 8 will cost an estimated \$37.65 per student, for an estimated 141,696 students, totaling \$5,334,854.
- H2 SBA/High School Graduation Assessment (SBA/HSGA; grade 10) will cost an estimated \$76.38 per student, for an estimated 29,500 students, totaling \$2,253,210;
- H3 SBA/HSGA (grade 11) will cost an estimated \$76.38 per student, for an estimated 19,356 students, totaling \$1,478,411;
- H3 SBA/HSGA retest (grade 12) will cost an estimated \$76.38 per student, for an estimated 8,422 students, totaling \$643,272.
- ACCESS for English Language Learners assessment will cost an estimated \$16.07 per student for an estimated 53,019 students, totaling \$852,015;
- New Mexico Alternate Performance Assessment (NMAPA) will cost an estimated \$75.00 per student for an estimated 1,944 students with significant cognitive disabilities, totaling \$145,800; and
- New Mexico High School Competency Exam (NMHSCE) retest for students in pre-SBA/HSGA cohorts who exited from high school will cost an estimated \$45.00 per student for an estimated 1,293 students, totaling \$58,184.

Currently, \$3.9 million is included in the state equalization guarantee (SEG) general fund appropriation to public schools to cover the costs associated with required assessments. Districts currently cover the costs of printing, distributing, collecting, scoring end-of-course assessments, and reporting results from revenue received through the SEG.

SIGNIFICANT ISSUES

Assessment costs distributed to school districts and charter schools through the state equalization guarantee (SEG) are not distributed to school districts and charter schools based on their actual assessment costs. Funds are distributed based on student membership and total program units generated, potentially resulting in some school districts and charter schools receiving more than they need to cover their assessment costs and other school districts and charter schools receiving less than needed to cover assessment costs. Additionally, there is increased administrative burden on test vendors to separately invoice school districts and charter schools and on school districts to manage assessment procurements. PED responsibility to manage procurement of standards-based assessments statewide will decrease these administrative burdens, freeing up district resources.

According to PED

Public schools currently receive recurring non-categorical funding from the state equalization guarantee (SEG) to pay for the cost of state assessments, among other things. In order for PED to implement the provisions of this bill, these funds will need to be appropriated to the PED to pay the costs of manufacturing, distributing, and collecting standards-based assessments and reporting standards-based assessment results.

Each year, the PED receives a \$4.5 million federal grant and \$250 thousand in federal Individuals with Disabilities Education Act (IDEA) Part B funding to pay all costs for developing standards-based assessments, providing professional development for administering the assessments and interpreting test scores to guide instruction and improvements in data analysis systems. U.S. Department of Education guidance on state assessment grants prohibits spending on administration costs, including manufacture, distribution, and collection of test materials and scoring and reporting test results. IDEA funds pay for development and implementation costs for the NMAPA.

ADMINISTRATIVE IMPLICATIONS

PED should be able to implement the provisions of HB-111 within existing resources.

RSG/bm