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## FISCAL IMPACT REPORT

SPONSOR Kernan ORIGINAL DATE 1/18/17  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Remove Certain Graduation Requirements SB 31

ANALYST Liu

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB211, SB40, SB62, and SB134

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
New Mexico School for the Deaf (NMSD)  
Central New Mexico Community College (CNM)  
New Mexico Independent Community Colleges (NMICC)

#### No Responses Received From

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 31 amends the Public School Code, removing the graduation requirement for ninth-grade students after the 2016-2017 cohort to take at least one advanced placement, honors, dual-credit, or distance learning course in cooperation with an institute of higher education or distance learning course.

### FISCAL IMPLICATIONS

A PED analysis of a similar 2015 bill notes removing the requirements from statute might have the effect of reducing annual state expenditures for dual credit, advanced placement, and online enrollment costs. However, at this time, it is unclear that this would be the intended effect of this

bill, especially given that the new school grading system gives credit for both participation in dual credit and advanced placement and additional credit when students successfully complete these courses. Incorporation continues to make these courses of importance to school districts and charter schools.

According to CNM, removing the requirements would likely result in dual-credit course enrollment figures returning to pre-2009 levels. The decline in enrollments could result in reallocation of nearly \$500 thousand in general fund appropriations currently set aside in the HED funding formula for community college mission-differentiated measures. This funding would not be recouped by the state but would instead be reallocated to other performance metrics within the formula. CNM estimates overall financial impact to postsecondary institutions would be minimal as these institutions currently do not receive tuition for dual-credit courses or distance-education courses taken by high school students.

## **SIGNIFICANT ISSUES**

The requirements to take at least one unit as an advanced placement or honors course, a dual credit course, or a distance learning course was enacted in Laws 2007, Chapter 307 (HB584 - high school redesign efforts). At that time, the FIR noted “HB 584 increases rigor for students by...provid[ing] that students entering ninth grade in the 2009-2010 school year, in order to graduate, must earn at least one unit as advanced placement, dual credit, or one distance learning course.” There was an expectation that requiring these types of courses would improve the college- and/or career-readiness of graduates.

During FY09, the year before implementing this policy, PED reported 47.1 percent of New Mexico graduates required one or more remedial course when they entered a New Mexico institution of higher education. In FY12, remediation rates peaked at 53.6 percent and decreased in subsequent years. The most current data indicates this rate decreased to 43.3 percent in FY15.

By statute, the dual credit program allows high school students to enroll in college courses and earn college credit free of tuition and course materials fees. Institutions of higher education are prohibited from charging tuition (though they count dual credit students in their total enrollment for the purpose of calculating formula funding) and public schools are required to provide instructional materials for dual credit courses. PED’s FY16 second quarter report indicates the number of students enrolled in dual credit programs in FY12 was 11,182 and in FY15 was 17,608. Over that same period of time, PED reports the number of courses students enrolled in was 17,592 in FY12 and 32,546 in FY15, indicating students are, on average, taking more than one course. For FY17, the public school support appropriations included \$1 million to PED for the purchase of dual credit instructional materials.

HED reports dual credit courses have given students an opportunity to make progress toward college degrees before they finish high school, provide academic rigor, and help students transition from high school to postsecondary education. HED reports a lower student enrollment than that included in PED’s quarterly report – totaling 17,331 high school students that took one or more dual credit courses in New Mexico’s postsecondary institutions in FY15, resulting in enrollment in 38,462 dual credit courses. The requirement that all high school students must take at least one AP, honors, dual credit, or distance learning course in order to graduate from high school went into effect for students entering the ninth grade in 2009-2010. Since that year, the number of students participating in the state’s dual credit program increased from 10,985 in

2009-2010 to 17,331 in 2014-2015. HED reports the majority of courses students take for dual credit fall into the categories of English language and literature, health professions and related clinical sciences, visual and performing arts, and mathematics and statistics.

In addition to dual credit programs, students are also able to earn college credit for advanced placement courses if they are able to score high enough on the end of year advanced placement course exam, again without incurring tuition costs. For FY17, PED special appropriations included \$875 thousand for advanced placement programs and \$250 thousand for the state's cyber academy, IDEAL-NM. In partnership with New Mexico schools, IDEAL-NM offers "online courses taught by New Mexico licensed teachers. The courses are teacher-led, interactive and aligned with standards. Students across the state enroll in the IDEAL-NM virtual school for a variety of reasons including, enrichment, expanded access to electives, credit recovery and acceleration and to fulfill the distance learning graduation requirement."

CNM provided numerous studies arguing that dual credit increases high school student engagement, socialization, and postsecondary acclimation; encourages post-secondary access for minority, first generation, and student populations from low socio-economic backgrounds; and leads to significant positive effects on nearly all factors of student success when students enroll in college. Dual credit has been shown to reduce numbers of students requiring remedial coursework, decrease the time it takes students to complete a degree, increase student retention and increase student grade point averages. From a policy perspective, CNM notes other research has shown that dual credit saves both the students and states money through improvement of the aforementioned success factors and positive impacts to the overall workforce of a state. Studies conducted by CNM on its own students indicate dual credit students were more likely to attain the legislative Lottery Scholarship at higher rates, maintain the Lottery Scholarship, graduate within three years or earlier, and require fewer remedial education hours.

NMSD has been required to provide distance learning, honors, dual credit, and advanced placement course and notes high school students without additional disabilities to their hearing loss experience significant barriers to language and communication access when attempting to enroll in these types of courses outside of NMSD. In addition, few distance learning opportunities are appropriately designed for deaf and hard of hearing students.

HED notes the bill removes the high school graduation requirement for a dual credit course but does not eliminate the state's dual credit program. The bill will not change the availability of dual credit to students who wish to take college coursework as PED will continue to count dual credit as part of its college and career readiness measure in school grading. In addition, the higher education Instruction and General (I&G) funding formula, which rewards higher education institutions for offering dual credit, will continue to incentivize higher education institutions to offer dual credit. The higher education I&G funding formula does not reimburse higher education institutions for all dual credit costs. A decrease in the number of dual credit courses would likely result in more money per dual credit course awarded to higher education institutions if the formula continues to allocate a fixed proportion of I&G funding for dual credit.

Additionally, PED has noted concerns about decreasing the rigor of graduation requirements. Given the state's low educational performance, policymakers should carefully analyze changes to graduation rates. While removal of these requirements could decrease the rigor of high school graduation requirements if students stopped participating in or schools stopped supporting these programs, participation and success in advanced placement and dual credit courses could affect

high schools ratings under the A-F school grading system. Additionally, school grades are incorporated into some educator's annual evaluations, making it unlikely that educators will stop supporting these programs if they are successful.

### **PERFORMANCE IMPLICATIONS**

Removal of dual credit graduation requirements will likely reduce reported dual credit participation in public school performance measures. NMICC notes programmatic efforts to promote college attendance after high school may decrease.

CNM notes elimination of dual credit requirements may affect performance measures related to increasing retention and graduation rates while decreasing remediation and matriculation rates.

### **RELATIONSHIP**

This bill relates to HB211, which addresses science standards for graduation; SB40, which establishes a state school grades council; SB62, which establishes a school rating grading point system; and SB134, which addresses computer science standards for graduation.

### **OTHER SUBSTANTIVE ISSUES**

According to Governor Martinez, New Mexico ranked second in the nation in 2015-2016 for year-over-year percentage growth in the number of students taking an advanced placement exam and ranked fourth in the nation for providing advanced placement access to low-income students. According to the College Board, the state ranked tenth for growth in advanced placement exams taken per 1,000 eleventh and twelfth graders. However, the percent of eleventh and twelfth graders scoring a 3 or better (which indicates qualification for college credit) on the exam decreased from 40.2 percent to 38.1 percent.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

According to HED, the dual credit program in New Mexico will continue to be available to high school students whether this bill passes or not. The dual credit program in New Mexico has expanded significantly in recent years, in part due to current statutory requirements. HED notes, although dual credit is an accepted national initiative, it is more successful and effective with defined and measured standards. The New Mexico Dual Credit Council, comprised of PED and HED staff, is currently reviewing possible improvements to the program.

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