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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/17
 SPONSOR SFIS LAST UPDATED 3/08/17 HB _____
 SHORT TITLE School Rating Grading Point System SB 62/SFIS/aHEC
 ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY17 | FY18 | FY19 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|-------------------------|------|-------------------|---------------------------|---------------|
| Total | | See Fiscal Implications | | | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB163, SB31, SB140, SJM1
 Conflicts with SB40

SOURCES OF INFORMATION

LFC Files
 Legislative Education Study Committee (LESC) Files

Responses Received From
 Public Education Department (PED)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to the Senate Floor substitute for Senate Bill 62 adjusts the scoring weights for high school grades as follows:

| High Schools | SFL/SB62 | SFL/aHEC |
|--|------------|------------|
| Overall Grade Scale | 100 | 100 |
| Student Proficiency (PED defines “Current Standing” differently) | 10 | 15 |
| Student Growth (represented as “School Growth”) | 7 | 10 |
| 25 th Percentile (Q1) Growth | 13 | 15 |
| 50 th Percentile (Q2 & Q3) Growth | 10 | 10 |
| 75 th Percentile (Q4) Growth | 5 | 5 |
| English Language Proficiency (ELP) Progress | 5 | 10 |
| Surveys | 5 | 5 |
| Improvements in Truancy, Chronic Absenteeism | 10 | 5 |
| Parent Engagement | 5 | Bonus |
| Extended Learning Time, Extracurricular, Cocurricular activities | 5 | Bonus |
| Attendance | 0 | 0 |

| | | |
|------------------------------|----|----|
| Graduation | 15 | 15 |
| College and Career Readiness | 10 | 10 |

Synopsis of SFI Substitute

The Senate Floor substitute for Senate Bill 62 amends the A-B-C-D-F School Ratings Act, adjusting factors for calculating school grades and requiring additional student achievement and growth data reporting for specific student subgroups. The bill establishes an LESC work group to study the school grading system during the 2017 and 2018 interim.

FISCAL IMPLICATIONS

The bill does not include an appropriation. Costs will depend on the frequency and location of meetings.

SIGNIFICANT ISSUES

The current school grading models have components that measure grade level proficiency, student growth, school growth, and other non-academic factors like attendance and parent engagement. The high school grading models include graduation and college and career readiness in addition to the aforementioned factors. PED’s current rating configuration places significant weight on proficiency and growth factors. The bill’s weighting configuration shifts emphasis to factors such as parent engagement and improvements in truancy and chronic absenteeism rates. The current and proposed point differences are shown below:

| Elementary and Middle Schools | Current | SFL/SB62 |
|--|------------|------------|
| Overall Grade Scale | 100 | 100 |
| Student Proficiency (PED defines “Current Standing” differently) | 40 | 10 |
| Student Growth (represented as “School Growth”) | 10 | 10 |
| 25 th Percentile (Q1) Growth | 20 | 15 |
| 50 th Percentile (Q2 & Q3) Growth | 20 | 10 |
| 75 th Percentile (Q4) Growth | | 5 |
| English Language Proficiency (ELP) Progress | 0 | 10 |
| Surveys | 5 | 10 |
| Improvements in Truancy, Chronic Absenteeism | 2* | 15 |
| Parent Engagement | 2* | 10 |
| Extended Learning Time, Extracurricular, Cocurricular activities | 1* | 5 |
| Attendance | 5 | 0 |

*Awarded through bonus points, capped at 5.

| High Schools | Current | SFL/SB62 |
|--|------------|------------|
| Overall Grade Scale | 100 | 100 |
| Student Proficiency (PED defines “Current Standing” differently) | 30 | 10 |
| Student Growth (represented as “School Growth”) | 10 | 7 |
| 25 th Percentile (Q1) Growth | 10 | 13 |
| 50 th Percentile (Q2 & Q3) Growth | 10 | 10 |
| 75 th Percentile (Q4) Growth | | 5 |
| English Language Proficiency (ELP) Progress | 0 | 5 |
| Surveys | 5 | 5 |

| | | |
|--|----|----|
| Improvements in Truancy, Chronic Absenteeism | 2* | 10 |
| Parent Engagement | 2* | 5 |
| Extended Learning Time, Extracurricular, Cocurricular activities | 1* | 5 |
| Attendance | 3 | 0 |
| Graduation | 17 | 15 |
| College and Career Readiness | 15 | 10 |

*Awarded through bonus points, capped at 5.

The addition of English Language Proficiency (ELP) progress as an indicator into school accountability is mandated by the federal Every Student Succeeds Act. PED has indicated this indicator will be incorporated in future models.

An LESC analysis that applied the amended substitute bill’s school grade configuration to the 2015-2016 school year scores shows a shift of overall grade distribution upward. Under the amended substitute bill’s provisions, about 65 percent of schools would earn an A or B (currently defined as a high school scoring 65 or more points and an elementary or middle school scoring 60 or more points). Twenty schools would earn an F grade and 76 schools would earn a D grade, creating a positive skew toward higher school grades than the current system. The projected changes are mostly attributed to school performance on school quality and opportunity indicators. The analysis does not evaluate the impact of the ELP indicator, which accounts for 10 percent of the final grade and is not included in the current grading system.

Many of the categories in the school quality and opportunity section attempt to measure school climate, which the National School Climate Center defines as “the quality and character of school life based on patterns of students’, parents’, and school personnel’s experience of school life and reflects norms, goals, values, interpersonal relationships, teaching and learning practices, and organizational structures.” According to the Education Commission of the States, Oklahoma, South Dakota, and New Mexico are the only states that explicitly include measures of school climate in school accountability systems, and New Mexico is the only state that includes parent and student surveys. Though these states attempt to gauge school climate, the measurements often involve proxies for school climate (for example, dropout rate) and not actual measures of school climate. However, education researchers have developed multiple school climate inventories in the past 10 years that have been thoroughly vetted in peer-reviewed academic studies and used in school climate research. LESC notes this bill could present an opportunity for the state to adapt school climate inventories to better measure school environments.

A September 2016 LESC study found schools with higher student populations qualifying for free and reduced-fee lunch (FRL) had a higher percentage of D and F school grades, while schools with lower FRL student populations had a higher percentage of A and B school grades. The LESC findings suggested lower math proficiency scores were related with higher FRL percentages. LESC indicated the focus on academic proficiency, rather than academic growth, in school grades would make improvements to current standings more difficult for schools in low socioeconomic areas.

PERFORMANCE IMPLICATIONS

Changes to the school grading configuration would impact performance measures related to the percent of schools with an A or B grade and other performance indicators measuring changes in school grades.

ADMINISTRATIVE IMPLICATIONS

The bill requires the LESC to convene a school grades work group consisting of two representatives from each of the following stakeholder groups: teachers, education labor unions, principals, charter schools, superintendents, school board members, parents, tribal leaders, community organizations, LESC, and PED. The work group would report to the LESC in December 1, 2018, with recommendations on turnaround models for low-performing schools, best practices from low-performing schools in high-poverty areas, innovative school programs, best practices that focus on individual grading indicators, and best practices that increase performance of English language learners.

CONFLICT, RELATIONSHIP

This bill relates to HB163, which discounts a chronically absent student’s test score in school grades or teacher evaluations; SB31, which removes advanced placement and dual credit graduation requirements; SB140, which provides school districts with consecutive A or B grades the certain flexibilities; and SJM1, which requests a study on alternative or innovative state assessments. This bill conflicts with SB40, which establishes a state school grades council and new school grading system.

TECHNICAL ISSUES

Under Section 22-2E-4.B.(2) NMSA 1978, PED recommends clarifying “the middle fiftieth percentile of students” with language referring to students between the 25th percentile and 75th percentile, and “highest twenty-fifth percentile of students” with language referring to students in the 75th percentile (or similarly, the highest performing quartile of students).

OTHER SUBSTANTIVE ISSUES

PED notes disaggregation for school grades on the school report card is revised to include new subgroups (students who are homeless, in foster care, or have a parent in the military). While reporting of these groups is federally required, their inclusion into school grading report card ratings or accountability is not. Because small groups with sensitive information may be identifiable, PED recommends confining subgroup reporting to a district-level report card, which limits aggregations to a reasonable size and better protects student confidentiality. This would be in keeping with current practice for the subgroups of Migrant and Recently Arrived students.

In 2016, PED held stakeholder engagement meetings across the state as part of the federal Every Student Succeeds Act requirement for state accountability plan submission. PED notes their current ongoing technical review involves revisions based on stakeholder input. The current A-F school grading system was developed in 2012 with several groups advising and providing feedback, including the U.S. Department of Education, Superintendent’s Advisory work group, School Board Association, Coalition for Excellence in Science and Math Education, Assessment and Accountability Advisory Council, a technical work group, and more than 2,000 school leaders and district administrators. Additionally, PED reached out to stakeholders about the accountability model in the first three years of school grading through such mechanisms as numerous documents, webinars, advisory committees, and on-site presentations around the state.