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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Joint Resolution 3

**SHORT TITLE:** Appointed State Board of Education, CA

**SPONSOR:** Soules

**LAST UPDATE:** 1/29/26      **ORIGINAL DATE:** 1/29/26      **ANALYST:** Liu

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Election Costs		\$35.0 - \$50.0		\$35.0 - \$50.0	Nonrecurring	General Fund
<b>Total</b>		<b>\$35.0 - \$50.0</b>		\$35.0 - \$50.0	Nonrecurring	<b>General Fund</b>

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Legislative Education Study Committee (LESC) Files

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

### SUMMARY

#### Synopsis of Senate Joint Resolution 3

Senate Joint Resolution 3 (SJR3) would amend the state Constitution to establish an appointed State Board of Education (SBE) and transfer governance of PED from the governor to SBE. The resolution allows current elected members of Public Education Commission (PEC) to continue serving as state charter school authorizers. SBE would have nine appointed members, as provided by law. SBE would then determine public school policies, exercise control over all public schools, and appoint a superintendent of public instruction to direct PED operations. The secretary of PED would serve as the superintendent of public instruction until replaced by SBE.

The joint resolution provides the amendment be put before the voters at the next general election (November 2026) or a special election called for the purpose of considering the amendment. The amendment would only be effective if approved by voters.

## FISCAL IMPLICATIONS

Under Section 1-16-4 NMSA 1978 and the New Mexico Constitution, the Secretary of State (SOS) is required to print samples of the text of each constitutional amendment in both Spanish and English in an amount equal to 10 percent of the registered voters in the state. SOS is required to publish the samples once a week for four weeks preceding the election in newspapers in every county in the state. The number of constitutional amendments on the ballot may impact the ballot page size or cause the ballot to be more than one page, also increasing costs. The estimated cost per constitutional amendment is \$35 thousand to \$50 thousand, depending on the size and number of ballots and if additional ballot stations are needed.

## SIGNIFICANT ISSUES

Provisions of this resolution would require voters to authorize the appointment of nine members to serve on the SBE pursuant to state law. It is unclear who will appoint these members, although presumably this would be a governor's responsibility, and how long their terms would be. The resolution would need enabling legislation to detail the appointment process further. SBE would then appoint a qualified, experienced New Mexico eligible licensed educational administrator to be the superintendent of public instruction.

Prior to FY04, New Mexico had an elected policymaking state board of education. When the constitutional amendment establishing PED was passed in September 2003, responsibilities included shifting responsibilities from a superintendent of public instruction selected by the board to a secretary selected by the governor. In recent years, PED has seen more leadership changes in the position, with eight secretaries since 2003. PED secretary tenures have ranged from six months to seven years. According to LESC, between 1963 and 2002, New Mexico had only three state superintendents of instruction, with tenures ranging from five years to 22 years.

A 2020 analysis of governance structures by the Education Commission of the States found:

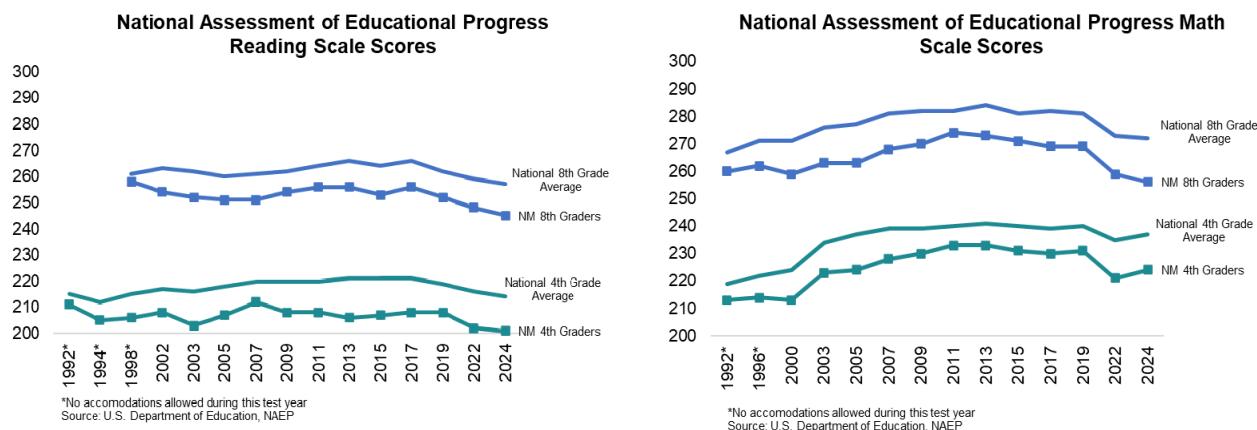
- Twenty-five states have outlined a formal constitutional role specific to education for their governor.
- Every state has constitutional language detailing the authority and duties of state legislatures in education, and 40 states give the legislature some role in appointing or confirming the chief state school officer or state board of education members.
- Thirty chief state school officers have a formal constitutional role in state government. Additionally, how they are selected for office varies: 21 are appointed by state boards of education, 16 are appointed by the governor, 12 are elected, and one is appointed by the state executive-level secretary. In Oregon, the governor is the superintendent of education.
- State board of education authority and duties are also detailed in state constitutions and statute. Twenty-three states include state boards in the constitution, and 26 have only statutory powers and duties. Only Minnesota and Wisconsin do not have a state board, and New Mexico's public education commission is advisory only.
- Thirty-four states have some variation of an executive-level secretary. Such positions may mean additional formal duties for chief state school officers, or they may be individually appointed positions designated to serve the state board of education or work in some other capacity.
- Every state except for the District of Columbia and Hawaii has statutory provisions related to outlining the authority of local school boards. (Hawaii is one single school

district and so is the District of Columbia.)

## PERFORMANCE IMPLICATIONS

Changes to New Mexico's governance structure in the last two decades have coincided with significant events, including the Great Recession of 2008, *Martinez-Yazzie* education sufficiency lawsuit in 2018, and Covid-19 pandemic in 2020. Simultaneously, the state experienced a decade of austere budgeting for schools, the addition of over 100 charter schools, a surge and subsequent decline in student enrollment, three major shifts in gubernatorial educational platforms and subsequent changes to state accountability structures, major recent investments in instructional time and educator pay, and eight PED secretaries.

The National Assessment of Educational Progress (NAEP), the only longitudinal national assessment that has been administered to all states over the last two decades, shows average New Mexico math and reading performance has fallen below 2000 levels, except for fourth grade math scale scores. In general, New Mexico's performance changes have largely mirrored trends in national performance on the NAEP test. The 2024 NAEP results continue to rank New Mexico in 50<sup>th</sup> place in all math and reading scores, the same rank as the 2022 NAEP results.



Given the significant number of confounding variables affecting student performance on the NAEP test, it is unclear whether the change in governance structure from the prior state board to PED is associated with changes in student performance, as New Mexico experienced a brief period of closing the gap with the national average prior to 2008. According to LESC, differences in governance structures do not appear to have a strong relationship with NAEP performance.

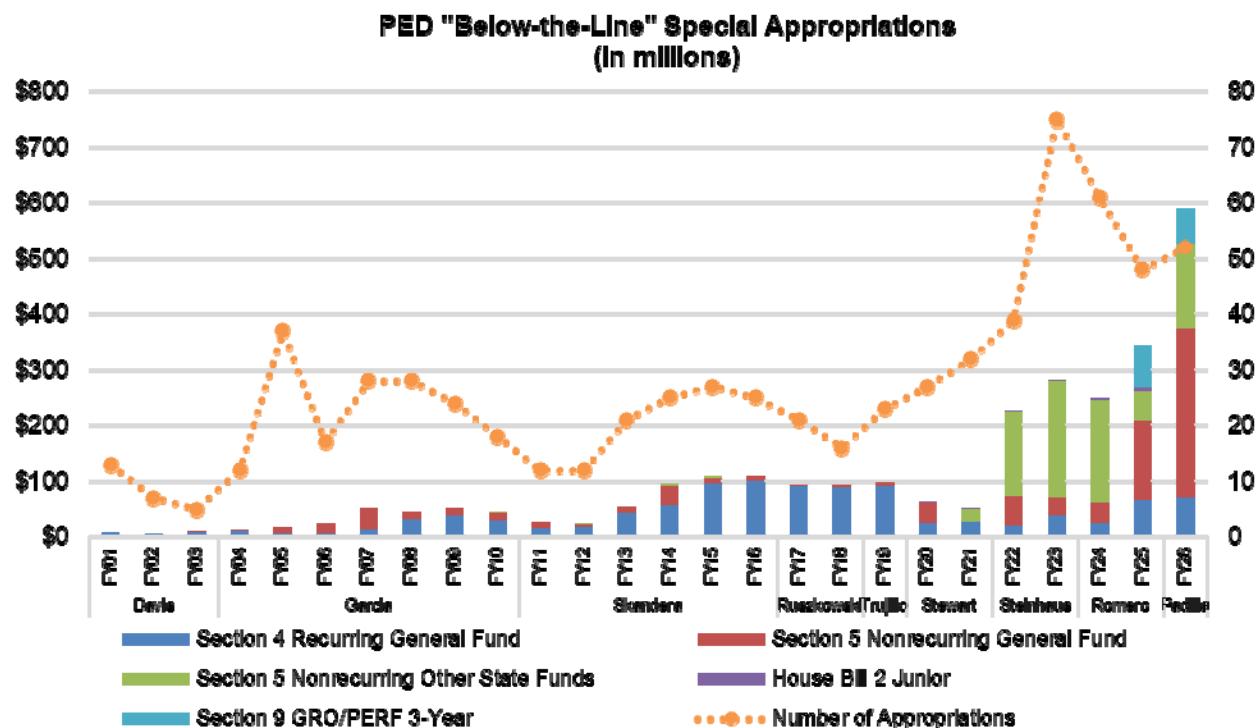
## ADMINISTRATIVE IMPLICATIONS

Provisions of this resolution would require the appointment of nine members of the SBE within specific parameters. The Legislature would need to create enabling legislation to detail how terms would be determined and further clarify duties of SBE and PED.

## OTHER SUBSTANTIVE ISSUES

Changes in gubernatorial and PED leadership over the last quarter century have coincided with

ebbs and flows in department initiatives, mostly driven by changes in state revenues but also executive priorities. Prior to PED's establishment in 2003, the state board of education had a handful of small initiatives, ranging from \$2 million for the Indian Education Act to \$100 thousand for service learning. These initiatives were primarily general fund appropriations and marked by a period of difficult and unproductive relationships between the executive and legislative branches of government. With the push for executive reorganization, coupled with major educational reforms (such as establishing a three-tiered teacher licensure system and prekindergarten), and volatility in oil and gas revenue, the state mostly focused on raising state equalization guarantee (SEG) appropriations to address operational costs at schools rather than PED initiatives.



During this period, many of the education reform initiatives were funded with nonrecurring revenue, some initiatives were discontinued, and the Legislature sought other sources to continue programs, including the use of funds in the “education lockbox.” Some PED programs were also funded through separate, smaller appropriation bills enacted outside of the General Appropriations Act (e.g. House Bill 2 “Junior”), highlighting the complexity of various competing interests and funding streams for agency initiatives. The 2008 Great Recession forced the Legislature to take solvency measures, resulting in significant reductions to PED program funding. About half of the funding for PED initiatives at the time were dedicated to prekindergarten and K-3 Plus programs.

Following the *Martinez-Yazzie* ruling in 2019, the Legislature shifted K-3 Plus funding into the SEG distribution and moved prekindergarten programs to the newly formed Early Childhood Education and Care Department the following year, significantly reducing recurring PED program funding following the lawsuit. However, in the last few fiscal years, nonrecurring PED initiative funding has ballooned due to the availability of general fund dollars but also from public education reform fund appropriations, which had accumulated from unspent K-5 Plus and

extended learning time programs. After transitioning to K-12 Plus programs in FY24, schools stopped reverting appropriations into the reform fund, but the Legislature continued to use remaining balances in the fund to continue supporting various initiatives. In FY25, the state converted the reform fund into a research fund to evaluate pilot programs over a 3-year period, highlighting the need for more accountability over the outcomes of PED programs.

While perhaps not directly related, changes in PED leadership have historically been followed by a brief period of expansion in agency initiatives and then a dip in programming before a shift in administration. Despite recent turnover at the department's top position, initiative funding has grown exponentially in number and amount. With a new administration taking over in FY27, the department may once again shift its priorities, along with its initiatives, if PED's leadership changes.

According to McKinsey & Company, a strategy and management consulting firm, approximately 80 percent of government transformation projects and major change efforts fail to achieve their objectives. This high failure rate stems from inadequate planning, political volatility, resistance to change, lack of clear ownership, and, particularly in IT projects, a failure to align technology with user needs. Based on McKinsey research and analysis, key reasons for this 80 percent failure rate include:

- Insufficient up-front planning: Projects often start without proper preparation, leading to unrealistic timelines and budgets.
- Political constraints and turnover: Short tenures of government leaders prevent long-term continuity, while political considerations create roadblocks to necessary, but unpopular, changes.
- Resistance to change: Lack of staff buy-in, workforce fatigue, and cultural resistance within public sector organizations hinder implementation.
- Weak program management: A lack of clear accountability and poor oversight, especially in large-scale IT projects, contributes to failure.
- Misaligned priorities: Government entities often struggle to focus, juggling too many initiatives simultaneously.
- Insufficient capability and resources: Governments frequently lack the necessary skills to design and implement complex, large-scale projects.

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