



LFC Requester: Liu

**PUBLIC EDUCATION DEPARTMENT  
BILL ANALYSIS  
2026 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

Check all that apply:

Original  Amendment   
Correction  Substitute

Date Prepared: January 23 2026

Bill No: HB123

Committee Referrals: Not Printed

**Agency Name and Code:** PED - 924

Sponsor: Lujan

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**Short Title:** STATE AND FED SCHOOL GRANT PGMS

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**SECTION II: FISCAL IMPACT**

(Parenthesis ( ) Indicate Expenditure Decreases)

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		
\$1,000.0	None	Nonrecurring	GF

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		
None	None	None	N/A	NFA

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

	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$1,500.0-\$2,000.0	None	None	\$1,500.0-\$2,000.0	\$500.0 Recurring	GF

Duplicates/Relates to Appropriation in the General Appropriation Act: The Legislative Finance Committee (LFC) FY27 budget recommendation appropriates \$2,5 million to Local Education Agencies (LEAs) Administrative Burden Reduction (LEA applications and LEA plans) from the General Fund.

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: House Bill 123 (HB123) would require the Public Education Department (PED) to maintain a digital system that consolidates grant information and requirements across a variety of state and federal funds. School districts and charters schools would be required to apply for grants and manage grant funds through the system. The unified application currently used by PED must comply with the provisions of the bill by December 31, 2026.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the legislature enacting them, unless a later date is specified. If enacted, this bill would become effective May 20, 2026.

### **FISCAL IMPLICATIONS**

This bill appropriates \$1 million from the General Fund to PED for expenditure in FY26 and FY27 to bring into compliance or otherwise maintain the integrated digital system for school districts and charter schools to manage funding from state and federal grant programs. Any unexpended balance remaining at the end of FY27 shall revert to the general fund.

Annual maintenance of the current universal application costs \$500,000, and adding additional grants and functionality would cost an additional \$1.5 to \$2 million. The appropriation in HB123 would support annual maintenance but not the expanded functionality as required in the bill.

### **SIGNIFICANT ISSUES**

For many state and federal grant programs, application and reporting requirements are time-consuming and resource intensive. School district administrators spend significant time writing applications, managing grant compliance, tracking expenses, and preparing reports. Smaller and rural school districts with fewer administrators have higher administrative burden. To reduce this burden for school districts and charter schools, PED maintains a [unified application](#) where they can apply for most federal grant funding.

The current unified application module provides one streamlined application for most federal grants. It consolidates common requirements across federal programs and automates data entry and calculations to ensure accuracy and compliance with federal requirements. The unified application includes grants from the following sources:

1. Elementary & Secondary Education Act
  - a. Title I Part A
  - b. Title I Part C
  - c. Title I Part D Subpart 2
  - d. Title II, Part A
  - e. Title III
  - f. Title IV, Part A
  - g. Title V RLIS
2. Individuals with Disabilities in Education Act
  - a. Part B 611 and
  - b. Part B 619

No state grant programs are currently included in the unified application, nor are grants from the following sources: Carl Perkins, NextGen, McKinney-Vento, Comprehensive Literacy State Development, United States Department of Agriculture Food & Nutrition Service Grants (e.g. National School Lunch Program), State Personnel Development Grant (SPDG), Title IV-B (21st Century Community Learning Centers), or Title I-A, Section 1003 School Improvement Funds. HB123 would therefore necessitate a significant expansion of what the department's current unified application offers. Additionally, the bill would require itemized application and approval authority over individual grant-related expenditures, representing an expansion of PED's current oversight over many of the grant programs the department oversees.

## **PERFORMANCE IMPLICATIONS**

None.

## **ADMINISTRATIVE IMPLICATIONS**

The bill will have administrative implications for PED, though they will likely be minimal. Although the current unified application does not meet all the requirements outlined in the bill, PED is already working or planning to develop the additional functionalities proposed, depending on available funding.

Should HB123 pass, PED must maintain a unified application with the following functions by December 31<sup>st</sup>, 2026:

1. Maintains a single source of accurate and consistent data for each school district and charter school, consolidating common requirements across the following state and federal grant programs:
  - a. Those established by the federal Elementary and Secondary Education Act of 1965 (ESEA), as amended by the federal Every Student Succeeds Act;
  - b. Those pursuant to the federal Individuals with Disabilities Education Act;
  - c. Those pursuant to the Community Schools Act;
  - d. All grants established to promote literacy or reading proficiency pursuant to the Public School Code; and
  - e. Other state or federal grant programs required by PED after consultation with the Legislative Education Study Committee (LESC) and LFC.
2. Automates data entry and calculations.
3. Categorizes grants programs with unique grant codes and categorizes types of expenditures with a set of unique expenditure codes.
4. Provides a mechanism for PED or a school district or charter school to monitor compliance with grant program requirements.

The current unified application system complies with most of the bill's provisions: it automates data entry and calculations, uses a coding system to categorize grants and expenditures, and allows school districts and charter schools to apply for grant funding established by the Elementary and Secondary Education Act and the Individuals with Disabilities Education Act.

Compliance monitoring mechanisms and fund-managing functions already exist for school districts and charter schools through PED's Operating Budget Management System; however, these functions are not currently linked to the unified application and will require additional development.

The bill would require PED to consolidate grant information across three additional categories: community schools grants, literacy and reading grants, and other state and federal grants required by PED upon consultation with the LESC and LFC. As of January 27, 2026, PED is working to add Community Schools Act grants to the unified application. PED also aims to add the other two grant sources to the unified application, but additional funding for development will be necessary.

Provided with sufficient resources for development, PED estimates that these additional functionalities would be available by December 31st, 2026, at the earliest or by March 1<sup>st</sup>, 2027, at the latest.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

### **TECHNICAL ISSUES**

The timeline of the bill to complete the additional grant applications may not be realistic as the system is customized and built for each grant. A due date of March 2027 for spring applications would provide the necessary time to customize and code the program appropriately.

The grants listed would all need to be analyzed for feasibility for including into the system.

### **OTHER SUBSTANTIVE ISSUES**

None.

### **ALTERNATIVES**

None.

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

The maintenance and upgrade to include state grants may not be included in the department's unified grant application system.

### **AMENDMENTS**

Sponsors of the bill may want to consider amending the bill to appropriate sufficient funding for the development of additional features for the unified application.