

<b>LFC Requester:</b>	<b>Lui</b>
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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)  
*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 1/24/2026 *Check all that apply:*  
**Bill Number:** HB 123 Original  Correction   
 Amendment  Substitute

**Sponsor:** Lujan **Agency Name and Code:** Office of Cybersecurity  
**Short Title:** State and Fed School Grant Pgms **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
1,000,000		Nonrecurring	General Fund

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
-0-	-0-	-0-		

(Parenthesis ( ) indicate revenue decreases)

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

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	(1,000,000)			(1,000,000)	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: HB 123 requires the Public Education Department (PED) to establish and maintain an integrated digital system through which school districts and charter schools will manage funding from certain State and Federal Grant programs. The system must include a unified application that provides consolidation, automation and compliance monitoring. In addition to four grants that schools must apply for and manage funding through the system, the bill allows PED to require schools to apply for and manage other grants in the system. Finally, the bill requires schools that apply for grant funding through the system to provide line-item details for each proposed expenditure and allows PED to disapprove those proposed expenditures.

### **FISCAL IMPLICATIONS**

One million dollars is appropriated from the general fund to PED for expenditure in fiscal years 2026 and 2027 to bring into compliance or otherwise maintain the system.

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

### **SIGNIFICANT ISSUES**

### **PERFORMANCE IMPLICATIONS**

### **ADMINISTRATIVE IMPLICATIONS**

Schools can receive federal grant funds through a state administrative agency (SAA) which acts as the primary applicant, fiscal manager, and the authorized representative for a federal grant program. The state and local cybersecurity grant program (SLCGP) is one example of this method of grant administration. The federal Department of Homeland Security implements the SLCGP through FEMA, and New Mexico uses its state Department of Homeland Security and Emergency Management as the SLCGP SAA to receive federal funds and distribute them in accordance with cybersecurity programs established and implemented by the NM Cybersecurity Planning Committee and the NM Office of Cybersecurity (OCS). Funding from the SLCGP program helps entities, including schools, address cybersecurity risks and threats to their IT systems. Because New Mexico schools are at varying levels of preparedness in defending against increasingly sophisticated and ever-changing cybersecurity threats and attacks, OCS promotes school participation in the SLCGP as one means to help them understand the threats, reduce their risks, and respond when attacked.

However, HB 123 allows PED to intercede in the establishment and implementation of cybersecurity best practices in schools. If HB 123 passes, Section 1(B)(5) allows PED to require schools to use the new digital system for the SLCGP grant, and, through Section 1(C), to then disapprove all or part of the school's proposed cybersecurity grant expenditures. The bill will also extend the time required to receive the benefit of the cybersecurity grant. Time is of the essence in an environment that is changing quickly, and the ability to achieve, maintain

or restore cybersecurity preparedness is critical.

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

### **TECHNICAL ISSUES**

#### **OTHER SUBSTANTIVE ISSUES**

HB 123 provides funding to “maintain the system” only through FY27. Most modern grant management systems are cloud based, and are offered on a subscription model. For these reasons, these types of systems are not a one-time expense and instead require consistent funding for year-over-year operations. Without a recurring funding stream, any system PED implements in FY27 may become unavailable in subsequent fiscal years, resulting in system abandonment or increased costs for renewed implementation.

### **ALTERNATIVES**

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

### **AMENDMENTS**

Amend Section 1(B)(5) to state: (5) other state or federal grant programs that are not administered by a State Administrative Agency but are required by the department after consultation with the legislative education study committee and the legislative finance committee.