

LFC Requester: _____

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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(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: 1/26/2026 *Check all that apply:*
Bill Number: H158 Original Correction
 Amendment Substitute

Rep. Little; Rep. Silva; Rep. Dixon;
Rep. Abeyta; Rep. Gonzales

Agency Name and Code Number: DFA-341

Sponsor:

PLANS ON USE OF CERTAIN FUNDS

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Short Title:

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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

House Bill 158 (HB158) aims to ensure efficient use of public funds and accountability for funded programs and projects in achieving their goals. It encourages evidence-based decision-making and increased transparency in government expenditures.

Key Provisions:

- **Accountability and Evaluation Plan Requirements:**
 - Agencies must identify goals, objectives, and expected outputs and outcomes for funded programs/projects.
 - Agencies must describe specific activities and how they will achieve expected outcomes.
 - Agencies must provide a summary of whether the program/project is evidence-based, research-based, promising, or lacks rigorous research on its effectiveness.
 - Agencies must list performance measures and include a monitoring plan to regularly assess performance.
 - Agencies must include an evaluation plan to assess the causal impact on expected outcomes.
 - Agencies must outline methods and timelines for releasing accountability and evaluation results to the division director, the director of the Legislative Finance Committee, and the public.
- **Submission Deadlines:** The Department of Finance and Administration (DFA) State Budget division director must notify agencies required to submit plans by May 1 each year.
 - Agencies must submit their plans by July 1 of the year when the appropriation is made.
 - If revisions are required, agencies must submit revised plans by September 1 of the same year.
- **Final Evaluation and Recommendations:**
 - By July 15 of the final year of an appropriation, the division director and the director of the Legislative Finance Committee will review the evaluation results of the program/project.

- Based on the evaluation, recommendations will be made regarding the inclusion of the program/project in the agency's budget for the following fiscal year.

FISCAL IMPLICATIONS

HB158 administrative, evaluation, and other procedural requirements will likely create fiscal implications for State Agencies.

- Administrative Costs:
 - State agencies may incur additional costs to develop and submit accountability and evaluation plans, including hiring staff or consultants to design and implement them.
 - The State Budget Division (SBD) and the Legislative Finance Committee (LFC) will require additional resources to review, monitor, and evaluate the submitted plans and results.
 - HB158 does not allocate funds to the Department of Finance and Administration or the Legislative Finance Committee.
 - SBD anticipates implementation of HB158 will take 4 work hours per new GRO project, with an assumption of 15 new GRO projects per year, for a total of 100 work hours per year. DFA has not included these costs in its current operating budget.
 - SBD will attempt to handle the additional administrative costs using its internal resources and current budget; however, if the number of GRO projects grows in the future, more SBD resources will be required to effectively administer the process.
- Evaluation Costs: Programs and projects funded by the Government Results and Opportunity Expendable Trust may need to allocate funds for performance monitoring and evaluation, including data collection, analysis, and reporting.
 - If HB158 is enacted, future appropriations from the GRO fund for pilot projects should provide sufficient funding for the evaluations required by the bill, as well as the amounts needed to implement the project.
- Potential Savings: By ensuring that programs and projects are evidence-based and effective, the bill could lead to better allocation of public funds, reducing wasteful spending and improving fiscal efficiency over the long term.
 - Programs and projects that fail to meet their goals or demonstrate effectiveness may be excluded from future budgets, potentially reducing spending on ineffective initiatives.

SIGNIFICANT ISSUES

Scope of projects covered by HB158:

- One potential issue is the scope of projects intended to be covered by HB158 and thus requiring evaluations.
 - As drafted, HB158 mandates accountability and evaluation plans for “each program or project funded by an appropriation from the government results and opportunity expendable trust,” which includes all GRO fund appropriations. Typically, this applies to pilot projects at state agencies, funded for two or three years.
 - However, 2024 HB2 (Chapter 69), Section 9(D) contained over 300 small appropriations funded by GRO to various state agencies.
 - If this practice is continued, SBD and the LFC would be required to evaluate 300 accountability and evaluation plans, placing an increased strain on SBD and LFC resources, without administrative funding or capacity allocations.
 - Assuming the legislature does not intend to mandate hundreds of accountability and evaluation plans, clarifying language could be added to HB158 to specify which GRO-funded projects require comprehensive accountability and evaluation plans.

PERFORMANCE IMPLICATIONS

- HB158 closely resembles SB201 enacted during the 2025 legislative session, which mandated similar evaluation plans for projects funded by the Public Education Reform Fund at the Public Education Department (PED). SBD, LFC, PED, and the Legislative Education Study Committee collaborated effectively to develop and implement those evaluation plans.
 - SBD considers that this process could be reasonably extended to encompass all GRO projects. HB158 ensures that SBD and its Director are on equal footing with the LFC throughout the entire process.
- Instituting evaluation plans with uniform criteria should provide consistent, informed data on agency and program performance and enable stakeholders in the legislative and executive branches to effectively evaluate whether such programs should be incorporated into state agencies’ base budgets.

ADMINISTRATIVE IMPLICATIONS

Overall, HB158 will likely increase the administrative workload for DFA, requiring additional coordination, oversight, and reporting. This may necessitate hiring additional staff or reallocating existing resources to meet the new requirements.

- **Development of Instructions:** The division director of the State Budget Division within the DFA will need to collaborate with the Legislative Finance Committee to develop detailed instructions for agencies on how to create accountability and evaluation plans.
- **Notification Responsibilities:** The division director must notify agencies by May 1 each year about their requirement to submit accountability and evaluation plans.
- **Review and Oversight:** DFA will be responsible for reviewing the submitted plans by July 1 and potentially revised plans by September 1. This will require coordination with the Legislative Finance Committee and may necessitate additional personnel or resources to ensure thorough and timely reviews.
- **Evaluation and Recommendations:** By July 15 of the final year of an appropriation, the division director must review the evaluation results of programs/projects and collaborate with the Legislative Finance Committee to make recommendations regarding their inclusion in the agency's budget for the next fiscal year. This process will require significant administrative effort to analyze data and provide informed recommendations
- **Public Reporting:** DFA will need to ensure that accountability and evaluation results are released to the public, which may involve creating systems or processes for transparency and communication.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB158 is similar to Senate Bill 201, enacted in the 2025 legislative session.

TECHNICAL ISSUES

- As drafted, HB158 refers to programs or projects “funded by an appropriation from the government results and opportunity expendable trust.”
 - Per 6-4-31 NMSA 1978, appropriations are made from the government results and opportunity program fund. This language should be corrected accordingly.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

- GRO projects will not have a uniform, established evaluation process.

AMENDMENTS

- Pg. 1-2, Line 24 – 3, Section 1 A.
 - “A. The division director and the director of the committee shall develop instructions for agencies to submit an accountability and evaluation plan for each program or project that is funded by an appropriation from the government results

and opportunity [expendable trust] program fund.”