



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 28 2026

Bill No: HB161

Committee Referrals: HEC/HAFC

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

Sponsor: Sena Cortez

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**Short Title:** CHANGE K-12 PROGRAM  
UNIT CALCULATION

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**SECTION II: FISCAL IMPACT**

(Parenthesis ( ) Indicate Expenditure Decreases)

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		
None	None	N/A	NFA

**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>	None	None	None	None	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act: [House Bill 133](#), the current version of the General Appropriation Act of 2026, does not include an additional appropriation in the state equalization guarantee (SEG) for K-12 plus generated units; however, the Executive budget recommendation includes \$14 million for increased K-12 plus units.

## SECTION III: NARRATIVE

### **BILL SUMMARY**

Synopsis: House Bill 161 (HB161) would change the way schools qualify for K-12 plus funding. Currently, additional units are generated for additional school days over 180 for five-day week schools and over 155 for four-day week schools. HB161 would change the calculation from days to additional hours over the required 1,140 hours, so long as a five-day week school has more than 180 school days, and a four-day week school has more than 155 school days. Adding 5.5 hours over the required 1,140 hours would be like adding one instructional day in the current calculation.

This 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. However, the provisions of the act would only apply to the 2026-2027 and subsequent school years.

### **FISCAL IMPLICATIONS**

The unit value is largely determined by dividing the funds in the SEG appropriation by the number of units generated in the funding formula. When additional units are added, the unit value decreases, unless additional funding is added to the SEG to offset the new units. HB161 would increase the number of units, but does not increase the SEG and so has no net fiscal impact. It would redistribute funding to schools, but not change the overall amount of funding.

**It is difficult to consider how funds would be redistributed by HB161, as there appears to be an error in the calculation language.** HB161 would allow for a school that provides up to 1,195 instructional hours to generate additional program units at an amount determined by dividing the number of instructional hours between 1,140 and 1,195 by 5.5, and then multiplying the quotient by the school's enrollment, and then multiplying that product by the cost differential of 0.012, and finally multiplying that product by the number of instructional days. The final multiplier, the number of instructional days, is likely an error as that multiplier is not in the other calculations and it would create a large number of units. For example, a five-day week school with 100 students, hours of instruction, and 181 instructional days would generate 217.2 units, or approximately \$1.5 million at the current unit value, for those 5.5 hours over 1,140 hours. With the current calculation, the additional instructional day would generate \$8,162 for the same school and calendar.

**Assuming the instructional day multiplier is removed from the bill, the proposed formula changes would still have a substantial effect on school funding across the state.** K-12 plus program units would likely increase by more than 4,300 because many schools have more than the minimum number of instructional hours. At the current unit value, \$6,801.35, these additional units would generate an increase of more than \$29 million for K-12 plus units.

Projections based on the changes proposed by the bill are below.

	<b>Units</b>	<b>Dollars</b>
		<i>Based on initial FY26 \$6,801.35 unit value</i>
Projected K12+	30,037.77	\$204,297,373.39
FY26 K-12+	25,656.43	\$174,498,326.17
Increase	4,381.34	<b>\$29,799,047.21</b>

Without consideration for HB161, the Executive budget recommendation includes a request for \$14 million to offset planned increases to K-12 plus units. However, HB133 does not currently include an increase to the SEG to support the expected increase in K12 plus units. If HB161 were to become law, a much larger appropriation, approximately \$44 million, would be needed to offset new units and maintain the unit value.

## **SIGNIFICANT ISSUES**

HB161 would allow for a school that provides up to 1,195 instructional hours to generate additional program units at an amount determined by dividing the number of instructional hours between 1,140 and 1,195 by 5.5, and then multiplying the quotient by the school's enrollment, and then multiplying that product by the cost differential of 0.012, and finally multiplying that by the instructional days. Multiplying by instructional days appears to be an error, and was not included in PED's projection, because doing so would significantly overstate program units.

For instructional hours in excess of 1,195 the direction to multiply by instructional days was not included. For five-day week K-12 plus schools, the calculation divides the instructional hours between 1,195 and 1,277.5 by 5.5, followed by multiplying the product by school enrollment and a cost differential factor of 0.016. For four-day week K-12 plus schools, the calculation divides the instructional hours between 1,195 and 1,250 by 5.5, followed by multiplying the product by enrollment and a cost differential factor of 0.016. The difference in calculations allows for five-day week schools to generate additional K-12 plus units. It is unclear why the calculations are different for four-day and five-day week schools as the bill would calculate units based on hours and not instructional days.

The SEG version of the public education funding formula in New Mexico was formally established in 1974 with the intention of creating a student-based foundation formula and was quickly recognized as a national model. While the SEG formula has been modified over 80 times since its inception, the fundamental idea remains the same. At present, the formula uses [28 components](#) to generate units and allocate over \$4 billion in funds to public schools. These program units are the product of the number of students enrolled in a program or category multiplied by a cost differential.

The K-12 plus program in New Mexico was established by [House Bill 130](#) in 2023. It provides program units for schools that exceed the minimum requirements for instructional days (180 days for a five-day week school or 155 days for a four-day week school). Program units are multiplied by the unit value to generate school funding.

Modifying the formula would likely increase the number of four-day week schools, increase the average length of a school day, and decrease the average number of school days.

## **PERFORMANCE IMPLICATIONS**

HB161 would likely decrease the average number of instructional days for students. [Research](#) shows that shorter calendars have negative effects on student achievement, even when the number of instructional hours are equivalent.

## **ADMINISTRATIVE IMPLICATIONS**

The PED would be responsible for communicating and administering these changes to school districts and charter schools across the state.

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

- Relates to [Senate Bill 19](#), School Finance Unit Value Reset, which would allow the Secretary of Public Education to adjust the SEG unit value upon verification of the number of units statewide for FY26.

## **TECHNICAL ISSUES**

The sponsor may want to consider adjusting the formula in Section 1(B)(2) of the bill for the schools with instructional hours up to 1,195 as it includes the number of instructional days as a multiplier.

## **OTHER SUBSTANTIVE ISSUES**

None.

## **ALTERNATIVES**

None.

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

None.

## **AMENDMENTS**

The sponsor may want to consider striking “and the number of instructional days” from the calculation in Section 1(B)(2).