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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
57th Legislature, 1st Session, 2025

Bill Number	<u>SB201/aSEC</u>	Sponsor	<u>Gonzales</u>
Tracking Number	<u>.229275.1</u>	Committee Referrals	<u>SEC/SFC; HEC/HAFC</u>
Short Title	<u>Public Ed. Reform Fund Uses</u>		
Analyst	<u>Estupiñan/Bedeaux</u>	Original Date	<u>2/10/2025</u>
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FOR THE LEGISLATIVE FINANCE COMMITTEE

BILL SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 201 (SB201/aSEC) clarifies the role of LESC, the Legislative Finance Committee (LFC), and the Department of Finance and Administration (DFA) in approving instructions for evaluation plans, requires evaluation plans to state the roles and responsibilities of participating entities, and adds conditional language for programs that may not qualify for assessments of casual impact.

The amendment also requires the Public Education Department (PED) to submit evaluation plans by July 1 of the year the appropriation is made, with a revised plan due by September 1 of the same year. The evaluation itself will be due by September 1 of the final year of an appropriation for a program or project, which would inform a decision on whether a recommendation for recurring funding for the following fiscal year is appropriate.

Synopsis of Bill

Senate Bill 201 (SB201) would amend existing law to repurpose the public education reform fund (PERF) as a targeted three-year investment fund for education initiatives, similar to the government results and opportunity (GRO) expendable trust fund. The bill would require that initiatives funded through PERF be evaluated for causal impacts on student outcomes. Evaluation plans would be developed by the Public Education Department (PED) with consultation from DFA, LFC, and LESC.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPACT

SB201 does not contain an appropriation.

The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (HB2/HAFCS) includes a \$84.5 million transfer from the general fund to the public education reform fund (PERF), contingent on enactment of legislation revising the purposes of the PERF. Of this \$84.5 million, HB2/HAFCS contains \$82.5 million in appropriations for programs from PERF, for expenditure in FY26, FY27, and FY28. These recommendations include the following:

- \$18.6 million for attendance support, or \$6.2 million per year;
- \$18.6 million for school improvement and transformation, or \$6.2 million per year;
- \$15.6 million for math achievement, or \$5.2 million per year;
- \$15.6 million for secondary educator literacy, or \$5.2 million per year;
- \$7.8 million for innovative staffing strategies, or \$2.6 million per year; and
- \$6.3 million supports for students who are unhoused, or \$2.1 million per year.

SUBSTANTIVE ISSUES

Accountability and Evaluation Plans for Multi-Year Budgeting. SB201/aSEC would require DFA, LFC, and LESC to collaboratively develop accountability and evaluation plans for programs funded through the PERF. Evaluation plans would be required to accomplish the following:

- Identify the goals, objectives, and expected outputs and outcomes of the program receiving an appropriation from the PERF;
- Describe the specific activities and the expected roles and responsibilities of all participating entities within the program, and how those activities and entities will achieve expected program outcomes;
- Provide a summary of whether the program is evidence-based, research-based, promising, or does not yet have rigorous research on its effectiveness;
- Provide a list of performance measures and a monitoring plan to regularly assess program performance;
- Provide a program evaluation plan to assess the impact of the program on expected outcomes, prioritizing causal impact evaluations whenever possible; and
- Provide a description of methods, including planned statistical analysis, and the timeline for releasing performance and program evaluation results to DFA, LFC, LESC and the public.

Each program with an accountability and evaluation plan would be required to demonstrate evidence of improving performance measures approved pursuant to [Section 6-3A-8 NMSA 1978](#).

Impact of Multi-Year Budgeting. For the past several years, the Legislature has supported pilot programs with nonrecurring appropriations from the general fund and PERF. Because these appropriations were nonrecurring, PED has administered programs without the guarantee of continued funding in subsequent fiscal years. The practice of supporting priority initiatives with nonrecurring funds has deterred PED from hiring staff and building capacity within the agency to effectively and consistently administer programs, possibly diminishing the programs' potential to impact student achievement.

Questions about the sustainability of funding for programs have also dissuaded some school districts, charter schools, and other entities from participating in initiatives. For example, a significant portion of the Legislature's investments in teacher residency programs reverted to the PERF due to low participation, including a reversion of \$5.1 million in FY23. One of the reasons for reversions and unfilled residency slots was reluctance from some educator preparation

programs (EPPs) to stand up a residency program without guaranteed funding over several years. Since the introduction of GRO funding for teacher residencies in FY25, more EPPs have reported a willingness to recruit additional students to the program.

Similarly, school districts and charter schools have expressed a need for more stable recurring funding for initiatives like career and technical education (CTE) programs, which can take multiple school years to design and implement. CTE initiatives require school districts to design programs based on local industry needs, hire appropriate staff, and build and equip classrooms with specialized equipment. When funding is allocated one year at a time, schools report that it can be difficult to establish programs not knowing if funding will exist in the next school year.

Improving Data Quality. In recent years, data quality issues have become a significant barrier for the reliable evaluation of educational programs. A [November 2024 LESC analysis](#) demonstrated how issues with the accuracy, completeness, consistency, granularity, and timeliness of data have prevented reliable analysis of many priority initiatives. For example, a [recent LESC report on the effectiveness of teacher residency programs](#) was fraught with data quality issues, resulting in an inconclusive analysis of outcomes for only 30 of a possible 200 teacher residents. LESC analysis notes one issue contributing to poor quality data is the lack of a coordinated plan for data collection; LFC and LESC develop their annual work plans in silos, separate from program implementers responsible for developing data collection practices. As a result, the data collected by program implementers may not include all the information necessary for a valid, reliable evaluation. By encouraging cross-agency collaboration in the development of evaluation plans, SB201 could improve the quality of data collected for evaluation, resulting in stronger program evaluations and a better understanding of the conditions under which a program can improve student outcomes.

ADMINISTRATIVE IMPLICATIONS

SB201/aSEC would require PED to submit its public school support request, including recommendations for PERF-funded programs requiring accountability and evaluation plans, by September 1. This deadline is approximately three months sooner than the current statutory deadline of November 30 for the department to submit its public school support request. Analysis from PED notes that the effective date of June 20 would require immediate compliance with SB201/aSEC, giving PED little time to adjust its internal procedures to facilitate a budget submission three months sooner than usual.

SB201/aSEC would require DFA, LFC, and LESC to jointly develop instructions for accountability and evaluation plans. DFA would be required to approve instructions for accountability and evaluation plans and send the instructions to PED by May 1 of each year.

PED would be required to submit an evaluation and accountability plan for each PERF-funded program and submit all plans to DFA, LFC, and LESC by June 15 of each year. DFA would be required to consult with LFC and LESC and approve final evaluation plans by September 1 of the first year of each appropriation. PED analysis notes that DFA's primary focus is finance, and that the department may not be best suited to develop evaluation plans for educational programs.

OTHER SIGNIFICANT ISSUES

Requirement for Causal Evidence Whenever Possible. SB201/aSEC requires that program evaluation plans be designed to assess the causal impact of the program on expected outcomes

whenever possible. In program evaluation, and especially in social sciences, causal evidence can be difficult to produce. When causal research is not possible, other evaluation mechanisms can be used to provide insight, such as descriptive, comparative, and correlational evaluations. In research of educational programs, it is often sufficient to use statistical methods to make an argument about the conditions under which a program was effective without requiring causal evidence. In the cases that causal impact evaluation is warranted and feasible, SB201/aSEC would require evaluators to prioritize causal evaluation.

Roles and Responsibilities of Implementors. SB201/aSEC requires PED to submit a program evaluation plan for each PERF-funded program, detailing a strong mechanism for the evaluation of initiatives' effectiveness, including the roles and responsibilities of each actor playing a role in the implementation of the program. Past LESC research has found that even well-administered programs can break down at the school district or even classroom level when the programs are not implemented with fidelity. Considering the actors responsible for certain activities during the implementation of a program can help strengthen the state's understanding of what leads to successful program implementation.

Responsibility for Evaluation. SB201/aSEC requires program evaluation plans to include the entity that will be responsible for evaluating PERF-funded programs. While LESC and LFC staff may be capable and have the capacity to evaluate educational programs, PED may currently lack the capacity to evaluate its own programs. In some cases, there may be value in contracting with a third-party evaluator, given that third parties can be more objective than staff that may have interests in seeing programs succeed.

Definition of "Evidence-Based." SB201/aSEC requires that an evaluation plan provide a summary of whether a program is evidence-based, research-based, or promising pursuant to the state AGA. Section 6-3A-3 NMSA 1978 defines the terms as follows:

- "Evidence-based" means that a program or practice:
 - incorporates methods demonstrated to be effective for the intended population through scientifically based research, including statistically controlled evaluations or randomized trials;
 - can be implemented with a set of procedures to allow successful replication in New Mexico; and
 - when possible, has been determined to be cost beneficial;
- "Research-based" means that a program or practice has some research demonstrating effectiveness, but does not yet meet the standard of evidence-based; and
- "Promising" means that a program or practice, based on statistical analyses or preliminary research, presents potential for becoming research-based or evidence-based.

CONSEQUENCE OF NOT ENACTING THE BILL

Failure to enact this bill or similar legislation would invalidate some contingent appropriations included in HB2/HAFCS.

SOURCES OF INFORMATION

- LESC Files
- Public Education Department (PED)