

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR <u>SRC</u>	LAST UPDATED <u>2/16/23</u>
SHORT TITLE <u>State Board of Education, CA</u>	ORIGINAL DATE <u>1/31/23</u>
	BILL NUMBER <u>CS/SJR1/SRCS/a SRC</u>
	ANALYST <u>Helms</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY25	FY26	FY27	5 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Operational Costs			Indeterminate but substantial		Recurring	
Election costs		\$150.0-\$200.0			Nonrecurring	SOS Operating Budget

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From
 Office of the Attorney General (NMAG)
 Department of Public Education (PED)

SUMMARY

Synopsis of SRC Amendment

The Senate Rules Committee amendment to the Senate Rules Committee Substitute for SJR1 (SJR1/SRCS/aSRC) adds language clarifying that five of the 15 members of the state school board will be appointed by the governor and adds language clarifying that said appointed members must have maintained a consistent party affiliation for at least two years prior.

Synopsis of SRC Substitute for SJR1

The Senate Rules Committee Substitute for SJR1 (SJR1/SRCS/aSRC) would repeal and replace Article XII, Section 6, of the New Mexico Constitution to replace the Public Education Commission (PEC) with a state school board (SSB) and a Public Education Department (PED). The SSB would be comprised of 15 members, 10 of whom would be elected from 10 districts and five of whom would be appointed by the governor, who would appoint a superintendent of public instruction to direct the Public Education Department, and the department would be subject to board policy and direction.

SJR1/SRCS/aSRC would include a transition period from the current structure during which the PEC would continue until replaced by elected and appointed members of the SSB on January 1, 2027. Additionally, current PEC districts would comprise the SSB's 10 districts until redistricting in 2030 per the federal census.

The state school board's responsibilities would include public school policy, career technical education policy, and control and direction, including over the distribution and accounting of school funds and for schools districts and public schools. It further provides for the election and filling of vacancies on SBE, as well as defining the role and qualifications for state superintendent.

Because this is a constitutional amendment, its adoption is subject to voter approval at the next general election or special election prior to the date of the next general election.

FISCAL IMPLICATIONS

SJR1/SRCS/aSRC does not contain an appropriation.

SJR1/SRCS/aSRC could incur significant administrative costs. Given the influx in federal funds during the pandemic and many new initiatives taking place within schools, potential changes in school functioning that would arise from transferring fiscal responsibility and oversight back to a state board of education could incur significant costs in technical assistance to schools, in changes in structures within the Public Education Department's responsibilities, and to ensure school logistics and operations were continuous during any administrative changes or reporting changes.

As also noted in Legislative Education Study Committee analysis of SJR1/SRCS/aSRC, the proposed joint resolution recreates a similar structure for public education that was in place prior to the 2003 constitutional amendment that created the Public Education Department with a cabinet-level secretary. It is unclear if there would be significant changes to the current Public Education Department's bureaus and reporting structures. LESC analysis also notes:

A constitutional amendment making such a fundamental change to a cabinet-level agency, if approved by the voters, would necessitate extensive statutory and regulatory revision, with regard to the agency's powers, duties, and organization.

Under Section 1-16-4 NMSA 1978 and the New Mexico Constitution, the Secretary of State (SoS) is required to print samples of the text of each constitutional amendment in both Spanish and English in an amount equal to 10 percent of the registered voters in the state. SoS is also required to publish the samples once a week for four weeks preceding the election in newspapers in every county in the state. The estimated cost per constitutional amendment is \$150 thousand to \$200 thousand depending on the size and number of ballots and if additional ballot stations are needed.

SIGNIFICANT ISSUES

Prior to FY04, New Mexico had an elected policymaking state board of education. When the constitutional amendment establishing PED was passed in September 2003, responsibilities

included shifting responsibilities from a superintendent of public instruction selected by the board to a secretary selected by the governor and established PED as the party responsible for disbursing funds. PED has seen some turnover in the position, with six total secretaries since 2003, the recent retirement of the current PED secretary, and secretary tenures ranging from seven years to two or less years.

SJR1/SRCS/aSRC could help to establish consistency in long-term education initiatives with elected positions and with a board electing a superintendent of public instruction. SJR1/SRCS/aSRC could also lead to further years of unstable change to education administration after years that have already included significant changes and impacts within the education system in New Mexico, most notably the *Martinez-Yazzie* lawsuit and the Covid-19 pandemic, both of which have created sustained, above-average urgency for PED initiatives and student outcomes.

ADMINISTRATIVE IMPLICATIONS

Administrative changes would be substantial and represent significant costs. Administrative changes incurred in SJR1/SRCS/aSRC could include technical assistance for schools for any new pathways of budget operations and reporting, in addition to administrative costs in adjusting the structure of PED and ensuring sufficient transfer of knowledge, methodology, and current programming needs.

RELATIONSHIP

House Joint Resolution 7 (HJR7) also proposes changes to oversight of public education; HJR7 would amend Article XII, Section 6, of the Constitution in replacing PED with a Public School Administrative Office under oversight of the Public Education Commission.

TECHNICAL ISSUES

As also noted under fiscal impact, changes to the Public Education Department's internal structure are implied, but not delineated, in the bill, given that fiscal oversight and policy oversight would shift to a state board of education.

SH/mg/ne/mg