LFC Requester:	LIU

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to **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: 1/24/2025
Bill Number: HM2

Check all that apply:
Original __X__ Correction ____
Amendment ____ Substitute ____

Sponsor: Joy Garrett

Agency Name and Code Number: Department of Information Technology - 361

Person Writing Analysis: Todd Baran

Short Title: LESC Artificial Intelligence Work Group

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	**FY26**		
0	0		

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	**FY26**	**FY27**		
0	**0**	**0**		

(Parenthesis ( ) indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	eFund Affected
Total		$145		$145	Non	38310

(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

1. Synopsis: House Memorial 2 (HM 2) would ask the legislative education study committee to convene an education data governance and artificial intelligence working group that would conduct its work throughout the 2025 legislative interim. The working group would consist of representatives from state agencies representing the agencies' strategic vision, along with technical experts overseeing work on the agencies' education data systems, including the public education department, the higher education department, the early childhood education and care department, the children, youth and families department, the workforce solutions department, the vocational rehabilitation division of the public education department and the department of information technology. The group would also include additional membership representing members of the New Mexico legislature; the legislative finance committee; the institute for complex additive systems analysis at the New Mexico institute of mining and technology; school district superintendents; charter school head administrators; New Mexico Indian nations, tribes and pueblos; nonprofit organizations that focus on work directly related to data quality, research and analysis; faculty of New Mexico institutions of higher education responsible for analysis of New Mexico educational programs; current educators; New Mexico students; and subject matter experts on the topics of data governance and artificial intelligence. The legislative education study committee would also be requested to select working group members that promote diversity in regard to race, ethnicity, language, culture, geography and age.

The working group would be authorized to organize into smaller groups, to study the following topics:

A. the current status of state education data systems spanning early childhood education to the workforce and potential improvements required for interoperability of data systems;
B. an evolved understanding of data present in early childhood institutions, public schools and workforce data systems, including the data that might interact with artificial intelligence, and which types of data need to be managed in a comprehensive manner;
C. current and prospective policies to ensure that data systems include accurate, complete and consistent information;
D. the unique needs of New Mexico stakeholders regarding data access and data sovereignty;
E. current and prospective policies to ensure that datasets and reports are transparent and timely for data users;
F. current and prospective policies to maintain data privacy and security;
G. current uses of artificial intelligence by students and educators;
H. current and potential policies to guide the use of artificial intelligence in public schools, including policies to promote access to artificial intelligence, protect sensitive data, protect data sovereignty and maintain meaningful human connection in classrooms; and
I. formal data governance structures to ensure ongoing collaboration and coordination of

data collection and maintenance efforts in perpetuity, including the funds, staffing and resources necessary to administer a formal data governance structure.

The working group would be asked to make recommendations regarding a formal structure for data governance, statewide education data governance policies and policies governing the use of artificial intelligence in education and present its recommendations to the legislative education study committee by October 31, 2025.

FISCAL IMPLICATIONS

DoIT's data governance and security team is currently underfunded and understaffed. An additional FTE may be required for DoIT to provide meaningful data, analysis, and recommendations to the workgroup, while continuing to provide ongoing services to which available staff are already committed.

SIGNIFICANT ISSUES

Data governance and security within the educational sector presents complex policy, compliance and technological challenges. AI could facilitate the resolution of some of these challenges and could also contribute to a deeper and more relevant analysis of educational system data. However, AI deployment must be governed by additional policies and presents unique and significant technological challenges. The marriage between data governance and AI presents opportunities to enhance education at an unknowable scale, but also presents serious privacy, compliance and fairness concerns.

This Memorial would bring together a collection of critical stakeholders from education and other public sectors who would be charged with evaluating utilities, capabilities, risk and benefits. This group would make recommendations that could fundamentally change the delivery and assessment of educational programs. However, the size of the group, the scope of the mission, and the lack of funding for this initiative would likely impede completion of the required work within the contemplated time and diminish the value of any work product. Also, the proposed stakeholder group omits a significant stakeholder group – cybersecurity experts.

The Department of Information Technology (DoIT) is explicitly included in the stakeholder group. As an IT service provider, DoIT can share with the workgroup its knowledge and perspective on the IT tools available to implement data governance and security policies. DoIT's contribution would be informed by its current initiative to deploy data governance and security tools to New Mexico executive agencies.

Through that ongoing initiative, DoIT understands that the development and implementation of data governance and security policies that would accommodate the use of AI are extremely time intensive processes. The process requires deep understanding of existing data types, sources, locations, database structures and contents; legal requirements concerning data collection, storage and dissemination; technology tools, including hardware and applications; budgetary considerations and limitations; labor market conditions and personnel availability/capabilities; human factors responses; cultural sensitivities; leadership and authorities. The identification of relevant considerations and information, their analysis and reconciliation are time-intensive endeavors dependent on participants with the highest level of subject matter expertise within the relevant area. An endeavor of this magnitude is best coordinated by a sophisticated project

manager experienced in similar initiatives.

As the state agency that manages large executive agency IT projects, DoIT is concerned that a committee-based approach to this project is unlikely to manage the associated challenges in a cohesive and systematic manner. Although all identified voices would certainly add value to the project, that value is diluted, and potentially risks failure of the project, if the voices are not orchestrated. Having a dedicated, experienced project manager lead the initiative would mitigate project risk by minimizing duplicative, redundant, or inefficient tasks. A project manager who is provided access to stakeholders and resources necessary to the study would greatly enhance the outcome by efficiently coordinating the collection, assimilation, and assessment of information.

Even if lead by a dedicated project manager, it is unrealistic to expect the work contemplated by the Memorial to be completed in a meaningful way within the allotted time. Based on its own data governance and security initiative, DoIT estimates that the contemplated work and deliverables would require 18 to 24 months to complete. This estimate is supported by DoIT's experience with the Longitudinal Data Study (LDS) referenced in the Memorial. The LDS aims to compile a data lake consisting of virtually all educational records in New Mexico. That project remained in the assessment and planning phase for well over a year. Potentially, some of that work, and the resulting data set, could be leveraged by this initiative. Nevertheless, because the LDS currently has strict data sharing limitations, and was not designed to facilitate interaction with AI, the data governance and security work contemplated by the Memorial may be starting from a clean, or nearly clean, slate. If so, this study could require as much, or more time, to produce a workable set of recommendations than did the LDS.

In addition to establishing an unwieldly committee model, the Memorial overlooks a significant stakeholder in the data governance and security arena – cybersecurity experts. Protecting data from cyber threats in any environment is a primary concern. That concern escalates in relevance when the subject data is highly protected, such as student records.

Whether and how to use AI to manage cyber threats in this context is an emerging, and highly sophisticated, field of cybersecurity specialization. Stakeholders with the appropriate expertise should be included in the workgroup.

PERFORMANCE IMPLICATIONS

Participation on the contemplated committee would require a significant time investment by DoIT personnel. DoIT's data governance and security team is currently underfunded and understaffed. Participating in this initiative would further strain DoIT's available resources, without funding for additional staff to compensate for the increased workload.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

State currently lacks a holistic data classification or information privacy or digital privacy plan or standards

OTHER SUBSTANTIVE ISSUES

Office of Cybersecurity is not included in the workgroup

ALTERNATIVES

Enact legislation that assigns responsibility, authority and funding to a qualified state agency, or agencies, to complete the contemplated work following a project management framework and processes.

Extend the deadline for a report and recommendations to August 2026 to facilitate review by interim legislative committees prior to the 2027 regular session.

Assign cybersecurity experts, including representatives from the Cybersecurity Office to the stakeholder group.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Educational institutions will not have a universal, AI supported, data governance and security plan.

AMENDMENTS