

LFC Requester:	S. Liu
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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: 2/6/25 *Check all that apply:*
Bill Number: SB 286 Original Correction
 Amendment Substitute

Sponsor: Brandt, Townsend, Sharer, Scott, Lanier **Agency Name and Code** OSA - 308
Short Title: EDUCATION FREEDOM ACCOUNT ACT **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	580.0	Nonrecurring	General Fund
	100,000.0	Nonrecurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
	580.0	Balance from FY26	Nonrecurring	PED Admin- Education Freedom Fund
	100,000	Balance from FY26	Nonrecurring	Education Freedom Accounts – Education Freedom Fund

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	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

Synopsis:

Senate Bill 286 (SB 286) amends sections of the Public School Code (22-1-1 et seq.) to create a program in the Public Education Department (PED) to allow parents whose family income is at or below 200 percent of the federal poverty level to contract for tuition at private school and other eligible education expenses through Education Freedom Accounts.

FISCAL IMPLICATIONS

SB 286 creates an Education Freedom Account Fund (the Fund) and contains a non-recurring one time appropriation from the state General Fund to the Fund of \$580,000 to the fund for PED to administer the program and \$100,000,000 to carry out its purposes.

SIGNIFICANT ISSUES

Among its provisions, SB 286 also creates a formula to determine disbursements to students linked to per pupil revenue as determined by school districts charters average amounts generated by grade level and add-on units in the public school funding formula. SB 286 also allows PED to contract with financial management services for the education freedom accounts. SB 286 requires PED to create accounts for individual students and other procedures and requires PED to convene an Education Freedom Review Commission to advise the PED. Among other provisions are those enabling reporting to stakeholders, rulemaking authorizations and maintenance and transfer of school records.

SB 286 also empowers the PED to audit individual freedom accounts. It is unclear whether or not this would be required of PED staff if they contract out for financial management services, or if the function is kept in the agency that the accounts would form part of the agency's normal annual financial audit. It is likely that any oversight of a contracted entity would form part of the contract management and audit should be deemed oversight in such an instance. If a formal audit is to be conducted of a third party, the sponsors may wish to consider allowing PED to contract with a certified public accountant for audit and assurances services to oversee education freedom accounts.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

SB 286 also empowers the PED to audit individual freedom accounts. OSA recommends allowing PED to contract with a certified public accountant (CPA) for audit and assurance services to oversee education freedom accounts managed by a financial management service provider and/or indicate that education freedom accounts are to be subject of the agency's annual financial audit.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS