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FISCAL IMPACT REPORT

SPONSOR <u>Padilla</u>	LAST UPDATED _____
	ORIGINAL DATE <u>1/27/2025</u>
SHORT TITLE <u>High School Water Management Pilot Project</u>	BILL NUMBER <u>Senate Bill 60</u>
	ANALYST <u>Liu</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$1,250.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMED	No fiscal impact	At least \$140.0	At least \$140.0	At least \$280.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

New Mexico Environment Department (NMED)

New Mexico Independent Community Colleges (NMICC)

Office of the State Engineer (OSE)

Agency Analysis was Solicited but Not Received From

Public Education Department (PED)

Agency Declined to Respond

Department of Workforce Solutions (WSD)

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of Senate Bill 60

Senate Bill 60 (SB60) appropriates \$1.25 million from the general fund to the Public Education Department (PED) for the purpose of piloting an environmental education program for high school students over a six-year period. The bill requires PED to develop the curriculum, select at least five school districts from different regions of the state to participate, collaborate with NMED, higher education institutions, counties, and municipalities to identify local issues, and provide annual reports to the Legislative Education Study Committee (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 IMPLICATIONS

The appropriation of \$1.25 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY31 shall revert to the general fund. Although the bill does not specify future appropriations, establishing a new grant program could create an expectation that the program will continue in future fiscal years; therefore, this cost is assumed to be recurring. Additionally, provisions of the bill would allow recipients to use the appropriation for personnel, supplies, equipment, and other expenses reasonably related to the cost of providing the water management and conservation coursework, which are ongoing operational costs.

Participant schools in the proposed environmental education program would receive about \$41.7 thousand annually, assuming PED allocates an equal amount of the entire appropriation to five school districts over the course of the six-year pilot. NMED notes the costs of collaborating with PED would involve 1 FTE at \$140 thousand and could include other costs, such as supporting internships for students at cooperating agencies or organizations.

SIGNIFICANT ISSUES

Provisions of the bill would require PED to study the feasibility of offering practical environmental education to high school students and the outcomes from offering such education. PED must collect data on student participation, course performance, and post-graduation plans. While the bill requires at least five school districts from different regions of the state and from rural communities, small cities, and large cities to participate in the project, the \$1.25 million appropriation in the bill would amount to only \$41.7 thousand each year to each grantee. As such, the small amount of grant funding may limit the study sample size and reduce the validity of the evaluation.

In 2018, the 1st Judicial District Court ruled in the *Martinez-Yazzie* education sufficiency lawsuit that New Mexico's education system was not constitutionally sufficient nor uniform for all students. The court found evidence-based interventions that added instructional time like prekindergarten, K-3 Plus extended school year, summer school, afterschool, and extended learning time programs could help students close achievement gaps. However, the state had not provided sufficient funding to cover programming for all students needing intervention, and administrative hurdles and delays in the receipt of funds limited participation to districts with

sufficient capacity to apply for and sustain programs.

The court also found PED failed to provide verifiable evidence that its programs were working, and while the programs might have been worthwhile, participation was too limited and funding too inconsistent to support a constitutionally sufficient education system. The court noted additional resources should be directed to evidence-based programs to improve the performance of at-risk students and to focus on how money was used as opposed to how much was spent.

By using student participation, course performance, and post-graduation plans as the outcomes, any evaluation of the project could potentially be invalid without appropriate randomization. As a high school elective course offering, the students most likely to participate in the pilot program would also be more likely to seek environmental education after graduation, and course performance may be more associated with individual teacher perceptions than a more objective measure of achievement, such as a standardized test. The state would have difficulty determining whether the pilot program was effective or influenced by a selection bias with these proposed outcome measures and evaluation structure.

ADMINISTRATIVE IMPLICATIONS

Provisions of the bill require PED to create a new grant process and select school districts to participate in the program. For new initiatives, PED staff have a short timeline after legislative sessions to create grant program requirements, ready application documents, and eventually review applications and make awards. Simultaneously, school districts and charter schools must decide whether they have the capacity or interest to apply for and implement new program funding as part of the annual budget submission to the department. Most initiatives are funded on a reimbursement basis, requiring schools to float expenses with existing operational revenue. Delays in the reimbursement process often incentivize larger cash reserves and rushed spending practices.

The bill also requires PED to provide annual reports to LESC on December 31 of each year, followed by a final report on June 30, 2031.

OTHER SUBSTANTIVE ISSUES

The New Mexico Independent Community Colleges notes the bill may build relationships between secondary and post-secondary institutions, as many colleges offer training, certificates, and related degrees. The Office of the State Engineer (OSE) and the Interstate Stream Commission currently engage in public education and outreach regarding water conservation issues and recommend OSE and the commission be included as a collaborating entity in the bill.

SL/rl