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

Bill Number	<u>SB201</u>	Sponsor	<u>Gonzales</u>
Tracking Number	<u>.229275.1</u>	Committee Referrals	<u>SEC/SFC</u>
Short Title	<u>Public Ed. Reform Fund Uses</u>		
Analyst	<u>Estupiñan/Bedeaux</u>	Original Date	<u>2/10/2025</u>
		Last Updated	<u></u>

FOR THE LEGISLATIVE FINANCE COMMITTEE

BILL SUMMARY

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 the Department of Finance and Administration (DFA), the Legislative Finance Committee (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 FY26 LESC recommendation for public school support contains a \$150 million appropriation from the general fund to the PERF, contingent on enactment of legislation revising the purposes of the PERF. The FY26 LESC recommendation for public school support also contains six appropriations from PERF, for expenditure in FY26, FY27, and FY28. These recommendations include the following:

- \$45 million for innovation zones, or \$15 million per year;
- \$30.9 million for attendance supports, or \$10.3 million per year;
- \$30 million for supports for students who are unhoused, or \$10 million per year;
- \$15.6 million for math achievement, or \$5.2 million per year;
- \$15 million for secondary educator literacy, or \$5 million per year;
- \$7.5 million for innovative staffing strategies, or \$2.5 million per year; and

- \$6 million for a science, technology, engineering, and math (STEM) network, or \$2 million per year.

SUBSTANTIVE ISSUES

Accountability and Evaluation Plans for Multi-Year Budgeting. SB201 would require DFA to consult with LFC and LESC in the development of 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 of the program and how those activities 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 causal impact of the program on expected outcomes; 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 causal 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 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.

Performance Measures. Under the Accountability in Government Act (AGA), state agency budgets are required to include performance measures, which identify the mission of core programs and methods for measuring whether programs are fulfilling their intended purpose. Performance measures are collaboratively developed by LFC, DFA, and the agency responsible for tracking the performance measures. In the case of the public school support appropriation, performance measures are developed in consultation with PED.

Performance measures are listed in the annual General Appropriation Act (GAA); in the [GAA for FY25](#), performance measures for public school support included achievement gaps in fourth and eighth grade, the four-year graduation rate, proficiency rates for fourth and eighth grade students (and especially for economically disadvantaged students), and chronic absenteeism rates in elementary, middle, and high school.

Using GAA performance measures to evaluate results of PERF-funded programs may be potentially problematic. Performance measures focus on student outcomes in a few grade levels, rather than outcomes for the overall student population, which may limit the scope of PERF-funded programs to only a few grade levels. For example, a proposed appropriation for math achievement may be limited to a math program for fourth and eighth grade students, rather than being made available for all students. In addition, performance measures are developed by the LFC, DFA, and PED; LESC does not have a formal role in the development of performance measures for public education initiatives. SB201 would give LESC a role in the development of PERF evaluation plans, but not in the process of setting PED and public school support performance measures.

ADMINISTRATIVE IMPLICATIONS

SB201 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, giving PED little time to adjust its internal procedures to facilitate a budget submission three months sooner than usual.

SB201 would require DFA to consult with LFC and LESC to 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 in finance, and that the department may not be best suited to develop evaluation plans for educational programs.

OTHER SIGNIFICANT ISSUES

Requirement for Causal Evidence. SB201 requires that PED submit program evaluation plans designed to “assess the causal impact of the program on expected outcomes.” In program evaluation, and especially in social sciences, causal evidence can be difficult to produce. The requirement for causal evidence limits the possible evaluation mechanisms that can be used to provide insight, such as descriptive, comparative, and correlational evaluations. Causal research also introduces ethical concerns, possibly denying schools participation in a program from which they might benefit for the sake of evaluating the program. In research of educational programs, it is likely sufficient to use statistical methods to make an argument about the conditions under which a program was effective without requiring causal evidence. Where causal impact evaluation design is warranted and feasible, a causal evaluation could be prioritized, but as SB201 is drafted, causal research is a necessary condition that may limit program evaluations for various PERF-funded programmatic investments.

Roles and Responsibilities of Implementors. SB201 requires PED to submit a program evaluation plan for each PERF-funded program, detailing a strong mechanism for the evaluation of initiatives’ effectiveness. However, in its current form, SB201 seems to place sole responsibility for the program’s outcomes on PED, even if PED has little control over local decisions. 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. LESC staff recommend that program evaluation plans also consider the actors responsible for certain activities during the implementation of a program, helping strengthen the state’s understanding of what leads to successful program implementation.

Responsibility for Evaluation. Currently, SB201 does not prescribe an 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 could have interests in seeing programs succeed.

Definition of “Evidence-Based.” SB201 requires that an evaluation plan provide a summary of whether a program is evidence-based, research-based, or promising. These terms are not defined in the Public School Code but are defined in the AGA. The definitions, and particularly the definition of “evidence-based” do not match the federal definitions in the Every Student Succeeds Act (ESSA). As shown in **Table 1: Definitions of Evidence-Based, Research-Based, and Promising Programs in ESSA and the State Accountability in Government Act**, the definitions in federal law are far more prescriptive than those in state law in regards to the requirements for providing evidence.

Table 1: Definitions of Evidence-Based, Research-Based, and Promising Programs in ESSA and the State Accountability in Government Act

	Federal ESSA	State Accountability in Government Act
Evidence-Based	<p>(A) The term “evidence-based,” when used with respect to a State, local educational agency, or school activity, strategy, or intervention, means an activity, strategy, or intervention that—</p> <p>(i) demonstrates a statistically significant effect on improving student outcomes or other relevant outcomes based on—</p> <p>(I) strong evidence from at least one well-designed and well-implemented experimental study;</p> <p>(II) moderate evidence from at least one well-designed and well-implemented quasi-experimental study; or</p> <p>(III) promising evidence from at least one well-designed and well-implemented correlational study with statistical controls for selection bias; or</p> <p>(ii) includes ongoing efforts to examine the effects of the activity, strategy, or intervention, and is based on high-quality research findings or positive evaluation that suggests it is likely to improve student outcomes or other relevant outcomes.</p>	<p>“evidence-based” means that a program or practice:</p> <p>(1) incorporates methods demonstrated to be effective for the intended population through scientifically based research, including statistically controlled evaluations or randomized trials;</p> <p>(2) can be implemented with a set of procedures to allow successful replication in New Mexico; and</p> <p>(3) when possible, has been determined to be cost beneficial;</p>
Research-Based	<i>No definition.</i>	<p>“research-based” means that a program or practice has some research demonstrating effectiveness, but does not yet meet the standard of evidence-based; and</p>
Promising	<p>(III) promising evidence from at least one well-designed and well-implemented correlational study with statistical controls for selection bias.</p>	<p>“promising” means that a program or practice, based on statistical analyses or preliminary research, presents potential for becoming research-based or evidence-based.</p>

Source: LESC Files

CONSEQUENCE OF NOT ENACTING THE BILL

Failure to enact this bill or similar legislation would invalidate some contingent appropriations included in the LFC and LESC recommendations for public school support for FY26.

SOURCES OF INFORMATION

- LESC Files
- Public Education Department (PED)

DE/TB/clh/mca/jkh