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

<b>Bill Number</b>	<u>SB516/aSEC</u>	<b>Sponsor</b>	<u>Gonzales</u>
<b>Tracking Number</b>	<u>.230846.1</u>	<b>Committee Referrals</b>	<u>SEC/SFC</u>
<b>Short Title</b>	<u>Public &amp; Charter School Financial Monitoring</u>		
<b>Analyst</b>	<u>Estupiñan</u>	<b>Original Date</b>	<u>3/3/2025</u>
		<b>Last Updated</b>	<u>3/14/2025</u>

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**BILL SUMMARY**

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 516 (SB516/aSEC) makes the adoption of the financial monitoring system optional. PED will only synthesize data collected from schools that have chosen to adopt a financial monitoring system.

Synopsis of Bill

Senate Bill 516 (SB516) would require each school district and charter school to engage in financial monitoring and would require that the Public Education Department (PED) prepare a report that assesses the effect of local spending on student achievement.

The bill would be effective June 20, 2025.

**FISCAL IMPACT**

The bill would appropriate \$10 million from the general fund to PED for expenditure in fiscal year 2026 (FY26) to comply with provisions of the bill. The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (HB2/HAFCS) does not contain an appropriation to implement the provisions of SB516.

Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

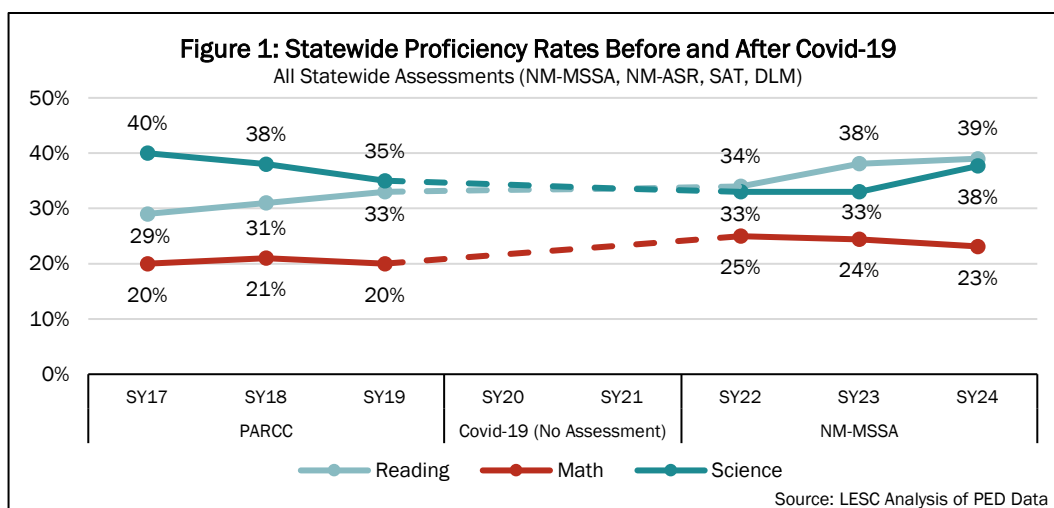
**SUBSTANTIVE ISSUES**

**Return on Investment.** Studies of returns on investment (ROI) in public education typically attempt to assess the effectiveness of programs or services in increasing student outcomes based on the costs that were incurred by a school district or charter school. For rigorous evaluation of ROI in public education, communities must be intentional in identifying the needs of their students, parents, and educators; exploring the range of strategies that could be pursued to meet those needs;

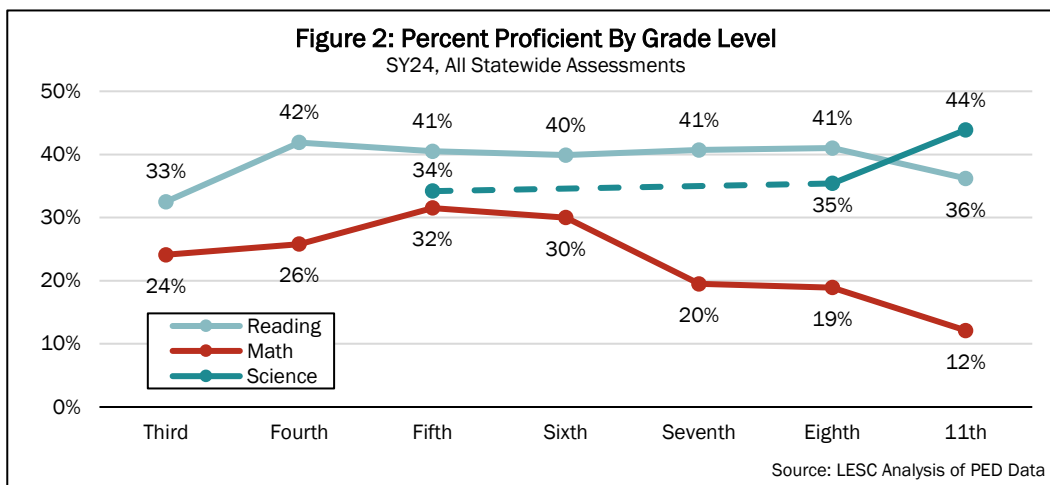
and designing a theory of action to map how those strategies will meet intended outcomes. This process must also include intentionality in defining the metrics that will be used in measuring success and should also consider whether the program or service can be financially sustained and potentially scaled in reach and impact.

Much of the performance monitoring process may be considered a typical function of school boards, governing bodies, and school personnel when they engage in periodic reviews of programs that should inform the annual budgeting process. However, there is no statutory or regulatory requirement currently in place which requires a school district or charter school to engage in local evaluation of the impact their program investments are yielding in terms of student outcomes. Conducting rigorous cost-benefit evaluations of programs may be beyond the capacity of many school districts and charter schools, particularly those in small and rural communities. SB516 provides that a school district or charter school may contract with a commercial data analytics service to collect and analyze data, but some small and rural school districts or charter schools may currently lack the funding to do so.

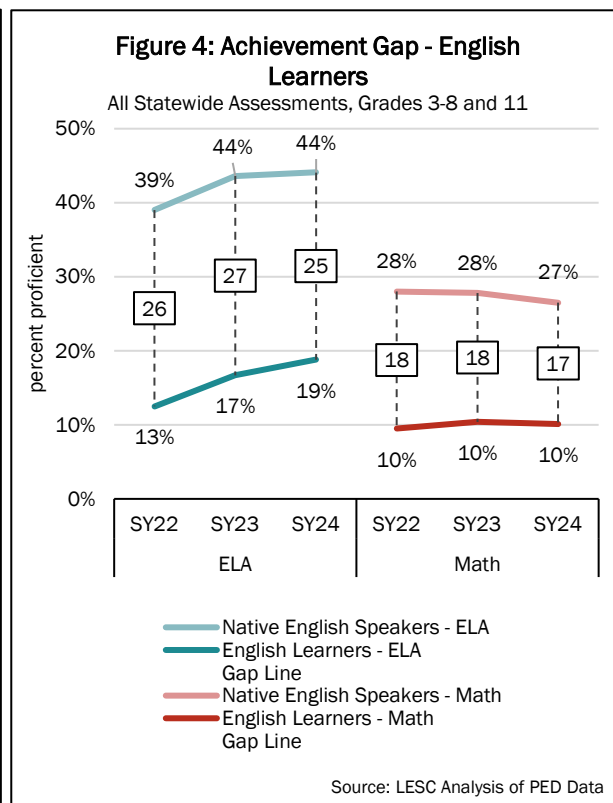
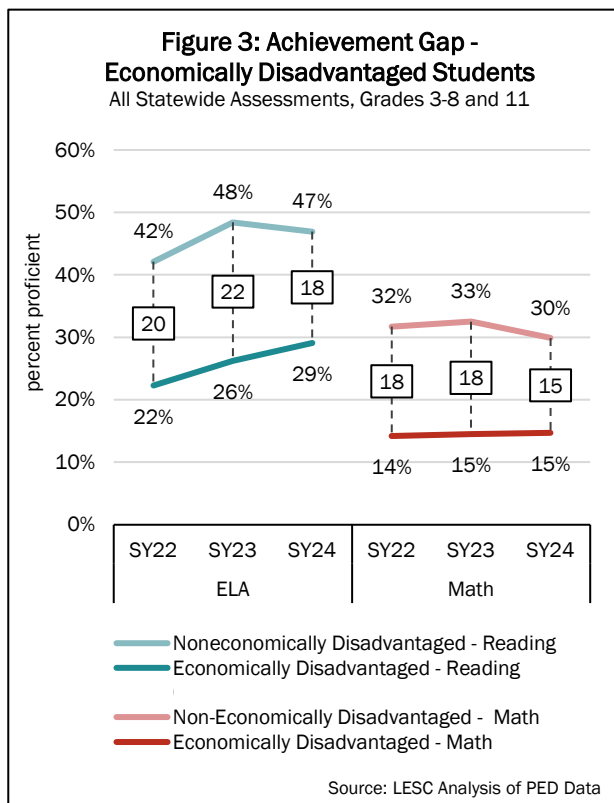
**Student Achievement.** Assessment results between school years 2017 and 2024 show a large proportion of students have historically not achieved proficiency in reading, math, and science. (see **Figure 1: Statewide Proficiency Rates Before and After Covid-19**). As shown in the figure below, statewide proficiency rates have modestly increased in reading and science since the height of the Covid-19 Pandemic but have declined in math in that same timeframe.



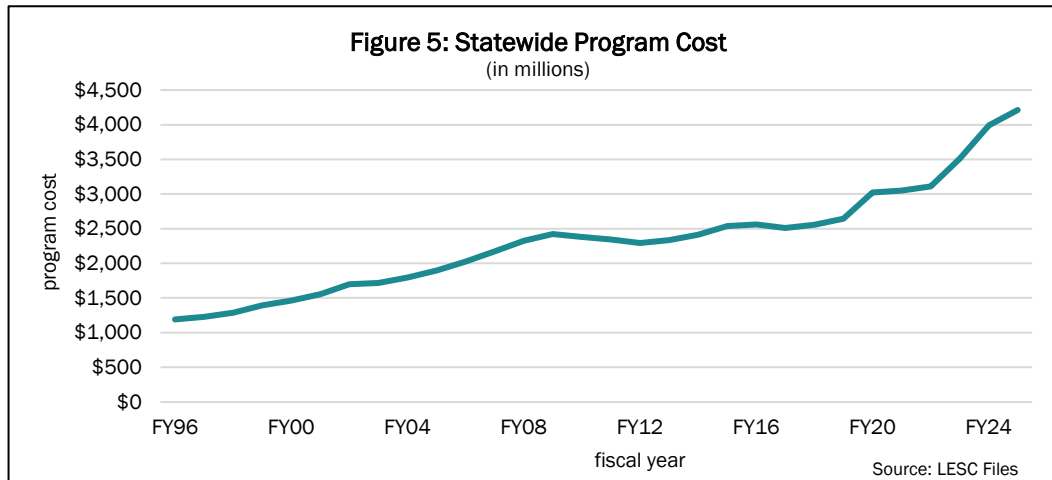
On a more granular level, student outcomes typically increase in elementary grades and either stagnate or decline in secondary grades (see **Figure 2: Perfect Proficient by Grade Level**). This trend is most apparent in math, where student proficiency peaks at 32 percent in the fifth grade and declines in secondary grades to a low of 12 percent in 11th grade.



As cited in the findings of the *Martinez-Yazzie* education sufficiency lawsuit, there are significant disparities in student outcomes in both English Language Arts (ELA) and math among those classified as economically disadvantaged (see **Figure 3: Achievement Gap – Economically Disadvantaged Students**) and English learners (see **Figure 4: Achievement Gap – English Learners**). As shown in both figures, however, these variances in student achievement have narrowed in recent years, partly due to declining proficiency rates among students who are not economically disadvantaged or classified as English learners.



**Legislative Appropriations for Public Education.** The Legislature has significantly increased its appropriation to the state equalization guarantee (SEG), the state’s public school funding formula which allocates a large majority of the state’s support for public schools. Much of this increase has been driven by revisions to public school personnel compensation, increases to the at-risk factor, and the increase in instructional hours and days.



**Current Statutory Requirements and Administrative Practice.** Section 22-8-18 NMSA 1978 states it is the responsibility of the local school board or governing body of a charter school to determine the priorities of their individual entities. Funding from the SEG is discretionary and may be used in whichever ways are deemed appropriate by local communities, provided the school board or governing body prioritize resources toward proven programs and methods linked to improved student achievement.

Despite the flexible nature of the SEG, Section 22-8-6 NMSA 1978 requires each school district and charter school to submit an educational plan that contains a wide range of information related to how each entity is investing its fiscal resources. These reporting requirements include a narrative explaining the services provided for at-risk students and the budgeted expenditures of program cost for students with disabilities.

Section 22-8-23.3 NMSA 1978 goes somewhat further by conditioning the allocation of at-risk program units on a school district or charter school identifying services to assist those students in reaching their full academic potential in their department-approved educational plan.

Other financial reporting requirements include Section 22-8-13.2 NMSA 1978 that requires a superintendent or charter leader to provide quarterly financial position reports to their governing bodies.

The New Mexico Higher Education Department launched a public longitudinal data [dashboard](#) in February 2025 that visualizes data from kindergarten readiness, high school graduation, college participation and graduation, and jobs and wages. PED also maintains [New Mexico Vistas](#), which allows the public to access proficiency and other data for each school district and charter school, as well as [OpenBooks](#), a financial transparency dashboard designed to provide information on school revenues and expenditures. Currently, OpenBooks and Vistas are not well-integrated, and it remains difficult to determine how school expenditures are related to student outcomes.

PED, LESC, and Legislative Finance Committee (LFC) staff have the capacity to engage in program evaluation or other studies of programmatic impact on student outcomes.

## ADMINISTRATIVE IMPLICATIONS

PED would be required to prepare a report detailing the return on investment that outlines how expenditures for public education correlate with or cause student achievement.

School districts would be required to adopt a financial monitoring system to collect and analyze programmatic expenditures and student outcomes disaggregated by student demographics. School districts may contract with a commercial data analytics service to meet this requirement; any contracts entered into as a result of SB516 would be subject to the provisions of the Procurement Code.

**SOURCES OF INFORMATION**

- LESC Files

**DE/mam/mca/tb/jkh**