# FISCAL IMPACT REPORT

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| | | **LAST UPDATED** | |
| **SPONSOR** | Garratt/Baca/Gurrola | **ORIGINAL DATE** | 1/31/25 |
| **SHORT TITLE** | LESC Artificial Intelligence Working Group | **BILL NUMBER** | House Memorial 2 |
| | | **ANALYST** | Mabe, Liu |

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
#### (dollars in thousands)

| Agency/Program | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|---|
| State Agencies (see Significant Issues) | Indeterminate but minimal | Indeterminate but minimal | No fiscal impact | | Recurring | General Fund |

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 60

## Sources of Information

LFC Files
Legislative Education Study Committee (LESC) Files

Agency Analysis Received From
Children, Youth and Families Department (CYFD)
Higher Education Department (HED)
Department of Workforce Solutions (WSD)
Early Childhood Education and Care Department (ECECD)
Indian Affairs Department (IAD)
Department of Information Technology (DoIT)

Agency Analysis was Solicited but Not Received From
Public Education Department (PED)
Division of Vocation Rehab (DVR)
Regional Education Cooperatives (REC)

Agency Declined to Respond
Office of Broadband Access and Expansion (OBAE)

## SUMMARY

### Synopsis of House Memorial 2

House Memorial 2 (HM2) asks the Legislative Education Study Committee (LESC) to assemble a working group to study data governance and artificial intelligence during the 2025 legislative

interim. The working group would be required to present its recommendations on an improved structure for statewide education data governance and policies addressing artificial intelligence in education by October 31, 2025.

## FISCAL IMPLICATIONS

Memorials do not contain an appropriation. Costs associated with HM2 will primarily be related to the staff time of the various agencies outlined as members of the working group. All staff time could be calculated for a numerical value, but some agencies, such as the Early Childhood Education and Care Department, view participation as part of normal business for a public agency, while others explicitly calculate the cost of their participation. For example, WSD estimates the cost of participating in the working group to be $100 thousand and DoIT notes the need to hire an additional FTE employee at a cost of $145 thousand. LFC staff believe the demands of the working group could be handled by current staffing levels at state agencies.

## SIGNIFICANT ISSUES

The memorial sets out a need for a data governance structure for high-quality data, particularly for students, families, schools, as well as legislators and evaluators. Multiple LESC and LFC evaluations note issues with difficult-to-analyze data. The memorial also describes the need for rules and policies around artificial intelligence (AI) in educational institutions because, while AI presents powerful and useful opportunities for students, teachers, and researchers around data, it can also be used in a culturally insensitive or invasive way. To address these issues, the memorial requests LESC convene an education data governance and artificial intelligence working group made up of the following agencies and other stakeholders:

- Public Education Department (PED),
- Higher Education Department (HED),
- Early Childhood Education and Care Department (ECECD),
- Children, Youth and Families Department (CYFD),
- Department of Workforce Solutions (DWS),
- Division of Vocational Rehabilitation (DVR),
- Department of Information Technology (DoIT),
- New Mexico Legislature,
- Legislative Finance Committee (LFC),
- Institute for Complex Additive Systems Analysis (ICASA) at the New Mexico Institute of Mining and Technology,
- School district superintendents,
- Charter school head administrators,
- New Mexico tribes, nations, and pueblos,
- Nonprofits whose work relates to data quality,
- Higher education faculty responsible for analysis of New Mexico educational programs,
- Current educators, and
- Current students.

Because the group is so large, the memorial also allows for subgroups to meet to discuss the following topics:

- Current state of education data and possible improvements;
- Comprehensive understanding of how early childhood, public schools, and workforce data might interact with AI;
- Policies to ensure consistent, accurate, and complete data;
- Unique needs of New Mexico stakeholders;
- Policies to ensure transparent and timely datasets and reports;
- Policies to maintain data privacy and security;
- Current use of AI by students and educators;
- Current and potential policies on AI in public schools; and
- Formal data governance structures to ensure ongoing collaboration and coordination of data collection and maintenance.

## ADMINISTRATIVE IMPLICATIONS

The working group aligns with and could possibly support the work the PED is undertaking with creating a single statewide data hub. Likewise, it could support HED's longitudinal data project Rise NM.

WSD, DoIT, and ECECD expressed concern about the short timeline, scope of the project, as well as staff time and resource commitment. In their analysis, LESC writes other states, such as California, Colorado, Kentucky, and Virginia, have taken on similar projects via large governance boards.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This memorial relates to House Bill 60, Artificial Intelligence Act, which focuses on protecting consumers from algorithmic discrimination by establishing developer responsibilities, legal enforcement parameters, and transparency provisions.

RM/sl/rl