

Tuesday, September 17 ([click here for webcast](#))

The following members and designees were present on Tuesday, September 17, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Benny Shendo Jr., Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Dayan Hochman-Vigil. Guest legislators: Senators Linda M. Lopez, Antonio Maestas, and Michael Padilla; and Representatives Anthony Allison, Art De La Cruz, Joy Garratt, Pamelya Herndon, Tara L. Lujan, Javier Martinez, Kristina Ortez, and Harlan Vincent.

Welcoming Remarks (8:39 AM, [click here for meeting materials](#)). University of New Mexico (UNM) President Garnett Stokes welcomed LFC and highlighted current activity at the university. UNM’s campus, enrollment, and supports are growing and research programs are evolving. Examining alternate sources of drinking water and developing innovative substance use disorder treatment are among the research. UNM recently launched the Quantum New Mexico Institute, in partnership with Sandia National Laboratories. President Stokes said the Association of Public and Land-Grant Universities designates UNM as an innovation and economic prosperity university, noting UNM’s economic impact of 47 thousand jobs, \$1.9 billion in labor income, and \$5.2 in economic output.

Mike Richards, interim executive vice president of UNM Health Sciences, said UNM is expanding its clinical delivery system to build New Mexico’s healthcare workforce, create new opportunities to enhance educational programs, and advance research. The state currently lacks 8,065 healthcare professionals.

Long-Term Revenue Estimate and Budget Planning (9:58 AM, [click here for meeting materials](#)). The Consensus Revenue Estimating Group (CREG)—Department of Finance and Administration Chief Economist Leonardo Delgado, Taxation and Revenue Department Chief Economist Lucinda Sydow, Department of Transportation Chief Economist Michael Morrison, and LFC Economist Jennifer Faubion—presented the long-term revenue forecast. Economic growth is expected to be moderate and the risk of a recession to remain low. Employment growth will continue to rise over the next decade and then moderate, with the unemployment rate hovering around 4 percent through FY50. New Mexico’s population will experience little to flat growth through FY35 and then steadily decline through FY55. Oil production is expected to peak between 2024 and 2027. The general fund is projected to grow at an annual rate of 3 percent through FY46, assuming no changes to tax expenditures, tax income rates, labor force participation, and population. It also assumes no downturn in the oil and gas industry. Over the next five years, state road fund revenue is expected to grow at an annual rate of 1.2 percent, slowly shrinking thereafter. Road construction costs are expected to grow 138 percent between 2024 and 2050, averaging a 5.1 percent annual growth rate.

CREG recommends long-term planning as the best fiscal practice to understand full scope of upcoming liabilities and competing budget priorities, strategically implement services and tax changes, and avoid budgeting by crises and committing to unsustainable spending. Currently, the

state has enough general fund reserves to cover a worst-case scenario.

Program Evaluation: Postsecondary Certificates (11:21 AM, [click here for meeting materials](#)).

LFC Program Evaluators Sarah Rovang and Sam Lesemann presented the report *Postsecondary Certificates*. Postsecondary certificates, unlike conventional undergraduate degrees, operate within a largely unregulated and fragmented marketplace. In New Mexico and other states, two- and four-year degrees derive their legitimacy from the Higher Learning Commission's accreditation, while certificates receive their authority from industry recognition, state or federal licensure, academic accreditation processes, or other diverse sources. These certificates, offered by higher education institutions (HEIs) in both for-credit and noncredit formats, have expanded rapidly in recent years, with some awarded in areas misaligned with the state's high-demand, high-wage occupations.

As for-credit certificates continue to grow in popularity, a functional state longitudinal data system is even more essential to tracking and understanding student outcomes. Yet even after spending over \$13 million and five years building the New Mexico longitudinal data system, the platform remains incomplete and inaccessible even to state researchers. The FY25 \$60 million government results and opportunity (GRO) appropriation provides a critical opportunity for New Mexico to develop rigorous outcomes tracking for noncredit certificates. The expansion of Pell grants and the opportunity scholarship to support more students pursuing for-credit certificates underscores the necessity of providing performance guardrails to ensure the investments improve student outcomes and contribute to statewide workforce development goals.

LFC staff recommendations include pausing appropriations to the longitudinal data system until a usable platform is demonstrated, awarding liberal arts certificates only as components of transfer programs to four-year institutions, and, when possible, awarding short for-credit certificates only as a part of "stacked" certificate or degree programs.

Higher Education Department Deputy Secretary Patricia Trujillo said with new funding sources for noncredit programs and a commitment to improving data collection, the agency aims to enhance higher education offerings that align with student and community needs and ensure New Mexicans can pursue valuable credentials leading to economic success.

Human Capital: Workforce Development (1:22 PM, [click here for meeting materials](#)).

Economic Development Department (EDD) Secretary Designee Rob Black remarked on the state's increased effort to build its skilled workforce.

EDD Division Director Mark Roper said the agency's mission is to improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive. The state faces many challenges, however. The unemployment rate is currently 4 percent, but with significant regional variation. Tasked by Senate Bill 112 of 2021, EDD is developing a strategic plan to transition the state economy away from reliance on natural resource extraction. Mr. Roper highlighted the plan's progress and key partners.

Workforce Solutions Department (WSD) Secretary Sarita Nair outlined state-funded workforce development, including Be Pro Be Proud, Energy Transition Act displaced worker assistance, and

apprenticeship programs. In FY25, WSD was appropriated \$23.8 million for workforce development, not including pass-through funds for Local Workforce Development boards and Americorps. In addition, the agency received a \$5.9 federal grant to expand pre-apprenticeships and apprenticeships in clean energy infrastructure development, and a \$1.5 million private grant to support the Energy Transition Workforce Equity project. Secretary Nair noted WSD is using the Workforce Innovation and Opportunity Act state plan to determine where to expand workforce development programs in the state.

Central New Mexico Community College (CNM) President Tracy Hartzler talked about the identification of skilled needs, which is partner-led and data-informed and CNM's role to develop the pipeline that meets these needs. Credit and workforce training programs at CNM are evaluated on mission alignment, market value, program economics, and academic standards. President Hartzler said some for-credit certificates do not increase wages of workers, including those in high-demand early childhood and certified nursing assistant positions.

Artificial Intelligence in Government (3:17 PM, [click here for meeting materials](#)). University of New Mexico (UNM) Professor Melanie Moses said artificial intelligence (AI) is smart and valuable, but not perfect. It is a complex adaptive system that is being integrated into our complex socio-technical system. Professor Moses talked about the pros and cons of AI, remarking on potentially revolutionary AI-assisted science and deepfake technology. Professor Moses said the scalability of computing will continue to grow and it will take all of humanity to shape the future of AI.

UNM Law Professor Sonia Gipson Rankin talked about the need for AI transparency. AI is being used in the public and private sector to make decisions that have long-term effects on people's lives. AI is evidence-based, objective, accurate, and avoids stereotypes. However, Professor Gipson Rankin cautioned it is based on historical data and treats people as statistics; therefore, procedural due process, substantive due process, and equal protection should be observed in the use of AI technology, especially in government.

Henri Hammond-Paul, fellow at the GovLab and Burnes Center for Social Change, said, InnovateUS provides no-cost, at-your-own pace, and live learning on data, digital, innovation and AI skills for public professionals. The organization works closely with learning, innovation and data leaders in government to support them in providing key learning content to upskill their workforce. Mr. Hamond-Paul said AI can create efficiency in policy making and service delivery, enhance productivity, and make government more transparent and accessible. When integrating AI in government, Mr. Hamond-Paul recommends designating an AI leader, developing an AI learning agenda, implementing transparent AI guidance, leveraging existing resources for quick wins, and creating space for AI experimentation.

Chelsea Canada, program principal for the National Conference of State Legislatures, said AI state legislation is growing, largely focused on government, private sector, responsible, and study uses. State legislatures are considering copyright and provenance, privacy and data protection, bias and discrimination, transparency and disclosures, constituent and consumer impact, and liability. Ms. Canada highlighted key legislative actions in progress across the county.

Wednesday, September 18 ([click here for webcast](#))

The following members and designees were present on Wednesday, September 18, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Benny Shendo Jr., Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Tara Jaramillo, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, and Dayan Hochman-Vigil. Guest legislators: Senators Linda M. Lopez and Michael Padilla; and Representatives Anthony Allison, Eleanor Chavez, Art De La Cruz, Pamela Herndon, Tara L. Lujan, Javier Martinez, Kristina Ortez, and Harlan Vincent.

Quarterly Status Reporting on Major Nonrecurring Appropriations (8:35 AM, [click here for meeting materials](#)). LFC Program Evaluators Chade Claiborne and Maggie Klug reported on the status of major nonrecurring appropriations. Since FY20, nonrecurring appropriations have increased 660 percent, from \$235 million to \$1.8 billion. During this past session, nonrecurring appropriation requests from agencies exceeded \$2 billion. However, growing levels of reversions and reauthorization requests indicate that many agencies are finding it difficult to spend these numerous and large nonrecurring appropriations.

In FY25, nonrecurring spending includes appropriations made from the new government results and opportunity (GRO) fund, created to improve fund management by incorporating performance metrics. GRO appropriations include council of governments’ (COGs) allocations, previously directed to individual local governments. The shift of allocating local legislatively directed appropriations from individual local governments to COGs is showing positive results, with most local appropriations being fully encumbered. LFC staff note, however, disparities in administrative costs for local legislatively directed appropriations suggest the need for standardized cost benchmarks, such as a 10 percent administrative rate, to ensure efficient fund management.

Status of Investments to Expand Social Work Programs (9:31 AM, [click here for meeting materials](#)). Highlighting key information, LFC Analyst Connor Jorgensen said the number of social worker job postings increased from about 610 a month in 2018 to 1,100 a month currently. The job postings reflect current market demand, but not additional needs, particularly in many public sector employers, such as school districts. At the Children, Youth and Families Department (CYFD), an additional 200 more social workers would need to be hired to reach a 50 percent workforce with a license in social work. Total program budgets for social work grew from \$5 million in FY21 to \$7.1 million in FY25, a 43 percent increase. The Legislature recognized the acute need for additional mental health practitioners and provided \$80 million in endowment revenue since FY23. Of the \$80 million appropriated, \$65 million has been distributed to individual higher education institutions. Mr. Jorgensen outlined other recent appropriations made to expand social work programs. Enrollment in social work master’s programs in the state is unchanged over the past five years, and enrollment in social work bachelor’s programs has declined 20 percent.

Mary Nienow, Ph.D., director of the School of Social Work at New Mexico State University (NMSU), said only 19 percent of New Mexico’s behavioral health needs are currently being met due to the provider shortage. Ms. Nienow reported enrollments trends in NMSU’s social work programs. Enrollment is down at the main campus, but up online. Overall, enrollment growth in the master’s program is relatively flat. Enrollment in the bachelor’s program, however, increased

from 195 students in the fall of 2021 to 238 students currently. Director Nienow said NMSU received \$16.5 million in endowment funding. Two endowed faculty are hired so far and the remaining funding is being used to hire temporary faculty until permanent endowed faculty are secured. NMSU also received \$1.8 million for graduate student paid practicums. Initial disbursement of the funding is planned for January 2026.

NMSU College Associate Professor Monica Montoya said the Child Welfare Scholar Program is a federally funded partnership between NMSU and CYFD that serves to increase the number of social work graduates who seek employment at CYFD. The program also provides assistance to students and CYFD employees in preparation for taking licensure examinations. The program's funding allows up to 22 stipends a year, totaling \$249 thousand. Between 63 percent and 90 percent of students in the program successfully obtain a social work license.

Cesar Abarca, Ph.D., dean of the School of Social Work at New Mexico Highlands University (NMHU), highlighted current activity in NMHU's social work programs, including the recruitment of endowed faculty and allocation of graduate student paid practicums. Enrollment in NMHU's social work programs has declined, which Dean Abarca attributes to the pandemic, transition of program leadership, and competition of other online social work programs in the state. To improve enrollment, the university is seeking approval to implement a bachelor's of social work program online. Among other expansion plans, NMHU submitted a research and public service project request to develop the state's first doctorate of social work program. Dean Abarca explained the doctorate program would help address New Mexico's critical shortage of social work professionals and faculty through advanced, high-quality education that is grounded in the unique cultural and regional context of our state.

Oil and Gas Production Regulation and Oversight (11:09 AM, [click here for meeting materials](#)). Environment Department (NMED) Secretary James Kenney provided a brief overview of the permit application review process and regulation administered by the agency. Secretary Kenney noted ozone levels in some counties are close to or exceed federal standards based on the federal Environment Protection Agency required three-year average. NMED does not have jurisdiction in Bernalillo County and does not have monitors in all counties.

Tan Nguyen, Ph.D., professor and production and drilling research project director at New Mexico Tech, reported on the advancements in drilling and safety of oil and gas and CO2 injection wells.

Energy, Minerals and Natural Resources Department (EMNRD) Deputy Secretary Ben Shelton said New Mexico oil production remains high, but growth is slowing. In 2023, the Oil Conservation Division received over 130 thousand documents in 2023, including various data reports and hearing records. Almost 3,000 permits for new wells were issued and 622 wells were plugged. The number of field inspections, compliances, and plugged orphan wells have improved.

Colin Cox, staff attorney at the Center for Biological Diversity, talked about the need for environmental and health protections in the oil and gas industry because it releases hundreds of air contaminants. Mr. Cox said the industry is currently exempt from many of the environment and public health statutes in the state. For example, The Hazardous Waste Act states that hazardous waste "does not include any of the following ... (a) drilling fluids, produced waters and other

wastes associated with the exploration, development or production of crude oil or natural gas or geothermal energy.”). In another example, the Groundwater Protection Act does not include many types of storage facilities associated with oil and gas production and waste, explicitly excluding surface impoundments, pits, ponds and lagoons, pipeline facilities. According to the graph provided, unhealthy ozone levels are high in several areas, especially in Eddy and Lea counties.

LFC Water Subcommittee

Senator Nancy Rodriguez, Chair
Senator Roberto “Bobby” J. Gonzales
Senator Steven P. Neville
Senator Pat Woods
Senator Pete Campos

Representative Jack Chatfield
Representative Debra M. Sariñana
Representative Derrick J. Lente

Senator George K. Muñoz
Representative Nathan P. Small
Ex-officio

Federal Funding Opportunities and State Budget Priorities (2:04 PM, [click here for meeting materials](#)). Tanya Trujillo, deputy state engineer and senior water policy advisor for the Office of the Governor, talked about the development of a financing plan to maximize federal funding and resources for state water projects. The New Mexico Integrated Water Financing Plan (IWFP) is expected to be finalized in November, and its lead developer—Western States Water Council—is considering stakeholder feedback, existing state plans, and several suggested programs, projects and initiatives to select three demonstration activities for the plan: small drinking water system regionalization, aquifer monitoring and mapping, and riparian and watershed health.

Rebecca Roose, infrastructure advisor for the Office of the Governor, remarked on the numerous opportunities to leverage federal dollars for state water projects. Some agency budgets include recurring and nonrecurring funding to support implementation of the 50-Year Water Action Plan. IWFP’s development team is identifying funding needs, evaluating existing or new funds, determining model and mechanics for administering funds, and analyzing revenue sources. Ms. Roose said the objective is to support transformational investments in water programs in alignment with the 50-Year Water Action Plan, Water Security Planning Act, and New Mexico Water Data Initiative in the near-term and generate sustained revenue for the long-term.

Strategic Water Supply (3:24 PM, [click here for meeting materials](#)). Providing public comment, Bob Wesley requested more support for implementation of the Water Security Planning Act.

Rebecca Roose, infrastructure advisor for the Office of the Governor, reported on the progress of the 50-Year Water Action Plan, outlining the state’s priorities to establish water reuse rules and policy and implement strategic water supply and aquifer mapping and monitoring actions. The plan aims to develop

- 100 thousand acre-feet of new water for clean energy production and other uses by 2028,
- 50 thousand acre-feet of treated brackish water available for purposes above plus aquifer recharge and surface water augmentation by 2035,
- Regulatory frameworks for reuse by 2026, and
- Characterize all major and minor aquifers by 2037.

Ms. Roose said the strategic water supply initiative aligns with state efforts to advance New

Mexico’s clean energy transition, preserve limited freshwater, and diversify the economy. It also positions New Mexico to steer new water treatment projects in conjunction with new economic development in communities across the state.

James Kenney, secretary of the New Mexico Environment Department (NMED), provided further detail on the strategic water supply initiative. Currently, reservoirs and groundwater supplies are not recharging at a sufficient rate to ensure future water security. The secretary also noted New Mexico has over two-billion-acre feet of brackish water underground and nearly two billion barrels of produced water generated annually beyond what can potentially be reused in the oilfield. Secretary Kenney said NMED is finalizing a strategic water supply feasibility study and requested technical, economic and legal feedback from subject matter experts to ensure its thoroughness.

LFC Child Welfare Subcommittee

Senator William E. Sharer
Senator Benny Shendo Jr.

Representative Meredith A. Dixon
Representative Gail Armstrong
Representative Brian G. Baca
Representative Harry Garcia

Senator George K. Muñoz
Representative Nathan P. Small
Ex-officio

LegisStat: Children, Youth and Families Department (2:06 PM, [click here for meeting materials](#)). Highlighting key information in the staff brief, LFC Staff Rachel Mercer Garcia said New Mexico’s child welfare system faces a variety of challenges, including high rates of child maltreatment and repeat maltreatment, high turnover and vacancy rates among child protective services workers, and insufficient numbers of foster care providers and treatment foster care placements. Evidence-based options and programs may prevent maltreatment and support families but are often not implemented in New Mexico. In addition, a professional, well-supported workforce can improve outcomes for children and families. Finally, both research and the *Kevin S.* settlement highlight the need to improve access to community-based services for system-involved children. In recent years, New Mexico enacted legislation and significantly increased appropriations in support of these objectives, but the state faces implementation challenges.

Children, Youth and Families Department (CYFD) Secretary Teresa Casados outlined current priorities to strengthen New Mexico’s child welfare system. CYFD is building its workforce by participating in numerous hiring events, advertising in various media, and connecting in social work student programs, including internships. To support and retain its workforce, CYFD is developing a worker wellness program and providing critical training, including the recently launched Inspire pilot program in partnership with New Mexico Highlands University. Secretary Casados said removing children is not a solution for repeat maltreatment. Instead, the focus is to provide families with programs and services that prevent the recurrence of maltreatment. To recruit and retain more foster parents, CYFD has seven dedicated positions solely for recruitment efforts and regularly conducts foster parent meetings and appreciation events.

Child Welfare System Improvement and Oversight (4:19 PM, [click here for meeting materials](#)). LFC Analyst Rachel Mercer Garcia said Senate Memorial 5 of 2024 created a task force comprising 12 members identified by legislative leadership, the governor, chief justice, and other stakeholders involved in the child welfare system and convened by LFC. The memorial directs the task force to examine the organizational structure and operations of the Children, Youth

and Families Department and make recommendations for necessary change.

Joseph Ribsam, director of child welfare and juvenile justice policy at the Annie E. Casey Foundation, the child welfare system is designed to react to crisis and child maltreatment. However, the system's greatest demand is for nonemergency care that could be better managed through prevention and robust community-based services and interventions. Mr. Ribsam highlighted opportunities to leverage federal resources to expand prevention services. Comprehensive, statewide systems of care for children's behavioral health, sustainably funded by Medicaid, and thoughtfully integrated with child welfare or juvenile justice systems, yield enviable results. The five core components of a comprehensive system are mobile response and stabilization services, in-home clinical care, parent/youth peer support, intensive care coordination, and flexible funding for additional supports. Among several features, the design of a successfully implemented comprehensive system goes beyond most visible challenges to identify and address root causes, explores race, ethnicity and culture in pursuit of equity, aspires for well-being, not just harm reduction, and ensures collaboration with those most affected by the system.

Thursday, September 19 ([click here for webcast](#))

The following members and designees were present on Thursday, September 19, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto "Bobby" J. Gonzales, Steven P. Neville, Michael Padilla, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Reena Szczepanski, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Dayan Hochman-Vigil. Guest legislators: Representatives Anthony Allison, Art De La Cruz, D. Wonda Johnson, Pamelya Herndon, Tara L. Lujan, and Harlan Vincent.

LegisStat: Health Care Authority (8:36 AM, [click here for meeting materials](#)) Mary Martinez White, chairwoman of Community Service Corps, said Soteria is evidence-based residential treatment for people diagnosed with psychosis. Patients treated at a Soteria house do better than patients treated at a hospital in terms of social functioning, employment, symptoms, and rehospitalizations. Ms. Martinez White requested state funding to support the development of a Soteria house Las Cruces.

Providing key information in the staff brief, LFC Analyst Eric Chenier said, with nearly half the state enrolled, Medicaid is the greatest lever available to the state to reduce the prevalence of mental illness and substance use disorders and improve physical health measures related to women and children, such as maternal mortality and birth weight. Access to evidence-based services and physical health providers is key to improving these and other population based outcomes. To improve access in the state, the Legislature is investing significant amounts for provider rate increases and startup costs of new services. Added to this mix, the Health Care Authority (HCA) established the new Turquoise Care Medicaid managed care program, which put in place new network adequacy rules from the federal government and strengthened access requirements. While these steps are intended to improve access, the state needs more time to assess the impact.

HCA Secretary Kari Armijo said the agency's mission is to ensure New Mexicans attain their highest level of health by providing whole-person, cost-effective, accessible, and high-quality health care and safety-net services. Secretary Armijo outlined Turquoise Care. Among the

improvements, behavioral health (BH) Medicaid reimbursement rates increased up to 150 percent of Medicare rates and five additional BH practices were added for enhanced rates. Turquoise Care is also launching a justice re-entry program and six certified community BH clinics. The secretary reported a 73 percent increase in core BH providers. Reporting on other activity, Secretary Armijo said the rural healthcare delivery fund supported 52 rural healthcare organizations in FY24. The secretary listed expenditures of the \$20 million appropriation for children's behavioral health and remarked on the need to update the Behavioral Health Collaborative statute.

Medicaid Network of Providers (11:07 AM, [click here for meeting materials](#)). Andrew Peterson, chief executive officer of United Healthcare Community Plan of New Mexico, said United Healthcare's goal is to provide the highest-quality health plan in New Mexico through collaborations with community leaders, local organizations, and members. The managed care organization (MCO), which currently serves 40 thousand Medicaid members in the state, is focusing on special populations, workforce development, social drivers of health, provider services, and network expansion.

Nancy Smith-Leslie, vice president of Blue Cross Blue Shield (BCBS) of New Mexico Medicaid, remarked on the MCO's long-standing presence in the state. Ms. Smith-Leslie highlighted BCBS' robust provider network and large community impact. The MCO, which currently serves 265 thousand Medicaid members in the state, is working to expand access to behavioral health services, improve maternal and infant health outcomes, support members with behavioral health and substance use needs.

Liz Lacouture, vice president of population health and quality of Presbyterian Health Plan, said Presbyterian, which currently serves 368 thousand Medicaid members in the state, is improving access to care in four key areas: maternal care, behavioral health, dermatology, and children in state custody. Ms. Lacouture also talked about Presbyterian's efforts to help build New Mexico's clinical workforce.

Carolyn Ingram, plan president of Molina Healthcare of New Mexico, highlighted Molina's behavioral health partners, innovations, and expansions to increase access to care. Like United Healthcare, Molina coverage became another option for Medicaid members in the state when Turquoise Care was launched in July. The MCO is currently serving 41 thousand Medicaid members in the state. Ms. Ingram recommended the state participate in three national access projects that focus on improving healthcare access across the country.

Miscellaneous Business (12:01 PM)

Action Items. Senator Rodriguez moved to adopt the LFC August 2024 meeting minutes, seconded by Vice Chairman Small.

Fourth Quarter Report Cards (12:02 PM, [click here for meeting materials](#)). LFC Analysts Helen Gaussoin and Eric Chenier presented the FY24 fourth quarter report cards. Year-end ratings continued to show weaknesses in many critical social services, and the number of programs with lower ratings than a year ago is a concern. Further, the total number of programs rated green was down from a year ago. However, the number of programs rated red for FY24 was down as well,

and performance in both the Early Childhood Education and Care Department and the Health Care Authority, which both had reds across the board in FY23, showed improvement. The state continues to see strong performance in the courts and judicial agencies and in the Transportation, Economic Development, Tourism, and Energy, Minerals and Natural Resources departments.

Best Practices for Behavioral Health Addressing Opioid Addiction (1:07 PM, [click here for meeting materials](#)). Margaret Greenwood-Ericksen, M.D., emergency medicine assistant professor and health services researcher at the University of New Mexico, said the opioid crisis began with prescription opioids, then heroin, and now synthetic opioids, including fentanyl. Since 1990, over 1 million Americans have died from opioids. Currently, New Mexico has the sixth highest drug overdose rate in the nation. Research finds a neurobiological framework to inform treatment is most effective. A neurobiological framework defines addiction as a disorder chronic and relapsing marked by specific neuroadaptations predisposing an individual to pursue substances regardless of potential consequences. Dr. Greenwood-Ericksen said these neuroadaptations occur in the three distinct neurobiological stages: intoxication and binge, withdrawal and negative affect, and preoccupation and anticipation. Treatment based on a neurobiological framework can help to restore healthy function in the affected brain circuitry and reduce addiction behaviors. Dr. Greenwood-Ericksen remarked on the need for dedicated treatment centers and integrating substance use disorder into medical treatment.

Bernalillo County Deputy Manager Wayne Lindstrom, Ph.D., said the provision of evidence-based behavioral health interventions in New Mexico faces several challenges, particularly in terms of access. Initiatives like the 988 suicide and crisis lifeline have improved accessibility through text and chat options, especially for younger populations. However, awareness of the 988 resource is low, with only 17 percent of Americans recognizing it. Mr. Lindstrom talked about other key issues, including the limited availability of services during off-hours, and recommended the state consider a comprehensive approach to behavioral health, emphasizing the need for sustainable funding and collaborative efforts to improve crisis care and overall outcomes.

Health Care Authority Budget Preview (2:47 PM, [click here for meeting materials](#)). Highlighting key information in the staff brief, LFC Analyst Eric Chenier said the Health Care Authority (HCA) began its first fiscal year in July, combining the programs that used to comprise the Human Services Department with the Developmental Disabilities Support Program and the Division of Health Improvement from the Department of Health and the State Health Benefits Program from the General Services Department. Adding to this, enacted legislation moved the health care affordability fund from the Office of Superintendent of Insurance to HCA. The new agency is requesting to make the fund its own program in FY26. With these and other changes, and the significant amount of funding HCA receives from the federal government, it is by far the largest agency in state government, with a total budget of about \$12.2 billion in FY25. Budget growth is expected in the next few years with projected medical inflation and enactment of the Health Care Delivery and Access Act, projected to inject an additional \$1.1 billion into the state's hospitals through Medicaid.

HCA Secretary Kari Armijo said HCA is currently serving 990,141 New Mexicans, half of the state's population. The secretary highlighted HCA's recent accomplishments. However, the new agency is facing some challenges. Medicaid and Supplemental Nutrition Assistance Program

(SNAP) participation is projected to grow 13 percent in FY26, increasing workloads of an already limited workforce. If HCA is unable to meet federal SNAP timeliness and accuracy standards, the U.S. Department of Agriculture could withdraw all federal funds supporting Income Support Division services. Also, Secretary Armijo said several HCA employees experience salary disparities. For FY26, HCA requests \$2.1 billion from the general fund, a 9.3 percent increase. The request includes a 37.5 percent increase for the Income Support Division. The secretary further detailed HCA's budget request.

Miscellaneous Business (3:54 PM).

Review of Monthly Financial Reports and Information Items. LFC Director Charles Sallee briefed the committee on information items.

Friday, September 20 ([click here for webcast](#))

Joint Session: Legislative Finance Committee (LFC) and Legislative Education and Study Committee (LESC)

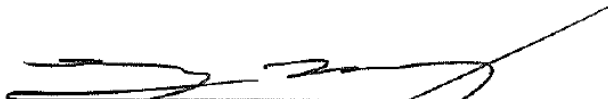
The following members and designees were present on Friday, September 20, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Michael Padilla, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, and Brian G. Baca. Guest legislators: Representatives Anthony Allison, Art De La Cruz, Pamela Herndon, Tara L. Lujan, and Harlan Vincent.

LESC members and designees present: Chairman G. Andres Romero, Representative Tanya Mirabal Moya, Vice Chairwoman Mimi Stewart, and Senator Harold Pope. Guest legislators: Representatives Jon Block, Natalie Figueroa, Cristina Parajon, and Patricia Roybal Caballero; and Senators Linda M. Lopez and Shannon D. Pinto.

Review of Current Public Education Programs and Below-the-Line Funding (8:11 AM, [click here for meeting materials](#)). LESC Analyst Daniel Estupiñan and LFC Analyst Sunny Liu presented a joint accountability report on Public Education Department (PED) special programs. Mr. Liu said, while special discretionary funding has served as a testing ground for many key state initiatives, such as prekindergarten and science of reading programs, issues remain with how the funding is administered through a competitive grant process, often leading to initiatives mired in bureaucratic processes that slow expenditures, create inequities in access to resources, and limit the potential of state-driven ideas. Mr. Estupiñan outlined policy and budget considerations for PED special programs, specifically focusing on recommendations for healthy universal school meals, the summer literacy institute, career and technical education, and the family income index.

Public Education Department FY26 Initial and Below-the-Line Budget Request (10:03 AM, [click here for meeting materials](#)). Public Education Department (PED) Secretary Designee Mariana Padilla and Deputy Secretary Amanda DeBell outlined the agency's FY26 priorities: reduce chronic absenteeism, improve graduation rates, improve academic outcomes, build a robust educator ecosystem, increase school safety, and improve internal operations.

With no further business, the meeting adjourned at 12:02 p.m.



George K. Muñoz, Chairman



Nathan P. Small, Vice Chairman