

**MINUTES**  
**Legislative Finance Committee**  
**State Capitol, Room 322 - Santa Fe, NM1**  
**December 11 - 15, 2023**

**Monday, December 11**

The following members and designees were present on Monday, December 11, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Sia Correa Hemphill, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Ryan T. Lane, and Derrick J. Lente. Guest legislators: Representatives Anthony Allison, Cathrynn N. Brown, Art De La Cruz, Joy Garratt, Pamela Herndon, Dayan Hochman-Vigil, Tara L. Lujan, Rod Montoya, and Cristina Parajón.

**FY23 and FY24 General Fund Revenue Projections.** Secretary Schardin-Clark began the presentation by reviewing the main economic drivers and indicators that underlay the forecast. She began by reviewing U.S. GDP growth, which increased slightly over the August forecast by 5.2 percent and is expected to stabilize around 1.2 percent through 2024. She then discussed New Mexico real gross state product, which is forecasted to grow more moderately than forecast in the August forecast, at around 1.9 percent. U.S. employment and state employment forecasts are similar, but slightly lower, than the August forecast. State and U.S. unemployment rates are about equal at around 3.8 percent.

Next, the secretary reviewed inflation and interest rates, noting the high rates and the anticipation that rates will remain elevated a bit longer than expected in August. Next, the secretary reviewed oil and gas prices, noting that price estimates are elevated from August, but production estimates are depressed, working in opposite directions on state revenues.

Next the secretary explained the personal income tax revenue estimate, noting slowing wages and salaries into FY25 and FY26, stifling growth. Personal income tax revenue is estimated over 9 percent in FY23 and declining to negative 1 percent in FY24, largely due to legislative changes. Next the secretary discussed the GRT revenue estimate, noting strong MTGR, but slowing revenues because of rate cuts. Next the secretary provided a highlight of severance taxes and rents and royalties, particularly highlighting the insulating mechanisms in place to shield the general fund from volatility.

Secretary Wayne Propst began his presentation summarizing the total revenue estimate, noting, while it is slightly below prior estimates, the state is still experiencing very high revenues. He noted the \$3.48 billion of new money allows a lot of room for budgeting. He noted there are considerable risks to the forecast that can be unpredictable, but the Consensus Revenue Estimating Group economists attempt to account for those risks by performing a stress test on the revenue estimate.

LFC Chief Economist Ismael Torres commenced with a detailed review of the current and projected state revenue for FY25. The discussion highlighted a projected decrease in revenue, particularly emphasizing a \$3 million decline compared to the previous fiscal year. It was

emphasized that while there would not be a direct decline in revenue, the growth rate would substantially moderate. The state experienced robust revenue growth in FY22 and FY23, with projections indicating a gradual slowdown in subsequent years. The forecast estimated a growth rate of 19.7 percent in FY22, 19.8 percent in FY23, expected to moderate to 5 percent in FY24, and further slowing to 2 percent in FY25, followed by 3 percent in FY27 and beyond.

Multiple factors were identified as contributors to the revenue slowdown, including tax cuts, lower inflation, weakening employment markets, consumer savings depletion, and a decline in oil production and prices. A significant portion of revenue growth was attributed to the oil and gas sector, accounting for two-thirds of the forecasted revenue growth, especially in the current budget year. However, it was noted that growth from oil and gas was expected to slow down in the out years. The slowdown in employment growth was projected to affect personal income tax revenues, as fewer individuals would contribute to income tax revenue growth due to slower employment expansion.

Detailed discussions covered the fluctuations in oil production and prices, citing a decline in production in recent months and a downward trend in oil prices, impacting severance tax collections and overall revenue. Insights were provided regarding the trends in gross receipts tax, highlighting a shift in growth from mining to sectors like construction and professional services. Additionally, it was noted that over one-third of gross receipts tax was associated with the volatile oil and gas industry.

The discussion moved forward to assess forecast risks, emphasizing the significant risk posed by fluctuations in the oil and gas sector. Additionally, recession risks were discussed, indicating a decrease in the perceived likelihood of a recession. Stress tests were conducted to evaluate potential impacts on the general fund in various economic scenarios, showing potential declines in revenue that could impact reserves significantly. The meeting moved into analyzing revenue trends, particularly emphasizing the role of oil and gas revenues in exceeding revenue trends. It was noted that despite the decline in above-trend revenues in certain tax categories, oil and gas-related revenues remained pivotal.

The chairman expressed apprehension about the overwhelming consumption of state income by tax rebates, prompting a discussion on the increased reliance on oil and gas revenues. Mr. Torres estimated this reliance to hover between 30 percent to 40 percent of the state's total income.

Representative Chatfield sought clarification on the direct impact of oil price fluctuations on the state's revenue. Mr. Torres indicated a substantial \$60 million impact for every \$1 change in oil prices, though emphasizing that this figure accounted for the total revenue collection, not just the general fund.

Senator Gonzales asked about the long-term outlook for oil and gas production. The executive highlighted the potential acceleration of production decline with lower prices.

Representative Lane asked about the repercussions of tax reductions and declining oil prices on revenue estimates. Mr. Torres clarified that these reductions might curtail oil and gas reliance to approximately 30 percent and emphasized the need for prudence in managing this shift.

Representative Dixon raised concerns about economic diversification. She probed the timeframes required to nurture new industries, drawing parallels to the gradual growth trajectory of the film industry over several years.

Senator Woods asked about the relationship between oil prices and production, highlighting that lower prices often lead to decreased production, especially in New Mexico. Highlighting the importance of continued production growth in New Mexico and its impact on the world stage, emphasizing its role in global energy and as a competitor to nations like Russia.

Senator Woods asked about tax credits and the payout from the film credits. Representative Lente emphasized the growing cost of film tax credits.

Representative Armstrong raised concerns about the sustainability of the capital program. She also asked about agencies reaching capacity in spending and the need to scrutinize unspent funds, especially related to behavioral health and the federal American Rescue Plan Act (ARPA). Secretary Propst addressed concerns about agencies' capacity and highlighted ongoing initiatives and new funding needs in areas like health care, environment, and housing.

Vice Chair Small emphasized the correlation between production and price, highlighting how lower prices typically result in reduced production rates in New Mexico. The query pondered whether a decrease in barrel prices would equate to reduced production, particularly within the state and on a larger scale. Representative Small noted the importance of this production on a global scale, recognizing its role in bolstering the standing of free nations and acting as a welcomed competitor against nations like Russia. He acknowledged legislative efforts that significantly reduced methane emissions and underscored the significance of responsible production methods.

Transitioning to tax-related discourse, Representative Small touched on reductions in personal income tax since 2019, highlighting the expansions made to tax credits. Further, there was exploration around funding allocations post the passage of Senate Bill 26, projecting substantial funds into the severance tax permanent, contributing to insulation of the general fund.

Amidst acknowledgments of sustained growth forecasts, Representative Small noted the conscious effort to mitigate volatility stemming from oil and gas reliance. He closed with reflections on the need for cautious yet validated approaches, acknowledging the moderation in growth and the necessity for collaborative efforts, asserting the state's strong positioning in the coming decade.

Senator Muñoz expressed concern about the state's financial strategies for the future, highlighting cautionary tales from previous economic downturns. He emphasized that certain financial reserves could be considered one-time resources, not replenishing themselves, and recalled a past situation where despite substantial federal assistance during a recession, hard cuts were still necessary.

He expressed concern about job losses, especially in high-dollar technology sectors, highlighting significant losses in areas such as information systems, business services, and financial activities.

Additionally, he raised questions about the impact of inflationary pressures on oil and gas markets and whether environmental conversations around transitioning to cleaner energy sources were

influencing production decreases. Muñoz discussed the volatility of oil and gas markets, emphasizing the difference in revenue impacts between increases in gas prices versus oil prices.

Muñoz also addressed the state's preparedness for potential economic slowdowns and the need to reconsider spending strategies, particularly regarding agencies' abilities to complete projects and utilize allocated funds effectively. He emphasized the importance of completing initiatives and reallocating funds if necessary.

The conversation ended with Muñoz acknowledging the unpredictability of economic forecasts, appreciating the efforts of economists in predicting trends, and underlining the significance of external factors in determining the state's economic trajectory.

**Taxation Revenue Department.** Secretary Schardin Clarke presented the Taxation Revenue Department's FY25 request, including a general fund increase of nearly \$5.6 million above the FY24 operating budget, primarily to fund positions across all programs and to maintain tax and motor vehicle contracts for systems of record. The total budget request for FY25 was \$133 million. When asked by Representatives Dixon, Lujan, and Garcia about outstanding tax collections, and reasons taxes can go uncollected for as long as 10 years, the agency responded it issues tax treatment plans and other payment plans to increase hold taxpayer accountable but has limited staffing resources. TRD said it relies on automated services for most things, but tax collections are still largely a manual process. Senator Woods asked about the agency's ability to monitor the quality of services in contract offices that provide motor vehicle services, and why a limited number of offices can issue licenses and renewals for vehicle titles. TRD explained that due to fraud occurring with titles in some partner offices, the agency centralized processing for secure printing of vehicle titles. Secretary Schardin Clarke agreed to provide a full list of all partner contracts and contractors to Senator Woods and the LFC.

**Progress Report: Stacking of Income Supports.** LFC Program Evaluators Sarah Dinces, Ph.D., and Allegra Hernandez, Ph.D., presented the progress report *Stacking of Income Supports*. The Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other income support programs provide immediate benefits to those living in or near poverty. However, large investments in these programs have generally not coincided with decreasing poverty in the state.

In FY23, New Mexico spent over \$10.1 billion of state and federal funds on income support programs—\$2.6 billion more than in FY19. Over the same time, poverty levels have remained stubbornly high, with poverty rates staying around 18 percent. In 2022, New Mexico had the highest poverty rate in the nation at 17.6 percent, and since at least 2000, New Mexico has persistently ranked as one of the poorest states in the country. Moreover, the significant increase in pandemic-related income support did little to change the state's poverty rates and structure.

Poverty rates are most affected by labor force participation rates, wages, and educational attainment. In New Mexico, most individuals receiving income supports work, but likely not full-time and not for wages high enough to meet the rising cost of living. Education and evidence-based training provided alongside income support programs could increase earnings for recipients, but there is no cohesive strategy at the state level to address this need. Current benefit structures also can dis-incentivize individuals from seeking higher-paying jobs or working full time.

Additionally, as found in 2021, many families are likely not enrolled in all programs for which they are eligible. However, recent requests from state agencies indicate an interest in expanding these programs to people and families of higher income rather than increasing program uptake among the existing low-income population.

Human Services Department Deputy Secretary Alex Castillo-Smith gave brief remarks focused on the root causes of intergenerational poverty.

Senator Sharer expressed concern regarding cliff effects. He also stated that instead of just focusing on education, the state should focus on training as well.

Representative Armstrong asked HSD about SNAP payments being targeted for false payments. HSD Director Karmela Martinez responded and stated that HSD is working on solutions and reimbursements for clients that were targeted.

Representative Dixon asked about Massachusetts Learn to Earn Program. LFC staff stated that it is a program to help individuals understand how to work, how to get into the labor force, and what they need to do to maintain those types of responsibilities.

**Economic Development Department.** LFC analyst Julisa Rodriguez presented a LegisStat on the agency's economic development efforts. The agency most recently participated in a LegisStat with the Workforce Solutions Department in September, which focused on expanding the labor force and economic recovery. In FY23, the agency created 1,790 jobs, which is 65 percent less than FY22. However, the agency reported creating 2,161 jobs in the first quarter.

The Legislature approved a 22 percent and a 13 percent recurring general fund increase in 2022 and 2023, respectively. The agency also received \$89 million in one-time funding in 2023 for advanced energy, border infrastructure, business incubator programs, creative industries, and JTIP and LEDA.

EDD Acting Secretary Jon Clark said that monthly employment has recovered faster coming out of the pandemic and that New Mexico has been narrowing the gap in income. Clark said this is a result of the push for target industries and changes to programs the agency operates. The agency attracts high-wage jobs through the Job Training Incentive Program (JTIP) and the Local Economic Development Act Program (LEDA). Clark said that the agency focuses on wages in addition to the number of jobs.

Clark said New Mexico does not market itself to businesses or promoted an entrepreneurial system, which the agency has addressed by opening the Office of Entrepreneurship. This person can connect entrepreneurs with resources and can foster collaboration.

Senator Sharer asked how the state could help rural New Mexico. Clark said the additional regional representatives, rural job tax credit, JTIP, LEDA, and MainStreet support rural communities. The rural job tax credit provides a set dollar amount per job; however, it could be revisited so that it actually provides an incentive for rural businesses. Senator Sharer remarked that he agrees that the state needs to revisit the rural job tax credit.

Representative Dixon asked for an update on short- and medium- term steps from the agency's strategic plan. Clark said that the agency is working on a comprehensive update of the plan that will be released in FY25. The agency has made a lot of progress but has not made a list of what has been accomplished. The agency will work on this list by the legislative session.

Representative Dixon asked how the agency would work with the Tourism Department and the Center of Marketing for marketing. Clark said that there are portions where it doesn't make sense to work with the Tourism Department. Funding will be used to hire on-the-ground experts in certain areas. EDD would work with the Tourism Department on actual marketing materials.

Representative Garratt asked about Santa Teresa and housing issues and how the agency is collaborating with other agencies to ensure people that are working and moving to Santa Teresa will have housing. Roper said that an infrastructure development plan is needed to build affordable housing. The agency received funding in FY24 for an infrastructure development plan to understand what is needed in terms of water, housing, and infrastructure.

Representative Lane remarked that he is pleased the agency created the Office of Entrepreneurship. Clark said that temporary federal funding is available to provide seminars to entrepreneurs on how to start a business. Representative Lane said that EDD could help him work with the Secretary of State to revamp the necessary documents to start a business in New Mexico.

Representative Lane asked about the Environment Transition Act. Roper said that the agency will review the recommendations from the committee and a final consultation with the tribal entities.

Representative Small asked if advanced energy marketing funds could be used throughout the state. Clark said yes. Small asked about the New Mexico Partnership and its collaboration with the Workforce Solutions Department. New Mexico has a low labor force participation rate compared to the average in the United States. Clark said that funding was trimmed for the New Mexico Partnership due to performance. However, New Mexico Partnership is now actively working with EDD on international marketing. Representative Small said that there needs to be requests for the nine industries. Representative Small asked for an offline summary of federal work around the trade ports.

Representative Muñoz asked about New Mexico's total loss of jobs. Clark shared that there was a temporary loss of jobs in the film industry due to the strikes. Muñoz remarked that LEDA doesn't work as well as it was expected to work. Muñoz remarked that starting a new business is hard in New Mexico.

LFC Analyst Julisa Rodriguez provided an overview of the agency's FY25 budget request. EDD requested an increase in general fund revenue by 3.3 million or 16.6 percent compared to FY24. The agency's request also includes 1.8 million in anticipation of the distribution from the land of enchantment legacy fund, which the agency will receive for the first time in FY25. The majority of the general fund increase was for expansion requests for additional FTE, including 12 new FTE for the film office, creative industries division, healthy food initiative, MainStreet, and an additional regional representative.

Acting Secretary Jon Clark shared that EDD is requesting \$30 million for LEDA and said that the agency is depleting outstanding LEDA balances, \$6 million for JTIP, \$4 million for the operations of the media academy, \$2 million for clean energy marketing campaign, \$4 million for international marketing, \$2 million for start up grants, and \$1 million for the healthy food financing fund, and \$20 million for a state match for the National Science Foundation grant. EDD is also for a \$89 thousand deficiency.

Development Division Director Mark Roper said that EDD asks companies to report on actual jobs, wages paid, and capital investment. EDD reports a 35 percent return on investment on LEDA projects for the state. For local and state government, LEDA is resulting in a 232 percent return on investment. MainStreet has also grown in the past two years. EDD is asking for an additional FTE for MainStreet to support with the increased MainStreet funding. EDD is also requesting an additional FTE to oversee the regional representatives. Additionally, EDD is requesting to make a temporary position for the Office of Strategy, Science, and Technology to a permanent position.

Clark said that EDD is requesting 2 FTE for the healthy food financing initiative. This is in partnership with the New Mexico Department of Agriculture to build food systems in New Mexico. EDD currently has one temporary position and is requesting two permanent positions.

Clark said that EDD is requesting 5 FTE for the Film Division and media academy. 2 FTE are for the film office and 3 FTE are for the media academy. There are currently 0 FTE for the media academy. EDD is moving \$100 thousand from Economic Development Division to Program Support as an internal realignment. EDD is also requesting to increase New Mexico Partnership's contract. EDD is requesting 2 FTE for the Creative Division.

Representative Garcia asked if LEDA funding can be used to match funding for economic development projects. Roper responded that LEDA funds could be used for horizontal infrastructure projects. Representative Garcia also remarked that a lot of the film industry is mostly in urban areas. Clark responded that film projects have expanded to rural communities. The film credit also increased the rural uplift incentive to encourage production outside of Albuquerque. The tax credit does work in tribal lands.

Representative Dixon asked how many of the nine key industry sectors have dedicated staff. EDD has dedicated staff for the film and outdoor recreation division. EDD shared that dedicated staff would allow the agency to work more collaboratively in the industry and better coordination among state agencies. Dixon expressed that she is disappointed that EDD didn't include FTE for the nine key industries.

Senator Gonzales asked if the LEDA project in Taos Pueblo included construction jobs. Roper said that those jobs are full-time after construction that are mostly for retail functions. Gonzales asked if these funds would be used for the sawmill Taos is looking to construct. Roper said no but that the project may be a separate LEDA investment.

**Legislating for Results: Agency Spending on Evidence-Based Programming-Update.** LFC Program Evaluators Sarah Dinces, Ph.D., and Ryan Tolman, Ph.D., along with DFA analyst Simon Miller presented. DFA analyst Mr. Miller summarized the history of the Accountability in

Government Act, including the 2019 amendment that added a requirement for select agencies to submit a program inventory and to summarize how the agency or division prioritized spending on programs shown to work. Program evaluator Ms. Dinces discussed previous successes the state has had in examining program outcomes and in conducting program inventories. Next, DFA and LFC staff reviewed the program inventories for this year. The divisions chosen to participate this year by DFA and LFC were Children, Youth, and Families Department (CYFD) Protective Services (PSD) and Behavioral Health (BH) Divisions, Human Services Department (HSD) Behavioral Health Services (BHSD) and Medical Assistance Division (MAD) behavioral health spending, and Corrections Department (NMCD) Reentry and Inmate Management and Control. Overall, agencies reported highly variable amounts of evidence-based spending and some of the corresponding data and outcomes need improvement. Over the six selected divisions of the \$1.8 billion in programmatic spending, the state spent 12 percent on evidence-based programs. However, the proportion is low, as MAD did not classify the evidence categorization for over \$1.2 billion of expenditures. Further, all agencies did not provide cost information for at least one program, as the agency did not collect this information from at least some contracted providers. Without these data, neither the department nor the state can determine if programs are leading to the expected results or if the state is mostly funding programs shown to lead to positive results. When looking at each agency separately, NMCD has the highest proportion of evidence-based spending (46 percent) while CYFD BH has the lowest proportion of evidence-based spending (2 percent). It is important to consider that a categorization of evidence or research based does not guarantee the program is providing positive outcomes, as programs need to be implemented as intended to the correct target population to be likely to see positive effects.

Representative Garratt stated it is important to remember programs do not always get their expected effect.

Representative Lujan asked if the Corrections program Residential Drug Abuse Program (RDAP) was a harm reduction model and asked what the breakdown of federal and state spending was for the Medical Assistance Division's behavioral health programs. Staff stated the RDAP was not a harm reduction model and stated they would provide the proportion of state and federal spending. Representative Herndon asked the average length of stay in an adult residential treatment center. Staff replied the agency did not provide this information. The representative also asked if survivors of domestic violence were receiving legal aid. Staff stated that while legal aid is a service at many shelters, the agency had not provided a breakdown of who received each specific service and would reach out to CYFD for this information.

**Department of Health (665).** Patrick Allen, the secretary of the Department of Health, provided an overview of the budget request. The presentation focused on various aspects of the department's operations. The department mission and goals center on health equity and improving health outcomes for a healthier New Mexico. He also stated the goal is for New Mexico to become the healthiest state by 2030, focusing on key health metrics like life expectancy, child mortality, overdose deaths, and chronic disease management. The secretary provided information on organizational changes including transfer of two programs to the Health Care Authority Department. Additionally, the department requested an internal reorganization, including a shift to a single deputy secretary (chief operating officer) responsible for organizational operations and combining the Public Health, Epidemiology and Response, and State Laboratory programs. The

agency's fiscal year 2024 budget was outlined, along with vacancy rates and full-time equivalent (FTE) data. The agency currently has a 28 percent vacancy rate. Information about the department's various facilities was provided, including long-term care facilities, treatment facilities, and community projects. Staffing, vacancy rates, and facility capacity were discussed, highlighting the challenges in maintaining financial viability. Secretary Allen explained the budget requests, including a significant portion aimed at addressing deferred maintenance within the organization. Other requests included funding for mobile outreach units, expansion of primary care services in public health offices, and improvement of the hotline access. Finally, the department reported on a request to increase general fund revenues for state facilities to revenue loss because of low census. Secretary Allen concluded the presentation by summarizing the key points and the importance of addressing organizational challenges and funding needs. He thanked the attendees and opened for questions and further discussion.

**Department of Transportation (805).** Ricky Serna, secretary of the Department of Transportation, provided an overview of the department's key statistics, including its workforce of over 2,500 employees and an annual budget approaching \$2 billion. Notably, the department is engaged in 90 active projects totaling \$1.2 billion, with a monthly expenditure of \$100 million on operations and construction.

Serna outlined the department's organizational structure, divided into two main areas—Operations and Administrative Operations.

Funding sources for the department's operations were discussed, primarily reliant on federal apportionment funding and tax distributions, with fuel and gas taxes and motor vehicle registration fees identified as major revenue streams.

A significant portion of the presentation was dedicated to addressing challenges posed by changing vehicle trends, particularly the increasing prevalence of electric and fuel-efficient vehicles, which could potentially impact revenue. Serna emphasized the need for legislative support to address these challenges.

Details on federal apportionment highlighted a year-over-year increase in funding for transportation infrastructure, accompanied by a discussion on the gap between allocated and obligated funds, emphasizing the importance of legislative backing.

The presentation also delved into the allocation and expenditure of funds, with a focus on ARPA funds and a request for deadline extensions for certain projects. Serna discussed the department's financial capacity, considering escalating costs and the impact of state revenue distribution, calling for support in managing inflation and budgetary challenges.

Proposed changes to the distribution of the motor excise tax were presented, with an emphasis on how these adjustments would enhance funding for state road maintenance. Section 9 funding priorities across transportation districts were outlined, stressing the importance of timely funding allocation for critical projects.

The presentation provided an overview of the department's budget, including a decrease offset by fund balances, and highlighted various legislative requests, such as House Bill 2 language support, nonrecurring general funds for litter pickup and beautification, and efforts to establish funds for rural air service enhancement and wildlife corridors.

In conclusion, Serna invited questions and input from the committee members, fostering an open dialogue on the department's priorities and challenges.

Representative Chatfield expressed appreciation for improved highways in rural areas, emphasizing their impact on various industries, including interstate and intrastate trade. He raised concerns about workforce shortages in the highway industry and asked about recruitment efforts. The response from the Department of Transportation (NMDOT) addressed recruitment and retention strategies, noting challenges in retaining engineers in certain parts of the state. NMDOT is working on measures to ensure positive work experiences and the secretary mentioned some difficulties in contractor availability in rural areas.

Other topics discussed included funding mechanisms for transportation projects, the prioritization of road projects, the electric vehicle charging infrastructure, and the need for increased funding for equipment and maintenance. The secretary discussed the possibility of a transportation trust fund, the status of a port of entry in southeastern New Mexico, and the exploration of hydrogen fueling stations.

Representative Armstrong expressed support for investing more in transportation with the available \$3.4 billion. He raised questions about the rural air service enhancement fund, the electric vehicle infrastructure, and specific road projects, including Highway 128.

The session concluded with Senator Gonzales expressing gratitude for the completion of a rest area and discussing the importance of a transportation trust fund. Representative Armstrong asked about the progress of a port of entry and inquired about hydrogen fueling stations. Finally, she raised concerns about the delay in a road project and advocates for increased funding for transportation, emphasizing the need for improved roads in revenue-producing areas of the state.

Representative Garrett expressed gratitude for a rest stop on Interstate 40 in New Mexico and inquired about the impact of the I-40 trade port on improving I-40. The secretary mentioned potential opportunities for grant funds and highlighted the need to determine the port's location. The discussion then shifted to fuel corridors, federal grants, and challenges in competing for funding due to rural status. The secretary addressed concerns about pedestrian fatalities and emphasized the focus on multimodal solutions and carbon reduction. There was also mention of using salary savings to fund pay increases.

In a later part of the conversation, the chairman raised questions about the NMDOT's budget, including the \$16.5 million in funded vacancy dollars and the reduction in debt principal payments in 2024. The chairman expressed concerns about NMDOT potentially becoming a general fund agency, and the secretary clarified the agency uses various funding sources. The chairman inquired about the wildlife corridors grant, which was not awarded, and its amount. The secretary explained

the reduction in debt service and how the agency plans to reallocate those funds to federalized projects.

### **Tuesday, December 12**

The following members and designees were present on Tuesday, December 12, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Sia Correa Hemphill, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Ryan T. Lane, and Derrick J. Lente. Guest legislators: Senators David M. Gallegos, Martin Hickey, Michael Padilla, and Shannon D. Pinto; and Representatives Anthony Allison, Cathrynn N. Brown, Art De La Cruz, Joy Garratt, Dayan Hochman-Vigil, Wonda D. Johnson, Tara L. Lujan, Rod Montoya, and Cristina Parajón.

**Early Childhood Education and Care Department (611).** Secretary Elizabeth Groginsky presented a progress and accountability report for the first year of the Early Childhood Education and Care Department (ECECD) strategic plan. This report will be made available on the department's website to ensure transparency and accountability regarding investments in the prenatal to age 5 system in New Mexico. ECECD then provided an overview of the agency's vision and mission, emphasizing the importance of early childhood investments to break cycles and prepare children for kindergarten. Strong leadership and community support were acknowledged. For FY25, the secretary presented focusing on sustaining gains made, improving access, and enhancing quality in early childhood programs. The budget request included funding for various programs, including childcare, prekindergarten, and workforce development. An overview of revenue sources was provided, with the general fund, early childhood trust fund, and TANF funding being significant contributors. Private sector grants and fees also played a role in financing programs. Detailed breakdowns of the budget by division were discussed, including the Early Care Education and Nutrition Division, Family Support and Early Interventions, and Policy Research and Quality Initiatives. Emphasis was placed on efficient use of funds with minimal administrative costs. The Early Childhood Education and Care Department (ECECD) requested an increase of \$149.5 million in general fund revenues for FY25, representing a 45.6 percent increase over the FY24 operating budget. The primary focus of this request was on childcare assistance, provider technical assistance, and prekindergarten programs. In FY24, ECECD received \$150 million from the early childhood trust fund (ECTF) and requested an additional \$5 million for FY25, bringing the total trust fund revenue request to \$155 million. The department also received \$140 million from the permanent school fund in FY24 and requested an increase of \$17.6 million for FY25. A significant portion of the total request was attributed to the conclusion of federal pandemic response funds, which were previously utilized to broaden childcare assistance eligibility, modify family co-payments, and increase provider rates. Consequently, due to the expiration of these federal revenues, the department requested a \$100 million reduction in federal funds. Overall, ECECD requested \$818.2 million from all revenue sources, a 7.5 percent increase. The general fund revenue request for the Childcare Assistance Program included \$9 million for restructuring childcare assistance co-payments, \$23 million to replace nonrecurring federal revenues used for increased childcare assistance eligibility and provider rates, and \$43 million to expand infant and toddler slots in the program. Additionally, the department requested \$5 million from the ECTF for childcare assistance co-payments, making the total request for childcare assistance \$80 million. The secretary then noted achievements in early childhood programs were highlighted, including

increased enrollment in prekindergarten programs, pay parity for educators, extended instructional hours, and implementation of evidence-based programs. Family support, early intervention, and quality initiatives also saw successes. Projections for the next five years were presented, indicating an increase in the number of children reached and the associated costs. Quality investments and infrastructure support were emphasized, and it was noted that growth in the agency may be necessary to meet the rising demand.

**Health Care Authority Department (630).** Secretary Kari Armijo presented the Health Care Authority's budget, emphasizing its mission to provide comprehensive, cost-effective healthcare and safety net services to New Mexicans. The four key goals included leveraging purchasing power, achieving health equity, building a top-tier team, and implementing data-driven decision-making.

The budget request of \$12.892 billion highlighted a 25 percent increase from the general fund, with recurring Medicaid expenditures driving 88 percent of the growth. Senate Bill 16's transition plan to the Health Care Authority and its role in serving over 988,000 New Mexicans were discussed. Specific initiatives for Medicaid innovations, raising rates, and additional benefits were detailed.

Senator Martin Hickey stressed the need for a dynamic IT capability and expert contracting support for the Health Care Authority's transformation. She requested \$5 million to 10 million for a third-party consulting firm to guide the process, citing potential savings and increased efficiency. The committee was urged to prioritize expertise in navigating the complexities of the transformation. Senator Hickey said he was seeking \$5 million to \$10 million for a request for proposal in the spring. The focus is on project management and communications for a transformative initiative to enhance the functionality of the Health Care Authority. Senator Hickey emphasized the importance of addressing IT needs, particularly in managing financial data and healthcare costs. The senator's project, estimated at \$20 million to \$30 million over three years, aims to bring about significant savings, citing potential annual savings of \$200 million to \$300 million by contracting appropriately.

The senator also touched on issues like pharmacy benefit managers, rebates, and cost control. Secretary Armijo highlighted the need for dynamic scoring to assess the return on investment in healthcare programming. The secretary also advocated for a comprehensive approach, involving higher education and municipalities, to create a unified healthcare pool for increased efficiency and savings.

The committee engaged in discussions on various healthcare topics, including Medicaid reimbursement rates, the rural health care delivery fund, and the challenges faced by healthcare providers, especially in rural areas. Representative Armstrong expressed concerns about extending Supplemental Nutrition Assistance Program eligibility without addressing processing time issues. Representative Garcia emphasized the need to ensure individuals on the developmental disability waiver are not left out during the healthcare transformation.

Secretary Armijo assured the committee of ongoing efforts to address these concerns, with updates on waiver requests and plans for continuous eligibility for children ages 0-6. The secretary

acknowledged challenges in home visiting rates and outlined strategies for improving access to care, provider rates, and supporting healthcare workers. The committee also discussed the rural health care delivery fund's allocation and the need for continued investment to avoid adverse impacts during the healthcare system transformation.

Vice Chair Small touched on the need for transparency in tracking and assessing the healthcare network's effectiveness. The discussion includes considerations for investments in rate increases, workforce support, and loan payments. The need to balance various factors, such as different types of healthcare priorities, is also acknowledged.

Chairman Muñoz discussed the transition from the Human Services Department to the Health Care Authority Department and the tight timeline to do so. Muñoz raised questions about the expansion of healthcare providers, the inclusion of new providers in the state, and the impact on the workforce. The secretary focused on Medicaid and the challenges associated with managing a large amount of data.

Muñoz raised concerns about the speed and potential challenges of the transition, including the creation of government-exempt positions for a specific period and the potential impact on SNAP benefits processing times. The discussion delved into the prioritization of SNAP benefits and acknowledges the existing challenges in timely processing.

The conversation then shifted to the Health Care Authority's draft bills and the complexity of transferring responsibilities, especially concerning retiree healthcare. The need for a well-thought-out transition plan is emphasized to avoid disruptions and ensure a smooth transfer of responsibilities.

Senator Hickey also expressed concerns about the pace of the transition, urging caution and suggesting the possibility of a bill during a 60-day session in the following year for a more thorough alignment. The importance of doing things right and avoiding potential failures was highlighted, considering the significant impact on individuals' healthcare access.

**FY24 First Quarter Performance Reports.** LFC Principal Analyst Helen Gaussoin presented the FY24 first quarter report cards to the committee. She noted that discerning performance patterns after one quarter is difficult, but the data indicates some agencies are already showing signs they are building on successes started in prior fiscal years and some are showing signs of continuing struggles.

The report card on public schools shows FY23 data was late and the agency is behind on processing reimbursements and awarding grants. Delays in auditing funding formula components raise concerns about oversight functions. On higher education, Ms. Gaussoin noted enrollment has increased but the number of degrees and certificates has decreased.

The first quarter performance report for the Early Childhood Education and Care Department's shows an improvement in the use of Home Visiting services but a high dropout rate among participants. Ms. Gaussoin noted increased foster care placements at the Children, Youth, and Families Department and elevated child maltreatment rates.

Ms. Gaussoin reported the report card on the Economic Development Department was mostly positive, with good job creation results, except for the Film Division, affected by the writers' and actors' strikes. The Tourism Department is also performing well.

In the Workforce Solutions Department, Ms. Gaussoin pointed out low unemployment but concerns about labor force participation.

Ms. Gaussoin reported the Human Services Department missed almost all its performance targets in the Medical Assistance and Income Support divisions. However, performance in the Behavioral Health Collaborative, except for substance abuse death rates, seems to be improving. Ms. Gaussoin noted improvements in caregiver supports under the Aging and Long-Term Services Department.

Ms. Gaussoin reported that rating the performance of the Department of Public Safety is hindered by the number of measures that are explanatory and do not have targets. However, improved police officer graduation rates and collaboration with police agencies are noted.

The Department of Transportation report card indicates road conditions are improving despite statewide construction cost and labor supply issues, Ms. Gaussoin said.

Ms. Gaussoin noted the Environment Department saw mixed results, partly by understaffing driven by competition for technical jobs. She pointed out the General Services Department continues to have a deficit in the Employee Group Health Benefits Fund.

**New Mexico Environment Department (667).** LFC Analyst Scott Sanchez introduced the LegisStat for the Environment Department, which specifically identified the challenges of the water division of NMED. In his introduction Sanchez said many water systems in New Mexico are struggling to comply with current requirements due to a lack of operational capacity.

Secretary Kenney said the fees that come into the department are not adequate. The Construction Programs Bureau has more projects than it has capacity with current staff. There are 149 projects per person. Those 149 projects per person require both going out in the field and checking for safety—there is a time consideration and workload consideration.

Regarding drinking water, Secretary Kenney said he does not disagree with the report regarding the challenges that New Mexicans are going to have with their drinking water. The U.S. Environmental Protection Agency (EPA) is going to promulgate a new health standard for PFAS. In the last 20, years the EPA has not given states any more federal funding, yet it has promulgated many more standards. As the science gets better the detection limits go down and the department is in a position of doing more with less. He said the department is actively working with the Office of State Engineer (OSE) on innovative ideas. The secretary concluded his point by saying the LegisStat improvements will be realized when their budget is realized.

Senator Woods responded to Secretary Kenney, saying a couple of years ago it was stated that EPA would come up with some kind of guidance and it still hasn't come up with the guidance.

Secretary Kenney responded that the Environment Department adopted federal standards for drinking water. Some state agencies are budgeted so that they create their own standards for both drinking water and discharge. If NMED were to move in a different direction and develop its own standards that are more protective and not wait for the feds, it would have to be written into the budget.

Moving on to the agency's budget request, Secretary Kenney said NMED has brought \$3 million to the general fund so far this year and anticipates bringing closer to \$40 million to the general fund in penalties from people who do not respect New Mexico's values, permits, and licenses.

Federal funds have not really increased for NMED over the course of 20 years, so when the state provides raises, the department cannot use those federal funds to give our employees that raise and, only about 20 percent of our employees are paid with general fund, I have 80 percent of my employees who I can't make whole unless I rob Peter to pay Paul.

Secretary Kenney said a budget increase of \$6.2 million was needed to backfill his budget. Secretary Kenney noted most of his employees are paid through a mix of general fund and federal grants and NMED does not have enough federal funds to give raises to positions funded with federal dollars.

**Corrections Department (770).** The committee heard testimony from Corrections Department (NMCD) Secretary Alisha Tafoya-Lucero and Administrative Services Division Director Ed Smith. They presented an overview of the agency's structure and operations and its budget request for FY25, which included a request for approximately \$21.7 million from the general fund. Ms. Tafoya-Lucero provided a program-by-program breakdown of the budget request, including what the agency hoped to accomplish if its priorities were funded.

Secretary Tafoya-Lucero answered questions from Representative Garcia relating to services for incarcerated veterans and committed to allowing him to visit the Western New Mexico Correctional Facility in Grants. Secretary Tafoya-Lucero answered questions from Representative Dixon about the number of female inmates and the availability of menstrual products. Rep. Dixon also asked about collaboration between the strategic threat intervention unit and local law enforcement agencies. Secretary Tafoya-Lucero provided information about NMCD's participation in several multi-agency law enforcement boards and spoke about the relationships built between probation and parole offices and local law enforcement agencies.

Secretary Tafoya-Lucero answered questions from Senator Woods about the criteria for establishing transitional living facilities for inmates leaving the state prison system on probation or parole. Secretary Tafoya-Lucero committed to connecting with him to discuss options in his part of the state. Secretary Tafoya-Lucero answered questions from Representative Brown about inmate literacy and educational programming. Secretary Tafoya-Lucero answered questions from Representative Small about efforts NMCD has taken to collaborate with the Higher Education Department to provide college-level educational opportunities to people in prison. Secretary Tafoya-Lucero committed to providing information to Representative Small about the demographics and certification rates of incarcerated or formerly incarcerated individuals who become certified peer support workers.

**Regulation Licensing Department (420).** Acting Superintendent Clay Bailey presented the agency’s FY25 budget request. He was also joined by Amanda Lewis, the acting deputy director of the Boards and Commissions program. For FY25, the department requested \$1.6 million, a 9 percent increase in general fund revenue. The total request of \$6.9 million was a 15 percent increase over the FY24 operating budget. Representative Small asked if the agency might begin funding individuals working on social work practicums, while Chairman Muñoz commented on the shortage of licensed contractors in rural areas and the need to streamline apprenticeship programs, especially by allowing high school credits toward licensure. When asked about building inspectors by Senator Neville, Superintendent Bailey said the RLD would like to double the amount, although no request for additional FTE was included for the Construction Industries FY25 base budget. The committee temporarily tabled the budget request.

**Capital Outlay Quarterly Report** LFC Analyst Cally Carswell presented capital funding requests, revealing that outstanding capital appropriations reached an estimated \$5 billion across 4,900 projects by the end of the first quarter of FY24. Executive agencies and higher education institutions sought \$1.1 billion and \$700 million, respectively, contributing to a total capital outlay request from all entities of around \$1.8 billion. Additionally, local entities presented infrastructure plans with \$2.5 billion in unfunded needs for high-priority projects in FY25. Ms. Carswell stated the LFC staff’s capital framework prioritizes completing existing projects, fully funding high-priority projects, and avoiding piecemeal funding.

Furthermore, Ms. Carswell outlined challenges faced by capital project funding requests, including inconsistent vetting and coordination issues. Obstacles like limited statewide capacity and rising construction costs were also identified. In their prioritization, the LFC considered factors such as addressing major state risks, programmatic priorities, project readiness, available revenue sources, federal funding leverage, and outstanding balances from existing appropriations.

### **Wednesday, December 13**

The following members and designees were present on Wednesday, December 13, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Sia Correa Hemphill, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Senator Michael Padilla and Representatives Anthony Allison, Cathrynn N. Brown, Christine Chandler, Art De La Cruz, Dayan Hochman-Vigil, Wonda D. Johnson, Ryan T. Lane, Tara L. Lujan, Rod Montoya, and Cristina Parajón.

**Higher Education Institutions (952-977).** Patricia Trujillo, Ph.D., acting secretary of the Higher Education Department, began the discussion and introduced the panel which included Joseph Shepard, president of Western New Mexico University, Becky Rowley, president of Santa Fe Community College, and Monica Torres, president of Doña Ana Community College.

President Shepard detailed the FY25 budget request for all higher education institutions (HEI), which included a 10.5 percent, or \$83.1 million, increase for instruction and general expenses. President Shepard noted that each 1 percent instruction and general use (I&G) increase equates to a 2.8 percent tuition increase and noted that the state essentially pays both I&G appropriations and

tuition costs through scholarship programs. President Torres noted institutions are requesting a 6 percent salary increase that should include flexibility to allow institutions to give larger increases to their lowest-paid employees. President Torres requested an additional 3 percent targeted increase for faculty.

President Rowley detailed the nonrecurring requests including \$15 million for dual credit, \$10 million for higher education endowment funds, and \$11 million for campus safety initiatives. President Shepard noted the associations are requesting \$100 million each for the technology enhancement fund and for workforce training at regional universities and community colleges. The institutions also requested one-time funding for building renewal and replacement, \$50 million, equipment renewal and replacement, \$10 million, and cyber security initiatives, \$11.5 million.

President Rowley expressed full support for the lottery and opportunity scholarships. Requests were made for increased flexibility in the 15-credit hour requirement and the inclusion of summer school in Lottery Scholarship usage. Additionally, exemptions for at-risk or part-time students failing to meet GPA requirements were proposed on a case-by-case basis.

President Torres provided context for the funding requests by addressing the challenges faced by higher education institutions in the 21st century. Topics included the impact of Covid-19 on students, the rapid pace of technological changes, and shifting perceptions of the value of college credentials.

Representative Garcia asked why the \$11 million request for campus security was included in both recurring and nonrecurring requests. President Shepard indicated the request was for \$11 million in nonrecurring appropriations. Senator Hemphill asked several questions about travel expenses, P-card usage, and the justification for international trips. President Shepard provided explanations, and additional information was requested for a comprehensive understanding. Senator Sharer asked how New Mexico higher education institutions could retain graduates in-state. President Shepard noted that graduates of New Mexico higher education institutions are more likely to stay in the state. Representative Lente noted concerns about pay disparities between athletics pay and other faculty and staff salaries as well as a lack of funding for academic programs supporting minority programs. Representative Armstrong noted the positive impact of athletics programs for students.

Chair Muñoz noted New Mexico is the fourth best-funded higher education system in the nation and is ranked 50<sup>th</sup> for graduation. The chair noted New Mexico's declining student population and pointed out that funding for dual credit is in the public school system budget, but the funding does not follow the student and higher education institutions are not implementing funding agreements with school districts. Senator Muñoz asked how the graduation rate could be improved. President Shepard stated early childhood investments will pay off in 18 years and improvements in public schools will also help. President Rowley noted community colleges are trying to make sure students are taking more consecutive semesters because they are likely to drop out if they take breaks and detailed student supports offered by Santa Fe Community College. President Torres detailed the retention efforts of branch campuses and the importance of gathering data on interventions so that effective approaches can be more widely implemented.

In response to a question from Representative Small, President Shepard stated that graduate students do not benefit from lottery and opportunity scholarships. Representative Small requested additional data on success of students in workforce certificate programs and noted the wide availability of jobs for skilled workers. Representative Small asked institutions to follow-up with him on how higher education institutions, the Workforce Solutions Department, and the Economic Development Department coordinate their efforts.

**Higher Education Department (950).** Acting Secretary Patricia Trujillo noted increasing enrollment at higher education institutions followed the creation of the opportunity scholarship. Secretary Trujillo provided a summary of the recommendation for higher education institution funding including a 5 percent increase for instruction and general operations (I&G) and an additional \$22 million for research and public service projects. Secretary Trujillo also noted that HED did not recommend any new research and public service projects (RPSPs) for FY25 and discontinued a number of small RPSPs and moved them into the I&G base, an effort made in coordination with legislative staff. Secretary Trujillo then detailed certificate and degree awards made by type.

Deputy Director Hoehne detailed changes to the higher education funding formula. Mr. Hoehne stated the funding formula is a base-plus model that does not reduce funding to any institution. The FY25 funding formula will increase the proportion of performance funding from 10 percent to 20 percent and create additional tiers to allow institutions to qualify for varying levels of performance funding. Mr. Hoehne noted a contract to select a vendor to conduct a study of the higher education funding formula should be awarded by early 2024.

Secretary Trujillo reported the HED has four vacant positions, a rate of 7 percent. President Trujillo noted that HED does not have sufficient staff to keep up with increasing workloads and stated the department had requested an additional eight full-time employees. Mr. Hoehne noted the request includes \$10.9 million in supplemental funding for the opportunity scholarship in FY24 and detailed the request for other student financial aid and loan repayment programs. Secretary Trujillo noted additional requests for student services, \$2 million, tribal technical education assistance, \$2.25 million, an anti-hazing reporting portal, \$500 thousand, and a dual credit funding increase of \$3.73 million.

In response to a question from Representative Chatfield, Connor Jorgensen, LFC analyst, stated that workforce training certificates are counted in the funding formula. Representative Dixon asked how the committee would know what was requested for RPSPs if they are rolled into the I&G base. Deputy Hoehne noted the RPSPs are shown in the HED general fund summary report. In response to a question from Representative Small, Deputy Hoehne stated that base redistribution is not included in the FY25 higher education funding formula. Representative Small noted concerns with the department's decision to not include additional funding for new RPSPs. Senator Muñoz asked for an update on Mesalands Community College. Director Hoehne noted the FY22 audit is nearly complete and they are starting on the FY23 audit. In response to Senator Muñoz, Secretary Trujillo stated the workload of the Financial Aid Division increased due to administration of the opportunity scholarship.

**Special Schools.** Jennifer Herbold, superintendent of the New Mexico School for the Deaf (NMSD), noted the school serves around 700 students per year and offers a variety of services including consultation to school districts and speech and language trainings. Superintendent Herbold noted NMSD is facing a deficit as a result of recent legislative actions that increased teacher salaries. Dr. Herbold noted she is in favor of the salary increases but reported NMSD will have a shortfall if additional funding is not appropriated to pay for salary increases.

Patricia Beecher, superintendent of the New Mexico School for the Blind and Visually Impaired (NMSBVI), described the school and the programs and services it offers. Superintendent Beecher noted there were 109 students served on NMSBVI campuses in the past year with 2,400 students served through NMSBVI programs. Superintendent Beecher noted that, like NMSD, NMSBVI has provided salary increases to stay in line with public education salaries and the school is in a deficit position as a result.

General Jerry Grizzle, superintendent of New Mexico Military Institute (NMMI), provided the committee an overview of student grade point average, student body diversity, and faculty characteristics. General Grizzle then detailed recent accomplishments of NMMI.

Senator Padilla asked for additional detail on early education provided by NMSD. Superintendent Herbold replied NMSD has four preschools, one each in Farmington, Las Cruces, Santa Fe, and Albuquerque, and NMSD is requesting additional capital outlay funding for the Albuquerque facility. In response to Senator Padilla, Superintendent Herbold said NMSD programs do not have a waiting list. In response to a question from Senator Gonzales, LFC analyst Connor Jorgensen described how compensation appropriations are distributed and noted that special schools get a smaller distribution because a large proportion of their funding comes from nongeneral fund sources. In response to Senator Gonzales, General Grizzle stated NMMI students have mandatory night study that has improved academic performance.

**University of New Mexico Health Sciences Center.** Dr. Doug Ziedonis presented the request of the UNM Health Sciences Center (UNM-HSC) and noted that 50 percent of doctors, 70 percent of nurses, and 80 percent of pharmacists come from UNM-HSC. Dr. Ziedonis stated the college of population health has recruited 21 new faculty with nonrecurring appropriations made by the legislature and now requires \$5.7 million in recurring funding for these positions. Additionally, UNM-HSC is requesting \$46 million to provide salary increases for clinical faculty, and \$3.4 million for medical resident salary increases. Dr. Ziedonis reported the University of New Mexico Hospital (UNMH) is currently losing money due to being over 100 percent capacity. Dr. Ziedonis stated that 96 new beds will be added when the hospital tower is completed and another 96 beds will be added in the next three to four years.

Dr. Ziedonis detailed the request for research and public service projects including increases of \$1.3 million for the cancer center, \$692 thousand for poison and drug information center, \$1.5 million for nursing programs, \$5.6 million for a health equity program, \$2.4 million for artificial intelligence curriculum, \$575 thousand for a learning environment office, \$500 thousand for special needs dentistry, \$5.6 million for project ECHO, and \$4.6 million of opioid use center of excellence. Following discussion of RPSPs, Dr. Ziedonis detailed capital outlay requests including \$57 million for renovations at the College of Pharmacy and three other capital outlay priorities.

Senator Padilla clarified that the \$3.4 million increase for medical resident pay will provide a 7.5 percent average pay increase and reach the 50<sup>th</sup> percentile for resident pay. In response to a question from Senator Rodriguez, Dr. Sanjeev Arora stated Project ECHO has provided training services to over 3,000 teachers and is requesting additional funding to expand the project ECHO literacy initiative. There was a conversation on artificial intelligence in response to a question from representative Sariñana. Representative Small noted the importance of a number of RPSPs requested by UNM-HSC. Senator Muñoz asked why project ECHO's literacy initiative should be funded through RPSP rather than through the Public Education Department. Dr. Arora stated Project ECHO is complementary to PED efforts at teacher training. Senator Muñoz asked why UNM Hospital is ranked 11<sup>th</sup> worst in the nation. Dr. Ziedonis responded that the survey was not completed properly, which led to the low score on the survey and that UNMH was working on improving the survey response.

**Tribally Controlled and Administered Colleges.** Charles Roessel of Diné College stated the tribally controlled institutions were requesting \$600 thousand in total funding for dual credit programs. Separately, Diné College is requesting \$1 million for two projects: \$698 thousand for wet labs at the math and science building and \$302 thousand for a student services building at the Shiprock campus. Elmer Guy, president of Navajo Technical University (NTU), yielded to Robert Chase to describe requests for capital projects, which included \$1 million for the educational complex and \$950 thousand for the demolition of old dormitory facilities. Larry Mirabal of the Institute of American Indian Arts requested \$488 thousand for completion of an access road loop on campus. President Roessel stated Southwest Indian Polytechnic Institute is not making a request for state funds this year.

Representative Dixon asked how many more students would be served with the additional dual credit funding. President Roessel stated that additional funding would help the institutions to increase student engagement by around 50 to 100 students. President Guy noted tuition is waived for dual credit students so NTU loses money by providing uncompensated educational services to students. Representative Dixon asked what the metrics of success for dual credit programs are. President Roessel stated that the college-going rate is the metric used at Diné. In response to a question from Representative Dixon, President Guy detailed NTU's partnerships with national labs. In response to a question from Representative Alison, Senator Muñoz stated the General Appropriation Act separates money for tribal dual credit to ensure it goes to tribally controlled institutions. In reply to Representative Johnson, President Elmer stated 115 students will receive a degree at this Friday's commencement ceremony.

**New Mexico Housing.** Reporting on the activities of the governor's housing and homelessness initiatives over the last year, Amy Whitfield met with multiple stakeholders on housing and homelessness to solidify the governor's initiatives from homelessness to housing statewide. There are four priorities related to homelessness. Priority one is the mobile homelessness response program administered by the Department of Health. Funding was awarded to 14 organizations to provide wound care services, hygiene and harm reduction supplies, and administer housing assessments. An evaluation tool is being used to obtain in depth information on needed services resources to secure long-term housing. The results of the evaluations will be reported back to legislators over the course of the session. Priority two is the eviction and rental assistance program administered by the Department of Finance and Administration. Over \$338 million in state and

federal funds was awarded through four programs. Priority three is to identify the housing opportunities that reside in within state agencies, such as utilizing Medicaid dollars to leverage housing assistance and support. Priority four is to improve the housing stability model for homeless through better coordination and outreach. The housing first model is used by most nonprofits receiving federal funds but does not work for all those in need. The goal would be to develop a statewide model that provides in depth intake and assessment to improve the level of care and build up services.

Another housing initiative to improve statewide housing development is through a comprehensive landlord program to target for public housing and section 8 vouchers. The incentive program provides funds to landlords to recover costs of a damaged rental or modify the unit to meet code. Additional initiatives include moving forward working with public housing authorities to offer technical assistance and technology to increase public housing and improve statewide housing and an update to the Affordable Housing Act based on research of other public housing evidence based programs. Ms. Whitfield reported the Casa Connection program expended \$20 million to produce 415 units over the last two years and mentioned expenditure of incentive funding to local governments to provide GAP funding and explore opportunities for faster inspection, permitting and land use and zoning.

The Housing Investment Council, created via Executive Order in May 2023, met biweekly to discuss best practices and ideas to increase housing production. Ms. Whitfield announced the council recommends creating the Office of Housing that will be state operated and funded to provide oversight of the housing market. The office would employ 14 staff and provide comprehensive data, provide assistance to local government, and explore public private partnership opportunities. A large investment split between the New Mexico housing trust fund administered by the New Mexico Mortgage Finance Authority (MFA) and the New Mexico Opportunity enterprise revolving fund administered by the New Mexico Finance Authority (NMFA). Both finance authorities are quasi-governmental agencies. The executive order directed the council to develop a strategic housing investment plan that addresses gaps in available housing resources, inefficiencies in regulatory and zoning that impact housing development, workforce and business shortages in the housing development industries, the facilitation of public-private partnerships and more.

Izzy Hernandez, executive director of the MFA, reported on the impact of housing by MFA in 2023; over \$585 million has served almost 20 thousand New Mexicans through more than 40 housing programs; 3,707 homes have been produced, financed, or preserved. In the current pipeline, MFA reports 54 housing developments are in the pipeline and expected to produce or preserve over 4,200 units within 27 municipalities and 18 counties across the state. Over 240 training session to MFA partners was provided. Through the Affordable Housing Act, MFA has approved 36 entities that resulted in over \$90 million invested into producing housing units through public private partnerships. The 2024 legislative priorities for MFA are \$500 million for the New Mexico housing trust fund and \$500 thousand to administer the Affordable Housing Act by providing technical assistance to local governments and jurisdictions.

Mr. Hernandez reported on the New Mexico Housing Strategy commissioned in 2022 through an 18-member advisory committee of leader across the state housing spectrum. The five priorities of

the housing strategy are to create more housing, preserve and improve existing affordable housing and catalyze redevelopment, build homeownership and wealth, create stable housing environments, and federal advocacy. MFA is using the housing strategy as a roadmap to address the housing shortfall in the state. Mr. Hernandez described the MFA programs available to address each of the five priorities and provided an update of funding allocated and unit production for 2023.

Representative Chatfield raised concern about the increased number of homeless in New Mexico and asked if the Houston model can be used to address homelessness in New Mexico. Ms. Whitfield said many of programs available to the homeless operate with federal funds and often have restrictions for use and recommended a state operated and funded program would allow for greater service and level of care for individuals. Ms. Whitfield said the Houston model has been reviewed along with other metropolis models. The model is one that can be implemented in New Mexico with the assistance of funding, diversion court, mandatory treatment and other policy issues such as panhandling. Houston was designated by HUD as one of the worst cities in the nation for homelessness. The result was millions of federal dollars earmarked for development of supportive housing and operational funding for the city, county and various non-profits to coordinate services. The Houston model has been a coordinated effort for over 11 years.

Representative Armstrong said there is a need to better streamline regulations and licensing and asked for information about the comprehensive landlord program. Ms. Whitfield said the program would provide funding incentives to modify housing units to meet section 8 requirements and cover damage to any property up to \$3 thousand. Representative Armstrong asked if the governor's housing initiative was considering rent control policies. Ms. Whitfield said rent control does not fit into the current housing initiative of the Governor. Representative Armstrong concluded saying executive mandates such as requiring electric vehicle charging stations at newly constructed apartments could drive up the cost of affordable housing.

Representative Lente asked for a map where housing is being constructed and programs are available. Ms. Whitfield said her goal is to produce a landscape assessment of housing services available and where funding is needed. Director Hernandez said MFA has maps available with statewide programs and housing activity and said MFA programs served 31 of 33 counties. Representative Lente concluded his comments stating homelessness is not just an urban issue, it is also happening in rural and tribal areas.

Representative Sariñana said Kirtland Air Force Base is at 96 percent capacity with approximately 1,900 more military members expected in New Mexico. She requested military personnel be included in housing discussions. Director Hernandez said a recent rule change by the MFA board modifying the definition of moderate income will make military members eligible for housing assistance. Representative Sariñana asked if water scarcity in the state was affecting housing construction. Director Hernandez said water has not risen to a level of constraint. The main issues include funding to bring down cost, streamline zoning, the permitting process in local government, inspections, and a limited labor force.

Representative Montoya acknowledged MFA for the fast rate it allocated state funding and highlighted MFA has leveraged over \$950 million from other funding sources for the New Mexico

housing trust fund (HTF). Furthermore, he pointed out the current market rate for a loan ranges between 6.75 and 7 percent, while MFA offers a rate 6.125 percent and down payment assistance to those who qualify. He raised concern over the duplication of efforts the governor's housing initiative may have with MFA. The use of state dollars to implement new programs such as the Houston homelessness model when federal funds are available is concerning. It could make the state a direct competitor to the nonprofits currently offering many statewide programs. He said additional concerns of the homeless are mental health and addiction. San Juan County has successfully implemented a Miami model to combat addiction.

Senator Rodriquez asked for information on the budget and structure of a state funded housing office. Ms. Whitfield said the funding request would be included in the executive recommendation to be submitted on January 5. The housing office would be administratively attached to the Department of Finance and Administration with 7-10 FTE to provide technical assistance, outreach for public private partnerships, comprehensive data, and oversight of the landlord comprehensive program. The housing office would not duplicate efforts of the MFA or NMFA and leave oversight of the funds and projects to each entity because they are project based. New Mexico lacks an agency looking at the housing market. The housing office could also inform the legislative body where funding for housing projects should be appropriated.

Representative Small asked if funding appropriated to the opportunity enterprise revolving fund could be leveraged by the NMHTF. He acknowledged funding for infrastructure via the enterprise revolving fund and the HTF for development was an exciting opportunity. Ms. Whitfield and Director Hernandez agreed each fund could leverage from the other.

Senator Muñoz, referencing the landlord comprehensive program, cautioned the damage to units could be higher than the cost of rent. He also expressed concern that housing initiatives do not work in small towns and are timely and expensive to construct from start to finish. Housing projects come with a big cost and face many zoning issues that delay and increase costs. Senator Muñoz advised against log rolling by including the creation of the housing office and appropriations to MFA and NMFA into one piece of legislation.

#### **Thursday, December 14**

The following members and designees were present on Thursday, December 14, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto "Bobby" J. Gonzales, Steven P. Neville, Sia Correa Hemphill, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, and Derrick J. Lente. Guest legislators: Senator Michael Padilla and Representatives Anthony Allison, Christine Chandler, Jennifer Jones, Ryan T. Lane, Tara L. Lujan, and Rod Montoya.

#### **Public School Support, Public Education Department, Regional Education Cooperatives.**

Arsenio Romero, secretary of the Public Education Department (PED), presented the FY25 budget request for public school support, PED operating budget, and request for regional education cooperatives (REC). The secretary discussed his priorities, which included appropriations for structured literacy, special education, educator recruitment and retention, data systems, and other initiatives relating to improving instruction and student wellbeing. Secretary Romero also

requested expansions of the operating budgets for PED and RECs to increase FTE and build internal capacity. Altogether, the secretary requested \$4.5 billion in recurring general fund appropriations for public schools, a \$316.5 million (or 7.6 percent) increase. Additionally, PED requested \$592 million in nonrecurring general fund appropriations for over 70 initiatives.

Questions from the committee primarily centered around PED's recently proposed rules about requiring 180-day instructional calendars, requiring most weeks to have five days of instruction, and school accreditation procedures. Secretary Romero cited research on the effects on extended learning time in closing achievement gaps and previous legislative actions to extend learning time across New Mexico as part of the reason for the new rulemaking. Members expressed concerns about the proposed 180-day rule circumventing the intent of House Bill 130 from the 2023 legislative session, which increased instructional hours rather than days. Members also brought examples of school districts with four-day week calendars and fewer overall days that performed above statewide averages. The committee voted to issue a letter to PED expressing concerns about the legality and enforceability of the 180-day rule.

Other questions focused on funding for educator clinical practice, universal school meals, salary differentials for hard-to-staff positions, school turnaround, attendance, career technical education, international baccalaureate tests, school security, behavioral health supports, and structured literacy initiatives. Additionally, members asked whether initiatives were showing results, if the department had a plan to address the *Martinez-Yazzie* lawsuit findings, reduce chronic absenteeism, reduce teacher vacancies, speed up processing of reimbursement, address drug misuse in schools, and enforce instructional hour requirements for FY24. Vice Chairman Small expressed concerns that PED allowed schools to reduce instructional hours for students, contrary to provisions in House Bill 2 requiring the department to reject school budgets that reduced hours for students. The committee voted to issue a separate letter to PED expressing concerns about enforcing instructional hour requirements for FY24.

**Review of Special, Supplemental, Deficiency, and Information Technology Requests** LFC analyst Joey Simon and DFA analyst Simon Miller presented special appropriation requests for public education and higher education. Total special and supplemental requests amount to \$2.8 billion, including \$2.69 billion from general fund. There was \$160 million requested in reauthorizations of past appropriations.

The Public Education Department's total nonrecurring funding requests increased to \$640 million, up \$400 million. Key areas of funding requests included:

- \$20 million for attendance improvement interventions
- \$32 million for salary stipends for special education teachers
- \$15 million for community school initiatives
- \$50 million total for career technical education requests
- \$6 million for program evaluations
- \$33 million for student technology device replacement
- \$30 million for structured literacy/science of reading
- \$23.5 million for educator fellowship program
- \$80 million for out of school learning opportunities
- \$27 million for Indian Education fund

- \$13.1 million for high school internship opportunities
- \$11 million for special education initiatives

Higher Education funding requests included:

- UNM requested \$84.8 million
- NMSU requested \$86.1 million, including for the Reforestation Center
- Other higher education institutions also requested funding

Representative Chatfield commented that he hoped the policy to fund transportation is not funded. Chair Muñoz clarified that this item was not included in the staff recommendation. Representative Chatfield commented that he does not recommend the item that required schools not currently eligible for K-12 Plus extended school year funding to increase the number of instructional days to become eligible because it would require schools to have a five-day week and was not requested by the department.

Vice Chairman Small commented the item for summer internship opportunities for working-age high school students could potentially support over 3,500 students statewide if recommended and is a program that needs sufficient support.

Senator Gonzalez commented that the decision to not recommend the request for out-of-school time learning programs lacked sufficient information and the committee should follow up with staff analysts.

Representative Lujan agreed that more information was needed regarding the decision not to recommend the request for out-of-school time learning programs and that the summer internship opportunities for working-age high school students should also be supported.

Representative Sariana asked for more information regarding the decision not to recommend the request for out-of-school time learning programs. LFC Analyst Joey Simon responded that the department did not provide sufficient information to justify the request and DFA Analyst Simon Miller added that the program has been federally funded in the past year.

Representative Lane asked for staff to follow up with him for the reason behind the difference between the agency request for \$30 million for planning and implementation of structured literacy training for educators, students, and families and LFC staff recommendation for \$3 million.

LFC analyst Joey Simon and DFA analyst Simon Miller presented special appropriation requests for higher education institutions. Key areas of funding requests for higher education institutions included:

- Total funding request from University of New Mexico: \$84.8 million;
- Total funding request from New Mexico State University: \$86.1 million, which includes \$11.5 million for expansion of online degree programs and funding for New Mexico Reforestation Center;
- Total funding request from Northern New Mexico College: \$1.6 million, mostly for Scholars Program;

- Total funding request from Santa Fe Community College: \$1.9 million, which includes \$1.5 million for financial aid and student information system;
- Total funding request from Central New Mexico Community College: \$2 million for student information system;
- Total funding request from Luna Community College: \$1.75 million for student information system, equipment, audio/visual, etc.; and
- Total funding request of \$270,000 from Clovis Community College.

Representative Chatfield commented the Reforestation Center is very important to areas affected by last year's forest fires and that he recommends funding it.

Senator Gonzalez inquired whether the purchase for higher education transportation fleets/buses could be combined with statewide public school transportation replacement program. LFC analyst Connor Jorgenson replied that he could follow-up with UNM about scoping group purchasing for replacement of the bus fleet.

Senator Padilla asked for clarification of whether a request from UNM for an increase in medical resident salaries was included in UNM's special requests. LFC analyst Connor Jorgenson replied it was not included in the sheet because it was submitted late and would be a recurring cost, but that he'll work with all the higher education institutions to ensure that all of their requests are included in the electronic system.

Representative Sariñana asked whether it would be better to fund cybersecurity on a statewide basis through the Department of Information Technology rather than individual requests from universities, such as the current ones from Western New Mexico University, Luna Community College, and UNM. There are concerns expressed that currently cybersecurity efforts seem uncoordinated across higher education institutions, since when one university system gets hacked, it can provide a backdoor to hack other university systems, so a statewide cybersecurity system could help prevent that.

Vice Chairman Small flagged the importance of graduate student support and expanding online education programs based on New Mexico State University's requests. Discussion centered on whether it is better to fund higher education initiatives through statewide programs or through individual university requests.

LFC analyst Joey Simon highlighted some items that were follow-ups from a previous meeting. Highlighted areas of funding requests included:

- The Administrative Office of the Courts has \$14.1 million unincumbered from a previous appropriation for court technology projects. They are requesting that appropriation be extended another year, in addition to a new \$30 million request.
- There was a capital outlay request from magistrate courts that is not covered in this document.
- There is \$278 million in statewide appropriations for broadband programs, with \$222 million remaining unspent across different funds. Additionally, \$19.3 million remains from state and local capital outlay appropriations.

- For the state employee health benefits program, there is an estimated deficit between \$120-130 million for FY24 and prior years.
- For FY25, even with 9.2 percent premium increases, there is potentially a \$60 million+ gap between premium revenues and expected expenses under the new Health Care Authority. The purpose of the Health Care Authority is to leverage cost-savings initiatives to reduce that deficit. With the requests shown, there is \$70 million requested to cover the deficit spending from FY23, estimated at \$60 million finalized. For FY24, the estimated deficit is \$60-70 million.

Senator Rodriguez raised concerns about salary shortfalls at the New Mexico School for the Deaf, and asked if they will get needed increases along with the overall state employee increases. LFC staff agree to review and ensure they are not in the shortfall.

LFC analyst Joey Simon noted committee-endorsed budget requests total a substantial amount of money over a four-year timeframe. These requests were not made by the executive branch.

Vice Chairman Small discussed reauthorization of funding for the strategic water reserve, including that there has not been much funding for this program historically. He noted the committee-endorsed requests would spend a significant amount of money over four years, and that LFC and executive branch staff should work through the recommendation together.

LFC analyst Joey Simon presented total agency requests for special appropriations in FY24-25 amount to \$2.4 billion, with \$94 million in deficiency appropriations and \$309 million in supplemental requests for FY24.

Chairman Muñoz discussed whether formal budget guidelines could be developed for special and supplemental appropriations requests given the large influx and timeline constraints.

**Children, Youth and Families Department (690).** LFC Analyst Rachel Mercer Garcia presented a LegisStat hearing brief, highlighting key performance data related to Children, Youth, and Families Department workforce and child maltreatment.

New Mexico's rate for repeat child maltreatment is 13.9 percent and the state would need to have about 360 fewer repeat maltreatment cases annually to get to the national rate of 8 percent. Leading drivers of child maltreatment include parental substance abuse, poverty, domestic violence, parental history of trauma, and other behavioral health issues. The number of children and youth in foster care has increased over the last year, and now exceeds 2000 children.

In 2019, Legislative established a multilevel response system in cases of reports of abuse and neglect, and evidence-based practice, though implementation has initially been slow. The Legislature also increased investments in prevention and early intervention services. In FY23, prevention spending was roughly 5 percent of protective services spending, and you all increased investments and the department increased the budget for prevention programs in FY24.

In FY24 the Department took action to expand the state's approach to differential response in nine more counties, including Bernalillo and Dona Ana.

New Mexico has also struggled with chronic shortages in the child welfare workforce. In the brief, we've included estimates of caseloads as of August. CYFD set targets, based on national best practices, for caseloads. The department was meeting two of the targets in August but not meeting targets in permanency planning.

Last year, CYFD conducted a workforce study that highlighted root causes and potential strategies to address workforce challenges, and this is what the appropriation was intended to do. In addition to the \$3 million special appropriation, the Legislature appropriated funding to fill 60 FTE in Protective Services and Behavioral Health Services Program for FY24.

In the last six months, the department has held rapid hire events and has implemented some salary adjustments for protective services caseworkers.

As of the start of December, CYFD's total vacancy rate was 26 percent at the and the turnover rate among Protective Services case workers was 32 percent in the first quarter.

Teresa Casados, secretary designate of the Children, Youth, and Families Department, presented the agency budget request.

The FY25 CYFD budget requested totaled \$426.6 million from all revenue sources. The request includes an increase of \$38.2 million in new revenue from the general fund, or 15 percent over FY24.

The request includes a reorganization of the department, creating the Family Services program and moving FTE and funds from the Protective Services, Behavioral Health, and Juvenile Justice Facilities programs into Family Services and Program Support programs.

Within Protective Services, CYFD requested funding to fill 70 additional FTE and other increases, totaling \$35 million in expansion, with \$30.4 million in new revenue requested from the general fund. The agency's FY25 budget request included a total of \$52.2 million for a new Family Services program, carving out \$45.6 million from existing CYFD programs and requesting \$6.6 million in expansion for prevention and intervention programs, including 35 FTE. CYFD requested net decreases in the Behavioral Health Services Division and Juvenile Justice Facilities programs because of the proposed reorganization.

Senator Rodriguez asked about the status of the state's federal Title IV-E plan. Secretary Casados responded that the state has received feedback from the federal government and plans to make revisions and resubmit.

Senator Woods asked what actions the agency has taken to recruit social workers. Secretary Casados reported the agency paused hiring to assess department needs and caseload standards. The department has held a rapid hire and modified the amount of time union positions had to be posted. The department has also made internal salary adjustments for case workers and is revamping onboarding efforts.

Representative Armstrong asked about the federal government’s deadline for resubmitting the Title IV-E plan and noted New Mexico is one of three states still awaiting approval, and Secretary Casados responded the deadline is in early spring.

Senator Padilla asked about caseloads within protective services and Rachel Mercer Garcia directed the senator to data in the LegisStat brief. The secretary responded the agency has requested the creation of a new Family Services Division and plans to move the management of cases that are low risk but may in need of social services, like housing or food support, to the new division.

Senator Padilla also asked about whether youth who participated in foster care are now able to participate in the Fostering Connections Program, and Secretary Casados directed the Senator to agency staff.

Representative Jones expressed concern that families in the CARA program are not receiving services. Secretary Casados echoed that concern and noted the CARA legislation did not initially set up a program across agencies. The secretary responded that the CYFD budget request includes a request for funds to support CARA navigators to follow and support families, and CYFD would like responsibility to remain at CYFD.

Representative Dixon asked for clarification about whether the agency previously froze hiring. The secretary responded that the agency paused hiring to assess and revise hiring approaches. Senator Muñoz expressed concern with pausing the hiring of critical front-line positions.

Representative Dixon also asked about the three ways the agency plans to reduce repeat child maltreatment. The secretary responded the current repeat maltreatment rate is unacceptable and the department plans to look at what the first interaction with the agency looks like when the agency receives a report of abuse and neglect.

Representative Armstrong asked if the agency plans to introduce legislation related to plans of safe care from “may” to “shall” create plans of safe care for babies born with substance exposure. The secretary responded she is considering this action, and Representative Armstrong expressed the need for this change. Representative Armstrong also asked about agency actions for children who are eligible for adoption but still in foster care and asked about the status of actions outlined in a 2023 executive order.

Representative Small asked about the number of youth in CYFD custody staying in offices in the last week and the number of staff in the Office of Children’s Rights. The secretary responded the previous night 11 youth stayed in offices and one staff is currently working in the office, following two resignations.

Senator Muñoz asked what is needed to resolve the agency’s workforce challenges. The secretary noted recruitment and retention is a challenge. She reported the recent salary increases were helpful and noted the department needs to increase recruitment efforts, particularly with colleges of social work.

**Miscellaneous Business.**

**Action Items.** Senator Gonzales moved to adopt the LFC October 2023 meeting minutes, seconded by Senator Campos. The motion carried.

Representative Small moved to adopt the LFC contracts, seconded by Senator Sharer. The motion carried.

Vice Chairman Small moved to adopt LFC 2024 policies and procedures, seconded by Representative Chatfield. The motion carried.

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

**Friday, December 15**

The following members and designees were present on Friday, December 15, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Sia Correa Hemphill, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, and Derrick J. Lente. Guest legislators: Senator Peter Wirth and Representatives Anthony Allison, Art De La Cruz, Ryan T. Lane, Tara L. Lujan, and Rod Montoya.

**New Mexico Legislature.** LFC Assistant Director Jeannae Leger said the Legislature requests \$33.9 million for FY25, a \$906 thousand increase over FY24. The request includes \$10.6 million from the general fund, a \$1.7 million increase.

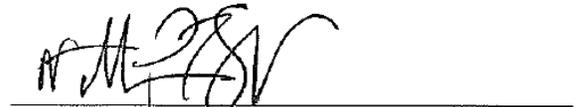
**Final Review.** LFC Director Charles Sallee presented to the committee a packet of spreadsheets summarizing staff recommendations for FY25 appropriations, including special, supplemental, deficiency, and IT appropriations.

Vice Chairman Small moved to adopt staff recommendations for FY25 appropriations, seconded by Senator Small. The motion carried. The vote was unanimous.

Chairman Muñoz appointed himself, Senator Sharer, and Representatives Dixon and Armstrong to LFC’s Technical Committee.

With no further business, the meeting adjourned at 9:13 a.m.

  
George K. Muñoz, Chairman

  
Nathan P. Small, Vice Chairman