



LFC Newsletter

A publication of the Legislative Finance Committee

Senator George Muñoz, Chairman
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From the Chairman

Duties Performed

New Mexico is not a poor state, but we must approach its financial situation with caution. As the committee wraps up its budget recommendations this month, we mustn't lose sight of our guiding star for this interim: improving the quality of life—and the financial well-being—of all New Mexicans.

The Legislative Finance Committee's budgetary responsibility is in reality a responsibility over nearly every aspect of life in New Mexico. From public schools to healthcare, our decisions significantly impact every sector of our state. This is a duty we have and will continue to perform to the best of our ability.

The committee's efforts this interim have included a review of whether economic development efforts to generate jobs are focused on the industries that pay well and need workers. We discussed at length the well-being of children at risk of neglect and abuse that can harm their ability to thrive and contribute to their communities. We heard about how New Mexico's behavioral and physical health systems fall short and where we should invest to turn that around. We learned from LFC staff and other experts about threats to the quality of our air and water, how we can help New Mexico college students get meaningful degrees, what approaches actually reduce crime, and how we can reduce the risk and damage of wildfire.

The staff at the Legislative Finance Committee works diligently and tirelessly on issues that affect every New Mexican. Without this dedicated group, we would not be able to progress toward a brighter future for our state. I want to take this moment to thank them for all they do, while remaining nonpartisan and focused solely on bringing us possible solutions to the issues at hand. This is a challenging role, and their commitment to improving New Mexico is unwavering.

In conclusion, I know that the committee's work this interim will translate into greater opportunities for all New Mexicans and the budget that gets presented in January will reflect that. Simply put, duties performed.

Senator George Muñoz
Chairman

Higher Ed Enrollment Up But Degrees Still Elusive

Enrollment in New Mexico's public colleges and universities increased for the third consecutive year in fall 2024, but hopes that increased enrollment will improve chronically low degree attainment hinge on whether those students will stay in school, [LFC analysis shows](#).

New Mexico, a national leader in making college affordable because of scholarship programs, has increased the share of the adult population with at least a bachelor's degree—from 25 percent in 2006 to 31 percent in 2022—but has slipped in its national ranking, from 29th in 2006 to 41st in 2022.

Further, even though the state leads the nation in associate degrees, certificates, and certifications, it lags behind the national average on the share of those ages 25 to 64 with any postsecondary award, with a rate of 51 percent compared with 54 percent nationally.

Enrollment has increased about 10 percent over the last few years, the likely result of scholarship programs that essentially makes college free to almost any New Mexican.

However, while higher enrollment now could eventually contribute to greater degree attainment later, students at New Mexico's four-year schools are

less likely to make it to graduation than students nationally, with the average retention rate for first-time, full-time New Mexico's students at about 71 percent, 10 percentage points below the national average, and the six-year graduation rate at 47 percent compared with the national average of 59 percent.

A 2023 [LFC evaluation](#) concludes scholarships have expanded access but student supports are needed to improve retention and degree attainment.

In addition, the state's strong financial support for higher education coupled with low credential attainment means the state's cost per award can be high, with the cost at \$112 thousand at the two-year Alamogordo branch of New Mexico State University.

At \$21,950 per student per year, New Mexico is currently ranked second nationally for its support of higher education and provides nearly double the national average of \$11 thousand per student per year.

Representatives of some colleges and the Higher Education Department are [scheduled](#) to present their budget proposals to the committee at 8:30 a.m. December 11 during the last set of budget hearings before the committee finalizes its recommendation.

IT Requests Include Ongoing Projects

Almost two-thirds of the \$175 million in requests for state funds for IT projects is for seven ongoing projects, including several that are over budget and past due.

The seven requests for [ongoing projects](#), [scheduled](#) to be presented to the committee at 4:30 p.m. December 11, total \$112 million and include \$18 million for the Medicaid management information system, estimated when launched in 2013 to cost \$221 million and to be complete in 2021 but now estimated at more than half a billion dollars in state and federal funds and to be complete in 2027.

About 90 percent of the costs of that project at the Health Care Authority are covered by the federal government.

The requests for ongoing projects, among a total of 36 requests from 16 agencies, also include \$25.4 million in

state funds for the authority's child support enforcement replacement project, initially estimated to cost \$66 million in state and federal funds and to be complete in 2019 and now expected to cost almost \$109 million and to be complete in 2029.

The Children, Youth and Families Department is asking for \$9.5 million from the general fund for the ongoing New Mexico Impact Project, a replacement for its child welfare information system that was started in 2017 and was projected to cost \$36 million in state and federal funds and be complete by 2022. The cost is now estimated \$90 million and the completion date is set at 2027.

Requests for new projects include \$5 million for a campaign financing reporting system, \$3 million for a water measurement system, and \$2.5 million for a new income tax processing system.

Juvenile Justice Referrals Up But Still Short of Prepandemic

Referrals of youth to Juvenile Justice Services increased by 18 percent between FY22 and FY23 but remained well below prepandemic levels, LFC analysis shows.

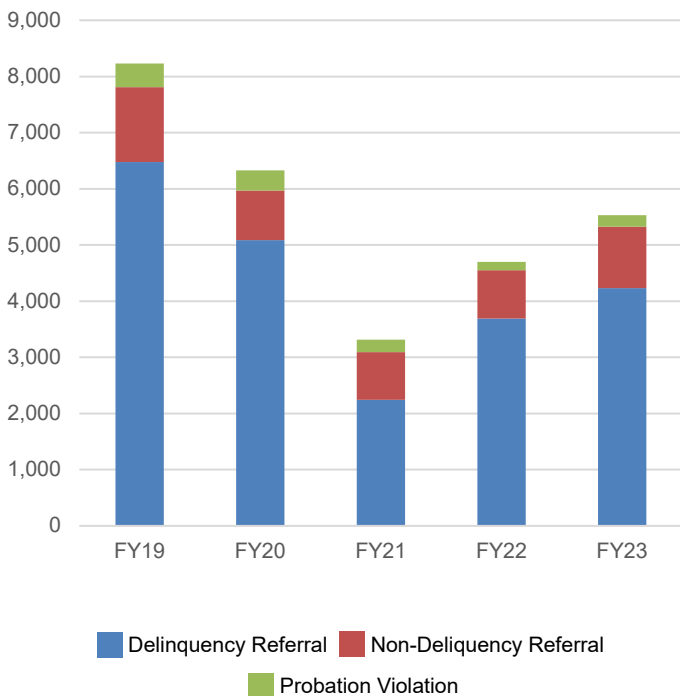
In FY23, a total of 5,528 juveniles were referred to Juvenile Justice Services by law enforcement, schools, and others, an increase of 828 juveniles from FY22 but a 33 percent drop from the 8,230 juveniles referred to JJS in FY19. The count includes those who were referred for reasons other than a new juvenile offense, such as a parole violation.

The increase in delinquency referrals in FY23 was 15 percent—from 3,691 in FY22 to 4,234 in FY23. The five most common offenses were battery, battery against a household member, possession of cannabis products, public fighting, and resisting or evading an officer.

LFC staff have requested referral data for FY24 and the beginning of FY25 from the Children, Youth and Families Department but have not received more recent data.

CYFD reports the average daily population in the state’s secure juvenile facilities was 114 in the first few months of FY25, up from the FY24 average of 96. This increase follows more than a decade of decline following the implementation of evidence-based reforms that emphasized interventions and community-based treatments over detention, especially for lower risk offenders.

Juvenile Justice Referrals



Source: LFC Analysis of CYFD Data

On the Table

Schools Pay More Than Minimum

Almost all of the state’s largest school districts have raised minimum salaries by thousands of dollars above the state minimum using additional local revenue and funding generated from longer school calendars. At least 18 of the 20 largest school districts are paying a higher minimum for level 1 teachers and have relatively longer school years. An exception is the Santa Fe schools, which offers the state minimum of \$50 thousand a year to level 1 teachers and has a relatively short school year of 182 contract days. Among the other large districts, salaries and contract days range from \$53.3 thousand for 184 days in Artesia to \$65.7 thousand and 187 days in Carlsbad. The largest district, Albuquerque, posts a \$56.4 thousand level 1 salary for 190 contract days.

Youth Mental Health Shows Improvement

New data from the 2023 New Mexico Youth Risk and Resiliency Survey shows some measures of mental health among adolescents seem to be improving. The survey showed a drop between 2021 and 2023 in the share of high school respondents reporting persistent sadness or hopelessness (44.2 percent to 36.7 percent), attempted suicide (10 percent to 8.4 percent, vaping (25.3 percent to 18.8 percent), prescription opioids misuse (7.9 percent to 7 percent), and cannabis use (20.3 percent to 17.9 percent).

Health Insurance Bailouts Total \$279M

The Legislature has appropriated \$279 million in one-time funds to the state’s employee group health benefits fund since 2020, although not all of that money has made it to the fund. Since 2020, the fund that covers health insurance costs for state and local government and higher education employees has received \$208 million from the general fund (including funds received by the state as part of the federal American Rescue Plan Act), \$10 million from the healthcare affordability fund, and \$28.5 million from other state funds and federal funds received by state agencies. Local governments that participate in the plans were to contribute \$32.6 million, but most of that funding has been uncollected due to litigation. The Health Care Authority has asked for another \$124 million for projected shortfalls in the current year.

Tax Incentives Double

New Mexico tax incentive spending—credits, deductions and exemptions—doubled in FY24, jumping to nearly \$580 million. The largest increases were those for manufacturers, which make up nearly two-thirds of all economic development tax incentives and cost the state \$389.3 million in FY24, triple what they cost in FY23.

Zuni Schools Get \$115M for Construction

The Public School Capital Outlay Council awarded construction funding totaling \$115.5 million to Zuni Public Schools for a new combined school to replace Zuni Middle, Zuni High, and Twin Buttes High schools. Construction of the school will complete replacement of all schools in the Zuni district, the original plaintiff in the constitutional lawsuit that led to the creation of New Mexico’s standards-based approach to public school capital funding and construction.

Transitions

Results for America, a national nonprofit focused on evidence-based decision-making in government, has named New Mexico a model for performance management for incorporating evidence and data in decisions and creating a culture of accountability. The organization highlighted the [Program Evaluation Unit](#) and the work of the committee and its staff on [agency report cards](#), the [LegisStat](#) collaborative problem-solving approach, the [post-session review](#), and the [tool](#) for assessing budget expansion requests.



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