

Volume 2
New Mexico Legislative Finance Committee
Report to the Fifty-Seventh Legislature,
First Session

LEGISLATING FOR RESULTS:
Appropriations
Recommendations



January 2025 for the 2026 Fiscal Year

Published by:

**New Mexico State Legislative Finance Committee
325 Don Gaspar, Suite 101, Santa Fe, New Mexico 87501**

Charles Sallee, Director
Jon Courtney, Deputy Director
Jeannae L. Leger, Assistant Director

FISCAL TEAM

Cally Carswell, Principal Analyst
Felix Chavez, Fiscal Analyst
Eric Chenier, Principal Analyst
Austin Davidson, Fiscal Analyst
Jennifer Faubion, Economist
Rachel Garcia, Principal Analyst
Brendon Gray, Economist
Allegra Hernandez, Senior Fiscal Analyst I
Emily Hilla, Fiscal Analyst
Connor Jorgensen, Principal Analyst
Kelly Klundt, Principal Analyst
Sunny Liu, Principal Analyst
Noah Montano, Fiscal Analyst
Antonio Ortega, Fiscal Analyst
Julisa Rodriguez, Senior Fiscal Analyst I
Scott Sanchez, Senior Fiscal Analyst I
Joseph Simon, Principal Analyst
Ismael Torres, Chief Economist

SUPPORT STAFF TEAM

Sharon Boylan, Committee Services Coordinator
Rene Montoya-Lopez, Administrative Assistant II
Annamae Montoya, Administrative Services Manager

Helen Gaussoin, Editor and Public Information

January 2025

Table of Contents

	Code No.	Page No.
Legislative		
Legislative Branch	111-131	4
Judicial		
New Mexico Compilation Commission	208	6
Judicial Standards Commission	210	7
Court of Appeals	215	9
Supreme Court	216	11
Administrative Office of the Courts	218	13
All District Courts	231-243	21
First Judicial District Court	231	23
Second Judicial District Court	232	24
Third Judicial District Court	233	25
Fourth Judicial District Court	234	26
Fifth Judicial District Court	235	27
Sixth Judicial District Court	236	28
Seventh Judicial District Court	237	29
Eighth Judicial District Court	238	30
Ninth Judicial District Court	239	31
Tenth Judicial District Court	240	32
Eleventh Judicial District Court	241	33
Twelfth Judicial District Court	242	34
Thirteenth Judicial District Court	243	35
Bernalillo County Metropolitan Court	244	36
All District Attorneys	251-263 & 265	37
First Judicial District Attorney	251	39
Second Judicial District Attorney	252	41
Third Judicial District Attorney	253	43
Fourth Judicial District Attorney	254	44
Fifth Judicial District Attorney	255	45
Sixth Judicial District Attorney	256	46
Seventh Judicial District Attorney	257	47
Eighth Judicial District Attorney	258	48
Ninth Judicial District Attorney	259	49
Tenth Judicial District Attorney	260	50
Eleventh Judicial District Attorney, Division 1	261	51
Eleventh Judicial District Attorney, Division 2	265	52
Twelfth Judicial District Attorney	262	53
Thirteenth Judicial District Attorney	263	54
Administrative Office of the District Attorneys	264	55
Public Defender Department	280	57
General Control		
Attorney General	305	60
State Auditor	308	64

Table of Contents

	Code No.	Page No.
Taxation and Revenue Department	333	66
State Investment Council	337	72
Administrative Hearings Office	340	74
Department of Finance and Administration	341	76
Public School Insurance Authority	342	89
Retiree Health Care Authority	343	94
General Services Department	350	98
Educational Retirement Board	352	107
New Mexico Sentencing Commission	354	109
Governor	356	111
Lieutenant Governor.	360	113
Department of Information Technology	361	114
Public Employees Retirement Association.	366	122
State Commission of Public Records	369	125
Secretary of State.	370	127
Personnel Board.	378	131
Public Employee Labor Relations Board	379	134
State Treasurer	394	136
 Commerce and Industry		
Board of Examiners for Architects	404	140
State Ethics Commission	410	141
Border Authority	417	143
Tourism Department.	418	145
Economic Development Department	419	151
Regulation and Licensing Department	420	159
Public Regulation Commission.	430	169
Office of Superintendent of Insurance	440	173
New Mexico Medical Board	446	181
Board of Nursing	449	183
New Mexico State Fair	460	185
State Board of Licensure for Professional Engineers and Professional Surveyors	464	187
Gaming Control Board	465	189
State Racing Commission	469	191
Board of Veterinary Medicine.	479	193
Cumbres and Toltec Scenic Railroad Commission	490	195
Office of Military Base Planning and Support.	491	197
Spaceport Authority	495	199
 Agriculture, Energy and Natural Resources		
Cultural Affairs Department	505	202
New Mexico Livestock Board	508	210
Department of Game and Fish.	516	213
Energy, Minerals and Natural Resources Department.	521	219
Youth Conservation Corps	522	227
State Land Office	539	229
State Engineer	550	232

Table of Contents

	Code No.	Page No.
Health, Hospitals and Human Services		
Commission on the Status of Women	601	.240
Office on African American Affairs	603	.241
Commission for Deaf and Hard-of-Hearing Persons	604	.243
Martin Luther King, Jr. Commission	605	.245
Commission for the Blind	606	.247
Indian Affairs Department	609	.249
Early Childhood Education and Care Department	611	.251
Aging and Long-Term Services Department	624	.261
Health Care Authority	630	.268
Workforce Solutions Department	631	.290
Workers' Compensation Administration	632	.299
Vocational Rehabilitation Division	644	.302
Governor's Commission on Disability	645	.307
Developmental Disabilities Council	647	.310
Miners' Hospital of New Mexico	662	.315
Department of Health	665	.317
Department of Environment	667	.327
Office of Natural Resources Trustee	668	.337
Veterans' Services Department	670	.339
Office of Family Representation and Advocacy	680	.342
Children, Youth and Families Department	690	.346
Public Safety		
Department of Military Affairs	705	.360
Parole Board	760	.364
Corrections Department	770	.367
Crime Victims Reparation Commission	780	.375
Department of Public Safety	790	.380
Homeland Security and Emergency Management Department	795	.388
Transportation		
Department of Transportation	805	.394
Other Education		
Public Education Department	924	.402
Regional Education Cooperatives	930	.406
Public School Facilities Authority	940	.407
Education Trust Board	949	.411
Higher Education		
Higher Education Department/Institutions	950	.414
Public School Support		
Public School Support	993	.444
Quasi		
New Mexico Finance Authority	NMFA	.460

Table of Contents

	Code No.	Page No.
New Mexico Mortgage Finance Authority	NMM	464
New Mexico Lottery	NML	466
Capital Outlay	CO	468

Legislative

BUDGET SUMMARY
(Dollars in Thousands)

USES	FY24 2023-2024 Actuals	FY25 Operating Budget	FY26		Percent Incr/(Decr) Over FY25
			Agency Request	LFC Recommen- dation	
111 Legislative Council Service	8,084.6	10,829.7	12,184.6	12,184.6	12.5%
112 Legislative Finance Committee	5,820.1	7,460.7	7,460.7	7,460.7	0.0%
114 Senate Chief Clerk	1,974.9	3,422.0	3,525.0	3,525.0	3.0%
115 House Chief Clerk	2,313.4	3,425.2	3,528.0	3,528.0	3.0%
117 Legislative Education Study Committee	1,629.5	1,898.7	1,946.2	1,946.2	2.5%
119 Legislative Building Services (GAA)	4,801.1	6,005.9	6,034.7	6,034.7	0.5%
131 Interim Committee Expenses	2,058.6	3,000.0	3,000.0	3,000.0	0.0%
131 Pre-Session Expenses	384.2	510.0	525.3	525.3	3.0%
131 Legislative Internship Program	43.2	60.0	61.8	61.8	3.0%
131 Senate Rules Interim Committee	28.3	35.0	36.0	36.0	2.9%
131 Capital Buildings Planning Commission	89.5	250.0	257.5	257.5	3.0%
131 District Office Staff	0.0	6,000.0	16,000.0	16,000.0	166.7%
TOTAL	\$27,227.4	\$42,897.2	\$54,559.8	\$54,559.8	27.2%

NONRECURRING (FY25-26)	FY24-FY25		FY25	Percent
	Actuals to-date			
131 Legislative Information Systems	2,143.4	2,773.6	3,188.9	15.0%
131 National Dues & Membership Fees	435.3	475.1	489.4	3.0%

NONRECURRING (REVERTS FY27)				
112 Legislative Finance Committee Statewide Job Architecture	0.0	0.0	750.0	750.0
112 Legislative Finance Committee Economic Analysis Software			350.0	350.0

NONRECURRING				
2025 Legislature		12,687.0		
2024 Legislature		6,271.80		
2023 Legislature		9,249.00		
2022 Legislature		6,181.50		
2021 Legislature		10,307.10		
2020 Legislature		5,183.20		

*Appropriation for the 2025 60-day legislative session will be made by the Legislature in January 2025. The budgeted amount of \$12,687.0 was provided by the Legislative Council Service.

Appropriation for the 2026 30-day legislative session will be made by the Legislature in January 2026.

TRANSMITTAL OF ESTIMATES

Appropriation estimates for the operation of the legislative branch of government are transmitted herewith by the Legislative Finance Committee. Estimates have been supplied by the Legislative Council Service, Legislative Finance Committee, Legislative Education Study Committee, Legislative Building Services, Senate chief clerk, and House chief clerk.

All appropriations to the legislative branch of government are made through the feed bill, except for those indicated by (GAA), which are made through the General Appropriation Act.

Judicial

Statutory Authority

The New Mexico Compilation Commission is established by Sections 12-1-1 through 12-1-14 NMSA 1978 and is responsible for publishing, selling, and distributing the New Mexico Statutes Annotated (NMSA), opinions and rules of the court, New Mexico Reports, Attorney General opinions, the Magistrate and Metropolitan Bench Book, and the juvenile probation officers manuals. The commission also maintains a computer database of each publication. In addition, the commission drafts Supreme Court rules, jury instructions, and civil and criminal forms on a contractual basis. It serves as staff to the Supreme Court rules committee, assists in the publication of the Secretary of State’s session laws, and is authorized to prepare and keep current parallel tables of the New Mexico statutes.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	429.9	477.2	477.2	477.2	0.0
Other Transfers	464.0	400.0	400.0	400.0	0.0
Other Revenues	654.4	575.0	600.0	600.0	4.3
Fund Balance	0.0	120.6	95.6	95.6	(20.7)
TOTAL SOURCES	\$1,548.3	\$1,572.8	\$1,572.8	\$1,572.8	0.0
USES					
Operations	1,317.3	1,572.8	1,572.8	1,572.8	0.0
TOTAL USES	\$1,317.3	\$1,572.8	\$1,572.8	\$1,572.8	0.0
FTE					
Permanent	6.0	5.0	6.0	6.0	20.0
Term	0.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	6.0	6.0	6.0	6.0	0.0

At A Glance

The New Mexico Compilation Commission (NMCC) request keeps overall revenue flat with FY25, including a reduction of \$25 thousand in fund balance and a corresponding increase to other revenues for civil action filing fees. The agency does not project budgetary changes in FY26. Notably, the agency increased permanent FTE by one and reduced term FTE correspondingly due to the Administrative Office of the Courts approving the term-to-permanent switch for the position at the end of FY24.

Each fiscal year, in the “feed bill” that pays for legislative expenses, a \$400 thousand appropriation from legislative cash balances is made to NMCC to cover the Legislature’s share of the costs to develop the master database of official annotated laws and the technology for free public access. Civil Action filing fees and license royalty revenue complete funding for FY26. NMCC’s operating expenses are stable with increases in utility and production costs anticipated and budgeted.

The recommendation includes a \$41.7 thousand decrease in the personal service and employee benefits category and a corresponding increase in contractual services. The director’s retirement at the beginning of FY25 caused a surplus because the retirement contribution liability is no longer budgeted for the retired director. That surplus will be utilized for contractual capacity.

NEW MEXICO COMPILATION COMMISSION

The purpose of the New Mexico compilation commission program is to publish in print and electronic format (1) laws enacted by the legislature, (2) opinions of the supreme court and court of appeals, (3) rules approved by the supreme court, (4) attorney general opinions and (5) other state and federal rules and opinions. The commission ensures the accuracy and reliability of its publications.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Average number of nmonesource.com actions performed per month	626,974.0	665,236.0	N/A	N/A	N/A

Statutory Authority

An amendment to Article VI, Section 32, of the New Mexico Constitution creates the Judicial Standards Commission to provide a means for disciplining judges at all levels of the judiciary. The commission consists of 13 members: seven lay people appointed by the governor, two attorneys elected by the Board of Bar Commissioners, and four members appointed by the Supreme Court. The latter four positions are filled by a Supreme Court justice, a Court of Appeals judge, a district judge, and a magistrate judge. The seven lay members serve five-year terms, while the attorney and judge members serve four-year terms.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,041.9	1,142.4	1,182.1	1,153.5	1.0
Other Transfers	51.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,093.5	\$1,142.4	\$1,182.1	\$1,153.5	1.0
USES					
Operations	1,062.0	1,142.4	1,182.1	1,153.5	1.0
TOTAL USES	\$1,062.0	\$1,142.4	\$1,182.1	\$1,153.5	1.0
FTE					
Permanent	8.0	7.0	7.0	7.0	0.0
TOTAL FTE	8.0	7.0	7.0	7.0	0.0

At A Glance

The Judicial Standards Commission (JSC) requested a general fund increase of \$39.7 thousand, or 3.5 percent, from the FY25 operating budget. The request would fund pay increases for three staff members that qualify for the Judicial Branch Compensation Initiative and their projected benefits, audit rate increases, building lease increases, and other costs. Also included were costs associated with sending five of the 13 commission members to the National Center for State Courts Judicial Ethics training and costs associated with sending attorney staff members to national ethics trainings and conferences. JSC is not part of the judicial unified budget but adopted the judiciary’s pay bands.

The LFC recommendation supports a \$11.1 thousand, or 1.1 percent, increase in general fund revenue for audit rate increases, building lease increases, attorney licensing and subscription cost increases, increases in professional development, and other costs. The recommendation does not include personnel increases because the agency has already provided compensation increases in recent years.

Budget Issues

The State Ethics Commission Act, passed in 2019, included a provision that expanded the Judicial Standards Commission’s jurisdiction to include hearing officers of the judicial branch. According to the commission, the only means by which these employees may be brought within the commission’s oversight is by public vote to amend the constitution. Until this unconstitutionality can be rectified by either rescinding the statutory provision or by passing an amendment to the constitution, the commission reports it will continue to dismiss complaints filed against hearing officers for lack of jurisdiction.

JUDICIAL STANDARDS COMMISSION

The purpose of the judicial standards commission program is to provide a public review process addressing complaints involving judicial misconduct to preserve the integrity and impartiality of the judicial process.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Time for release of annual report to the public from the end of the fiscal year, in months	0.0	0.0	4.0	4.0	4.0
Efficiency	On knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	3.0	3.0	3.0	3.0	3.0
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be held, in meeting cycles	0.0	0.0	2.0	2.0	2.0

Statutory Authority

The Court of Appeals was established by constitutional amendment in 1965. Its statutory authority is found in Sections 34-5-1 through 34-5-14 NMSA 1978. The court has no original jurisdiction but reviews certain types of cases on appeal: violations of municipal or county ordinances where a fine or imprisonment is imposed; decisions of state administrative agencies; all actions under the Workers’ Compensation Act, the New Mexico Occupational Disablement Law, the Subsequent Injury Act, and the federal Employers’ Liability Act; and criminal action from the district courts, except those involving the death penalty or life imprisonment. Section 34-5-8 NMSA 1978 was amended in 1983 to include appeals of civil actions not specifically reserved for the jurisdiction of the Supreme Court by the constitution or by law. The Court of Appeals consists of 10 judges elected statewide for eight-year terms and maintains offices in Santa Fe and Albuquerque.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,230.9	9,716.8	10,239.7	10,107.7	4.0
Other Transfers	453.0	0.0	0.0	0.0	0.0
Other Revenues	0.0	1.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$8,683.9	\$9,717.8	\$10,239.7	\$10,107.7	4.0
USES					
Operations	8,610.6	9,717.8	10,239.7	10,107.7	4.0
TOTAL USES	\$8,610.6	\$9,717.8	\$10,239.7	\$10,107.7	4.0
FTE					
Permanent	64.0	64.0	66.0	65.0	1.6
TOTAL FTE	64.0	64.0	66.0	65.0	1.6

At A Glance

The Court of Appeals requested a general fund revenue increase of \$522.9 thousand, or 5.4 percent, from the FY25 operating budget. The increase is primarily due to judicial salary increase approved in 2024, increases in IT costs, training and dues costs, and travel costs. The request also included \$94.3 thousand for a financial specialist. In FY24, the court reports a 6 percent increase in new case filings over FY23 but also a disposition rate of 106 percent. The Court of Appeals was able to clear its general calendar backlog (general calendar cases ready for and awaiting a decision), reducing the age of general calendar cases to 169, the lowest since 2016. Additionally, the court was able to reduce the average time to resolve appeals by 16 percent for civil cases (from 468 days to 392 days) and 6 percent for criminal cases (from 443 days to 418 days).

The committee recommends funding the requested increases in the base budget with the exception of IT, training, and travel costs, which would increase 4 percent.

Base Expansion

The agency requested expansion requests for a judicial specialist and custodian, totaling \$134.4 thousand. The committee recommends funding the custodian for a total of \$57.6 thousand. The custodian will provide custodial support for the courthouse in Albuquerque, a 37,000 square foot building.

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Judicial Specialist 2	P215	76.8	0.0
2	Custodian	P215	57.6	57.6
TOTAL			\$134.4	\$57.6

COURT OF APPEALS

The purpose of the court of appeals program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of active cases pending for 540 days or less as a percent of total active cases	NEW	NEW	75.0%	75.0%	75.0%
Outcome	Number of active cases pending for 720 days or less as a percent of total active cases	NEW	NEW	95.0%	95.0%	95.0%
Outcome	Number of cases disposed of within 720 days as a percent of total cases resolved	NEW	NEW	95.0%	95.0%	95.0%
Output	Number of cases disposed of within 540 days as a percent of total cases resolved	NEW	NEW	75.0%	75.0%	75.0%
Output	The number of outgoing cases as a percentage of the numbers of incoming cases	106%	104%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	357.0	271.0	365.0	365.0	350.0
Outcome	Number of days to disposition for civil cases	468.0	392.0	375.0	375.0	375.0
Outcome	Number of days to disposition for criminal cases	444.0	418.0	425.0	425.0	425.0
Outcome	Age of active pending criminal cases, in days	306.0	278.0	425.0	425.0	365.0

Statutory Authority

Article VI of the New Mexico Constitution provides for a Supreme Court consisting of five justices, including a chief justice. The Supreme Court is considered the court of last resort in the state of New Mexico with superintending control over all lower courts. The Supreme Court also has the power to issue writs.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,671.9	9,131.8	10,821.1	9,599.7	5.1
Other Transfers	414.9	0.0	0.0	0.0	0.0
Other Revenues	2.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$8,088.9	\$9,131.8	\$10,821.1	\$9,599.7	5.1
USES					
Operations	8,053.6	9,131.8	10,821.1	9,599.7	5.1
TOTAL USES	\$8,053.6	\$9,131.8	\$10,821.1	\$9,599.7	5.1
FTE					
Permanent	64.6	64.0	70.0	64.0	0.0
TOTAL FTE	64.6	64.0	70.0	64.0	0.0

At A Glance

The New Mexico Supreme Court requested a general fund revenue increase of \$1.7 million, or 18.5 percent, compared with its FY25 operating budget. The request would fund an expansion that includes three staff attorneys, an appellate paralegal, and appellate technical legal editors. The request also includes funding for fiscal, security, and support staff funding, the judicial salary increases from 2024, increases in the contractual services category to expand Westlaw database access to magistrate judges, a student extern contract, and an increase in the other costs category, including utilities, travel and training increases.

The committee recommendation supports an increase of \$467.9 thousand, or 5.1 percent, in general fund revenue over the FY25 budget. The committee recommendation supports the court financial manager, salary increases, student extern contracts, and the requested increase in the other costs category.

Base Expansion

The agency requested \$876.6 thousand in expansions for appellate attorney associates, appellate paralegal, and appellate technical legal editors. The expansion is to address the increase in workload caused by the Supreme Court transitioning to a term schedule, a schedule that dictates a strict timeline for oral arguments. This transition means the dispositions for these cases heard in the term schedule must be filed at a certain deadline and will, in the agency's explanation, require additional staff support. The committee recommendation does not fund these expansions because the Supreme Court already has five attorneys and three appellate legal editors with one attorney and one appellate technical legal editor added in FY25. Case disposition rates and age of active pending cases should be monitored to see the effects of the transition on the term schedule before more positions are added.

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Appellate Attorney Associate	P216	175.1	0.0
2	Appellate Attorney Associate	P216	175.1	0.0
3	Appellate Attorney Associate	P216	175.1	0.0

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
4	Appellate Technical Legal Editor	P216	121.7	0.0
5	Appellate Technical Legal Editor	P216	121.7	0.0
6	Appellate Paralegal	P216	107.9	0.0
TOTAL			\$876.6	\$0.0

SUPREME COURT

The purpose of the supreme court program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of active cases pending 672 days or less as a percentage of total active cases	NEW	88.3%	75.0%	75.0%	80.0%
Output	Number of active cases pending 762 days or less as a percentage of total active cases	NEW	92.2%	95.0%	75.0%	85.0%
Output	Number of cases disposed of within 672 days as a percent of total cases resolved	NEW	95.3%	75.0%	75.0%	85.0%
Output	Number of cases disposed of within 762 days as a percent of total cases resolved	NEW	93.6%	95.0%	95.0%	95.0%
Output	The number of outgoing cases as a percentage of the number of incoming cases	103%	110%	100%	100%	100%
Outcome	Percentage of criminal cases disposed of in 180 days or less (discretionary appeals - initial review)	94%	99%	95%	95%	95%
Outcome	Percentage of active pending criminal cases 510 days or less (appeals as of right)	82%	87%	75%	75%	80%
Outcome	Percentage of active pending civil cases 180 days or less (discretionary appeals - initial review)	67%	90%	95%	95%	95%
Outcome	Percentage of civil cases disposed of in 630 days or less (discretionary appeals - review granted)	82%	61%	85%	85%	85%

Statutory Authority

The Administrative Office of the Courts is statutorily created in Sections 34-9-1 through 34-9-16 NMSA 1978. The agency is supervised by a director appointed by the New Mexico Supreme Court and has four recognized programs: Administrative Support, Magistrate Court, Statewide Judiciary Automation, and Special Court Services. The office is the oversight agency for the judiciary, supervising all matters relating to the administration of the courts.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	41,922.7	50,352.3	67,264.7	59,191.0	17.6
Other Transfers	8,788.4	4,053.5	2,877.0	2,877.0	(29.0)
Federal Revenues	743.9	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	6,632.1	3,206.6	2,736.6	2,736.6	(14.7)
Fund Balance	302.2	17,922.1	10,837.7	14,797.7	(17.4)
TOTAL SOURCES	\$58,389.3	\$77,865.1	\$86,046.6	\$81,932.9	5.2
USES					
Personal Services and Employee Benefits	22,610.0	21,280.1	20,803.1	16,997.0	(20.1)
Contractual services	8,896.3	6,428.5	5,461.9	5,777.1	(10.1)
Other	21,179.8	27,823.1	33,979.6	30,616.2	10.0
Other financing uses	1,507.6	0.0	0.0	0.0	0.0
Pre-trial services	0.0	3,953.9	5,231.8	11,064.6	179.8
Court-appointed special advocate	0.0	1,408.6	1,408.6	1,408.6	0.0
Supervised visitation	0.0	1,225.4	1,225.4	1,225.4	0.0
Water rights	9.0	887.9	2,887.9	2,887.9	225.3
Court-appointed attorneys	8.5	1,329.9	1,824.9	1,329.9	0.0
Children’s mediation	0.0	295.3	295.3	295.3	0.0
Judges pro tem	0.0	69.1	69.1	69.1	0.0
Court Education Institute	0.0	4,600.0	4,600.0	4,600.0	0.0
Access to justice	0.0	332.2	617.2	332.2	0.0
Statewide alternative dispute resolution	0.0	212.9	212.9	212.9	0.0
Statewide Treatment Programs	0.0	1,831.6	1,456.6	1,456.6	(20.5)
AOC Treatment Programs	2,486.8	5,819.4	2,917.9	2,917.9	(49.9)
Adult guardianship	0.0	367.2	367.2	367.2	0.0
Behavioral Health	0.0	0.0	375.0	375.0	0.0
AOT/COMP	0.0	0.0	2,312.2	0.0	0.0
TOTAL USES	\$56,698.0	\$77,865.1	\$86,046.6	\$81,932.9	5.2
FTE					
Permanent	195.0	177.5	200.5	177.5	0.0
Term	47.0	35.0	35.0	35.0	0.0
TOTAL FTE	242.0	212.5	235.5	212.5	0.0

At A Glance

The Administrative Office of the Courts (AOC) requested an overall total budget of \$86.1 million, 10.5 percent, or \$8.2 million above the FY25 operating budget. The request included a total general fund revenue increase of \$16.9 million, or 33.6 percent. Of the 33.6 percent general fund revenue increase, \$4.3 million is an expansion request, predominantly for the agency’s Special Court Services Division.

The committee recommends increasing AOC's general fund revenue by \$2.1 million, or 4.2, above the FY25 operating budget. The recommendation includes funding for administrative and magistrate court rent/leases, interpreter hourly rate increases, critical IT court services, and personnel funding for pretrial services. The recommendation also provides other state fund infusions into two of the agency's internal funds to fund increased jury and witness costs and critical court IT needs. Further, the recommendation consolidates the state's entire pretrial spending into a single line item for monitoring and consistent budgeting.

Budget Issues

The Administrative Office of the Courts participates in the judicial unified budget process, wherein individual budget requests are vetted by several committees before ultimate approval by the New Mexico Supreme Court.

In addition to the requested general fund increases, the AOC requested a \$1.2 million, or 29 percent, decrease in transfers, flat federal revenues, and a \$470 thousand, or 14.6 percent decrease in other revenues. The agency also requested a \$7.1 million, or 39.5 percent, decrease in the use of fund balance. This decrease is primarily due to the depletion of the Supreme Court automation, jury and witness, language access, and water rights adjudication funds. The agency has over 37 funds with balances ranging from zero to \$19 million. Of these 37 funds, only one is statutorily required to revert to the general fund at the end of each fiscal year.

The AOC's general fund revenue increase request is for an additional \$2.2 million for juror pay and usage, \$2.6 million for an additional 23 FTE, \$1 million for AOT, \$3.2 million for For The Record (FTR) software license fees, and \$2 million for what the agency calls "critical court services funding shortfall." Additionally, of the \$4.3 million expansion request, \$2.3 million is for AOT/COMP, \$1.6 million for personnel across Administrative Services, Statewide Judiciary Automation, and Magistrate Court divisions, and \$240 thousand for Access to Justice Initiatives.

The committee recommendation increases general fund revenue to the agency by \$2.1 million, or 4.2 percent, above the FY25 operating budget. The recommendation includes funding for administrative and magistrate court rent/leases, interpreter hourly rate increases, critical IT court services, and personnel funding for pretrial services. The committee recommends funding the juror pay and usage increase through an infusion of \$2.2 million in other state funds into the agency's jury and witness fee fund. In addition to the \$400 thousand in increased recurring general funds for the agency's IT needs, the committee recommends the infusion of \$1.8 million into the agency's Supreme Court automation fund to cover other critical IT needs. Further, the committee recommends Government Results and Opportunity appropriations be considered to fund the agency's requested expansions in Assisted Outpatient Treatment, Access To Justice, and the Pretrial Service positions tied to the agency's electronic monitoring program.

The committee is also recommending the consolidation of the state's recurring funds used for pretrial services that currently reside within the state's district courts budgets into the existing line item in AOC's budget. This will allow for more consistent budget monitoring and support of PTS in the state. The total amount that will be transferred for monitoring under the AOC's budget is \$6.7 million. Moving these funds into this line item in AOC's budget will see a total general fund revenue budget growth of 17.6 percent.

Administrative Services. For the Administrative Services Program, the agency requested a net general fund revenue increase of \$3.8 million, or 26.3 percent, compared with the FY25 operating budget. The request would fund rent increases, human resource training, increased interpreter hourly rate increases, General Services Department and health insurance increases, and increased costs associated with jury and witness pay and usage. The increased costs associated with jury and witness costs, the agency asked for an additional \$2.2 million in general fund recurring revenue, was the majority of the division's request. The agency moved the budgeting and administration of jury and witness to its administrative services division in the previous fiscal year, moving \$1.2 million for the Special Court Services Division to Administrative Services for jury and witness costs. Additionally, the Legislature approved \$1 million in additional recurring general fund revenue for jury and witness costs and a \$1.5 million nonrecurring appropriation for jury and witness costs to supplement the lost fee revenue from court fees. Currently, there is no line item in the AOC's budget to track and monitor jury and witness costs. Adding one could provide clarity and more effective measurement of budget growth moving forward.

Of the general fund revenue request, the agency requested an expansion of \$1.3 million for a procurement specialist, financial specialist, two business specialist, and a language access services program coordinator.

The committee recommends an \$803 thousand, or 5.5 percent, general fund increase to cover increased rent costs, increased GSD and health insurance cost increases, and interpreter hourly rate increases. The committee recommends the infusion of \$2.2 million of OSF to the jury and witness fund to cover associated jury and witness cost increases.

Statewide Judiciary Automation. The request for the Statewide Judiciary Automation Program increased general fund revenue by \$7.1 million, or 97.9 percent, over the FY25 operating budget. Of that, \$1.6 million is for court IT services, such as bandwidth increases for the judiciary and cybersecurity licenses increases. The division also requested \$3.2 million for For The Record license increases, \$809 thousand for transitioning eight IT FTE positions from term to permanent status, and \$435 thousand for Google licenses and annual fee increases. Further, the agency requested an expansion of \$920 thousand for two network administrators and for four senior IT business analysts.

The committee recommends a general fund revenue increase of \$400 thousand, or 5.5 percent. The recommendation partially funds the division's requested funds for court IT services. To fund other portions of the court IT services requests, the committee recommends the agency utilize \$1.7 million of the \$3.9 million in other state funds moved into the jury and witness fund. Additionally, the committee recommends the agency look to utilize funds from the Supreme Court automation and electronic services funds, which have balances of \$3.5 and \$3 million respectively.

Magistrate Court. The Magistrate Court Program request increased general fund revenue by \$1.6 million, or 10.9 percent, over the FY25 operating budget. The division requested \$525 thousand for magistrate court leases, \$70 thousand for security technical support contract, and \$618 thousand for the transition of four case management specialists I, and five case management specialists II from term to permanent status. The division also requested an expansion of \$160 thousand for two budget specialists.

The committee recommends \$525 thousand, or 3.5 percent, general fund revenue increase. The recommendation provides for the increases in magistrate court leases.

Special Court Services. The agency requested a total general fund revenue increase of \$4.4 million, or 32.2 percent, compared to the FY25 operating budget. Of that, \$495 thousand was requested to fill the court appointed attorney fund to cover costs associated with contract attorneys and work associated with assisted outpatient treatment. The division also requested \$1.3 million for the transition of 15 FTE associated with pretrial service electronic monitoring.

The division's expansion request was tied to the implementation of assisted outpatient treatment (AOT) across the state's judiciary. The division requested \$600 thousand for competency diversion court navigators, \$1 million for AOT treatment costs, \$274 thousand for statewide AOT program managers, and \$415 thousand for AOT program managers for local district courts. The division also requested an expansion of the \$240 thousand for a business specialist and self-help program manager tied to the Access to Justice program.

The committee recommendation consolidates all of the recurring funding for pretrial services that currently resides within the state's district court budgets and moves it into the AOC's budget. This will allow for better monitoring of pretrial service use and growth. The total amount of pretrial services, \$6.7 million, added to the Special Court Services budget bring the total general fund increase for the division to \$7.1 million, or 52.3 percent. Within the total general fund revenue increase for the division is a \$400 thousand, or 2.9 percent, increase for personnel funding in the pretrial services program.

Base Expansion

The committee does not fund the agency's requested expansions with increased general fund revenue but instead recommends GRO appropriations be considered to cover the requested expansions in Assisted Outpatient Treatment, Access To Justice, and Pretrial Services tied to the electronic monitoring program.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	AOC AOT Local Program Manager	P620	414.8	0.0
0	AOC AOT Statewide Program Manager	P620	247.4	0.0
0	AOC AOT Treatment Costs and Navigators	P620	1,650.0	0.0
0	AOC ATJ Business Specialist II: Self Help Center	P620	80.0	0.0
0	AOC ATJ Program Manager: Self Help Center	P620	160.0	0.0
0	AOC COD Facilities Business Specialist II	P610	80.0	0.0
0	AOC COD Security Business Specialist II	P610	80.0	0.0
0	AOC FSD Financial Specialist Sr	P559	88.0	0.0
0	AOC FSD Procurement Specialist	P559	79.0	0.0
0	AOC HR Project Manager	P559	120.0	0.0
0	AOC J&W Business Specialist II	P559	80.0	0.0
0	AOC JID IT Business Analyst Sr	P560	608.0	0.0

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	AOC JID Network Systems Administrator Sr	P560	312.0	0.0
0	AOC JPEC Business Specialist II	P559	80.0	0.0
0	AOC LAS Program Coordinator	P559	178.8	0.0
TOTAL			\$4,258.0	\$0.0

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide administrative support to the chief justice, all judicial branch units and the administrative office of the courts so that they can effectively administer the New Mexico court system.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26	LFC Recommendation	Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request		
SOURCES					
General Fund Transfers	13,157.5	14,574.1	18,412.9	15,377.1	5.5
Other Transfers	3,029.6	313.6	313.6	313.6	0.0
Federal Revenues	743.9	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	97.0	750.0	780.0	780.0	4.0
Fund Balance	0.0	3,397.7	363.7	2,563.7	(24.5)
TOTAL SOURCES	\$17,028.0	\$21,366.0	\$22,200.8	\$21,365.0	(0.0)
USES					
Personal Services and Employee Benefits	7,609.9	8,004.6	9,414.7	8,382.6	4.7
Contractual services	2,299.5	4,359.9	4,041.9	4,179.6	(4.1)
Other	6,114.5	9,001.5	8,744.2	8,802.8	(2.2)
TOTAL USES	\$16,023.9	\$21,366.0	\$22,200.8	\$21,365.0	(0.0)
FTE					
Permanent	80.3	64.8	71.8	64.8	0.0
Term	1.0	3.0	3.0	3.0	0.0
TOTAL FTE	81.3	67.8	74.8	67.8	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Average cost per juror	\$58	\$66	\$55	\$55	\$55
Explanatory	Number of jury trials	760.0	689.0	N/A	N/A	N/A
Efficiency	Average interpreter cost per session	\$74	\$76	\$150	\$185	\$185

STATEWIDE JUDICIARY AUTOMATION

The purpose of the statewide judiciary automation program is to provide development, enhancement, maintenance and support for core court automation and usage skills for appellate, district, magistrate and municipal courts and ancillary judicial agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,678.9	7,215.4	14,279.9	7,615.4	5.5
Other Transfers	374.7	0.0	0.0	0.0	0.0
Other Revenues	4,010.8	1,821.6	1,821.6	1,821.6	0.0
Fund Balance	0.0	8,271.8	5,010.0	6,770.0	(18.2)
TOTAL SOURCES	\$11,064.4	\$17,308.8	\$21,111.5	\$16,207.0	(6.4)
USES					
Personal Services and Employee Benefits	7,256.4	8,060.8	8,036.7	5,262.7	(34.7)
Contractual services	518.7	1,157.5	980.0	1,157.5	0.0
Other	3,078.7	8,090.5	12,094.8	9,786.8	21.0
TOTAL USES	\$10,853.8	\$17,308.8	\$21,111.5	\$16,207.0	(6.4)
FTE					
Permanent	59.2	55.2	61.2	55.2	0.0
Term	5.0	6.0	6.0	6.0	0.0
TOTAL FTE	64.2	61.2	67.2	61.2	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Average number of days to respond to customer service requests	0.2	0.9	1.0	1.0	1.0
Efficiency	Average number of days resolve customer service requests	1.0	1.0	3.0	10.0	10.0

COURT OPERATIONS

The purpose of the court operations program is to provide support to courts statewide, including with security, customer service, access to justice and magistrate court facilities.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	11,949.0	14,978.3	16,617.3	15,503.3	3.5
Other Transfers	82.1	0.0	0.0	0.0	0.0
Other Revenues	1,876.5	635.0	135.0	135.0	(78.7)
Fund Balance	302.2	1,243.6	180.0	180.0	(85.5)
TOTAL SOURCES	\$14,209.8	\$16,856.9	\$16,932.3	\$15,818.3	(6.2)

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	3,598.6	5,214.7	3,351.7	3,351.7	(35.7)
Contractual services	176.8	911.1	440.0	440.0	(51.7)
Other	10,434.4	10,731.1	13,140.6	12,026.6	12.1
TOTAL USES	\$14,209.8	\$16,856.9	\$16,932.3	\$15,818.3	(6.2)
FTE					
Permanent	14.0	11.0	13.0	11.0	0.0
Term	24.0	21.0	21.0	21.0	0.0
TOTAL FTE	38.0	32.0	34.0	32.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of desk audits completed	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of internal audits delivered	N/A	N/A	N/A	N/A	N/A

SPECIAL COURT SERVICES

The purpose of the special court services program is to provide court advocates, legal counsel and safe exchanges for children and families; to provide judges pro tem; and to adjudicate water rights disputes so the constitutional rights and safety of citizens, especially children and families, are protected.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,137.3	13,584.5	17,954.6	20,695.2	52.3
Other Transfers	5,302.0	3,739.9	2,563.4	2,563.4	(31.5)
Other Revenues	647.8	0.0	0.0	0.0	0.0
Fund Balance	0.0	5,009.0	5,284.0	5,284.0	5.5
TOTAL SOURCES	\$16,087.1	\$22,333.4	\$25,802.0	\$28,542.6	27.8

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	4,145.1	0.0	0.0	0.0	0.0
Contractual services	5,901.4	0.0	0.0	0.0	0.0
Other	1,552.2	0.0	0.0	0.0	0.0
Other financing uses	1,507.6	0.0	0.0	0.0	0.0
Pre-trial services	0.0	3,953.9	5,231.8	11,064.6	179.8
Court-appointed special advocate	0.0	1,408.6	1,408.6	1,408.6	0.0
Supervised visitation	0.0	1,225.4	1,225.4	1,225.4	0.0
Water rights	9.0	887.9	2,887.9	2,887.9	225.3
Court-appointed attorneys	8.5	1,329.9	1,824.9	1,329.9	0.0
Children's mediation	0.0	295.3	295.3	295.3	0.0
Judges pro tem	0.0	69.1	69.1	69.1	0.0
Court Education Institute	0.0	4,600.0	4,600.0	4,600.0	0.0
Access to justice	0.0	332.2	617.2	332.2	0.0
Statewide alternative dispute resolution	0.0	212.9	212.9	212.9	0.0
Statewide Treatment Programs	0.0	1,831.6	1,456.6	1,456.6	(20.5)
AOC Treatment Programs	2,486.8	5,819.4	2,917.9	2,917.9	(49.9)
Adult guardianship	0.0	367.2	367.2	367.2	0.0
Behavioral Health	0.0	0.0	375.0	375.0	0.0
AOT/COMP	0.0	0.0	2,312.2	0.0	0.0
TOTAL USES	\$15,610.6	\$22,333.4	\$25,802.0	\$28,542.6	27.8
FTE					
Permanent	41.5	46.5	54.5	46.5	0.0
Term	17.0	5.0	5.0	5.0	0.0
TOTAL FTE	58.5	51.5	59.5	51.5	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of defendants referred to and enrolled in DWI or drug court	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of defendants on pretrial release not charged with a new violent crime	95%	92%	N/A	N/A	N/A
Explanatory	Number of monthly supervised child visitations and exchanges conducted	11,181.0	10,129.0	N/A	N/A	N/A
Outcome	Statewide recidivism rate for drug-court participants	9.28%	11.84%	12.00%	12.00%	12.00%
Outcome	Three-year intent-to-treat statewide recidivism rate of drug court program participants	15.47%	17.69%	25.00%	25.00%	25.00%
Outcome	Statewide employment rate of adult drug court program graduates for current fiscal year	82.00%	78.00%	90.00%	90.00%	90.00%
Outcome	Statewide education rate of juvenile drug court program graduates for current fiscal year	100.00%	95.00%	100.00%	100.00%	100.00%
Outcome	Statewide recidivism rate for DWI court participants	5%	8%	12%	12%	12%
Explanatory	Statewide graduation rate for drug court participants	54.76%	61.00%	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Statewide graduation rate for DWI court participants	82.49%	66.83%	N/A	N/A	N/A
Explanatory	Cost per client per day for all drug court participants	\$37	\$34	N/A	N/A	N/A
Explanatory	Percent of children who achieve legal permanency within twelve to eighteen months from the date the petition is filed in an abuse and neglect case	11%	15%	N/A	N/A	N/A
Explanatory	Number of cases to which court-appointed special advocate volunteers are assigned	507.0	436.0	N/A	N/A	N/A
Outcome	Average number of days to completed adjudication in abuse and neglect cases	153.0	157.0	153.0	153.0	153.0
Explanatory	Percent of released defendants who comply with conditions of their release, appear for all scheduled court appearances, and are not charged with a new offense during pretrial supervision	N/A	N/A	N/A	N/A	N/A
Explanatory	Ratio of defendants whose supervision level or detention status corresponds with assessed risk	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who make all scheduled court appearances	74%	73%	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who are not charges with a new offense during the pretrial stage	81%	73%	N/A	N/A	N/A

Statutory Authority

The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-26 NMSA 1978. New Mexico has 13 judicial districts under 96 district judges. Distribution and number of judgeships is determined in New Mexico statute. In the last nine years, 21 district judgeships have been created.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	160,556.8	183,395.2	193,645.6	182,171.0	(0.7)
Other Transfers	17,539.5	10,147.0	9,079.1	9,079.1	(10.5)
Federal Revenues	456.7	371.6	0.0	0.0	(100.0)
Other Revenues	7,555.9	10,437.5	10,094.6	10,094.6	(3.3)
Fund Balance	246.3	1,355.0	1,431.1	1,431.1	5.6
TOTAL SOURCES	\$186,355.2	\$205,706.3	\$214,250.4	\$202,775.8	(1.4)
USES					
Operations	183,826.5	205,706.3	214,250.4	202,775.8	(1.4)
TOTAL USES	\$183,826.5	\$205,706.3	\$214,250.4	\$202,775.8	(1.4)
FTE					
Permanent	1,739.9	1,712.5	1,775.0	1,725.5	0.8
Term	116.0	130.0	110.5	128.0	(1.5)
Temporary	5.0	2.0	2.0	2.0	0.0
TOTAL FTE	1,860.9	1,844.5	1,887.5	1,855.5	0.6

At A Glance

District courts and Bernalillo County Metropolitan Court requested a total general fund revenue increase of \$10.3 million, or 5.6 percent above the FY25 operating budget. Most of the requested increase was for \$1.9 million for judicial pay increase enacted in 2024, \$2.1 million for pretrial services programs, \$1.1 million for improved security, and \$857 thousand for FTE in the Child Support Services Division (CSSD). The requested positions include various judicial specialists, financial specialists, administrative assistants, pretrial services officers, and other administrative or fiscal positions. District courts all made requests to fund liability insurance and other rate increases and workforce improvement plan initiatives.

The LFC FY26 recommendation appears to be a slight decrease from FY25; however, after adjusting for pretrial services, which LFC recommends be centralized in the Administrative Office of the Courts (AOC), the recommendation is a \$5.5 million, or 3.1 percent, general fund revenue increase for district and metropolitan courts. Pretrial services program requests were not recommended in individual courts because the needed funding would flow through AOC in the LFC recommendation. The increases for individual courts will look smaller because the LFC FY26 recommendation does not include the pretrial services funding but it is in the FY25 operating budgets. The LFC recommendation primarily funds the remaining third of the 2024 judicial pay, personnel benefit rates increase, support staff, and security.

Budget Issues

District, metro, and statewide courts participate in the unified judicial budget process, wherein individual budget requests are vetted by several committees before ultimate approval by the New Mexico Supreme Court. A top priority for the Supreme Court was to complete pretrial services programs implementation statewide. While individual courts requested increased funding for their respective pretrial services programs, the LFC recommendation supports centralizing pretrial services funding in the AOC. Magistrate and district court security were another top judicial branch priority. The LFC recommendation supports the priority and fully funds each district and Metropolitan Court security-related request.

The LFC district and Metropolitan Court recommendation for all revenue sources totals \$202.8 million, of which \$182.2 million is from general fund revenue. The recommendation supports the agency’s request for all other revenue sources.

In FY18, LFC piloted a restructured budget that appropriated funds in one item called “operations,” as opposed to three separate line items. After seven consecutive successful years, the committee recommends continuing the practice for FY26. The single line appropriation highlights the judiciary’s unique budget organization and budgeting process and increases judicial independence. On average, more than 80 percent of each district court budget is for personnel costs.

Like other criminal justice partners, district courts and the Metropolitan court are experiencing increased caseloads, specifically in complex felony cases. To address this, the LFC recommendation funds increases in FTE that should aid in streamlining judicial processes and allow for courts to focus their efforts on complex cases. Providing clarity and flexibility for judicial systems to deliver swift and certain justice remains a priority for LFC.

Base Expansion Listing

The agencies collectively requested \$914 thousand in expansions, with the majority for either temporary to permanent positions or for additional FTE. The committee recommends \$40.2 thousand of the expansion. The recommendation provides funding for a part-time program coordinator for a young adult court. The majority of the expansions relate to pretrial services programs and that funding will now be within AOC.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	12,275.4	13,973.2	14,368.1	13,840.2	(1.0)
Other Transfers	1,650.6	905.1	975.0	975.0	7.7
Other Revenues	409.0	469.4	464.4	464.4	(1.1)
Fund Balance	0.0	20.9	0.0	0.0	(100.0)
TOTAL SOURCES	\$14,335.0	\$15,368.6	\$15,807.5	\$15,279.6	(0.6)
USES					
Operations	14,214.7	15,368.6	15,807.5	15,279.6	(0.6)
TOTAL USES	\$14,214.7	\$15,368.6	\$15,807.5	\$15,279.6	(0.6)
FTE					
Permanent	138.0	135.8	135.8	135.8	0.0
Term	10.0	7.8	7.8	7.8	0.0
TOTAL FTE	148.0	143.6	143.6	143.6	0.0

FIRST JUDICIAL DISTRICT COURT

The purpose of the first judicial district court program, statutorily created in Santa Fe, Rio Arriba and Los Alamos counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	93%	92%	100%	100%	100%
Explanatory	Number of active cases pending	7,813.0	8,439.0	N/A	N/A	N/A
Outcome	Number of days to disposition for civil cases	315.0	287.0	540.0	540.0	280.0
Outcome	Age of active pending criminal cases, in days	919.0	942.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	484.0	506.0	540.0	540.0	500.0
Outcome	Number of days to disposition for criminal cases	296.0	327.0	365.0	365.0	320.0
Explanatory	Number of jury trials	42.0	53.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	30,863.1	35,635.3	39,119.7	35,838.9	0.6
Other Transfers	3,589.0	2,427.0	1,778.3	1,778.3	(26.7)
Other Revenues	3,130.1	5,614.0	5,804.3	5,804.3	3.4
Fund Balance	0.0	508.1	412.8	412.8	(18.8)
TOTAL SOURCES	\$37,582.2	\$44,184.4	\$47,115.1	\$43,834.3	(0.8)
USES					
Operations	36,836.5	44,184.4	47,115.1	43,834.3	(0.8)
TOTAL USES	\$36,836.5	\$44,184.4	\$47,115.1	\$43,834.3	(0.8)
FTE					
Permanent	348.0	344.5	361.5	346.5	0.6
Term	44.0	48.0	38.0	46.0	(4.2)
TOTAL FTE	392.0	392.5	399.5	392.5	0.0

SECOND JUDICIAL DISTRICT COURT

The purpose of the second judicial district court program, statutorily created in Bernalillo county, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	93%	93%	100%	100%	100%
Explanatory	Number of active cases pending	18,537.0	17,842.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	224.0	198.0	365.0	365.0	195.0
Outcome	Age of active pending criminal cases, in days	492.0	438.0	365.0	365.0	365.0
Outcome	Number of days to disposition for civil cases	195.0	199.0	520.0	520.0	195.0
Outcome	Age of active pending civil cases, in days	388.0	338.0	540.0	540.0	335.0
Explanatory	Number of jury trials	151.0	28.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	12,518.5	14,147.9	14,985.6	14,109.7	(0.3)
Other Transfers	1,887.2	1,560.0	1,391.7	1,391.7	(10.8)
Federal Revenues	2.1	0.0	0.0	0.0	0.0
Other Revenues	257.7	253.0	261.0	261.0	3.2
Fund Balance	0.0	35.0	59.0	59.0	68.6
TOTAL SOURCES	\$14,665.5	\$15,995.9	\$16,697.3	\$15,821.4	(1.1)
USES					
Operations	14,583.6	15,995.9	16,697.3	15,821.4	(1.1)
TOTAL USES	\$14,583.6	\$15,995.9	\$16,697.3	\$15,821.4	(1.1)
FTE					
Permanent	134.0	132.3	138.3	134.3	1.5
Term	10.0	8.3	4.3	8.3	0.0
Temporary	0.0	2.0	2.0	2.0	0.0
TOTAL FTE	144.0	142.6	144.6	144.6	1.4

THIRD JUDICIAL DISTRICT COURT

The purpose of the third judicial district court program, statutorily created in Dona Ana county, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	101%	100%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	273.0	218.0	365.0	365.0	215.0
Outcome	Number of days to disposition for civil cases	342.0	231.0	540.0	540.0	225.0
Outcome	Age of active pending civil cases, in days	332.0	337.0	540.0	540.0	335.0
Outcome	Number of days to disposition for criminal cases	284.0	243.0	365.0	365.0	240.0
Explanatory	Number of jury trials	43.0	60.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	5,998.0	5,823.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,026.0	5,884.6	6,204.7	5,888.2	0.1
Other Transfers	885.7	735.8	807.6	807.6	9.8
Other Revenues	26.2	48.3	48.3	48.3	0.0
Fund Balance	146.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$6,084.8	\$6,668.7	\$7,060.6	\$6,744.1	1.1
USES					
Operations	5,978.0	6,668.7	7,060.6	6,744.1	1.1
TOTAL USES	\$5,978.0	\$6,668.7	\$7,060.6	\$6,744.1	1.1
FTE					
Permanent	55.0	54.5	55.5	54.5	0.0
Term	3.0	4.0	4.0	4.0	0.0
TOTAL FTE	58.0	58.5	59.5	58.5	0.0

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Administrative Assistant	P234	68.3	0.0
TOTAL			\$68.3	\$0.0

FOURTH JUDICIAL DISTRICT COURT

The purpose of the fourth judicial district court program, statutorily created in Mora, San Miguel and Guadalupe counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	102%	102%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	171.0	140.0	540.0	540.0	135.0
Outcome	Age of active pending criminal cases, in days	129.0	114.0	365.0	365.0	110.0
Outcome	Age of active pending civil cases, in days	306.0	318.0	540.0	540.0	315.0
Outcome	Number of days to disposition for criminal cases	207.0	136.0	365.0	365.0	130.0
Explanatory	Number of active cases pending	886.0	830.0	N/A	N/A	N/A
Explanatory	Number of jury trials	17.0	16.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	12,714.2	14,234.5	15,512.7	14,840.5	4.3
Other Transfers	1,208.0	632.2	654.7	654.7	3.6
Other Revenues	270.8	360.4	355.1	355.1	(1.5)
TOTAL SOURCES	\$14,193.0	\$15,227.1	\$16,522.5	\$15,850.3	4.1
USES					
Operations	13,849.4	15,227.1	16,522.5	15,850.3	4.1
TOTAL USES	\$13,849.4	\$15,227.1	\$16,522.5	\$15,850.3	4.1
FTE					
Permanent	131.0	136.0	146.0	138.0	1.5
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	132.0	137.0	147.0	139.0	1.5

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Fifth Judicial District Court Pre-Trial Services Expansion Project	P235	511.9	0.0
TOTAL			\$511.9	\$0.0

FIFTH JUDICIAL DISTRICT COURT

The purpose of the fifth judicial district court program, statutorily created in Eddy, Chaves and Lea counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	96%	96%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	204.0	205.0	540.0	540.0	200.0
Outcome	Age of active pending criminal cases, in days	214.0	243.0	365.0	365.0	240.0
Outcome	Number of days to disposition for criminal cases	212.0	224.0	365.0	365.0	220.0
Outcome	Age of active pending civil cases, in days	290.0	299.0	540.0	540.0	295.0
Explanatory	Number of jury trials	62.0	73.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	6,238.0	6,805.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,809.4	7,861.2	8,006.0	7,669.6	(2.4)
Other Transfers	588.0	260.6	239.2	239.2	(8.2)
Other Revenues	65.2	34.0	43.7	43.7	28.5
Fund Balance	0.0	41.4	53.0	53.0	28.0
TOTAL SOURCES	\$7,462.6	\$8,197.2	\$8,341.9	\$8,005.5	(2.3)
USES					
Operations	7,332.8	8,197.2	8,341.9	8,005.5	(2.3)
TOTAL USES	\$7,332.8	\$8,197.2	\$8,341.9	\$8,005.5	(2.3)
FTE					
Permanent	72.0	72.0	73.0	73.0	1.4
Term	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	74.0	72.0	73.0	73.0	1.4

SIXTH JUDICIAL DISTRICT COURT

The purpose of the sixth judicial district court program, statutorily created in Grant, Luna and Hidalgo counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	99%	98%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	193.0	227.0	540.0	540.0	225.0
Explanatory	Number of active cases pending	1,586.0	1,610.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	253.0	234.0	365.0	365.0	230.0
Explanatory	Number of jury trials	6.0	6.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	142.0	150.0	540.0	540.0	150.0
Outcome	Age of active pending criminal cases, in days	162.0	195.0	365.0	365.0	195.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,671.7	5,117.6	5,470.8	5,238.2	2.4
Other Transfers	530.2	508.7	399.6	399.6	(21.4)
Other Revenues	24.2	35.0	34.0	34.0	(2.9)
TOTAL SOURCES	\$5,226.1	\$5,661.3	\$5,904.4	\$5,671.8	0.2
USES					
Operations	5,217.1	5,661.3	5,904.4	5,671.8	0.2
TOTAL USES	\$5,217.1	\$5,661.3	\$5,904.4	\$5,671.8	0.2
FTE					
Permanent	49.0	49.0	52.0	49.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	53.0	53.0	56.0	53.0	0.0

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Pre Trial Services Program	P237	232.6	0.0
TOTAL			\$232.6	\$0.0

SEVENTH JUDICIAL DISTRICT COURT

The purpose of the seventh judicial district court program, statutorily created in Torrance, Socorro, Catron and Sierra counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	96%	102%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	621.0	660.0	540.0	540.0	540.0
Outcome	Number of days to disposition for criminal cases	263.0	291.0	365.0	365.0	290.0
Explanatory	Number of jury trials	4.0	13.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	311.0	313.0	365.0	365.0	310.0
Outcome	Number of days to disposition for civil cases	471.0	383.0	540.0	540.0	380.0
Explanatory	Number of active cases pending	2,234.0	2,327.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,825.2	6,836.3	7,338.5	6,776.8	(0.9)
Other Transfers	881.0	248.2	192.2	192.2	(22.6)
Other Revenues	35.8	106.0	106.0	106.0	0.0
Fund Balance	85.0	33.7	33.7	33.7	0.0
TOTAL SOURCES	\$6,827.0	\$7,224.2	\$7,670.4	\$7,108.7	(1.6)
USES					
Operations	6,803.2	7,224.2	7,670.4	7,108.7	(1.6)
TOTAL USES	\$6,803.2	\$7,224.2	\$7,670.4	\$7,108.7	(1.6)
FTE					
Permanent	59.9	60.0	66.0	61.0	1.7
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	62.9	63.0	69.0	64.0	1.6

EIGHTH JUDICIAL DISTRICT COURT

The purpose of the eighth judicial district court program, statutorily created in Taos, Colfax and Union counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	109%	95%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	260.0	211.0	365.0	365.0	210.0
Explanatory	Number of jury trials	42.0	33.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	298.0	233.0	365.0	365.0	230.0
Explanatory	Number of active cases pending	1,262.0	1,380.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	353.0	278.0	540.0	540.0	275.0
Outcome	Number of days to disposition for civil cases	242.0	199.0	540.0	540.0	195.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,131.3	7,057.6	7,619.3	7,354.5	4.2
Other Transfers	523.8	207.4	262.2	262.2	26.4
Other Revenues	52.2	63.0	73.0	73.0	15.9
Fund Balance	0.0	33.0	67.0	67.0	103.0
TOTAL SOURCES	\$6,707.3	\$7,361.0	\$8,021.5	\$7,756.7	5.4
USES					
Operations	6,706.2	7,361.0	8,021.5	7,756.7	5.4
TOTAL USES	\$6,706.2	\$7,361.0	\$8,021.5	\$7,756.7	5.4
FTE					
Permanent	68.0	65.0	69.0	66.0	1.5
Term	1.0	1.0	2.0	1.0	0.0
TOTAL FTE	69.0	66.0	71.0	67.0	1.5

NINTH JUDICIAL DISTRICT COURT

The purpose of the ninth judicial district court program, statutorily created in Curry and Roosevelt counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	99%	101%	100%	100%	100%
Explanatory	Number of active cases pending	1,645.0	1,655.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	212.0	198.0	365.0	365.0	195.0
Explanatory	Number of jury trials	29.0	28.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	297.0	254.0	540.0	540.0	250.0
Outcome	Number of days to disposition for civil cases	231.0	241.0	540.0	540.0	240.0
Outcome	Age of active pending criminal cases, in days	215.0	187.0	365.0	365.0	185.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,157.4	2,474.2	2,611.3	2,550.2	3.1
Other Transfers	105.8	0.0	0.0	0.0	0.0
Other Revenues	7.2	12.4	12.4	12.4	0.0
Fund Balance	4.5	0.0	10.0	10.0	0.0
TOTAL SOURCES	\$2,274.9	\$2,486.6	\$2,633.7	\$2,572.6	3.5
USES					
Operations	2,125.5	2,486.6	2,633.7	2,572.6	3.5
TOTAL USES	\$2,125.5	\$2,486.6	\$2,633.7	\$2,572.6	3.5
FTE					
Permanent	19.0	19.0	22.0	21.0	10.5
TOTAL FTE	19.0	19.0	22.0	21.0	10.5

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Pretrial Services Program	P240	61.1	0.0
TOTAL			\$61.1	\$0.0

TENTH JUDICIAL DISTRICT COURT

The purpose of the tenth judicial district court program, statutorily created in Quay, De Baca and Harding counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	87%	127%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	395.0	530.0	540.0	540.0	525.0
Explanatory	Number of active cases pending	674.0	438.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	193.0	194.0	365.0	365.0	190.0
Outcome	Number of days to disposition for criminal cases	190.0	211.0	365.0	365.0	210.0
Explanatory	Number of jury trials	3.0	6.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	615.0	379.0	540.0	540.0	375.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	13,157.9	15,209.9	15,632.7	14,337.0	(5.7)
Other Transfers	1,627.2	1,078.9	949.6	949.6	(12.0)
Other Revenues	271.0	187.0	161.0	161.0	(13.9)
Fund Balance	8.4	212.0	272.0	272.0	28.3
TOTAL SOURCES	\$15,064.5	\$16,687.8	\$17,015.3	\$15,719.6	(5.8)
USES					
Operations	15,011.5	16,687.8	17,015.3	15,719.6	(5.8)
TOTAL USES	\$15,011.5	\$16,687.8	\$17,015.3	\$15,719.6	(5.8)
FTE					
Permanent	140.0	140.0	142.0	141.0	0.7
Term	9.0	10.5	10.5	10.5	0.0
TOTAL FTE	149.0	150.5	152.5	151.5	0.7

ELEVENTH JUDICIAL DISTRICT COURT

The purpose of the eleventh judicial district court program, statutorily created in San Juan and McKinley counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	96%	100%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	161.0	155.0	365.0	365.0	155.0
Outcome	Number of days to disposition for criminal cases	185.0	175.0	365.0	365.0	175.0
Explanatory	Number of active cases pending	3,804.0	3,912.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	254.0	214.0	540.0	540.0	210.0
Outcome	Number of days to disposition for civil cases	217.0	189.0	540.0	540.0	185.0
Explanatory	Number of jury trials	68.0	46.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,280.7	7,313.7	7,574.7	7,320.2	0.1
Other Transfers	457.5	145.7	126.8	126.8	(13.0)
Other Revenues	52.0	71.9	71.9	71.9	0.0
Fund Balance	0.0	66.1	66.1	66.1	0.0
TOTAL SOURCES	\$6,790.2	\$7,597.4	\$7,839.5	\$7,585.0	(0.2)
USES					
Operations	6,750.5	7,597.4	7,839.5	7,585.0	(0.2)
TOTAL USES	\$6,750.5	\$7,597.4	\$7,839.5	\$7,585.0	(0.2)
FTE					
Permanent	70.0	71.5	72.0	72.5	1.4
TOTAL FTE	70.0	71.5	72.0	72.5	1.4

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Program Coordinator Term to Perm	P242	40.2	40.2
TOTAL			\$40.2	\$40.2

TWELFTH JUDICIAL DISTRICT COURT

The purpose of the twelfth judicial district court program, statutorily created in Otero and Lincoln counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	101%	106%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	251.0	615.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	255.0	348.0	365.0	365.0	345.0
Explanatory	Number of active cases pending	2,635.0	3,524.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	266.0	325.0	365.0	365.0	320.0
Outcome	Age of active pending civil cases, in days	344.0	468.0	540.0	540.0	460.0
Explanatory	Number of jury trials	76.0	81.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	13,570.7	15,217.0	15,596.1	15,207.0	(0.1)
Other Transfers	1,767.1	883.8	817.2	817.2	(7.5)
Other Revenues	251.9	160.0	150.0	150.0	(6.3)
Fund Balance	1.5	357.3	371.9	371.9	4.1
TOTAL SOURCES	\$15,591.2	\$16,618.1	\$16,935.2	\$16,546.1	(0.4)
USES					
Operations	15,383.0	16,618.1	16,935.2	16,546.1	(0.4)
TOTAL USES	\$15,383.0	\$16,618.1	\$16,935.2	\$16,546.1	(0.4)
FTE					
Permanent	132.0	131.0	131.0	131.0	0.0
Term	10.0	10.0	10.0	10.0	0.0
TOTAL FTE	142.0	141.0	141.0	141.0	0.0

THIRTEENTH JUDICIAL DISTRICT COURT

The purpose of the thirteenth judicial district court program, statutorily created in Valencia, Sandoval and Cibola counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	96%	90%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	366.0	384.0	540.0	540.0	375.0
Outcome	Number of days to disposition for civil cases	290.0	231.0	540.0	540.0	225.0
Outcome	Age of active pending criminal cases, in days	345.0	291.0	365.0	365.0	290.0
Explanatory	Number of jury trials	24.0	18.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	216.0	206.0	3,665.0	365.0	200.0
Explanatory	Number of active cases pending	6,245.0	7,206.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	28,555.3	32,432.2	33,605.4	31,200.0	(3.8)
Other Transfers	1,838.3	553.6	485.0	485.0	(12.4)
Federal Revenues	454.6	371.6	0.0	0.0	(100.0)
Other Revenues	2,702.5	3,023.1	2,509.5	2,509.5	(17.0)
Fund Balance	0.0	47.5	85.6	85.6	80.2
TOTAL SOURCES	\$33,550.7	\$36,428.0	\$36,685.5	\$34,280.1	(5.9)
USES					
Operations	33,034.5	36,428.0	36,685.5	34,280.1	(5.9)
TOTAL USES	\$33,034.5	\$36,428.0	\$36,685.5	\$34,280.1	(5.9)
FTE					
Permanent	324.0	302.0	311.0	302.0	0.0
Term	19.0	32.5	26.0	32.5	0.0
Temporary	5.0	0.0	0.0	0.0	0.0
TOTAL FTE	348.0	334.5	337.0	334.5	0.0

BERNALLILO COUNTY METROPOLITAN COURT

The purpose of the Bernalillo county metropolitan court program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	101%	102%	100%	100%	100%
Explanatory	Number of active cases pending	10,669.0	10,847.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	67.0	223.0	180.0	180.0	180.0
Outcome	Age of active pending criminal cases, in days	73.0	82.0	180.0	180.0	80.0
Outcome	Age of active pending civil cases, in days	109.0	109.0	180.0	180.0	105.0
Outcome	Number of days to disposition for civil cases	87.0	80.0	180.0	180.0	75.0
Explanatory	Number of jury trials	20.0	28.0	N/A	N/A	N/A

Statutory Authority

Article VI, Section 24, of the New Mexico Constitution provides for the election of a district attorney in each judicial district to prosecute and defend the state in all district courts, including both criminal and civil cases in which the state or counties might be a party or might be interested. Statutory provisions relating to district attorneys are in Sections 36-1-1 through 36-1-27 NMSA 1978. County governments are statutorily required to provide facilities, maintenance, and utilities for district attorneys in Sections 36-1-8.1 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	94,077.2	107,819.9	120,606.1	111,519.6	3.4
Other Transfers	6,117.6	2,175.6	1,731.2	1,731.2	(20.4)
Federal Revenues	2,021.1	2,430.8	2,777.4	2,777.4	14.3
Other Revenues	932.0	830.8	1,116.0	1,116.0	34.3
TOTAL SOURCES	\$103,147.9	\$113,257.1	\$126,230.7	\$117,144.2	3.4
USES					
Personal Services and Employee Benefits	89,069.8	104,089.4	115,483.2	106,951.5	2.7
Contractual services	3,096.3	2,743.5	3,206.9	2,890.6	5.4
Other	9,302.4	6,424.2	7,540.6	7,302.1	13.7
TOTAL USES	\$101,468.5	\$113,257.1	\$126,230.7	\$117,144.2	3.4
FTE					
Permanent	1,006.0	979.0	1,013.0	993.0	1.4
Term	48.0	53.0	61.0	61.0	15.1
Temporary	21.0	5.0	5.0	5.0	0.0
TOTAL FTE	1,075.0	1,037.0	1,079.0	1,059.0	2.1

At A Glance

Statewide, district attorney offices requested a general fund revenue increase of \$12.8 million, or 11.9 percent, compared with the FY25 operating budget. The increases were focused on personnel to fill vacant positions, increase legal support staff and attorneys, attorney pay increases for recruitment and retention, implementation of a new digital evidence system, liability insurance and other rate increases, IT and subscription and operations increases, and increases to fund contract attorneys. Some district attorney offices requested general fund revenue increases to offset lapsing federal grant funding.

The committee recommendation increases general fund revenue by \$3.7 million, or 3.4 percent, compared with the FY25 operating budget. The LFC recommendation funds new attorneys, backfills some lapsing federal grants with general fund revenue, funding for contract attorneys, covers insurance and other rate increases, and funds legal support staff.

Budget Issues

The district attorneys are responsible for maintaining a pay plan outside of the state classified pay system. Providing compensation adequate to recruit and retain employees has been a major area of concern statewide. The 2022 General Appropriation Act provided a targeted salary increase of 3.5 percent for attorneys in urban areas and 6.5 percent for those in rural areas, in addition to the raises given to all public employees. The average vacancy rate has improved in the last year, but some district attorneys are still having trouble filling vacancies. As of September 2024, the statewide average funded vacancy rate was 3.8 percent, a 2.3 percent decrease from last year. Five districts reported funded vacancies of 10 percent or more: the 4th, 8th, 10th, and both Division 1 and Division 2 of the 11th. The 11th Judicial District Division 2 attorney and the 4th Judicial District attorney had funded vacancy rates of 30.8 percent and 23 percent, respectively. These funded but unfilled position generated vacancy savings of \$975 thousand and \$1 million. These funds could be used to hire more attorneys, or be moved into contracts to pay for contract attorneys to address high caseload and case dismissal rates.

Attorney caseloads for nearly every district returned to prepandemic levels, although with the number of felony cases increasing and the number of misdemeanor cases decreasing. The change in case type mix can lead to higher workloads but may not translate to higher measured caseloads. Further, volatile staffing can also lead to fluctuating caseloads. The 11th Judicial District Division 2 attorney reported caseload increases of 68.6 percent in FY24, with the office experiencing a spike in caseloads in the second quarter. Addressing vacancy rates within district offices remains an issue, especially in rural offices. A more comprehensive understanding of vacancy rates between urban and rural offices needs additional study and finding a potential solution remains a priority for LFC.

The committee recommends a \$3.7 million, or 3.4 percent, general fund increase for district attorney offices statewide. Most of the recommendation addresses personnel needs, including \$302.8 thousand for additional attorneys, \$441 thousand for legal support staff, \$83.2 thousand to replace federal grants (high intensity drug traffic area grants), and \$100 thousand for contract attorneys. The remaining funds are for increased insurance, operations, IT, a digital evidence system, and subscription costs.

Base Expansion Listing

Statewide, district attorney offices requested \$3 million in expansions. The expansion requests were predominantly for attorneys, paralegals, victim witness coordinators, an IT administrator, and investigators. The total FTE expansion was 25 new positions. The committee recommends \$1.4 million for attorneys, a domestic violence team for the 2nd Judicial District attorney (including attorneys, and various legal and program personnel, and other related miscellaneous costs), a lead investigator, a victim witness coordinator, and for an IT administrator.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	8,104.8	8,815.1	10,865.6	9,103.4	3.3
Other Transfers	500.8	77.6	77.6	77.6	0.0
Federal Revenues	96.8	120.1	120.1	120.1	0.0
TOTAL SOURCES	\$8,702.4	\$9,012.8	\$11,063.3	\$9,301.1	3.2
USES					
Personal Services and Employee Benefits	7,733.9	8,304.0	9,996.8	8,591.2	3.5
Contractual services	268.3	97.8	255.1	98.9	1.1
Other	604.4	611.0	811.4	611.0	0.0
TOTAL USES	\$8,606.6	\$9,012.8	\$11,063.3	\$9,301.1	3.2
FTE					
Permanent	90.0	79.0	92.0	80.0	1.3
Term	2.0	5.0	5.0	5.0	0.0
TOTAL FTE	92.0	84.0	97.0	85.0	1.2

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	CMO & Magistrate 2 Prosecution Specialists	P251	162.0	0.0
0	CMO 1 Victim Witness Coordinator	P251	92.6	0.0
0	CMO 2 Senior Legal Assistants	P251	151.5	0.0
0	CMO 5 Senior Trial Attorney	P251	706.8	141.4
0	IT Technology Project Manager	P251	110.3	0.0
0	Juvenile & Young Adult Diversion WTGF Prosecution Specialist	P251	83.8	0.0
0	Magistrate Assistant Trial Attorney	P251	240.0	0.0
0	WTGF Juvenile & Young Adult Diversion Program	P251	156.2	0.0
TOTAL			\$1,703.2	\$141.4

FIRST JUDICIAL DISTRICT ATTORNEY

The purpose of the first judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Santa Fe, Rio Arriba and Los Alamos counties.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Average attorney caseload	280.0	239.0	150.0	150.0	150.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	10.0	10.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	3,553.0	3,112.0	3,000.0	2,000.0	3,115.0
Output	Number of cases referred for screening	4,523.0	4,504.0	4,000.0	3,000.0	4,525.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	100.0	18.0	175.0	50.0	50.0
Outcome	Average number of cases added to attorney caseloads	201.0	170.0	150.0	150.0	150.0
* Explanatory	Percent of pretrial detention motions granted	35%	0%	N/A	N/A	N/A
Explanatory	Percent of cases diverted to alternative sentencing treatment	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	7.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	62.0	161.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	28,311.5	34,046.8	39,568.9	35,766.8	5.1
Other Transfers	2,419.9	1,739.9	1,485.0	1,485.0	(14.7)
Federal Revenues	665.3	1,140.2	1,486.8	1,486.8	30.4
Other Revenues	748.4	630.8	596.0	596.0	(5.5)
TOTAL SOURCES	\$32,145.1	\$37,557.7	\$43,136.7	\$39,334.6	4.7
USES					
Personal Services and Employee Benefits	26,281.1	34,182.2	39,219.7	35,417.6	3.6
Contractual services	1,298.2	1,194.9	1,080.8	1,080.8	(9.5)
Other	4,333.5	2,180.6	2,836.2	2,836.2	30.1
TOTAL USES	\$31,912.8	\$37,557.7	\$43,136.7	\$39,334.6	4.7
FTE					
Permanent	323.0	312.0	328.0	321.0	2.9
Term	25.0	31.0	36.0	36.0	16.1
Temporary	20.0	5.0	5.0	5.0	0.0
TOTAL FTE	368.0	348.0	369.0	362.0	4.0

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Domestic Violence (DV) Team	P252	1,020.0	1,020.0
TOTAL			\$1,020.0	\$1,020.0

SECOND JUDICIAL DISTRICT ATTORNEY

The purpose of the second judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Bernalillo county.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of juvenile cases involving a firearm	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of juvenile cases referred by law enforcement	NEW	NEW	N/A	N/A	N/A
Output	Average attorney caseload	624.0	215.0	389.0	190.0	190.0
Output	Number of cases referred for screening	17,720.0	20,931.0	19,000.0	21,000.0	21,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	464.0	305.0	500.0	500.0	500.0
Output	Number of cases prosecuted as a percent of those referred for screening	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	6.0	5.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Average time from filing charges to final disposition for adults, in months	6.0	7.0	9.0	9.0	7.0
Outcome	Number of cases prosecuted	8,536.0	10,539.0	12,500.0	12,500.0	12,500.0
* Explanatory	Number of pretrial detention motions made	1,053.0	1,357.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	196.0	202.0	185.0	185.0	185.0
* Explanatory	Percent of pretrial detention motions granted	50.5%	55.1%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,455.5	7,314.9	7,314.9	7,314.9	0.0
Other Transfers	394.4	77.6	77.6	77.6	0.0
Federal Revenues	368.4	276.5	276.5	276.5	0.0
Other Revenues	42.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$7,260.9	\$7,669.0	\$7,669.0	\$7,669.0	0.0
USES					
Personal Services and Employee Benefits	6,653.9	7,224.6	7,224.6	7,224.6	0.0
Contractual services	19.8	20.2	20.2	20.2	0.0
Other	571.3	424.2	424.2	424.2	0.0
TOTAL USES	\$7,245.0	\$7,669.0	\$7,669.0	\$7,669.0	0.0
FTE					
Permanent	68.0	64.0	64.0	64.0	0.0
Term	6.0	6.0	6.0	6.0	0.0
TOTAL FTE	74.0	70.0	70.0	70.0	0.0

THIRD JUDICIAL DISTRICT ATTORNEY

The purpose of the third judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Dona Ana county.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	510.0	440.0	275.0	275.0	275.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	8.0	12.0	N/A	N/A	N/A
Output	Number of cases referred for screening	6,375.0	4,896.0	6,000.0	4,200.0	5,000.0
Outcome	Number of cases prosecuted	4,054.0	4,050.0	4,500.0	3,500.0	4,500.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	46.0	4.0	50.0	100.0	100.0
* Explanatory	Percent of pretrial detention motions granted	33%	24%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	119.0	173.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	324.0	338.0	230.0	230.0	230.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	6.0	4.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,320.5	4,900.6	4,916.9	4,916.9	0.3
Other Transfers	229.3	0.0	0.0	0.0	0.0
Other Revenues	22.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,572.6	\$4,900.6	\$4,916.9	\$4,916.9	0.3
USES					
Personal Services and Employee Benefits	4,127.8	4,536.1	4,552.2	4,552.2	0.4
Contractual services	71.2	108.7	108.7	108.7	0.0
Other	282.5	255.8	256.0	256.0	0.1
TOTAL USES	\$4,481.5	\$4,900.6	\$4,916.9	\$4,916.9	0.3
FTE					
Permanent	42.0	42.0	42.0	42.0	0.0
TOTAL FTE	42.0	42.0	42.0	42.0	0.0

FOURTH JUDICIAL DISTRICT ATTORNEY

The purpose of the fourth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Mora, San Miguel and Guadalupe counties.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	252.0	300.0	260.0	275.0	275.0
Output	Number of cases referred for screening	1,971.0	2,037.0	1,950.0	1,975.0	1,975.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	8.0	7.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,764.0	1,867.0	1,600.0	1,700.0	1,875.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	47.0	7.0	50.0	20.0	20.0
* Explanatory	Number of pretrial detention motions made	4.0	21.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	75%	57%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	225.0	407.0	225.0	250.0	250.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	3.0	4.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,040.5	7,989.3	10,276.5	8,431.4	5.5
Other Transfers	372.8	0.0	0.0	0.0	0.0
Federal Revenues	287.7	287.7	287.7	287.7	0.0
Other Revenues	8.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$7,709.0	\$8,277.0	\$10,564.2	\$8,719.1	5.3
USES					
Personal Services and Employee Benefits	7,320.8	7,774.9	9,688.5	8,034.0	3.3
Contractual services	106.0	147.5	300.0	147.5	0.0
Other	273.0	354.6	575.7	537.6	51.6
TOTAL USES	\$7,699.8	\$8,277.0	\$10,564.2	\$8,719.1	5.3
FTE					
Permanent	81.0	81.0	84.0	84.0	3.7
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	84.0	84.0	87.0	87.0	3.6

FIFTH JUDICIAL DISTRICT ATTORNEY

The purpose of the fifth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Eddy, Lea and Chaves counties.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	336.0	346.0	300.0	300.0	300.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	7.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	5,173.0	5,404.0	6,250.0	5,500.0	5,500.0
Output	Number of cases referred for screening	NEW	6,608.0	6,174.0	6,500.0	6,625.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	54.0	44.0	75.0	50.0	50.0
* Explanatory	Percent of pretrial detention motions granted	NEW	55%	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	5.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	109.0	115.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	45.0	20.0	33.0	20.0	20.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,843.1	4,297.6	4,668.9	4,479.5	4.2
Other Transfers	332.3	132.1	91.0	91.0	(31.1)
Federal Revenues	188.4	177.1	177.1	177.1	0.0
TOTAL SOURCES	\$4,363.8	\$4,606.8	\$4,937.0	\$4,747.6	3.1
USES					
Personal Services and Employee Benefits	3,883.0	4,313.5	4,636.1	4,454.3	3.3
Contractual services	92.0	14.2	21.8	14.2	0.0
Other	446.6	279.1	279.1	279.1	0.0
TOTAL USES	\$4,421.6	\$4,606.8	\$4,937.0	\$4,747.6	3.1
FTE					
Permanent	39.0	35.0	37.0	36.0	2.9
Term	3.0	5.0	5.0	5.0	0.0
TOTAL FTE	42.0	40.0	42.0	41.0	2.5

SIXTH JUDICIAL DISTRICT ATTORNEY

The purpose of the sixth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Grant, Hidalgo and Luna counties.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	308.0	210.0	240.0	240.0	200.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	6.0	7.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	2,298.0	2,076.0	2,300.0	2,300.0	2,300.0
Output	Number of cases referred for screening	2,393.0	2,298.0	2,500.0	2,500.0	2,500.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	3.0	42.0	50.0	50.0	50.0
* Explanatory	Percent of pretrial detention motions granted	92%	67%	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	36.0	73.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	265.0	270.0	150.0	250.0	250.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,508.2	3,895.2	3,947.6	3,947.6	1.3
Other Transfers	175.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,683.4	\$3,895.2	\$3,947.6	\$3,947.6	1.3
USES					
Personal Services and Employee Benefits	3,451.2	3,691.8	3,733.0	3,733.0	1.1
Contractual services	16.4	16.3	19.7	19.7	20.9
Other	171.1	187.1	194.9	194.9	4.2
TOTAL USES	\$3,638.7	\$3,895.2	\$3,947.6	\$3,947.6	1.3
FTE					
Permanent	36.0	36.0	36.0	36.0	0.0
TOTAL FTE	36.0	36.0	36.0	36.0	0.0

SEVENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the seventh judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Catron, Sierra, Socorro and Torrance counties.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	233.0	158.0	200.0	200.0	175.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	8.0	14.0	32.0	32.0	32.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	7.0	5.0	N/A	N/A	N/A
Explanatory	Average time from filing of petition to final disposition for adults, in months	10.0	13.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,277.0	1,373.0	1,537.0	1,500.0	1,500.0
* Explanatory	Number of pretrial detention motions made	21.0	50.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	90%	84%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	176.0	147.0	185.0	185.0	150.0
Output	Number of cases referred for screening	1,493.0	1,548.0	1,650.0	1,650.0	1,650.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,039.8	4,604.8	4,815.9	4,815.9	4.6
Other Transfers	180.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,220.7	\$4,604.8	\$4,815.9	\$4,815.9	4.6
USES					
Personal Services and Employee Benefits	3,665.4	4,148.2	4,359.3	4,359.3	5.1
Contractual services	189.4	148.1	148.1	148.1	0.0
Other	331.4	308.5	308.5	308.5	0.0
TOTAL USES	\$4,186.2	\$4,604.8	\$4,815.9	\$4,815.9	4.6
FTE					
Permanent	38.0	37.0	39.0	39.0	5.4
TOTAL FTE	38.0	37.0	39.0	39.0	5.4

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Lead Investigator	P258	134.9	134.9
0	Victim Witness Coordinator	P258	94.8	94.8
TOTAL			\$229.7	\$229.7

EIGHTH JUDICIAL DISTRICT ATTORNEY

The purpose of the eighth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Taos, Colfax and Union counties.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	227.0	206.0	200.0	200.0	200.0
Output	Number of cases referred for screening	1,613.0	1,597.0	1,700.0	1,600.0	1,700.0
Outcome	Number of cases prosecuted	1,635.0	1,434.0	1,450.0	1,400.0	1,450.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	54.0	23.0	57.0	30.0	30.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	6.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	9.0	7.0	N/A	N/A	N/A
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	189.0	245.0	150.0	150.0	150.0
* Explanatory	Number of pretrial detention motions made	43.0	44.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	59%	45%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,159.0	4,778.8	5,003.4	4,790.0	0.2
Other Transfers	216.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,375.6	\$4,778.8	\$5,003.4	\$4,790.0	0.2
USES					
Personal Services and Employee Benefits	3,854.8	4,316.5	4,529.9	4,316.5	0.0
Contractual services	277.9	258.8	258.5	258.5	(0.1)
Other	241.2	203.5	215.0	215.0	5.7
TOTAL USES	\$4,373.9	\$4,778.8	\$5,003.4	\$4,790.0	0.2
FTE					
Permanent	41.0	40.0	40.0	40.0	0.0
TOTAL FTE	41.0	40.0	40.0	40.0	0.0

NINTH JUDICIAL DISTRICT ATTORNEY

The purpose of the ninth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Curry and Roosevelt counties.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Average attorney caseload	244.0	214.0	205.0	210.0	205.0
Outcome	Number of cases prosecuted	2,271.0	2,318.0	2,463.0	2,375.0	2,375.0
Output	Number of cases referred for screening	2,367.0	2,539.0	2,500.0	2,500.0	2,550.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	82.0	55.0	75.0	75.0	75.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	2.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	10.0	15.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	64%	57%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	58.0	58.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	278.0	254.0	230.0	245.0	245.0

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,994.7	2,173.3	2,304.1	2,237.8	3.0
Other Transfers	92.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$2,086.9	\$2,173.3	\$2,304.1	\$2,237.8	3.0
USES					
Personal Services and Employee Benefits	1,707.8	1,960.8	2,091.6	2,025.3	3.3
Contractual services	47.9	40.0	40.0	40.0	0.0
Other	257.5	172.5	172.5	172.5	0.0
TOTAL USES	\$2,013.2	\$2,173.3	\$2,304.1	\$2,237.8	3.0
FTE					
Permanent	15.0	15.0	16.0	16.0	6.7
TOTAL FTE	15.0	15.0	16.0	16.0	6.7

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Information Technology Administrator	P260	86.3	20.0
TOTAL			\$86.3	\$20.0

TENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the tenth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Quay, Harding and De Baca counties.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Average attorney caseload	886.0	755.0	175.0	175.0	175.0
Outcome	Number of cases prosecuted	662.0	714.0	575.0	600.0	600.0
Output	Number of cases referred for screening	775.0	615.0	600.0	600.0	600.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	7.0	3.0	10.0	5.0	10.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	8.0	6.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	775.0	615.0	250.0	175.0	175.0
* Explanatory	Number of pretrial detention motions made	14.0	9.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	1%	5%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,353.1	7,385.2	8,317.5	7,603.1	3.0
Other Transfers	411.0	17.9	0.0	0.0	(100.0)
Federal Revenues	219.8	234.3	234.3	234.3	0.0
Other Revenues	22.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$7,005.9	\$7,637.4	\$8,551.8	\$7,837.4	2.6
USES					
Personal Services and Employee Benefits	6,198.2	6,964.3	7,778.7	7,064.3	1.4
Contractual services	274.4	239.8	339.8	339.8	41.7
Other	348.0	433.3	433.3	433.3	0.0
TOTAL USES	\$6,820.6	\$7,637.4	\$8,551.8	\$7,837.4	2.6
FTE					
Permanent	63.0	65.0	65.0	65.0	0.0
Term	6.0	3.0	3.0	3.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	70.0	68.0	68.0	68.0	0.0

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIV 1

The purpose of the eleventh judicial district attorney, division 1, program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within San Juan county.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	285.0	284.0	200.0	200.0	200.0
Output	Number of cases referred for screening	4,750.0	4,785.0	4,500.0	4,500.0	4,800.0
Outcome	Number of cases prosecuted	4,376.0	4,396.0	4,000.0	4,000.0	4,400.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	54.0	49.0	130.0	100.0	100.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Efficiency	Average time from filing charges to final disposition for adults, in months	8.0	7.0	7.0	7.0	6.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	5.0	5.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	88.00%	80.49%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	32.0	41.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	279.0	319.0	200.0	200.0	200.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,310.8	3,495.4	3,693.5	3,599.9	3.0
Other Transfers	126.0	0.0	0.0	0.0	0.0
Other Revenues	0.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,437.5	\$3,495.4	\$3,693.5	\$3,599.9	3.0
USES					
Personal Services and Employee Benefits	2,116.1	3,164.0	3,352.2	3,258.6	3.0
Contractual services	214.0	155.9	155.9	155.9	0.0
Other	241.8	175.5	185.4	185.4	5.6
TOTAL USES	\$2,571.9	\$3,495.4	\$3,693.5	\$3,599.9	3.0
FTE					
Permanent	34.0	34.0	34.0	34.0	0.0
TOTAL FTE	34.0	34.0	34.0	34.0	0.0

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION 2

The purpose of the eleventh judicial district attorney, division 2, program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within McKinley county.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	1,799.0	1,723.0	900.0	1,200.0	1,200.0
Outcome	Number of cases prosecuted	1,369.0	1,240.0	1,420.0	1,240.0	1,250.0
Output	Number of cases referred for screening	1,871.0	1,538.0	2,150.0	1,538.0	1,550.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	9.0	0.0	7.0	0.0	0.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	3.0	4.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	913.0	1,025.0	500.0	600.0	600.0
* Explanatory	Number of pretrial detention motions made	12.0	13.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	6.0	4.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	26%	54%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,688.2	5,181.3	5,614.3	5,337.5	3.0
Other Transfers	284.1	130.5	0.0	0.0	(100.0)
Federal Revenues	194.8	194.9	194.9	194.9	0.0
TOTAL SOURCES	\$5,167.1	\$5,506.7	\$5,809.2	\$5,532.4	0.5
USES					
Personal Services and Employee Benefits	4,504.8	5,086.4	5,392.0	5,115.2	0.6
Contractual services	72.8	101.3	98.3	98.3	(3.0)
Other	572.3	319.0	318.9	318.9	0.0
TOTAL USES	\$5,149.9	\$5,506.7	\$5,809.2	\$5,532.4	0.5
FTE					
Permanent	53.0	56.0	53.0	53.0	(5.4)
Term	3.0	0.0	3.0	3.0	0.0
TOTAL FTE	56.0	56.0	56.0	56.0	0.0

TWELFTH JUDICIAL DISTRICT ATTORNEY

The purpose of the twelfth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Lincoln and Otero counties.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	367.0	363.0	300.0	300.0	300.0
Outcome	Number of cases prosecuted	2,514.0	2,205.0	2,550.0	2,250.0	2,250.0
Output	Number of cases referred for screening	2,497.0	2,223.0	2,550.0	2,250.0	2,250.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	75.0	47.0	90.0	90.0	90.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	5.0	4.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	10.0	10.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	4.0	43.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	100%	47%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	367.0	247.0	200.0	200.0	200.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,947.5	8,941.6	9,298.1	9,174.9	2.6
Other Transfers	382.1	0.0	0.0	0.0	0.0
Other Revenues	87.5	200.0	520.0	520.0	160.0
TOTAL SOURCES	\$8,417.1	\$9,141.6	\$9,818.1	\$9,694.9	6.1
USES					
Personal Services and Employee Benefits	7,571.1	8,422.1	8,928.6	8,805.4	4.6
Contractual services	148.1	200.0	360.0	360.0	80.0
Other	627.6	519.5	529.5	529.5	1.9
TOTAL USES	\$8,346.8	\$9,141.6	\$9,818.1	\$9,694.9	6.1
FTE					
Permanent	83.0	83.0	83.0	83.0	0.0
TOTAL FTE	83.0	83.0	83.0	83.0	0.0

THIRTEENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the thirteenth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Cibola, Sandoval and Valencia counties.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	185.0	258.0	180.0	180.0	180.0
Outcome	Number of cases prosecuted	6,011.0	5,288.0	6,615.0	6,615.0	6,615.0
Output	Number of cases referred for screening	6,071.0	6,112.0	6,678.0	6,678.0	6,678.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	117.0	165.0	165.0	181.0	181.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	5.0	4.0	N/A	N/A	N/A
Explanatory	Average time from filing charges to final disposition for adults, in months	10.0	7.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	31.0	36.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	1%	81%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	289.0	298.0	175.0	175.0	175.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,195.5	3,451.6	5,167.5	3,628.5	5.1
Other Transfers	99.7	0.0	0.0	0.0	0.0
Other Revenues	89.7	85.8	90.0	90.0	4.9
Fund Balance	458.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,843.5	\$3,537.4	\$5,257.5	\$3,718.5	5.1
USES					
Personal Services and Employee Benefits	1,997.7	2,085.8	2,509.4	2,085.8	0.0
Contractual services	533.7	387.3	1,444.8	568.4	46.8
Other	918.1	1,064.3	1,303.3	1,064.3	0.0
Other financing uses	15.3	0.0	0.0	0.0	0.0
TOTAL USES	\$3,464.8	\$3,537.4	\$5,257.5	\$3,718.5	5.1
FTE					
Permanent	17.0	17.0	18.0	17.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	18.0	17.0	18.0	17.0	0.0

At A Glance

The Administrative Office of the District Attorneys (AODA) requested a general fund revenue increase of \$1.7 million, or approximately 49.7 percent, over its FY25 operating budget. This request includes \$998 thousand to cover ongoing maintenance, licensing, and data storage for the new case management system launching in April 2025, \$361.6 thousand for Microsoft Office 365 licensing across all district attorney offices, and \$241.5 thousand to support employee benefits.

AODA’s duties include providing mandatory training for district attorneys and manages the centralized case management system used statewide by district attorneys and the Attorney General’s office. Additionally, the agency supports prosecutions in conflict cases and liaises with various law enforcement agencies to strengthen case processing and information-sharing capabilities.

The committee recommendation includes a general fund increase of \$176.9 thousand, or 5.1 percent, to bridge funding for the final phase of implementing the agency’s new case management system.

Base Expansion

AODA is requesting \$50.7 thousand to convert its current program administrator position from a term position to a permanent, general fund-supported position. This position coordinates statewide support across New Mexico’s 14 district attorneys’ offices. Duties include organizing staff meetings, managing grant reporting, ensuring adherence to state requirements, and assisting with records retention, research, and administrative responsibilities. Transitioning this role to a permanent position would address the funding gap left by the elimination of pre-prosecution and diversion program fees in 2018.

The committee’s recommendation does not support his request. In FY24, the agency had a funded vacancy rate of 10.7 percent and approximately \$223.3 thousand in vacancy savings.

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Program Administrator	P264	50.7	0.0
TOTAL			\$50.7	\$0.0

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide fiscal, human resource, staff development, automation, victim program services and support to all district attorneys' offices in New Mexico and to members of the New Mexico children's safe house network so they may obtain and access the necessary resources to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Average time to resolve information technology helpdesk tickets, in hours	410.0	N/A	8.0	8.0	8.0
Output	Number of continuing legal education hours provided by the administrative office of the district attorneys at training events	5,062.0	3,832.0	5,300.0	5,300.0	5,300.0
Outcome	Percent of application development issues resolved	4.60%	0.00%	100.00%	100.00%	100.00%
Outcome	Number of information technology and application helpdesk requests received	1,636.0	1,610.0	1,000.0	1,000.0	1,000.0

Statutory Authority

The Public Defender Commission (PDC) was established under Sections 31-15-1 through 31-15-12 NMSA 1978 to provide legal representation or payment to private counsel for defendants financially unable to obtain counsel and charged in any court with a crime that carries a possible sentence of imprisonment. The commission also sets standards for operation of the department and of indigence, which the courts use in determining when defendants are eligible for state-funded defense.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	69,509.4	77,055.0	87,438.1	80,216.2	4.1
Other Transfers	2,199.3	0.0	0.0	0.0	0.0
Other Revenues	259.6	100.0	100.0	100.0	0.0
TOTAL SOURCES	\$71,968.3	\$77,155.0	\$87,538.1	\$80,316.2	4.1
USES					
Personal Services and Employee Benefits	47,786.6	50,710.7	57,006.8	53,484.9	5.5
Contractual services	17,241.0	19,417.1	23,117.1	19,417.1	0.0
Other	6,370.2	7,027.2	7,414.2	7,414.2	5.5
TOTAL USES	\$71,397.8	\$77,155.0	\$87,538.1	\$80,316.2	4.1
FTE					
Permanent	491.0	497.0	557.0	497.0	0.0
Term	3.0	5.0	5.0	5.0	0.0
Temporary	3.0	14.0	14.0	14.0	0.0
TOTAL FTE	497.0	516.0	576.0	516.0	0.0

At A Glance

The Public Defender Department (PDD) requested a general fund revenue increase of approximately \$10.4 million, or 13.5 percent, over the FY25 operating budget. The requested increase included increases of \$3.7 million in contractual services to raise contract attorney compensation, \$6.3 million in personnel to support new full-time employees, including 60 additional FTE, and \$387 thousand in the other costs category to fund lease costs and transcription services.

The committee recommendation increases general fund revenue by \$3.2 million, or 4.1 percent compared with the FY25 operating budget, and supports the agency request for all other revenue sources. The committee's recommendation partially supports the agency's request to increase the number of staff attorneys, investigators, case managers, and social workers. The recommendation also funds the request for increases in the other costs category.

Budget Issues

The Public Defender Department (PDD) has consistently faced challenges in attorney recruitment and retention, exacerbated by caseload growth and complexities, particularly in rural areas. PDD's current vacancy rate stands at 15.4 percent agencywide. This vacancy rate, combined with a steady increase in felony cases across the state, results in fewer attorneys managing increasingly complex cases, which extends the time to disposition and raises dismissal rates.

A 2022 workload study recommended a significant expansion in PDD's attorney staffing to meet caseload demands, calling for a 104 percent increase through the addition of 307 in-house attorneys. In line with these recommendations, PDD's FY26 budget request includes \$5.3 million to support 60 additional full-time employees. This includes funding for 30 new attorney positions, primarily in rural areas where staffing needs are most critical, with planned salary distinctions based on role and experience. Additionally, the request includes funding for 30 core support positions, such as case managers, social workers, and investigators, to aid in holistic defense efforts.

Beyond in-house staffing, PDD remains dependent on contract attorneys to cover overflow and conflict cases, especially in the 18 counties that lack public defender offices. In FY24, contract attorneys managed 34 percent of case assignments, a 3 percent decrease from the previous year. However, data shows that contract attorneys, as compared to PDD's in-house attorneys, tend to achieve fewer charge reductions, make fewer referrals for alternative sentencing, and take longer to close cases. To improve contract attorney recruitment and retention and address attorney shortages in underserved areas, PDD requested \$3.7 million to increase compensation rates. This request is also intended to compensate contract defenders with the hopes of creating more pay parity with civil contract attorneys, including funding for complex case compensation, and to increase base rates on cases requiring specialized knowledge, including juvenile work or violent offenses. Additionally, PDD seeks \$387 thousand to cover increasing lease expenses for office spaces and increases in cost and volume of transcriptions. Unlike district courthouses and district attorney offices, which counties must provide by statute, PDD facilities rely on state funding.

The committee recommendation increases general fund revenue by \$3.2 million, or 4.1 percent, compared with the FY25 operating budget. The recommendation includes \$555.5 thousand for lease costs and increases in multilingual recruitment and retention for client services. The recommendation also includes \$568.8 thousand for previously unfunded social workers and case managers positions. This is due to the agency's increasing caseload and the increase in discovery and documents for each case. By hiring contract social workers and case managers, the agency can provide attorneys with more time and resources to focus on preparing cases and interacting with clients. Additionally, the recommendation increases general fund revenue to fund previously unfunded positions, specifically \$360.3 thousand for five additional core administrative staff, \$813 thousand for 10 additional investigators, and \$863.5 thousand for 10 additional staff attorneys to address the increase in complex felony cases and the decrease in misdemeanor cases. This increase in caseload is acutely felt in rural parts of the state, where PDD vacancies are notably higher than in cities.

CRIMINAL LEGAL SERVICES

The purpose of the criminal legal services program is to provide effective legal representation and advocacy for eligible clients so their liberty and constitutional rights are protected and to serve the community as a partner in assuring a fair and efficient criminal justice system that sustains New Mexico's statutory and constitutional mandate to adequately fund a statewide indigent defense system.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of alternative sentencing treatment placements for felony, misdemeanor and juvenile clients	13,260.0	28,523.0	5,000.0	5,000.0	30,000.0
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	54%	62%	65%	65%	65%
Quality	Percent of misdemeanor cases resulting in a reduction of the original formally filed charges	60%	71%	65%	65%	75%
Quality	Percent of juvenile cases resulting in a reduction of the original formally filed charges	58%	65%	60%	60%	70%
* Output	Average cases assigned to attorneys yearly	311.0	347.0	330.0	330.0	330.0
Output	Average time to case disposition, in months	11.0	8.0	9.0	9.0	7.0

General Control

Statutory Authority

Article V, Section 1, of the New Mexico Constitution provides for the election of the attorney general for a term of four years. The attorney general is required to be a licensed attorney and serves as a member of the New Mexico Mortgage Finance Authority, Risk Management Advisory Board, State Commission of Public Records, Judicial Council, Compilation Commission, New Mexico Border Commission, and Law Enforcement Academy Board. Sections 8-5-1 through 8-5-15 NMSA 1978 establish the functions of the attorney general and the office.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,059.1	16,991.3	16,991.3	16,991.3	0.0
Other Transfers	16,276.7	15,726.3	22,572.9	17,770.4	13.0
Federal Revenues	3,291.2	4,639.3	4,185.5	4,111.8	(11.4)
Other Revenues	91,223.1	0.0	0.0	0.0	0.0
Fund Balance	0.0	15,726.3	22,799.8	17,997.3	14.4
TOTAL SOURCES	\$126,850.1	\$53,083.2	\$66,549.5	\$56,870.8	7.1
USES					
Personal Services and Employee Benefits	22,353.7	29,590.3	35,294.4	30,418.2	2.8
Contractual services	724.0	1,103.8	1,244.0	1,244.0	12.7
Other	5,671.7	6,662.8	7,438.2	7,438.2	11.6
Other financing uses	15,354.4	15,726.3	22,572.9	17,770.4	13.0
TOTAL USES	\$44,103.8	\$53,083.2	\$66,549.5	\$56,870.8	7.1
FTE					
Permanent	268.0	252.0	282.0	254.0	0.8
Term	5.0	6.0	2.0	7.0	16.7
Temporary	23.0	18.0	18.0	18.0	0.0
TOTAL FTE	296.0	276.0	302.0	279.0	1.1

At A Glance

The Attorney General (NMAG) requested a total budget increase of \$13.5 million, or 25.4 percent, from the FY25 operating budget. The requested increases come from the consumer settlement fund and federal revenue. The requested base increase would increase FTE by 30 and includes funds for pay band reclassification of current attorney positions, various attorney positions, investigators, paralegals, special agents, and other administrative staff. Also included are funds for additional capacity to contract with outside counsel and for litigation expenses, increased audit cost, costs related to upgrading or updating IT equipment, and vehicle replacement costs. Under the request, the use of the consumer settlement fund would increase by \$6.8 million, or 43.5 percent. While the request asks for an increase of 30 FTE, the overall increase is 26 FTEs because four current FTE funded by the temporary Transportation Safety Grant and the Victim of Crime Act grants ended on September 30, 2024.

The LFC recommendation includes funding for a pilot project that funds five term positions in the Consumer and Civil Rights Division to demonstrate the ability of the agency to transition to an enterprise model that uses the consumer settlement fund. Outside of the pilot project, also recommended are two positions, including an assistant attorney general for the Special Prosecutions Division and the other a state investigator for the Environmental Protections Division. The recommendation funds capacity expansion for contracting with outside counsel and for litigation expenses, additional funds for increases in audit rates, IT upgrades or updates, and vehicle replacement.

Budget Issues

The actual expenses for the NMAG in FY24 are higher than what was approved for budget in FY25, due to an agency data error that inflated agency transfers within the division. Agency accounting practices likely miscategorized other revenues in FY24, inflating the total sources amount beyond the total uses amount. This error was also done in FY23. The request shows an increase in budget; however, the increase includes the agency inputting the requested \$22.6 million transfer from the consumer settlement fund twice for their FY26 request and the error repeated in FY25 with the \$15.7 million transfer from the consumer settlement fund also budgeted twice.

Legal Services. In the Legal Services Program, NMAG did not request a general fund revenue increase but requested a \$6.8 million, or 43.5 percent, increase in consumer settlement fund revenue for 30 additional FTE.

The LFC recommendation partially funds the agency request for increased use of the consumer settlement fund, providing a \$3.7 million, or 7.7 percent, increase. The LFC recommendation supports a pilot project that funds the agency’s request related to the Consumer and Civil Rights Division for term positions for two assistant attorney generals, a data analyst, a law clerk, and a state investigator. The pilot project will be used to determine whether the agency can demonstrate its ability to transition into an enterprise model and maintain the consumer settlement fund at a healthy balance. The pilot project will have a target of producing settlement revenue for the unrestricted balance in the consumer settlement fund. The target will be more than \$12 million, the current revenue level. The current level will work as a baseline. The recommendation also funds two permanent positions: an assistant attorney general for the Special Prosecutions Division to increase the attorney pool for the ongoing litigation with Meta and Snap Inc. and a state investigator for the Environmental Protections Division due to the increase in environment-related litigation. The recommendation also funds additional capacity for contracts with outside counsel due to cost increases for the contract attorneys and for litigation expenses due to the rising costs of discovery and expert witnesses.

Consumer Settlement Fund. The balance of the consumer settlement fund has increased significantly over the past fiscal years. Fund balance projections remain strong, with the state likely receiving distributions from national opioid settlements. Currently, cases are still being litigated in New Mexico and full revenue projections are forthcoming. (See LFC Legislating for Results: Supplemental Charts and Graphs for the consumer settlement fund table.)

In early 2022, consumer protection settlements became subject to IRS requirements that create new incentives for settling entities to negotiate more restrictive settlement language that disallows discretionary use of settlement funds. While discretionary use of settlement funds may be more restricted, there is likely an overlap between allowable uses and statewide investment priorities, including behavioral health, treatment, education, and recovery services. The Legislature should review settlement language to understand restrictions, update settlement revenue projections, and appropriate funds to satisfy settlement language requirements and meet legislative priorities.

Medicaid Fraud. NMAG did not request a general fund revenue increase but increased federal revenues by \$123.5 thousand, or 2.7 percent, from the FY25 operating budget. The request increases the budget in the personnel category by \$73.7 thousand to accommodate to the changes in attorney pay bands by the State Personnel Office, the contractual category by \$6,900 for increased audit rates, and the other category by \$42.9 thousand for updating and upgrading IT equipment for the division and replacing older leased vehicles. The recommendation partially funds a \$49.8 thousand increase, or 1.1 percent, for increased audit rates and updating and upgrading IT equipment for the division and replacing leased older vehicles.

In FY23, the most recent year for which national comparison data are available, NMAG recovered \$137.4 thousand in Medicaid fraud cases and the state ranked at the bottom in total Medicaid fraud recovered. A prior LFC report noted the NMAG and the Health Care Authority should work with the Legislature to bring New Mexico into compliance with the federal False Claims Act to increase the state’s portion of fraud recoveries. Senate Bill 138 from the 2023 legislative session, an LFC-endorsed bill, would have amended the New Mexico Medicaid False Claims Act to align with the federal False Claims Act, but the bill died in committee.

LEGAL SERVICES

The purpose of the legal services program is to deliver quality legal services, including opinions, counsel and representation to state government entities, and to enforce state law on behalf of the public so New Mexicans have an open, honest, efficient government and enjoy the protection of state law.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,045.4	15,749.9	15,749.9	15,749.9	0.0
Other Transfers	16,214.7	15,726.3	22,572.9	17,770.4	13.0
Federal Revenues	738.5	1,344.2	766.9	766.9	(42.9)
Other Revenues	91,223.1	0.0	0.0	0.0	0.0
Fund Balance	0.0	15,726.3	22,799.8	17,997.3	14.4
TOTAL SOURCES	\$123,221.7	\$48,546.7	\$61,889.5	\$52,284.5	7.7

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	19,410.8	25,926.4	31,556.8	26,754.3	3.2
Contractual services	713.5	1,098.8	1,232.1	1,232.1	12.1
Other	5,221.6	5,795.2	6,527.7	6,527.7	12.6
Other financing uses	15,354.4	15,726.3	22,572.9	17,770.4	13.0
TOTAL USES	\$40,700.3	\$48,546.7	\$61,889.5	\$52,284.5	7.7
FTE					
Permanent	240.0	224.0	254.0	226.0	0.9
Term	5.0	6.0	2.0	7.0	16.7
Temporary	23.0	15.0	15.0	15.0	0.0
TOTAL FTE	268.0	245.0	271.0	248.0	1.2

Recommended Language

The internal service/interagency transfers appropriation to the legal services program of the attorney general includes seventeen million seven hundred seventy thousand four hundred dollars (\$17,770,400) from the consumer settlement fund of the office of the attorney general.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Number of registrants at presentations conducted throughout the state and online	58,769.0	13,513.0	50,000.0	25,000.0	25,000.0
Output	Number of administrative prosecutions on professional licenses	164.0	250.0	100.0	100.0	100.0
Output	Number of investigations and prosecutions involving child victims	1,143.0	1,131.0	450.0	475.0	600.0
Output	Number of public corruption and first or second degree felony matters accepted for investigation and/or prosecution that do not involve child victims	92.0	56.0	60.0	60.0	60.0
Outcome	Percent of investigations for noncompliance with the Open Meetings Act and Inspection of Public Records Act initiated within thirty days of referral	30%	58%	100%	90%	90%
Explanatory	Number of noncompliance investigations for the Open Meetings Act and Inspection of Public Records Act	271.0	383.0	N/A	N/A	N/A
Outcome	Percent of consumer and constituent complaints resolved within sixty days of formal complaint or referral receipt	78%	69%	90%	90%	90%
Explanatory	Average time from filing to final disposition in criminal cases, in months	16.0	20.0	N/A	N/A	N/A
Explanatory	Number of cases reviewed for prosecution	77.0	108.0	N/A	N/A	N/A

MEDICAID FRAUD

The purpose of the medicaid fraud program is to investigate and prosecute medicaid provider fraud, recipient abuse and neglect in the medicaid program.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,013.7	1,241.4	1,241.4	1,241.4	0.0
Other Transfers	62.0	0.0	0.0	0.0	0.0
Federal Revenues	2,552.7	3,295.1	3,418.6	3,344.9	1.5
TOTAL SOURCES	\$3,628.4	\$4,536.5	\$4,660.0	\$4,586.3	1.1
USES					
Personal Services and Employee Benefits	2,942.9	3,663.9	3,737.6	3,663.9	0.0
Contractual services	10.6	5.0	11.9	11.9	138.0
Other	450.1	867.6	910.5	910.5	4.9
TOTAL USES	\$3,403.6	\$4,536.5	\$4,660.0	\$4,586.3	1.1
FTE					
Permanent	28.0	28.0	28.0	28.0	0.0
Temporary	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	28.0	31.0	31.0	31.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Total medicaid fraud recoveries identified, in thousands	\$223	\$98	N/A	N/A	N/A
Output	Number of program improvement recommendations forwarded to New Mexico agencies and the United States department of health and human services	5.0	5.0	5.0	5.0	5.0
Efficiency	Percent of case investigations under the medicaid fraud control unit's jurisdiction completed within one hundred eighty days of receipt	84%	92%	75%	75%	75%
Efficiency	Percent of referrals from the health care authority where medicaid fraud control unit responds within fifteen days	25%	14%	85%	85%	85%

Statutory Authority

Article V, Section 1, of the New Mexico Constitution creates the Office of the State Auditor. The State Auditor is elected statewide to a four-year term for a maximum of two consecutive terms and is a member of the Commission of Public Records and the New Mexico Border Authority. The Audit Act, Sections 12-6-1 through 12-6-14 NMSA 1978, requires the State Auditor to annually examine and audit the financial affairs of every agency that receives or expends public money and produce a complete written report of each audit.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,897.7	4,259.8	5,015.6	4,299.9	0.9
Other Transfers	141.9	874.3	850.0	874.3	0.0
Other Revenues	448.2	374.3	350.0	374.3	0.0
Fund Balance	350.4	500.0	500.0	500.0	0.0
TOTAL SOURCES	\$4,838.2	\$6,008.4	\$6,715.6	\$6,048.5	0.7
USES					
Personal Services and Employee Benefits	4,172.5	4,372.6	5,063.9	4,372.6	0.0
Contractual services	76.6	197.8	197.9	197.8	0.0
Other	589.1	563.7	603.8	603.8	7.1
Other financing uses	0.0	874.3	850.0	874.3	0.0
TOTAL USES	\$4,838.2	\$6,008.4	\$6,715.6	\$6,048.5	0.7
FTE					
Permanent	41.0	41.0	41.0	41.0	0.0
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	41.0	42.0	42.0	42.0	0.0

At A Glance

The Office of the State Auditor (OSA) total FY26 budget request was \$6.7 million, a \$707.2 thousand or 11.8 percent increase from the previous year, including a general fund increase of \$755.8 million, or 17.7 percent. The LFC recommendation supports a general fund increase of \$40.1 thousand, or 0.9 percent and budgets fund balances at \$500 thousand, for a total increase of 0.7 percent over FY25.

Budget Issues

The Office of the State Auditor (OSA) requested a general fund increase of \$755.8 million, or 17.7 percent, for FY26. The request included an increase of \$691.3 thousand, or 15.8 percent, in personnel costs to achieve wage parity with private industry and to proportionally increase staff salaries. However, LFC and the Department of Finance and Administration (DFA) are conducting a review of overall compensation and classification for the state that will address targeted compensation. The agency's total FY26 budget request was \$6.7 million, a \$707.2 thousand or 11.8 percent increase from the previous year. The request includes a flat budget of \$197.8 thousand in contractual services to hire independent public accountants to bring local public bodies into financial compliance and to hire contract accountants during their annual peak season. The request also includes a \$40.1 thousand increase in the other category to support General Services Department (GSD) leases for two passenger vehicles, legal reporting and records filings, Department of Information Technology (DoIT) telecom expenses, and fees for required continuing professional education (CPE) for staff to maintain credentials.

The LFC recommendation supports a general fund increase of \$40.1 thousand, or 0.9 percent, and an overall budget increase of 0.7 percent. The recommendation includes a \$40.1 thousand increase in the other category fully supporting the OSA for vehicle leases, legal filings, IT and telecom fees, office lease expenses, dues and subscriptions, educational fees, and legal settlements. The committee recommends a flat budget for personnel and contractual services.

Audit Compliance. According to LFC’s FY24 quarterly capital outlay report, \$3.4 billion in projects authorized by the Legislature were unspent this past year. The report identified \$40.3 million of capital outlay funding allocated to small local public bodies (sLPBs) being withheld due to noncompliance with state financial reporting laws. Many sLPBs, such as acequias and land grants, faced issues reporting to the Office of the State Auditor on time, because they are managed by volunteers with limited financial reporting experience. Executive Order 2013-006 restricts entities from receiving funds when they are not financially compliant. In response, OSA launched an initiative to bring sLPBs into compliance with the Audit Act, helping unlock legislative funding. Since the start of the program, \$3.1 million of capital outlay funding is now accessible for sLPBs.

For FY25 the legislature provided a special appropriation of \$1 million for audit and preparation services to help local public bodies prepare for Tier certifications and AUPs, as well as remain financially complaint to ensure that entities are able to access future capital outlay awards. LFC could consider continuing this funding in a special appropriation for FY26 based on continued need.

STATE AUDITOR

The purpose of the state auditor program is to audit the financial affairs of every agency annually so they can improve accountability and performance and to assure New Mexicans that funds are expended properly.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of small local public bodies newly registered with the office of the state auditor	NEW	NEW	N/A	N/A	N/A
Explanatory	Total public funding made available for noncompliant small local public bodies with public funds withheld and brought into compliance	NEW	NEW	N/A	N/A	N/A
Outcome	Number of small local public body annual financial compliance certifications submitted	NEW	NEW	NEW	150.0	150.0
Output	Total audit fees generated	\$229,500	\$316,026	\$350,000	\$350,000	\$350,000
Explanatory	Percent of audits submitted by regulatory due date	85%	87%	N/A	N/A	N/A
Output	Number of training sessions performed	15.0	17.0	15.0	15.0	15.0
Output	Number of working paper reviews of independent public accountants	10.0	6.0	15.0	10.0	10.0
Explanatory	Number of conservatorship reports reviewed	1,270.0	1,407.0	N/A	N/A	N/A
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	0%	50%	55%	50%	50%
Output	Number of attendees participating in training sessions	2,100.0	957.0	1,752.0	1,250.0	1,250.0
Output	Number of outreach events in counties	12.0	7.0	8.0	12.0	12.0
Explanatory	Number of allegations of fraud, waste and abuse examined by the special investigations division	286.0	289.0	N/A	N/A	N/A

Statutory Authority

Sections 9-11-1 through 9-11-15 NMSA 1978 create the Taxation and Revenue Department (TRD) as a single, unified department for administration of laws and oversight functions related to taxation, revenue, and vehicles. TRD administers various tax programs that provide major sources of revenue to the general fund, state road fund, and many other state funds. The department also collects state-county shared taxes, such as gross receipts, and distributes revenue to county and municipal governments. TRD provides valuations for major industrial properties subject to property taxes, collects royalties from mineral production on state lands for credit to the state's permanent fund, and administers various income tax and rebate programs. In addition, TRD is responsible for collecting revenue from motor vehicle registrations, drivers' licenses, and other motor-vehicle related permits.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	75,623.6	83,613.6	86,172.9	85,850.5	2.7
Other Transfers	14,373.4	0.0	0.0	0.0	0.0
Federal Revenues	1,005.6	2,550.4	2,738.6	2,738.6	7.4
Other Revenues	35,156.4	46,074.8	46,214.4	46,214.4	0.3
Fund Balance	7,360.7	0.0	5,503.1	5,503.1	0.0
TOTAL SOURCES	\$133,519.7	\$132,238.8	\$140,629.0	\$140,306.6	6.1
USES					
Personal Services and Employee Benefits	73,291.7	79,331.1	81,410.5	81,088.1	2.2
Contractual services	10,160.1	18,582.3	20,080.5	20,080.5	8.1
Other	20,111.4	24,730.9	28,543.5	28,543.5	15.4
Other financing uses	10,134.0	9,594.5	10,594.5	10,594.5	10.4
TOTAL USES	\$113,697.2	\$132,238.8	\$140,629.0	\$140,306.6	6.1
FTE					
Permanent	1,035.0	1,007.5	1,009.5	1,009.5	0.2
Term	22.0	28.2	28.2	28.2	0.0
Temporary	3.0	5.8	5.8	5.8	0.0
TOTAL FTE	1,060.0	1,041.5	1,043.5	1,043.5	0.2

At A Glance

For FY26, the Taxation Revenue Department (TRD) requested a general fund revenue increase of \$2.6 million, or 3.1 percent, above the FY25 operating budget. The requested increases were primarily to fund increased IT and audit costs across all programs and to maintain tax and motor vehicle contracts for systems of record. The total budget request for FY26 was \$140.6 million, an \$8.4 million, or 6.3 percent, increase over the FY25 operating budget.

The committee recommends a \$2.2 million increase from the general fund, 2.7 percent over the FY25 operating budget, to assist TRD in reducing funded vacancy rates across its five programs and increased IT maintenance and audit costs. The committee also supports TRD's request to use \$5.5 million of its TRD operating fund to fund new security measures in the Motor Vehicle Program. The committee does not support using general fund revenue to reclassify existing positions within the Tax Administration Program and the Compliance Enforcement Program. Overall, the committee recommends increasing TRD's operating budget for FY26 by \$8.1 million, or 6.1 percent, over its FY25 operating budget.

Budget Issues

For FY26, TRD requested to use \$5.5 million of its TRD operating fund, which was not a part of its revenue sources for FY25. Including this requested use of the TRD operating fund, TRD requested a \$188.2 thousand, or 7.4 percent, increase in federal funds, and a \$139.6 thousand, or 0.3 percent, increase from other revenue sources. TRD also requested an increase of \$2.6 million, or 3.1 percent, in general fund revenue. TRD's total request equates to an \$8.4 million increase, or 6.3 percent, increase over its FY25 operating budget of \$132.2 million.

Tax Administration. The Tax Administration Act Program (TAP) houses the Audit and Compliance Division (ACD) and the Revenue Processing Division (RPD). TAP requested a \$881.8 thousand, or 2.4 percent, increase in general fund revenue, a \$288.2 thousand, or 15.5 percent, increase in federal revenue, and a \$35.3 thousand, or 3.1 percent, increase from other revenue sources. ACD's request in total was \$937 thousand, with \$613.5 thousand coming from general fund revenue. Out of this \$613.5 thousand requested general fund increase, \$166.9 thousand was for the personnel category to reduce ACD's funded vacancy rate, \$185.2 thousand was for contractual services to cover increased audit, collection and mail services costs, and \$260.6 thousand was for other costs that include increased building lease costs, and IT services. The remaining \$288.2 thousand requested is federal revenue and was requested to adjust employee salary and benefits to align with legislation. The remaining \$268.3 thousand in general fund revenue was requested to be used to partially cover projected underfunding for personnel and to cover reclassifications for various positions in RPD. RPD's request included a \$69.2 thousand decrease in contractual services, and a \$80 thousand increase in other costs to cover increases in vehicle leases, fuel costs, and software maintenance costs. The committee supports the agency's request for ACD and recommends increasing RPD's budget by \$87.1 thousand to reduce the personnel deficit, and for the increased costs for vehicle leases, fuel, and software maintenance.

Motor Vehicle Program. The Motor Vehicle Program (MVP) requested a \$4.7 million, or 8.5 percent, increase over its FY25 operating budget. MVP requested a \$5.5 million increase in fund revenue from the TRD operating fund, a \$100 thousand, or 14.5 percent, decrease in federal revenue, a \$687.9 thousand, or 1.8 percent, decrease in other revenues, and a flat request for general fund revenue. MVP requested to increase contractual services by \$716.7 thousand to cover the substitute clerk coverage plan and other costs by \$2.9 million increase to cover a driver's license redesign that includes enhanced safety features, a new facial recognition security system, and escalated subscription costs. The remaining \$1 million is requested to be a part of the weight distance commercial truck tax transfer to the Department of Transportation. The committee supports the agency's request.

Property Tax Program. The Property Tax Program (PTP) requested a \$792.2 thousand, or 12.2 percent, increase over its FY25 operating budget. The requested increase was entirely from other state revenues; the program does not use general fund revenue. PTP requested an increase of \$659.2 thousand, or 17 percent, in personnel services to create two new appraisers and to reduce a projected personnel deficit. PTP requested to decrease its contractual services by \$59.8 thousand, or 4.8 percent, and increase other costs by \$192.8 thousand, or 13.9 percent, to cover increased IT software agreement costs and building lease expenses. The committee supports this request.

Compliance Enforcement Program. The Compliance Enforcement Program (CEP) is entirely funded from the general fund and requested an increase of \$353.5 thousand, or 16.9 percent, over its FY25 operating budget. CEP requested an increase of \$327.2 thousand, or 18.3 percent, in personnel services to fund a 1 FTE transfer from MVP, reclassifying an existing position to an attorney, and to reduce its projected personnel deficit. It also requested an increase of \$26.3 thousand, or 8.9 percent, in other costs to cover increased software and audit costs and for travel to conduct investigations. The committee recommends increasing CEP's general fund revenue by \$209.4 thousand and for \$183.1 thousand to be used in personnel services to fund the transferred FTE from MVP and to reduce its projected personnel deficit. The remaining \$26.3 thousand will be allocated to the other costs category.

Program Support. The Program Support Program (PSP) houses the Office of the Secretary, the Administrative Service Division (ASD), and the Information Technology Division (ITD). PSP requested an increase of \$1.4 million, or 4.8 percent, to fund these three divisions. Including \$873.9 thousand for ITD to fund IT and software services. The personnel category remained flat for ITD, the contractual services category increased by \$686.6 thousand to cover IT and software services, security penetration testing and infrastructure support, and other costs increased by \$187.3 thousand for increased IT maintenance and software licenses costs. ASD requested an increase of \$394.3 thousand to reduce its projected personnel deficit and to cover increased lawyer contractual costs. The Office of the Secretary requested an increase of \$104.2 thousand to fund increased costs of software maintenance, training, and supplies. The committee supports the agency's request.

TAX ADMINISTRATION

The purpose of the tax administration program is to provide registration and licensure requirements for and compliance with tax programs and to ensure the administration and collection of state taxes and fees that provide funding for support services for the general public through appropriations.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	34,731.6	37,141.5	38,023.3	37,842.1	1.9
Other Transfers	1,948.5	0.0	0.0	0.0	0.0
Federal Revenues	887.0	1,860.9	2,149.1	2,149.1	15.5
Other Revenues	829.5	1,155.4	1,190.7	1,190.7	3.1
TOTAL SOURCES	\$38,396.6	\$40,157.8	\$41,363.1	\$41,181.9	2.6
USES					
Personal Services and Employee Benefits	30,023.7	31,741.8	32,489.6	32,308.4	1.8
Contractual services	314.8	1,221.7	1,337.7	1,337.7	9.5
Other	6,623.3	7,194.3	7,535.8	7,535.8	4.7
TOTAL USES	\$36,961.8	\$40,157.8	\$41,363.1	\$41,181.9	2.6
FTE					
Permanent	471.0	445.5	445.5	445.5	0.0
Term	20.0	22.2	22.2	22.2	0.0
Temporary	3.0	5.8	5.8	5.8	0.0
TOTAL FTE	494.0	473.5	473.5	473.5	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Collectable Assessments Goal	NEW	\$0	NEW	\$165,000,000	\$165,000,000
Outcome	Managed audits as a percentage of tax assessments	NEW	0%	NEW	40%	40%
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division	13.1	11.8	13.1	13.1	13.1
Explanatory	Percent of electronically filed returns for personal income tax and business tax	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of collectible balances outstanding from the end of the prior fiscal year that are collected	16%	23%	20%	20%	25%
Explanatory	Percent of personal income tax returns filed on time for last fully completed tax year	N/A	1,000,000%	N/A	N/A	N/A
Explanatory	Percent of questionable refund tax returns stopped compared with the total number of personal income tax returns processed	0%	0%	N/A	N/A	N/A
Output	Number of personal income tax returns flagged as questionable	82,753.0	54,424.0	50,000.0	50,000.0	55,000.0
Outcome	Percent of processed and accepted returns by quarter	95%	96%	92%	90%	98%
* Outcome	Percent of collectible audit assessments generation in the prior fiscal year that are collected	55%	48%	60%	50%	55%

MOTOR VEHICLE DIVISION

The purpose of the motor vehicle program is to register, title and license vehicles, boats and motor vehicle dealers and to enforce operator compliance with the Motor Vehicle Code and federal regulations by conducting tests, investigations and audits.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,880.6	16,982.6	16,982.6	16,982.6	0.0
Other Transfers	743.9	0.0	0.0	0.0	0.0
Federal Revenues	118.5	689.5	589.5	589.5	(14.5)
Other Revenues	27,849.9	37,489.0	36,801.1	36,801.1	(1.8)
Fund Balance	7,360.7	0.0	5,503.1	5,503.1	0.0
TOTAL SOURCES	\$51,953.6	\$55,161.1	\$59,876.3	\$59,876.3	8.5
USES					
Personal Services and Employee Benefits	21,868.8	24,014.6	24,052.6	24,052.6	0.2
Contractual services	5,006.4	8,657.9	9,374.6	9,374.6	8.3
Other	8,761.5	12,894.1	15,854.6	15,854.6	23.0
Other financing uses	10,134.0	9,594.5	10,594.5	10,594.5	10.4
TOTAL USES	\$45,770.7	\$55,161.1	\$59,876.3	\$59,876.3	8.5
FTE					
Permanent	326.0	326.0	325.0	325.0	(0.3)
Term	2.0	6.0	6.0	6.0	0.0
TOTAL FTE	328.0	332.0	331.0	331.0	(0.3)

Recommended Language

The other state funds appropriations to the motor vehicle program of the taxation and revenue department include ten million five hundred thousand dollars (\$10,500,000) from the weight distance tax identification permit fund for the modal program of the department of transportation and ninety-four thousand five hundred dollars (\$94,500) from the weight distance tax identification permit fund for the law enforcement program of the department of public safety.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of registered vehicles with liability insurance	91%	90%	95%	95%	95%
* Efficiency	Average call center waiting time to reach an agent, in minutes	6.0	4.0	8.0	8.0	5.0
* Efficiency	Average wait time in qmatic-equipped offices, in minutes	4.0	5.0	12.0	12.0	5.0
Efficiency	Average number of days to post court action driving-while-intoxicated citations to drivers' records on receipt	2.0	1.0	2.0	2.0	1.0
Quality	Percent of customers rating customer service as good or higher	99%	99%	98%	98%	99%
Explanatory	Percent of total transactions that are web transactions	N/A	N/A	N/A	N/A	N/A

PROPERTY TAX DIVISION

The purpose of the property tax program is to administer the Property Tax Code, to ensure the fair appraisal of property and to assess property taxes within the state.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	5,728.0	6,491.4	7,283.6	7,283.6	12.2
TOTAL SOURCES	\$5,728.0	\$6,491.4	\$7,283.6	\$7,283.6	12.2
USES					
Personal Services and Employee Benefits	3,470.6	3,880.0	4,539.2	4,539.2	17.0
Contractual services	701.1	1,219.4	1,159.6	1,159.6	(4.9)
Other	1,272.1	1,392.0	1,584.8	1,584.8	13.9
TOTAL USES	\$5,443.8	\$6,491.4	\$7,283.6	\$7,283.6	12.2
FTE					
Permanent	43.1	39.0	41.0	41.0	5.1
TOTAL FTE	43.1	39.0	41.0	41.0	5.1

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$13.90	\$10.80	\$11.00	\$11.00	\$11.00
Output	Dollar value of all delinquent property tax sales held	\$607,686.00	\$4,312,330.00	\$450,000.00	\$400,000.00	\$400,000.00
* Outcome	Percent of total delinquent property taxes recovered	6%	17%	15%	15%	20%

COMPLIANCE ENFORCEMENT

The purpose of the compliance enforcement program is to support the overall mission of the taxation and revenue department by enforcing criminal statutes relative to the New Mexico Tax Administration Act and other related financial crimes, as they impact New Mexico state taxes, to encourage and achieve voluntary compliance with state tax laws.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,961.0	2,097.1	2,450.6	2,309.4	10.1
Other Transfers	91.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$2,052.9	\$2,097.1	\$2,450.6	\$2,309.4	10.1
USES					
Personal Services and Employee Benefits	1,448.8	1,792.1	2,119.3	1,978.1	10.4
Contractual services	2.8	9.4	9.4	9.4	0.0
Other	324.4	295.6	321.9	321.9	8.9
TOTAL USES	\$1,776.0	\$2,097.1	\$2,450.6	\$2,309.4	10.1
FTE					
Permanent	22.0	21.0	22.0	22.0	4.8
TOTAL FTE	22.0	21.0	22.0	22.0	4.8

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of tax investigations referred to prosecutors of total investigations assigned during the year	10%	41%	30%	30%	43%
Explanatory	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	N/A	N/A	N/A
Outcome	Percent of internal investigations completed within sixty days	100%	100%	100%	100%	100%

PROGRAM SUPPORT

The purpose of program support is to provide information system resources, human resource services, finance and accounting services, revenue forecasting and legal services to give agency personnel the resources needed to meet departmental objectives. For the general public, the program conducts hearings for resolving taxpayer protests and provides stakeholders with reliable information regarding the state's tax programs.

BUDGET SUMMARY
 (dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	23,050.4	27,392.4	28,716.4	28,716.4	4.8
Other Transfers	11,589.1	0.0	0.0	0.0	0.0
Other Revenues	749.0	939.0	939.0	939.0	0.0
TOTAL SOURCES	\$35,388.5	\$28,331.4	\$29,655.4	\$29,655.4	4.7
USES					
Personal Services and Employee Benefits	16,479.8	17,902.6	18,209.8	18,209.8	1.7
Contractual services	4,135.1	7,473.9	8,199.2	8,199.2	9.7
Other	3,130.2	2,954.9	3,246.4	3,246.4	9.9
TOTAL USES	\$23,745.1	\$28,331.4	\$29,655.4	\$29,655.4	4.7
FTE					
Permanent	173.0	176.0	176.0	176.0	0.0
TOTAL FTE	173.0	176.0	176.0	176.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of tax protest cases resolved	1,892.0	1,593.0	1,738.0	1,738.0	1,738.0
Outcome	Percent of matched combine reporting system taxes distributed timely	N/A	N/A	N/A	N/A	100%
Output	Percent of internal audit recommendations implemented	25%	92%	90%	90%	93%
Explanatory	Number of days after the close of a reporting period that financial reports are available	N/A	N/A	N/A	N/A	N/A
Output	Tax protest cases referred to the administrative hearings office	9%	7%	10%	10%	10%
Explanatory	Financial report error rate	N/A	N/A	N/A	N/A	N/A

Statutory Authority

The State Investment Council (SIC) is created by Section 6-8-2 NMSA and is responsible for managing the land grant, severance tax, tobacco settlement, and water permanent funds, and early childhood education and care fund as well as the investments of other state and political subdivision clients. The council consists of 11 members: the governor, state treasurer, commissioner of public lands, secretary of the Department of Finance and Administration, chief financial officer of state institution of higher education, and six public members. Four public members are appointed by the Legislative Council and two are appointed by the governor. The six public members serve staggered terms of five years. SIC formulates policy implemented by the state investment officer and staff in the day-to-day functions of the investment office.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	60,090.8	73,057.5	80,732.9	77,883.4	6.6
TOTAL SOURCES	\$60,090.8	\$73,057.5	\$80,732.9	\$77,883.4	6.6
USES					
Personal Services and Employee Benefits	4,602.5	6,399.2	7,284.3	6,749.2	5.5
Contractual services	54,736.4	65,771.6	72,400.6	70,086.2	6.6
Other	751.9	886.7	1,048.0	1,048.0	18.2
TOTAL USES	\$60,090.8	\$73,057.5	\$80,732.9	\$77,883.4	6.6
FTE					
Permanent	33.0	37.0	37.0	37.0	0.0
TOTAL FTE	33.0	37.0	37.0	37.0	0.0

At A Glance

For FY26, the State Investment Council, which does not receive general fund support, requested \$80.7 million, or a 10.5 percent increase above the FY25 operating budget. The requested increase for personnel was \$885.1 thousand, or 13.8 percent, to hire six new employees. The requested increase was primarily in the contractual services category due to asset growth, which increases manager fees. The requested increase in contractual services was \$6.6 million, or 10.1 percent, due to projected costs for manager fees of \$61.8 million. The request for other costs was an increase of \$161.3 thousand to cover increasing IT costs.

The committee recommends increasing funding in the personnel category by \$350 thousand, or 5.5 percent, to fund the six vacant positions, and increasing contractual services by \$4.3 million, or 6.6 percent, to cover projected costs for manager fees. The committee supports the agency's request for other costs.

Budget Issues

The long-term investment funds managed by SIC grew by \$8.8 billion, or 22.5 percent, between the fourth quarter of FY23 and the fourth quarter of FY24. Annualized returns were above the long-term targets of the land grant permanent fund (LGPF) and the severance tax permanent fund (STPF) for the one-year period. The LGPF surpassed its long-term target in the three-year period. Asset allocations were similar among funds, although the early childhood education and care trust fund (ECTF) had 16 percent of its assets in cash equivalents, or short-term, highly liquid investments, which is the highest of any investment fund and 6 percentage points higher than the fund's target allocation. Large cash balances are likely because of large contributions to the fund in January 2024.

The LGPF outperformed its long-term target of 7 percent in the one-year and five-year periods but missed the target in the three- and 10-year periods. The fund tracked very closely to its policy index, a performance benchmark, for each period. Over the year, the fund distributed \$1.3 billion to beneficiaries and received \$2.3 billion in revenues, primarily from royalties paid on the value of oil and gas extracted on state lands.

The STPF underperformed its long-term target of 6.75 percent in each period except for the one-year period. The fund continued to underperform its policy index in the five- and 10-year periods but overperformed its policy index in the one-year and three-year periods. The fund distributed \$289.6 million to the general fund and received \$1 billion in oil and gas revenues.

The ECTF tracked closely with other SIC-managed funds, exceeding its policy index in the one- and three-year period. SIC recently approved a new asset allocation for the fund with a long-term return expectation of 6.8 percent, which was exceeded in the one-year period but not in the three-year period. Of all funds, the ECTF had the largest net non-investment cashflow, benefitting from \$3.2 billion in oil and gas revenues and distributing \$150 million to the general fund.

STATE INVESTMENT

The purpose of the state investment program is to provide investment management of the state’s permanent funds for the residents of New Mexico to maximize distributions to the state’s operating budget while preserving the real value of the funds for future generations of New Mexicans.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Number of basis points that five-year annualized investment return differs from internal benchmarks	(\$15.0)	(8.0)	12.5	12.5	12.5
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	36%	37%	49%	49%	49%
Outcome	Number of basis points that three-year annualized investment return differs from internal benchmarks	10.0	4.0	25.0	12.5	12.5
Outcome	Three-year annualized percentile performance ranking in endowment investment peer universe	22%	17%	49%	49%	49%

Statutory Authority

Sections 7-1B-1 through 7-1B-9 NMSA 1978 create the Administrative Hearings Office (AHO) as an administratively attached office of the Department of Finance and Administration. AHO schedules, conducts, and rules on administrative protest hearings stemming from the Tax Administration Act, Property Tax Code, Implied Consent Act, Motor Vehicle Code, Insurance Premium Tax Act, and Medicaid Provider and Managed Care Act.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,041.8	2,549.7	2,749.6	2,628.0	3.1
Other Transfers	197.8	134.3	128.8	128.8	(4.1)
Other Revenues	165.0	210.0	210.0	210.0	0.0
TOTAL SOURCES	\$2,404.6	\$2,894.0	\$3,088.4	\$2,966.8	2.5
USES					
Personal Services and Employee Benefits	2,026.2	2,493.3	2,694.4	2,572.8	3.2
Contractual services	29.0	39.7	70.0	70.0	76.3
Other	319.2	361.0	324.0	324.0	(10.2)
TOTAL USES	\$2,374.4	\$2,894.0	\$3,088.4	\$2,966.8	2.5
FTE					
Permanent	17.0	18.0	19.0	19.0	5.6
TOTAL FTE	17.0	18.0	19.0	19.0	5.6

At A Glance

For FY26, the Administrative Hearings Office (AHO) requested a general fund increase of \$199.9 thousand, or 7.8 percent, over the FY25 operating budget. The requested increase included a \$201.1 thousand, or 8.1 percent, increase to personnel services to fund the newly created administrative law judge position approved last session, to fully fund the approved compensation plan, and to hire a new law clerk. The request also included an increase to the contractual services category of \$30.3 thousand, or 76.3 percent, over the FY25 operating budget. This increase aimed to cover increased audit costs, human resources service costs, increased IT support costs, and increased funding for contract attorneys to serve as hearing officers. To offset this increase in contractual services, AHO requested a \$37 thousand, or 10.2 percent, decrease in its other costs. AHO also requested a \$5,500, or 4.1 percent, decrease from its other transfers revenue, which it requested to supplement with a \$5,500 request from the general fund.

The committee recommends increasing AHO’s general fund revenue by \$78.3 thousand, or 3.1 percent, for FY26. The recommendation includes an increase of \$85 thousand to personnel services to fund a law clerk position. The committee’s recommendation supports the agency’s request for contractual services and other costs.

ADMINISTRATIVE HEARINGS OFFICE

The purpose of the administrative hearings program is to adjudicate tax-, property- and motor-vehicle-related administrative hearings in a fair, efficient and impartial manner independent of the executive agency that is party to the proceedings.

Recommended Language

The internal service funds/interagency transfers appropriation to the administrative hearing office includes fifty thousand dollars (\$50,000) from the health care authority for costs of conducting administrative hearings under the Medicaid Provider and Managed Care Act.

The other state funds appropriation to the administrative hearings office includes one hundred sixty-five thousand dollars (\$165,000) from the motor vehicle suspense fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of hearings for implied consent act cases not held within ninety days due to administrative hearings office error	0.0%	0.1%	0.4%	0.4%	0.0%
Outcome	Percent rate of tax cases not held, including merits and scheduling conference, within ninety days because of administrative hearings office error	0.0%	0.0%	1.0%	0.0%	0.0%
Outcome	Number of tax protest or Implied Consent Act trainings conducted annually	4.0	6.0	4.0	4.0	6.0

Statutory Authority

The Department of Finance and Administration (DFA) is authorized pursuant to Sections 9-6-1 through 9-6-5.2 NMSA 1978 to provide a single, unified department to administer laws related to the finance of state government. In addition, the department provides planning and technical assistance to local entities, coordinates state agency plans, and administers state and federal grant programs. These duties are detailed in Sections 6-3-1 through 6-3-25 NMSA 1978, Sections 6-3A-1 through 6-3A-9 NMSA 1978, Sections 6-5-1 through 6-5-11 NMSA 1978, 6-1-1 NMSA 1978; 9-6-15 NMSA 1978, 6-4-1 NMSA 1978, and 6-6-2 NMSA 1978. The department consists of four programs: Policy Development; Fiscal and Budgetary Analysis and Oversight; Program Support; Community Development, Local Government Assistance and Fiscal Oversight; and Fiscal Management and Oversight.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	53,407.2	35,490.2	38,293.2	37,286.2	5.1
Other Transfers	27,216.8	30,105.8	22,756.3	38,005.7	26.2
Federal Revenues	10,425.0	21,935.7	21,200.5	21,200.5	(3.4)
Other Revenues	112,678.0	127,533.6	122,637.3	126,866.3	(0.5)
Fund Balance	0.0	12,103.8	10,553.4	1,626.0	(86.6)
TOTAL SOURCES	\$203,727.0	\$227,169.1	\$215,440.7	\$224,984.7	(1.0)
USES					
Personal Services and Employee Benefits	15,629.5	18,623.2	23,634.4	22,633.1	21.5
Contractual services	6,871.3	9,523.4	5,581.7	5,581.7	(41.4)
Other	42,670.2	57,102.9	48,002.4	48,002.4	(15.9)
Other financing uses	102,762.0	110,909.6	91,982.4	102,533.4	(7.6)
Emergency water supply fund	109.9	109.9	109.9	109.9	0.0
Fiscal agent contract	567.7	1,200.0	1,200.0	1,200.0	0.0
State planning districts	693.0	693.0	693.0	693.0	0.0
Statewide teen court	74.9	137.9	137.9	137.9	0.0
Law enforcement protection fund	19,195.5	22,000.0	20,000.0	20,000.0	(9.1)
Leasehold community assistance	180.0	180.0	236.0	236.0	31.1
Acequia and community ditch education program	492.3	498.2	498.2	498.2	0.0
New Mexico acequia commission	84.8	88.1	88.1	88.1	0.0
Land grant council	590.9	626.9	626.9	626.9	0.0
County detention of prisoners	5,000.0	5,000.0	4,970.0	4,970.0	(0.6)
National association of state budget officers	24.0	24.0	24.0	24.0	0.0
Western governors' association	40.0	40.0	40.0	40.0	0.0
National governors' association	81.4	84.0	89.7	84.0	0.0
Intertribal Indian ceremonial association	328.0	328.0	328.0	328.0	0.0
Civil legal services	0.0	0.0	7,240.0	7,240.0	0.0
Federal Taylor grazing	0.0	0.0	469.2	469.2	0.0
Forest reserve	0.0	0.0	9,488.9	9,488.9	0.0
TOTAL USES	\$195,395.4	\$227,169.1	\$215,440.7	\$224,984.7	(1.0)
FTE					
Permanent	177.0	137.4	148.1	145.1	5.6
Term	20.3	26.6	27.9	27.9	4.9
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	198.3	164.0	176.0	173.0	5.5

At A Glance

The Department of Finance and Administration (DFA) requested a total budget of \$215.4 million, a \$11.7 million, or 5.1 percent decrease, compared to the FY25 operating budget. The request included a total increase of general fund revenue of \$2.8 million, or 7.9 percent, and a decrease of \$7.3 million, or 24.3 percent, in other transfers. DFA's request included a \$5.2 million transfer from the Department of Information Technology for an expansion of the state human resource and finance management system called SHARE. DFA requested to decrease its other funding sources due to a projected decrease in county-supported Medicaid and Tobacco Settlement Program funds. However, the LFC's projections of the three funds totals \$99.9 million. Thus, the LFC recommendation budgets \$99.9 million in transfers across the opioid crisis recovery fund, county-supported Medicaid, and tobacco settlement program funds.

The request for a general fund revenue increase was for more contractual services spending, system maintenance and upgrades, and to hire more employees. The request also included four expansions: two legal counsel positions, one policy and executive analyst position, eight new positions for the new Infrastructure Division, and a SHARE expansion of \$5.2 million to move SHARE from the Department of Information Technology (DoIT). The LFC recommendation supports partial increases to the operating budget to allow for hiring more positions, adjustment of contracts, and other cost increases. The LFC recommendation supports a general fund increase of \$1.7 million, a 5 percent increase over FY25. The recommendation supports partial expansion requests.

Budget Issues

Policy Development. The Policy Development, Fiscal Analysis, and Budget Oversight Program houses the Board of Finance Division, State Budget Division, and the Economic Analysis Unit. The Board of Finance issues the state's bonds and exercises other regulatory and oversight functions, the State Budget Division prepares the annual executive budget recommendation and develops management and policy recommendations, and the Economic Analysis Unit provides revenue tracking and forecasts, including forecasts on bond capacity.

For the Policy Development program, the request included a general fund revenue increase of \$592.7 thousand, or 9.3 percent, over FY25. Most of the increase was for expansions, including two general counsel positions and one executive budget and policy analyst.

The department gave out-of-cycle raises in FY24, with the highest raise, an 88.5 percent increase, for one employee at the Policy Development Program. Policy and Development moved \$357 thousand out of personnel costs in FY24, representing 9 percent of the program's total personnel budget. The movement of funds out of personnel covered contractual costs, including a temporary position to assist the cabinet secretary and cover a license renewal for DFA's state fiscal recovery platform that tracks federal funds.

The committee recommendation supports two expansion positions for a legal position and an executive budget and policy analyst. The LFC recommendation also supports the system maintenance at the State Budget Division and new costs for the general obligation bond program at the Board of Finance and keeps personnel costs commensurate with FY25.

Program Support. Program Support houses DFA's administrative services and promotes budget compliance by overseeing budget and performance management, compensation benefits, and the information technology needs of the agency. DFA requested \$248.9 thousand, or 8.3 percent, over FY25 to reduce the program's vacancy rate and budget for an increase of audit costs and temporary services at the Office of the Governor. The LFC recommendation supports this request.

Local Government Support. DFA's Community Development, Local Government Assistance and Fiscal Oversight Program, also known as the Local Government Division (LGD), undertakes various activities, including local government technical assistance and guidance, budget and financial certification, property tax rate certification, and program oversight. These programs include local capital outlay, local DWI (LDWI), Enhanced 911 (E911), the Community Development Block Grant (CDBG) program, and the Civil Legal Services program. The budgets for CDBG, E911, LDWI and a portion of Civil Legal Services are not from the general fund.

For FY26, DFA requested a decrease of \$4.2 million, or 53.7 percent, of general fund revenue. The decrease was from the movement of the costs of Civil Legal Services, administratively attached to DFA, to the nonoperating appropriations program. To provide greater clarity of the status of funds for Civil Legal Services and to separate nonoperating costs for LGD, the LFC recommendation supports the movement of costs to a different program. In addition, DFA requested \$230.5 thousand in general fund revenue to decrease the vacancy rate at LGD. However, LGD moved \$149.5 thousand of general fund revenue from personnel in FY24; thus, the LFC recommendation partially supports the increase in personnel to fill vacancies.

Fiscal Management and Oversight. DFA's Fiscal Management and Oversight Program includes the operations of the agency's Financial Control Division and the Controller's Office. Overall, DFA's request for Fiscal Management and Oversight was a decrease of \$104.4 million, or 88.4 percent, to move nonoperating costs out of the program. Reductions in transfers included moving the county-supported Medicaid fund, Tobacco Settlement Program fund, and the opioid crisis recovery fund to the nonoperating appropriations program. The LFC recommendation supports this transfer of nonoperational costs out of the Fiscal Management and Oversight's budget.

However, DFA requested a 6.6 percent general fund increase of \$514.6 thousand for the Fiscal Management and Oversight Program, all in personnel. In FY24, DFA moved \$230 thousand out of personnel costs in the program to cover costs of a 2022 audit with the Office of the State Auditor and to cover DFA’s annual payment card industry audit. DFA is projecting a deficit in personnel in FY25 for the program but did not provide any projections; therefore LFC partially supports the increase in personnel for Fiscal Management and Oversight.

DFA also requested an expansion of \$5.2 million for a SHARE program expansion to be transferred from the Department of Information Technology. The LFC recommendation supports this transfer.

Infrastructure and Planning Division. The Infrastructure and Planning Division is a new program at DFA funded through FY25 with a special appropriation of \$750 thousand, as well as funding from two other programs at DFA. The Infrastructure Division will assist state agencies and local public bodies with planning and finding funding assistance for capital outlay projects, funded with general fund revenue, federal funds, severance tax bonds proceeds, and general obligation bond proceeds. DFA is requesting an additional \$1.2 million, an 85.7 percent increase over FY25, to hire 8 new FTE and to create a system for administration of contracts. The requested positions include a deputy director position and a director of infrastructure and implementation. The LFC recommendation supports 6 FTE for a second funding navigator and other analyst positions but does not include the deputy director or director of infrastructure and implementation positions. The recommendation also supports the costs for the system to administer contracts with additional operational support.

Nonoperating Appropriations. The FY26 general fund request for nonoperating appropriations included an increase of \$4.3 million, or 48.9 percent over FY25. The high increase comes from the transfer of Civil Legal Services from the Local Government Division to the Nonoperating Appropriations program. Overall, the Nonoperating Appropriations represented a \$113.8 million increase, or 477.4 percent, over FY25 due to other transfers to the program, such as from the county-supported Medicaid and Tobacco Settlement Program funds. DFA requested an increase of \$56 thousand, or 31.1 percent, for leasehold community assistance, and an increase of \$5,700, or 6.7 percent, for the National Governor’s Association. DFA requested all other general fund nonoperating appropriations remain flat with FY25. The LFC recommendation increases leasehold community assistance by \$56 thousand, or 31.1 percent, but keeps all other general fund nonoperating appropriations commensurate with FY25.

DFA requested a decrease in revenue from the Tobacco Settlement Program fund of \$985.3 thousand, or 4.9 percent, from the opioid crisis recovery fund of \$13.1 million, or 76.6 percent, and from the county-supported Medicaid funds of \$6.6 million, or 9.1 percent. Based on economic forecasting, the LFC recommendation supports a \$15.9 million transfer from the Tobacco Settlement Program fund, a decrease of \$4.1 million or 20.5 percent; \$16.8 million for the opioid crisis recovery fund, a decrease of \$325 thousand, or 1.8 percent; and \$67.2 million for the county-supported Medicaid fund, a decrease of \$5.7 million, or 7.9 percent.

State Audit. Based on the FY23 *Annual Financial Report*, the state ended FY23 with a net position of \$59.4 billion, an increase of \$12.1 billion, or 25.6 percent, from the previous year. Total revenues for 2023 were \$37.9 billion, an increase of \$6.3 billion, or 19.9 percent from fiscal year 2022. Program revenues for the state overall increased by \$1.1 billion, or 5.2 percent, on a year-to-year basis, while taxes and other general revenues increased by \$2.1 billion. The state’s expenses were \$27.7 billion, an increase of \$1.9 billion from FY22, with a majority of the increase being in health and human services, general control, and education. Displaying continued but slowing growth, the state’s net program revenues exceeded net program expenses by \$4.8 billion, whereas in fiscal year 2022 this amount was \$5.8 billion.

Base Expansion

DFA requested \$6.5 million in expansion funds across all operational programs, \$1.3 million of which was from the general fund. The expansion requests included 3 FTE in existing programs, 8 new FTE for the agency’s new Infrastructure Division, and a \$5.2 million SHARE expansion from a transfer from the Department of Information Technology. The committee recommendation partially supports expansion for new and existing programs.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	State Budget Division Personnel Expansion	P541	85.9	85.9
0	Statewide Human Resources Accounting Reporting (SHARE)	P544	5,256.3	5,256.3
1	Infrastructure, Planning and Development Personnel Expansion	P556	954.3	679.1
1	Legal Counsel Personnel Expansion	P541	300.0	145.5
TOTAL			\$6,596.5	\$6,166.8

POLICY DEVELOPMENT, FISCAL ANALYSIS, BUDGET OVERSIGHT AND EDUCATION ACCOUNTABILITY

The purpose of the policy development, fiscal analysis, budget oversight and education accountability program is to provide professional and coordinated policy development and analysis and oversight to the governor, the legislature and state agencies so they can advance the state’s policies and initiatives using appropriate and accurate data to make informed decisions for the prudent use of the public’s tax dollars.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	28,269.8	6,388.4	6,981.1	6,683.4	4.6
Other Transfers	184.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$28,454.2	\$6,388.4	\$6,981.1	\$6,683.4	4.6
USES					
Personal Services and Employee Benefits	3,703.0	4,465.1	4,994.2	4,696.5	5.2
Contractual services	732.3	840.1	906.1	906.1	7.9
Other	1,253.4	1,083.2	1,080.8	1,080.8	(0.2)
Other financing uses	22,566.8	0.0	0.0	0.0	0.0
TOTAL USES	\$28,255.5	\$6,388.4	\$6,981.1	\$6,683.4	4.6
FTE					
Permanent	41.0	33.0	34.0	33.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	42.0	33.0	34.0	33.0	0.0

Recommended Language

On certification by the state board of finance pursuant to Section 6-1-2 NMSA 1978 that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds, the secretary of the department of finance and administration is authorized to transfer from the general fund operating reserve to the state board of finance emergency fund the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of four million dollars (\$4,000,000) in fiscal year 2026. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund pursuant to the provisions of Section 6-1-5 NMSA 1978.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	General fund reserves as a percent of nonrecurring appropriations for the prior fiscal year	33.7%	0.0%	N/A	N/A	N/A
Explanatory	Percent of state agencies and political subdivisions that successfully receive grants after submission and review by the state point of contact	NEW	25.0%	N/A	N/A	N/A
Outcome	Amount of outstanding severance tax and general obligation debt as a percentage of personal income	NEW	NEW	1.0	1.0	1.0
Outcome	Amount of outstanding severance tax and general obligation debt per capita	NEW	NEW	1.0	1.0	1.0
Outcome	Moody’s general obligation and severance tax bond rating	NEW	1.0	1.0	1.0	1.0
Outcome	Number of business days from a capital or nonrecurring appropriation being deemed eligible for budgeting until funds are budgeted	NEW	NEW	NEW	4.0	4.0
Outcome	Number of published revenue estimate briefs to the legislature	NEW	NEW	NEW	20.0	20.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of awarded grants that were submitted as part of a technical assistance request	NEW	0.0%	100.0%	100.0%	100.0%
Outcome	Percent of grant recommendations accepted by a state agency and awarded by a federal agency	NEW	25.0%	75.0%	Discontinued	Discontinued
Outcome	Response rate of relevant fiscal impact report requests during the legislative session	NEW	NEW	NEW	83%	83%
Outcome	Standard and Poor's rating for general obligation and severance tax bond	NEW	1.0	1.0	1.0	1.0
Output	Number of grant applicants requesting technical assistance	NEW	115.0	10.0	Discontinued	Discontinued
Output	Number of state agency on-site technical assistance deployments related to federal grant management	NEW	80.0	8.0	Discontinued	Discontinued
Output	Number of training sessions conducted related to federal grants	NEW	21.0	15.0	Discontinued	Discontinued
Output	Percent of bond proceeds, by general obligation or severance tax bond or note issuance, expended within three years of the issuance of the bond or note	NEW	62.0%	85.0%	85.0%	85.0%
* Explanatory	General fund reserves as a percent of recurring appropriations	TBD	30%	N/A	N/A	N/A
* Outcome	Error rate for the eighteen-month general fund revenue forecast, excluding oil and gas revenue and corporate income taxes	TBD	TBD	5%	5%	5%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, including oil and gas revenue and corporate income taxes	TBD	TBD	5%	5%	5%
Outcome	Number of formal trainings conducted by the state budget division	5.0	5.0	4.0	4.0	4.0
Output	Percent of agencies attending state budget division trainings	95%	95%	95%	95%	95%
Outcome	Percent of capital outlay expended within six months for all funding sources	4%	5%	5%	Discontinued	Discontinued
Outcome	Percent of capital outlay projects with no activity after one year	17%	13%	10%	Discontinued	Discontinued
Quality	Percent of state agencies that are satisfied with department of finance and administration services based on survey responses	78%	79%	90%	90%	90%
Outcome	Percent of capital outlay expended within three years for all funding sources	85%	85%	85%	Discontinued	Discontinued

COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

The purpose of the community development, local government assistance and fiscal oversight program is to help counties, municipalities and special districts maintain strong communities through sound fiscal advice and oversight, technical assistance, monitoring of project and program progress and timely processing of payments, grant agreements and contracts.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,320.8	7,970.3	3,839.6	3,759.1	(52.8)
Other Transfers	263.4	0.0	0.0	0.0	0.0
Federal Revenues	0.0	21,935.7	11,242.4	11,242.4	(48.7)
Other Revenues	35,999.0	37,413.4	36,189.2	36,189.2	(3.3)
TOTAL SOURCES	\$43,583.2	\$67,319.4	\$51,271.2	\$51,190.7	(24.0)
USES					
Personal Services and Employee Benefits	4,603.8	5,062.8	5,440.4	5,359.9	5.9
Contractual services	4,405.1	6,332.2	63.4	63.4	(99.0)
Other	35,865.5	55,224.4	45,242.4	45,242.4	(18.1)
Other financing uses	503.8	700.0	525.0	525.0	(25.0)
TOTAL USES	\$45,378.2	\$67,319.4	\$51,271.2	\$51,190.7	(24.0)
FTE					
Permanent	37.0	23.4	30.1	30.1	28.7
Term	16.3	23.6	18.9	18.9	(20.0)
TOTAL FTE	53.3	47.0	49.0	49.0	4.3

Recommended Language

The other state funds appropriations to the community development, local government assistance and fiscal oversight program of the department of finance and administration includes thirteen million, one hundred eighty-nine thousand, two hundred dollars (\$13,189,200) from the 911 enhancement fund and twenty-three million dollars (\$23,000,000) from the local DWI grant fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of completed legislative appropriations annually assigned to local government division from legislative sessions	NEW	504.0	N/A	N/A	N/A
Explanatory	Number of infrastructure capital improvement plans trainings provided annually	NEW	20.0	N/A	N/A	N/A
Explanatory	Number of legislative appropriations annually assigned to local government division from legislative sessions	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of local capital outlay projects completed within the four-year award period	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of local capital outlay projects completed within the two-year award period	NEW	57.0	N/A	N/A	N/A
Explanatory	Number of local governing bodies submitting monthly geographic information system data	NEW	94.0	N/A	N/A	N/A
Explanatory	Number of low-income residents assisted by civil legal service program funds	NEW	2,968,066.0	N/A	N/A	N/A
Explanatory	Number of participants attending infrastructure capital improvement plan training annually	NEW	1,300.0	N/A	N/A	N/A
Explanatory	Percent of calls answered within fifteen seconds for all public service answering points	NEW	0.0%	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Percent of emergency-911 and next generation-911 capital projects completed on time and within capital equipment replacement cycle	NEW	80.0%	N/A	N/A	N/A
Explanatory	Percent of geographic information system data that is next generation-911 compliant	NEW	N/A	N/A	N/A	N/A
Explanatory	Percent of infrastructure capital improvement plans capital outlay projects funded by the legislature	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of telecommunicators certified within twelve months after beginning employment	NEW	N/A	N/A	N/A	N/A
Outcome	Percent of error-free payment requests submitted for payment within fifteen days of receipt	NEW	NEW	NEW	95%	95%
Outcome	Percent of open community development block grant projects completed within three years	NEW	NEW	NEW	60%	60%
Outcome	Percent of open community development block grant projects completed within two years	NEW	0%	60%	Discontinued	Discontinued
Output	Number of counties, municipalities and special districts provided technical assistance for software conversions, budgeting, financial reporting, taxation, personal identity safeguarding and other training by the budget and finance bureau of the local government division	NEW	18.0	11.0	11.0	11.0
Output	Number of infrastructure capital improvement plans submissions received annually	NEW	504.0	500.0	500.0	500.0
Output	Number of regional visits to each district of the state to meet with rural and frontier communities	NEW	NEW	7.0	Discontinued	Discontinued
Output	Number of residents of underserved communities served by newly awarded community development block grant projects	NEW	104,002.0	50,000.0	Discontinued	Discontinued
Output	Number of rural communities local government division assisted during the fiscal year to navigate state processes and funding sources	NEW	NEW	30.0	Discontinued	Discontinued
Output	Number of site visits and needs assessments conducted for local public entities related to next generation-911	NEW	NEW	NEW	20.0	20.0
Outcome	Percent of capital intergovernmental grant agreements issued to grantees in compliance with audit requirements within sixty days of funding	NEW	NEW	NEW	80%	80%
Outcome	Percent of counties and municipalities that submitted complete information on procedures for safeguarding constituents' personal and financial information when accepting credit card and electronic transfer payments	NEW	N/A	90.0%	90.0%	90.0%
Output	Number of visits to local public entities to provide next generation-911-related geographic information system general support of technical assistance	NEW	120.0	4.0	Discontinued	Discontinued
Quality	Percent of required site visits by enhanced-911, driving while intoxicated and community development block grant staff conducted annually	88%	97%	90%	Discontinued	Discontinued
Outcome	Number of counties and municipalities assisted by the local government division during the fiscal year to address audit findings and improve poor audit opinions	13.0	21.0	11.0	11.0	11.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of local government division visits to local public entities	183.0	301.0	150.0	Discontinued	Discontinued
Output	Number of visits to local public entities to provide next generation-911-related geographic information system general support or technical assistance	165.0	120.0	90.0	Discontinued	Discontinued
Quality	Percent of local public entities that are satisfied with local government division services based on survey responses	81%	91%	80%	80%	80%
Outcome	Percent of error-free payment requests submitted for payment within eight days of receipt	76%	70%	90%	Discontinued	Discontinued
Output	Number of trainings provided to local public entities	46.0	184.0	25.0	Discontinued	Discontinued
Outcome	Percent of capital intergovernmental grant agreements issued to grantee within sixty days of funding	90%	90%	60%	Discontinued	Discontinued

FISCAL MANAGEMENT AND OVERSIGHT

The purpose of the fiscal management and oversight program is to provide for and promote financial accountability for public funds throughout state government by providing state agencies and New Mexicans with timely, accurate and comprehensive information on the financial status and expenditures of the state.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,912.6	7,806.9	8,321.5	8,112.2	3.9
Other Transfers	26,657.5	30,105.8	5,256.3	5,256.3	(82.5)
Other Revenues	55,291.5	68,000.0	0.0	0.0	(100.0)
Fund Balance	0.0	12,103.8	0.0	0.0	(100.0)
TOTAL SOURCES	\$88,861.6	\$118,016.5	\$13,577.8	\$13,368.5	(88.7)
USES					
Personal Services and Employee Benefits	5,175.4	5,490.7	8,422.3	8,213.0	49.6
Contractual services	1,560.2	1,878.7	3,926.2	3,926.2	109.0
Other	283.2	437.5	1,229.3	1,229.3	181.0
Other financing uses	79,691.4	110,209.6	0.0	0.0	(100.0)
TOTAL USES	\$86,710.2	\$118,016.5	\$13,577.8	\$13,368.5	(88.7)
FTE					
Permanent	67.0	53.0	54.0	54.0	1.9
TOTAL FTE	67.0	53.0	54.0	54.0	1.9

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Percent of quarterly agency reconciliations completed by the annual comprehensive financial report unit	NEW	25.0%	75.0%	75.0%	75.0%
Explanatory	Percent of state agencies attending payroll trainings provided by financial control division annually	0.0%	100.0%	N/A	N/A	N/A
Outcome	Percent of bank accounts reconciled on a quarterly basis	NEW	NEW	NEW	1,000%	1,000%
Outcome	Percentage of SHARE software security patching applied quarterly as delivered by PeopleSoft Oracle	NEW	NEW	NEW	100%	100%
Outcome	Percentage of successful and satisfactory trainings held by financial control division based on survey responses	NEW	NEW	NEW	95%	95%
Efficiency	Percent of payroll payments to employees made by the scheduled payday	100%	100%	100%	Discontinued	Discontinued
* Efficiency	Percent of correctly vouchered and approved vendor payments processed within two working days	100%	98%	100%	100%	100%
Outcome	Percent of bank accounts reconciled on an annual basis	100%	100%	100%	Discontinued	Discontinued
Outcome	Number of trainings held by the financial control division	50.0	50.0	48.0	Discontinued	Discontinued
Quality	Percent of material audit findings resolved in statewide annual financial report	0%	33%	Discontinued	Discontinued	Discontinued

DUES AND MEMBERSHIP

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,426.6	8,889.8	13,237.6	13,231.9	48.8
Other Transfers	0.0	0.0	17,500.0	32,749.4	0.0
Federal Revenues	0.0	0.0	9,958.1	9,958.1	0.0
Other Revenues	21,387.5	22,120.2	86,448.1	90,677.1	309.9
Fund Balance	0.0	0.0	10,553.4	1,626.0	0.0
TOTAL SOURCES	\$29,814.1	\$31,010.0	\$137,697.2	\$148,242.5	378.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Other financing uses	0.0	0.0	91,457.4	102,008.4	0.0
Emergency water supply fund	109.9	109.9	109.9	109.9	0.0
Fiscal agent contract	567.7	1,200.0	1,200.0	1,200.0	0.0
State planning districts	693.0	693.0	693.0	693.0	0.0
Statewide teen court	74.9	137.9	137.9	137.9	0.0
Law enforcement protection fund	19,195.5	22,000.0	20,000.0	20,000.0	(9.1)
Leasehold community assistance	180.0	180.0	236.0	236.0	31.1
Acequia and community ditch education program	492.3	498.2	498.2	498.2	0.0
New Mexico acequia commission	84.8	88.1	88.1	88.1	0.0
Land grant council	590.9	626.9	626.9	626.9	0.0
County detention of prisoners	5,000.0	5,000.0	4,970.0	4,970.0	(0.6)
National association of state budget officers	24.0	24.0	24.0	24.0	0.0
Western governors' association	40.0	40.0	40.0	40.0	0.0
National governors' association	81.4	84.0	89.7	84.0	0.0
Intertribal Indian ceremonial association	328.0	328.0	328.0	328.0	0.0
Civil legal services	0.0	0.0	7,240.0	7,240.0	0.0
Federal Taylor grazing	0.0	0.0	469.2	469.2	0.0
Forest reserve	0.0	0.0	9,488.9	9,488.9	0.0
TOTAL USES	\$27,462.4	\$31,010.0	\$137,697.2	\$148,242.5	378.0

Recommended Language

The other state funds appropriation to the dues and membership fees/special appropriations program of the department of finance and administration in the other financing uses category includes sixty-seven million two hundred twenty-nine thousand dollars (\$67,229,000) from the county-supported medicaid fund and two hundred forty-nine thousand three hundred dollars (\$249,300) from the tobacco settlement program fund.

The internal service funds/interagency transfer appropriation to the dues and membership fees/special appropriations program of the department of finance and administration in the other financing uses category includes fifteen million six hundred ninety-eight thousand one hundred dollars (\$15,698,100) from the tobacco settlement program fund and sixteen million eight hundred two thousand dollars (\$16,802,000) from the opioid crisis recovery fund.

The other state funds appropriation to the dues and membership fees/special appropriations program of the department of finance and administration in the other financing uses category includes two million dollars (\$2,000,000) from the law enforcement protection fund.

The department of finance and administration shall not distribute a general fund appropriation made to the dues and membership fees/special appropriations program to a New Mexico agency or local public body that is not current on its audit or financial reporting or otherwise not in compliance with the Audit Act, except for the appropriation for civil legal services.

INFRASTRUCTURE POLICY AND DEVELOPMENT DIVISION

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	1,434.6	2,664.3	2,384.5	66.2
TOTAL SOURCES	\$0.0	\$1,434.6	\$2,664.3	\$2,384.5	66.2
USES					
Personal Services and Employee Benefits	0.0	1,023.5	1,982.4	1,702.6	66.4
Contractual services	0.0	331.3	510.0	510.0	53.9
Other	0.0	79.8	171.9	171.9	115.4
TOTAL USES	\$0.0	\$1,434.6	\$2,664.3	\$2,384.5	66.2
FTE					
Permanent	8.0	7.0	9.0	7.0	0.0
Term	4.0	3.0	9.0	9.0	200.0
TOTAL FTE	12.0	10.0	18.0	16.0	60.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Percent of state agencies and political subdivisions who successful receive grants after submission and review by the state point of contact	NEW	NEW	N/A	N/A	N/A
Outcome	Percent of awarded grants that were submitted as part of a technical assistance request	NEW	NEW	NEW	100%	100%
Outcome	Percent of capital outlay expended within six months for all funding sources	NEW	NEW	NEW	5%	5%
Outcome	Percent of capital outlay expended within three years for all funding sources	NEW	NEW	NEW	85%	85%
Outcome	Percent of capital outlay projects with no activity after one year	NEW	NEW	NEW	100%	100%
Output	Number of assistance sessions provided to local governments, councils of governments, and tribal governments in identifying and accessing funding for infrastructure development from public and private sources, and in administering funding to complete capital projects	NEW	NEW	NEW	4.0	4.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of capital project plans received, reviewed, and evaluated for local governments, councils of governments, and tribal governments, including the provision of advice on the plans	NEW	NEW	NEW	5,000.0	5,000.0
Output	Number of regional visits to each district of the state to meet with rural and frontier communities	NEW	NEW	NEW	4.0	4.0
Output	Number of rural communities local government division assisted during the fiscal year to navigate state processes and funding sources	NEW	NEW	NEW	10.0	10.0
Output	Number of state agency on-site technical assistance deployments related to federal grant management	NEW	NEW	NEW	4.0	4.0
Output	Number of training sessions conducted related to federal grants	NEW	NEW	NEW	8.0	8.0

PROGRAM SUPPORT

The purpose of program support is to provide other department of finance and administration programs with central direction to agency management processes to ensure consistency, legal compliance and financial integrity, to provide human resources support and to administer the executive's exempt salary plan.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,477.4	3,000.2	3,249.1	3,115.1	3.8
Other Transfers	111.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$2,588.9	\$3,000.2	\$3,249.1	\$3,115.1	3.8
USES					
Personal Services and Employee Benefits	2,110.4	2,581.1	2,795.1	2,661.1	3.1
Contractual services	173.6	141.1	176.0	176.0	24.7
Other	236.0	278.0	278.0	278.0	0.0
TOTAL USES	\$2,520.0	\$3,000.2	\$3,249.1	\$3,115.1	3.8
FTE					
Permanent	24.0	21.0	21.0	21.0	0.0
TOTAL FTE	24.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of material weaknesses or significant deficiency findings in department audited financial statements	NEW	5.0	0.0	Discontinued	Discontinued
Outcome	Percent of federal fund reconciliations completed within twenty-one days after the official closing of the books each quarter	NEW	90%	100%	Discontinued	Discontinued
Outcome	Percent of statewide human resources, accounting and management reporting system help desk tickets closed or referred to the department of information technology within forty-eight hours of receipt	NEW	99%	95%	Discontinued	Discontinued
Outcome	Percentage of successful and satisfactory closure of help desk tickets based on survey responses	NEW	NEW	NEW	95%	95%
Output	Percent of capital projects fund reconciliations completed within twenty-one days after the official closing of the books each quarter	NEW	90%	100%	Discontinued	Discontinued
Output	Percent of correctly submitted vendor payments processed within five working days	NEW	NEW	NEW	95%	95%
Output	Percent of fund reconciliations completed within thirty days after the official closing of the books each quarter	NEW	NEW	NEW	95%	95%
Output	Percent of general fund reconciliations completed within twenty-one days after the official closing of the books each quarter	NEW	85%	100%	Discontinued	Discontinued
Quality	DFA IT security score (850 Max)	N/A	N/A	N/A	N/A	N/A

Statutory Authority

The Public Schools Insurance Authority (NMPSIA) was created by Sections 22-29-1 through 22-29-6-12 NMSA 1978 to provide comprehensive core insurance programs for public schools, except those in the Albuquerque school district, and other educational entities. NMPSIA is governed by an 11-member board.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,643.5	1,791.2	1,891.2	1,891.2	5.6
Other Revenues	489,726.4	508,194.6	594,535.0	593,719.0	16.8
Fund Balance	30,377.1	29,778.6	40,150.3	40,966.3	37.6
TOTAL SOURCES	\$521,747.0	\$539,764.4	\$636,576.5	\$636,576.5	17.9
USES					
Personal Services and Employee Benefits	1,366.4	1,509.9	1,591.2	1,591.2	5.4
Contractual services	518,546.4	536,278.0	632,894.1	632,894.1	18.0
Other	184.8	185.3	200.0	200.0	7.9
Other financing uses	1,643.5	1,791.2	1,891.2	1,891.2	5.6
TOTAL USES	\$521,741.1	\$539,764.4	\$636,576.5	\$636,576.5	17.9
FTE					
Permanent	12.0	12.0	12.0	12.0	0.0
TOTAL FTE	12.0	12.0	12.0	12.0	0.0

At A Glance

For FY26, the Public Schools Insurance Authority (NMPSIA), whose funding is built into the public schools support and higher education operating budget, requested an increase of \$86.2 million for insurance rates and \$10.4 million from the fund balance, for a total increase \$96.8 million. NMPSIA sets insurance rates for the upcoming school year each spring. For FY26, NMPSIA anticipates a 10.25 percent increase for health benefit premiums and a 16.9 percent increase for risk insurance premiums. The agency requested an increase of \$100 thousand, or 5.6 percent, for program support.

The LFC recommendation fully funds the agency's request for expenditure authority but assumes a lower rate increase in health benefits in FY26. Funding for an insurance premium increase of 10 percent is included in the public school support budget (see: "PSS: Agency 993").

Budget Issues

NMPSIA provides health benefits and risk insurance to 88 school districts outside of Albuquerque Public Schools (APS) and all charter schools statewide. The Benefits Program is self-insured and funded through employer and employee premiums. NMPSIA pays the full cost of health benefits claims through the provider networks of private insurance carriers, which receive a set administrative fee. The Risk Program provides property, liability, workers' compensation, and other insurance coverages and is funded through insurance premium assessments on individual school districts and charter schools based on risk exposure and claims experience. For FY26, NMPSIA requested a total budget of \$636.6 million, \$96.8 million, or 17.9 percent, over the FY25 operating budget. However, NMPSIA currently projects total FY25 expenditures of \$609.8 million, \$70 million above its current operating budget. The agency expects revenue to come in about \$26.2 million higher than budgeted. Following legislative action in 2024, the agency passed along a higher-than-budgeted insurance rate increase to school districts and charter schools. Most of these increases were pulled back to allow schools to focus resources on educational programming; however, this will lead to larger deficit spending in FY25. NMPSIA currently projects deficit spending of \$73.7 million in FY25; \$19.6 million in the Benefits Program and \$54.1 million in the Risk Program.

NMPSIA requests funding to be included in the public school support (PSS) budget for distribution to school districts. The NMPSIA board sets insurance rates assessed to participating entities regardless of whether funding was included in the PSS budget. APS receives a 22.6 percent share of the state equalization guarantee funding available for insurance in the PSS budget regardless of claims experience based on the APS share of total school funding units. Because NMPSIA has the authority to set rates independent of the Legislature, the FY26 budget request is a request for expenditure authority rather than a request for a direct general fund appropriation.

Benefits. The Benefits Program requested expenditure authority of \$480 million, or 9.9 percent, over agency projections for FY25. Recent changes to increase the share of premiums covered by employers appear to have reversed long-term declines in membership. NMPSIA reports its health plans have 46.3 thousand members, up from 44.5 thousand in FY23 but down from 50.9 thousand members in FY17.

NMPSIA sets rates in accordance with a five-year plan, the goal of which is to set rates high enough to pay the costs of all claims, reserve funds for claims that are incurred but not reported (IBNR), and build an additional reserve equivalent to one month's worth of claims expenditures to insulate the program from the impacts of high-cost events. According to NMPSIA's actuaries, annual rate increases would need to average 10.25 percent to meet the target fund balance level of \$54.1 million at the end of FY30. This includes an average 7.8 percent blended medical cost trend, with the cost of prescription drugs expected to increase by an average of 10 percent and other medical costs expected to increase by an average of 7 percent. Dental costs are expected to increase by 4 percent, on average. The difference between the 10.25 percent and cost trend is to rebuild agency fund balance. NMPSIA reports an FY25 beginning benefits fund balance of \$5 million but projects it will end FY25 with a negative \$14.5 million fund balance. The benefits fund currently has about \$30 million in cash and invested reserves.

The LFC recommendation includes a 10 percent insurance rate increase for FY26, slightly below the agency's request, but in line with the 10 percent increase built into other agency budgets. Because of significant deficit spending, the agency should consider cost controls and plan design changes to limit future cost increases. The NMPSIA board has the authority to change benefits to reduce plan costs by increasing co-pays, deductibles, and maximum out-of-pocket limits. Finally, NMPSIA should pursue greater emphasis on results produced by wellness programs that seek to avoid costs through better management of chronic conditions, such as diabetes.

Risk. The Risk Program requested expenditure authority of \$154.7 million for FY26, \$16.5 million below agency projections for expenditure in FY25 but \$37.6 million above projected revenue for FY25. NMPSIA's requested rate increase of 16.9 percent would increase revenue to \$135.6 million, based on agency projections, leaving about \$19 million to be covered by the risk fund balance. Payments from the risk fund can vary dramatically from year to year, based on claims activity.

As of July 31, NMPSIA reported total assets in the risk fund of \$188.7 million and total liabilities of \$219.8 million, resulting in a net fund balance of negative \$31 million. However, the liabilities include \$56.8 million for case reserves to pay reported damage claims and an additional \$55.4 million for IBNR claims. NMPSIA has a target fund balance of \$5 million over IBNR reserves so the agency could pay out all claims, known and unknown, and still have \$5 million in reserve. This reserve allows NMPSIA to pay large claims without having to immediately increase rates on participants, but maintaining the reserve requires the agency to set higher premiums to ensure surplus funding in the Risk Program. The risk fund currently has about \$90 million in cash and invested reserves.

NMPSIA anticipates paying approximately \$81.8 million for excess insurance coverage in FY26. This additional insurance is effective once a claim is made for property damage, liability, crime, or workers' compensation over a certain dollar threshold, or self-insured retention (SIR), and does not pay for damages below the SIR amount. Excess insurance for property and crime is expected to increase by \$4.5 million, or 9.5 percent, to \$51.3 million and excess liability insurance is expected to increase by \$2.2 million, or 8.2 percent, to \$29 million.

NMPSIA reports the agency continues to struggle with high dollar claims, particularly for wind and hail damages and sexual misconduct. Property losses in FY22 and FY23 due to wind and hail totaled \$80 million. From FY16 through FY21, losses averaged \$9 million per year. Two years of high property losses, as well as turmoil in the broader property insurance market, has led to significant increases in excess coverage, despite the agency attempting to limit cost increases by boosting self-insured retention to \$10 million for wind and hail claims.

Since FY15, the agency paid \$80.6 million related to 143 sexual misconduct claims. NMPSIA reported the agency has settled 12 claims caused by a single individual, with total payouts of \$35.6 million. Other individuals have had multi-million dollar settlements. In 2021, the Legislature passed changes to the public school code to improve schools' use of background checks and training to prevent sexual misconduct in schools. While in recent years, schools have improved compliance with that law, NMPSIA continues to report implementation issues. For example, although most schools have updated applications to comply with the law, some past employers do not respond to reference checks and schools lack the staff to follow up when previous employers do not respond. Additionally, there is a lack of a consistent process for hiring school staff or screening school volunteers. High turnover among school district staff hampers implementation. Finally, under current law the Public Education Department (PED) has no ability to take action against non-licensed school employees or volunteers, which could limit its ability to conduct ethics investigations of non-licensed employees. NMPSIA reports some success from the agency's adoption of an anonymous reporting system and the PED is reporting an increase in the number of filed ethics complaints, pointing to an increase in reporting in this area. However, both PED and NMPSIA rely on local officials to take steps to properly hire, investigate, and respond to complaints.

The LFC recommendation supports the agency’s request for risk program expenditure, using a mix of revenue increases and fund balance. While liability claims exposure is potentially massive, the amount is not known. Because NMPSIA premiums are designed to spread risk among the entire pool, claims that result from inaction by small number of schools or districts have a financial impact on the entire state. NMPSIA should consider rate-setting policies that concentrate losses from sexual misconduct claims among those entities experiencing the losses. Additionally, entities that decline to adopt policies designed to limit exposure should see higher rate increases than those adopting NMPSIA’s recommended practices. In a positive development, NMPSIA’s board has already signaled its willingness to enhance oversight of entities with a history of large losses.

Program Support. The agency requested an increase of \$100 thousand, or 5.6 percent, for Program Support for FY26. The increase comes from NMPSIA fund balances and is transferred to the Support Program from the Benefits and Risk programs. The request includes additional funding sufficient to fully staff the agency and for increases to in information technology and travel costs. The LFC recommendation supports the agency’s request.

BENEFITS

The purpose of the benefits program is to provide an effective health insurance package to educational employees and their eligible family members so they can be protected against catastrophic financial losses due to medical problems, disability or death.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	382,735.8	394,945.9	458,937.9	458,121.9	16.0
Fund Balance	12,557.1	10,000.8	21,065.7	21,881.7	118.8
TOTAL SOURCES	\$395,292.9	\$404,946.7	\$480,003.6	\$480,003.6	18.5
USES					
Contractual services	394,470.7	404,051.1	479,058.0	479,058.0	18.6
Other financing uses	822.2	895.6	945.6	945.6	5.6
TOTAL USES	\$395,292.9	\$404,946.7	\$480,003.6	\$480,003.6	18.5

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent change in per-member health claim costs	2.4%	8.8%	5.0%	7.8%	5.6%
Efficiency	Average number of days to resolve inquiries and appeals related to customer service claims	5.0	6.0	6.0	6.0	6.0
* Outcome	Percent change in medical premium as compared with industry average	5.6%	7.2%	4.5%	4.5%	4.5%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	55%	55%	62%	61%	62%
Explanatory	Number of participants covered by health plans	44,538.0	47,264.0	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last twelve months	79%	81%	82%	80%	82%
Efficiency	Annual loss ratio for the health benefits fund	100%	103%	98%	100%	100%
Explanatory	Year-end fund balance of the health benefits fund, in thousands	\$13,787	\$5,313	N/A	N/A	N/A

RISK

The purpose of the risk program is to provide economical and comprehensive property, liability and workers’ compensation programs to educational entities so they are protected against injury and loss.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	106,990.4	113,248.7	135,597.1	135,597.1	19.7
Fund Balance	17,820.0	19,777.8	19,084.6	19,084.6	(3.5)
TOTAL SOURCES	\$124,810.4	\$133,026.5	\$154,681.7	\$154,681.7	16.3
USES					
Contractual services	123,989.1	132,130.9	153,736.1	153,736.1	16.4
Other financing uses	821.3	895.6	945.6	945.6	5.6
TOTAL USES	\$124,810.4	\$133,026.5	\$154,681.7	\$154,681.7	16.3

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	95%	95%	95%	90%	95%
Outcome	Percent of schools in compliance with loss control prevention recommendations	78%	80%	75%	75%	80%
Outcome	Average cost per workers' compensation claim for current fiscal year	\$3,045	\$3,076	\$3,500	\$4,000	\$3,500
Outcome	Percent change in the average cost of workers' compensation claims as compared with self-insured plans in the workers' compensation administration's annual report	0.00%	4.00%	4.00%	5.00%	4.00%
* Explanatory	Dollar amount of excess insurance claims for property, in thousands	\$7,785.3	\$971.3	N/A	N/A	N/A
* Explanatory	Dollar amount of excess insurance claims for liability, in thousands	\$31,796.9	\$1,496.5	N/A	N/A	N/A
* Explanatory	Dollar amount of excess insurance claims for workers' compensation, in thousands	\$89.2	\$51.0	N/A	N/A	N/A
Explanatory	Year-end financial position of the risk fund	108.60%	93.00%	N/A	N/A	N/A
Efficiency	Annual loss ratio for the risk fund	106%	118%	100%	100%	100%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the benefits and risk programs and to assist the agency in delivering services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,643.5	1,791.2	1,891.2	1,891.2	5.6
Other Revenues	0.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,643.7	\$1,791.2	\$1,891.2	\$1,891.2	5.6
USES					
Personal Services and Employee Benefits	1,366.4	1,509.9	1,591.2	1,591.2	5.4
Contractual services	86.6	96.0	100.0	100.0	4.2
Other	184.8	185.3	200.0	200.0	7.9
TOTAL USES	\$1,637.8	\$1,791.2	\$1,891.2	\$1,891.2	5.6
FTE					
Permanent	12.0	12.0	12.0	12.0	0.0
TOTAL FTE	12.0	12.0	12.0	12.0	0.0

Recommended Language

Any unexpended balances in program support of the public school insurance authority remaining at the end of fiscal year 2026 shall revert in equal amounts to the benefits program and risk program.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of prior-year audit findings that recur	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of employee performance evaluations completed by anniversary date	100%	80%	100%	100%	100%

Statutory Authority

The New Mexico Retiree Health Care Authority (RHCA) was created by Section 10-7C-1 through 10-7C-19 NMSA 1978 to provide affordable health-care for New Mexico public retirees and eligible dependents. RHCA is governed by a board of 11 members: the state treasurer, a governor’s appointee, a state employee, a teacher, two representatives from pension plans, two representatives from retiree associations, one member from the Municipal League, one member from the school superintendent’s association, and one member from New Mexico Counties.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	3,913.4	4,125.2	4,413.0	4,413.0	7.0
Other Revenues	335,173.7	406,196.9	411,094.7	411,094.7	1.2
TOTAL SOURCES	\$339,087.1	\$410,322.1	\$415,507.7	\$415,507.7	1.3
USES					
Personal Services and Employee Benefits	2,441.1	2,751.7	2,941.1	2,941.1	6.9
Contractual services	332,142.0	402,775.0	407,454.9	407,454.9	1.2
Other	590.6	670.2	698.7	698.7	4.3
Other financing uses	3,913.4	4,125.2	4,413.0	4,413.0	7.0
TOTAL USES	\$339,087.1	\$410,322.1	\$415,507.7	\$415,507.7	1.3
FTE					
Permanent	27.0	28.0	29.0	28.0	0.0
TOTAL FTE	27.0	28.0	29.0	28.0	0.0

At A Glance

Although RHCA is not directly appropriated general fund revenues for operational expenses, cost of this post-employment health benefit for retired public employees and teachers impacts the general fund through employer-paid contributions and an earmark from the tax administration suspense fund. At the end of FY24, the RHCA trust fund balance was \$1.5 billion, compared with \$377 million a decade ago. However, on an actuarial basis, funding is only sufficient to cover about 44 percent of the estimated \$3 billion in current and future healthcare liabilities. The program is projected to continue to build fund balance over time.

For FY26, the agency requested an increase of 1.2 percent from the FY25 operating budget. The increase was driven by medical costs, with \$4.6 million requested for increases in the Healthcare Benefits Administration Program. The agency requested \$287.8 thousand for Program Support, mostly in the personnel category. The LFC recommendation fully funds the agency request for health benefits and includes additional funds to fill current vacancies in Program Support.

Budget Issues

RHCA was created by the Legislature in 1990 to provide subsidized access to health insurance products for retired civil servants. However, the Legislature provided no funding, set no eligibility criteria requiring retirees to make a minimum level of contributions prior to drawing benefits, and required just one year of employee and employer contributions before the program began paying benefits. As a result, the program started from a deficit position with no assets to cover future liabilities.

The Retiree Health Care Act provides that the benefits offered to retired public employees may be modified, diminished, or extinguished by the Legislature and that the act does not create any contract, trust, or other rights to public employees for healthcare benefits. The RHCA board has authority to make changes to this optional benefit. The Legislature sets public employer and public employee statutory contribution rates, now 2 percent and 1 percent of pay, respectively, for plan members who are not public safety employees.

In addition to employee and employer contributions, the state provides a direct appropriation to RHCA in the form of a distribution from the tax administration suspense fund, a holding fund where tax revenue is collected before being distributed to the general fund. The distribution is set by statute and increases by 12 percent per year, roughly doubling the distribution amount every six years. For FY26, the distribution will increase to \$58 million, an increase of \$6.2 million from FY25. Monies distributed to RHCA from the tax administration suspense fund would otherwise go to the general fund for appropriation by the Legislature. While this distribution has allowed balances in the retiree healthcare fund to grow, the long-term sustainability of this funding mechanism is questionable. By 2050, transfers to the retiree healthcare fund will be \$1 billion, accounting for 11 percent of all personal income taxes.

RHCA budgets sufficient funds to pay anticipated health costs. However, revenue generated by the program is often greater than healthcare expenses; in FY24, program revenues totaled approximately \$564 million, \$228 million higher than the actual expenditures of \$336 million. The revenue received in excess of expenditures was directed to the retiree healthcare trust fund and invested. This funding is used to offset long-term liabilities, a consequence of immediately paying for benefits on creation of the program without any pre-funding of those costs.

Under current practice, the RHCA's plan more heavily subsidizes the younger, working-age population versus the older, Medicare-eligible population. RHCA membership includes 11 thousand pre-Medicare retirees and 40.6 thousand Medicare-eligible retirees. Depending on years of service, pre-Medicare retirees receive a subsidy up to 64 percent of plan cost while Medicare-eligible participants may receive a subsidy up to 50 percent. However, recent changes to RHCA rules limit subsidies for retirees under the age of 55. Among members not enrolled in an enhanced retirement plan—generally public safety employees who make higher contributions to account for shorter careers—those who retire after July 31, 2021, will not receive a subsidy until they turn 55 years old and are required to cover 100 percent of the premium if they choose to enroll. Coverage is also subsidized for spouses of older retirees, up to 25 percent for Medicare-eligible spouses and 36 percent for pre-Medicare spouses depending on the retiree's years of service. Premiums for dependent coverage are 100 percent paid by the retiree, as are premiums for dental, vision, and life insurance.

For calendar year 2025, the RHCA board will increase retiree premiums by 2 percent for pre-Medicare retirees and 3 percent for dependent children. Medicare Supplement plans will increase by 2 percent. Depending on the coverage plan, pre-Medicare retirees over the age of 55 will pay an increase of between \$63 and \$82 per year, with spousal coverage increasing by between \$120 and \$155 and child coverage increasing by between \$92 and \$119. Medicare supplement plans will increase by \$58 per year for retirees, \$87 for spouses, and \$116 for dependent children.

For the Healthcare Benefits Administration Program, the agency requested \$411.1 million, a \$4.9 million, or 1.2 percent, increase from the FY25 operating budget. The request included \$141 million in revenue from employee and employer contributions, \$173 million from insurance premium assessments on retirees, \$58 million from a distribution from the tax suspense fund, and \$39 million from prescription drug rebates and Medicare part D subsidies.

The request for Program Support totaled \$4.4 million, a \$287.8 thousand, or 7 percent, increase from the FY25 operating budget. The request included additional funding for one additional management position to improve customer service and finance oversight. The agency has noted a growth in the agency's need for business support to address increases in the number of members and in the number of active employers. The request included increases in the contractual services and other categories for investment consulting and general operating expenses. With growth to the agency's trust fund balance, the agency's board has sought additional technical expertise to help manage their investment portfolio.

The LFC recommendation recognizes the expenditure request of RHCA is supported by statutorily determined revenues and does not make changes to the statutory rates. The LFC recommendation fully funds the agency request for the Healthcare Benefits and Program Support. However, the recommendation does not include the additional 1 FTE sought by the agency, given the agency's current unfunded vacancy rate of 6.2 percent. Instead, the recommendation fully funds the agency's existing 28 FTE.

Sustainability. A May 2023 report from the Pew Charitable Trusts on other post-employment benefits showed, as of 2019, 48 states have retiree healthcare programs but only 10 states' plans have sufficient assets to cover 30 percent of liabilities, while 15 states have only enough assets to pay for less than 1 percent of liabilities. The Pew data is several years old and does not capture recent gains in New Mexico, which has seen fund assets grow from \$756 million in 2019 to \$1.5 billion in 2023. At the end of FY23, the plan was 44.2 percent funded, making New Mexico one of the best funded states for other post-employment benefits. At the end of 2019, the plan was 18.9 percent funded.

Because RHCA provides the largest subsidies for workers who are not yet Medicare-eligible, this benefit provides an incentive for workers to leave state service early because they will receive a more generous subsidy than they will under the Medicare subsidy program. As a result, the current retiree healthcare structure may be working against legislative proposals to incentivize continued service for older workers, such as retiree return-to-work programs. Reduction of the pre-Medicare subsidy or increasing the minimum retirement age would reduce program costs.

Each year, in accordance with the Governmental Accounting Standards Board, RHCA reports total fund liabilities. For FY23, the fund had a total liability of \$3 billion and assets of approximately \$1.3 billion, resulting in a net healthcare liability of \$1.7 billion, of which \$405 million was attributable to the state of New Mexico, with the remaining liabilities allocated to participating local governments.

HEALTHCARE BENEFITS ADMINISTRATION

The purpose of the healthcare benefits administration program is to provide fiscally solvent core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	335,076.2	406,196.9	411,094.7	411,094.7	1.2
TOTAL SOURCES	\$335,076.2	\$406,196.9	\$411,094.7	\$411,094.7	1.2
USES					
Contractual services	331,466.7	402,026.7	406,636.7	406,636.7	1.1
Other	40.5	45.0	45.0	45.0	0.0
Other financing uses	3,913.4	4,125.2	4,413.0	4,413.0	7.0
TOTAL USES	\$335,420.6	\$406,196.9	\$411,094.7	\$411,094.7	1.2

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Output	Minimum number of years of positive fund balance	30.0	30.0	30.0	30.0	30.0
Outcome	Number of years of projected balanced spending	9.0	10.0	6.0	6.0	6.0
Outcome	Emergency room visits per one thousand members	479.0	512.0	200.0	200.0	200.0
Explanatory	Year-end fund balance of the health benefits fund, in thousands	\$1,256,273	\$1,504,639	N/A	N/A	N/A
Efficiency	Annual loss ratio for the health benefits fund	96%	99%	100%	100%	100%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	37%	41%	85%	85%	85%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	48%	50%	80%	80%	80%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	3,913.4	4,125.2	4,413.0	4,413.0	7.0
Other Revenues	97.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,010.9	\$4,125.2	\$4,413.0	\$4,413.0	7.0

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	2,441.1	2,751.7	2,941.1	2,941.1	6.9
Contractual services	675.3	748.3	818.2	818.2	9.3
Other	550.1	625.2	653.7	653.7	4.6
TOTAL USES	\$3,666.5	\$4,125.2	\$4,413.0	\$4,413.0	7.0
FTE					
Permanent	27.0	28.0	29.0	28.0	0.0
TOTAL FTE	27.0	28.0	29.0	28.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of deposits made within twenty-four hours	100%	100%	100%	100%	100%
Outcome	Percent of payments made within thirty days	98%	99%	98%	98%	98%

Statutory Authority

Pursuant to Sections 9-17-1 through 9-17-7 NMSA 1978, the General Services Department (GSD) provides consolidated services to state agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	18,587.1	21,326.5	25,732.1	21,976.5	3.0
Other Transfers	14,469.7	16,766.4	17,106.0	16,894.8	0.8
Other Revenues	521,350.3	128,999.9	165,405.7	148,692.1	15.3
Fund Balance	27,145.5	2,000.0	0.0	16,730.4	736.5
TOTAL SOURCES	\$581,552.6	\$169,092.8	\$208,243.8	\$204,293.8	20.8
USES					
Personal Services and Employee Benefits	25,055.5	28,225.8	33,265.4	31,077.6	10.1
Contractual services	53,337.1	32,386.9	33,730.3	1,784.8	(94.5)
Other	488,651.5	91,713.7	124,142.1	20,451.2	(77.7)
Other financing uses	14,469.7	16,766.4	17,106.0	6,348.8	(62.1)
Public liability	0.0	0.0	0.0	91,706.4	0.0
Surety bond	39.0	0.0	0.0	40.0	0.0
Public property reserve	0.0	0.0	0.0	16,288.6	0.0
Local public body unemployment compensation reserve	0.0	0.0	0.0	2,090.0	0.0
Workers' compensation retention	0.0	0.0	0.0	25,406.4	0.0
State unemployment compensation	0.0	0.0	0.0	9,100.0	0.0
TOTAL USES	\$581,552.8	\$169,092.8	\$208,243.8	\$204,293.8	20.8
FTE					
Permanent	317.0	313.0	328.0	289.0	(7.7)
Term	12.0	0.0	1.0	0.0	0.0
Temporary	12.0	2.0	12.0	0.0	(100.0)
TOTAL FTE	341.0	315.0	341.0	289.0	(8.3)

At A Glance

The General Services Department (GSD), funded primarily from service fees, insurance premiums, and other sources outside the general fund, requested an FY26 operating budget of \$208.2 million, a \$39.2 million, or 23 percent, increase from FY25, due mostly to a \$33.7 million increase in the Risk Management Funds Program, which manages the state's shared risk pools, including the public liability fund and the public property reserve fund. For the Facilities Management Division—the agency's only program directly supported by the general fund—the agency requested a \$4.4 million increase, or 21 percent. For other programs, funded with fees and interagency transfers, the agency requested a net increase of \$1.1 million, or 2 percent.

The LFC recommendation of \$204.3 million is a \$35.2 million increase over the FY25 operating budget, including requested increases for the public liability fund and other risk management funds. For the Facilities Management Division, the LFC recommendation includes an increase of \$650 thousand from the general fund, as well as \$169 thousand in new revenue from building use fees. Implementing these fees will stabilize the program's budget and fully recognize the costs of providing workspace for employees in agency's operating budgets, rather than indirectly funding agency facilities through the GSD.

Budget Issues

GSD provides a variety of consolidated functions for the state and supports services for other governmental entities. The agency manages hundreds of millions of dollars in public works projects, insures hundreds of public entities, oversees billions of dollars in contracts for goods and services, and manages millions of square feet of state-owned and leased office space on behalf of most of state government. About 13 percent of the agency's annual appropriation for operations is directly from the general fund, mostly for the operation and maintenance of state-owned properties.

Risk Management. The Risk Management Division (RMD) assesses premiums on state agencies for liability and property insurance, workers' compensation, and unemployment compensation. In addition, some institutions of higher education and local governments choose to participate in RMDs risk pools, for which they pay a premium. Traditionally, RMD has operated on a cash basis, estimating total need for claims payments, legal fees, and operating expenses and weighting each entity's annual premium based on the agency's five-year loss history and exposure to losses by line of coverage. Recently, the agency has seen a significant increase in claims activity, reducing the agency's cash reserves. In response, the agency is shifting strategy and beginning to calculate agency assessments based on estimated future costs of claims that have yet to be paid. This shift will cause most entities' annual assessments to rise, particularly those with a large loss history, but is necessary to ensure the division has sufficient funds to pay claims and defend the state when necessary.

Revenues from risk rate assessments are directed to the separate Risk Management Funds Program. The division is funded with an \$11 million transfer from this program. The cost of premiums is built into agency base budget requests, and GSD has statutory authority to set rates. The budget request for Risk Management reflects the anticipated expenditures of the program rather than the expected revenue. Should expenditures requested exceed revenue, RMD will use funds from the appropriate balance to cover the difference.

For RMD operations, GSD requested an overall decrease of \$170.7 thousand for personnel. The division recently transferred employees managing the health benefits program to the Health Care Authority, reducing need in the personnel category. The agency requested a flat operating budget for contracts, other costs, and for transfers to Program Support. Analysis shows the division is funded for six of its current vacancies, and the agency projects this is sufficient to support current operations.

For the Risk Management Funds Program, the agency requested an overall increase of \$33.7 million, or 30.3 percent. The division has seen claims expenses increase dramatically over the past years, with both claim frequency and severity up. For 2014 through 2021, RMD saw an average of 1,600 claims per year with an average estimated cost of \$32 thousand; from 2022 to 2024, average claims increased to 2,350 per year with an average estimated cost of \$38.7 thousand, an increase of 46 percent in the number of claims, and 18 percent increase in cost per claim. Increase in civil rights claims were particularly large with frequency increasing by 65 percent and costs increasing by 48 percent.

A recent LFC program evaluation found the state's risk policies are not optimized to cover or prevent escalating settlement costs, with loss prevention activities largely left to agencies. The evaluation recommended RMD monitor and report on agency loss control efforts, require agencies to form review committee following serious incidents, and promote the use of alternative dispute resolution to reduce potential exposure. RMD has begun to implement some of these recommendations, in addition to other reforms to reduce future claims.

The LFC recommendation supports the agency's request for RMD operations and for the Risk Management Funds Program.

Facilities Management. The Facilities Management Program (FMD) oversees occupancy of state-owned buildings, controls all private leases except for the State Land Office, and manages capital projects for most state agencies. Over 900 state-owned facilities totaling nearly 7.2 million square feet of space are in the state inventory. In addition, the state manages 383 leases for 3.1 million square feet. Maintenance and janitorial services at state-owned facilities in Santa Fe are provided by FMD.

Like other programs operated by GSD, FMD's function is to provide services to other state agencies, but unlike the other programs, FMD's operating budget is funded entirely from direct appropriations from the general fund. This practice has the effect of disconnecting the cost of providing space for state employees from the cost of providing the services those employees are hired to perform. While about 5,200 executive branch positions are assigned to offices that are leased, the state's inventory of facilities reports 7,500 positions are assigned to facilities owned by FMD. FMD reports long waiting lists of agencies looking to move from leased facilities—where the agencies face the direct costs of providing that facility—to state-owned facilities, where those costs are indirectly provided by the general fund through FMD. A 2022 LFC program evaluation recommended FMD pilot a building use fee schedule, already authorized in state law, to encourage agencies to minimize their facilities footprint.

For FY26, GSD requested an increase of \$4.4 million, or 22 percent, for FMD. Most of the request was for personnel, with a \$4 million, or 25 percent, increase. The agency recently authorized salary increases for janitorial, grounds, facilities maintenance, and project management workers. Those increases have added about \$1 million in costs at current staffing levels. On average, pay rates for the program have risen by 14 percent over the past year, compared with a FY25 compensation package of 3 percent. Pay increases have helped the program add additional staff. In the last year, program headcount has increased by 25, adding further pressure to the agency budget. The agency will likely need to adjust its FY25 operating budget to support personnel costs.

GSD also requested a large increase for contracts for FMD. Although the current year's operating budget includes \$325 thousand for contracts, in FY24 the agency spent \$871 thousand, mostly for contract janitorial and security services. In the other costs category, the agency requested a slight decrease of \$300 thousand, despite a large increase in property insurance costs, from \$1.4 million to \$2.1 million. The agency requested authority to transfer \$300 thousand from FMD to Program Support, renewing a transfer that was discontinued in FY24 to prioritize funding for program operations.

LFC recommends a general fund increase of \$650 thousand, or 3.2 percent, placing all of the additional revenue for personnel to close the current budget gap. The LFC recommendation increases the personal services and employee benefits category by \$2.3 million, or 20 percent, fully funding the program for current employees. To account for this increase, the LFC recommendation reduces the other costs category by \$1.9 million, limiting the amount of the agency's operating budget available for maintenance activities. However, the agency often relies on capital outlay or other appropriations for maintenance needs and should look for ways to minimize increased utilities expenses. The agency requested \$4.2 million for utilities for FY26, compared with FY24 actual expenses of \$3 million. LFC does not recommend the \$300 thousand transfer from FMD to Program Support, keeping funds in the program for needed expense. Additionally, the LFC recommendation includes \$169.2 thousand in other state funds for building use fees. As agencies move from leased space to state-owned space, GSD could realize additional operating revenue for custodial and maintenance expenses by charging agencies for space, in alignment with the recommendations of LFC's previous program evaluations.

Procurement Services. The program's core function is purchasing goods and services for executive agencies using competitive bidding processes and administering the Procurement Code. The program's budget comes from the Purchasing Division fees fund. The Purchasing Division fees fund receives a portion of the value of purchases off of certain state price agreements. Fee revenues have steadily increased each year from \$2 million in FY18 to \$5.9 million in FY24. The Purchasing Division fees fund had a balance of \$9 million at the close of FY24.

For FY26, the department requested a total of \$4.9 million from the purchasing fees fund for program operations, an increase of \$1 million, or 26 percent. The division's budget has grown significantly in recent years, up from \$2.3 million in FY22. As with other programs at GSD, the agency is requesting additional funds to support higher personnel costs due to pay increases and rising headcounts. The program's average pay rate is up 8.1 percent and headcount is up by 3 FTE. Recently, the division has created new positions for chief procurement officers to assist other agencies with procurement activity if the agency has a vacancy or requires technical assistance on Procurement Code compliance. In recent years, the division has also taken on increased responsibility for GSD operations through larger transfers to Program Support, made possible by strong revenue collections into the purchasing fees fund. The agency requested a 123 percent increase in the other costs category, mostly for IT expenses. Recent IT investments have enabled the agency to reduce turnaround time for review of professional services contracts and supported the division as it moves to electronic submission for procurement.

The LFC recommendation of \$4.8 million includes \$510 thousand for the personal services and employee benefits category to close a projected budget gap and allow the agency to expand its chief procurement officer program. The additional funds could support 2 additional FTE at current pay rates. The LFC recommendation supports the agency's request for contracts and partially funds increase in the other costs category for information technology. The LFC recommended increase for other costs is 51 percent above the current year operating budget and 79 percent above FY24 actual expenses. For transfers to program support, the LFC recommendation is \$187.8 thousand above the agency request, shifting a portion of the transfer to procurement from other divisions.

Transportation Services. The Transportation Services Program is responsible for the state's motor pool, federal and state surplus property, and air transportation. The program manages a fleet of more than 2,000 vehicles. The program also maintains the state's aircraft, used regularly to fly physicians to remote locations and to transport children attending the School for the Blind and Visually Impaired, as well as to occasionally transport other state officials, officers, and employees. The department recently purchased a second aircraft to support this work.

In October 2023, the governor signed an executive order requiring a transition to zero emission vehicles by 2035 and directed GSD and other state agencies to institute fleet purchasing requirements. As a result, future state vehicle purchases for appropriate vehicle classes, excluding construction, maintenance, emergency management, firefighting, and law enforcement, must be zero emission vehicles. This has increased GSD's vehicle acquisition cost. Electric vehicles can be more costly than gasoline-powered vehicles, although some news reports indicate car companies may start to discount electric vehicles due to limited demand among consumers. For FY24, GSD paid just over \$1 million for 23 vehicles, or an average of \$44 thousand per vehicle. In FY25, GSD paid \$1.3 million for 20 vehicles, or about \$64 thousand each. One factor increasing costs is vehicle selection. In FY25, the department purchases nine hybrid pickup trucks for \$53 thousand each and 11 full-electric pickup trucks for an average of \$71 thousand each. As part of the transition to zero emission vehicles, shifting the state vehicle fleet back to sedans and purchasing hybrid vehicles that are compliant with the executive order will help limit cost increases.

For FY26, GSD requested a \$162 thousand, or 1.2 percent, increase for transportation services, but the FY25 budget included \$2 million from agency fund balance for vehicle purchases. On a revenue basis, the agency requested a \$2.2 million increase, mostly related to a 15 percent increase in lease rates for vehicles. The agency requested a flat general fund appropriation for the program. The agency noted increased maintenance costs but requested \$750 thousand less for vehicle purchases, leading to a small decrease in the other costs category. The agency requested additional funds for personnel, but projections show existing vacancy savings within the program.

The LFC recommendation fully funds the agency’s request for contracts and other costs and increases the transfer to Program Support by \$50 thousand. Due to existing vacancy savings in the program, the LFC recommendation holds the personal services and employee benefits category flat with the FY25 operating budget. Revenue collected by the division in excess of the agency’s budget will be directed to the transportation pool, which can be used for vehicle replacement in light of the ongoing shift to electric vehicles.

State Printing. The program, which does not receive an appropriation from the general fund, provides centralized printing and graphic design services to government agencies and nonprofit entities on a cost recovery basis. The program collected \$2.399 million in revenue and spent \$2.386 million in FY24, an operating profit of about \$13 thousand. For FY26, the department requested a decrease of \$431 thousand, mostly in the other costs category for printing supplies. The division generally has lower sales in even-numbered fiscal years due to the short legislative session. Additionally, the agency requested a decrease to personnel. Equipment upgrades have made the program more efficient, and the agency anticipates the division’s six current employees are sufficient for ongoing operations.

The LFC recommendation supports the agency’s request for personnel and contracts but holds the other category flat with FY25. In previous years, the agency has underbudgeted for the division and needed to submit budget adjustment requests to purchase materials to complete printing jobs. The division has consistently shown the ability to manage its budget.

Program Support. Program Support includes the Office of the Secretary and supports financial and human resource functions as well as IT systems for the agency. The program is funded with transfers from other programs within GSD, with the largest amount coming from RMD. For FY26, the agency requested an increase of \$510 thousand, or 8 percent, mostly for personnel. In the last year, the program headcount has increased by 9 FTE, leading to an estimated 35 percent increase in personnel costs, with human resources costs up by 62 percent and IT costs up by 35 percent. The agency may need to adjust its FY25 budget to meet payroll needs. The agency also requested increases in contracts and other costs for information technology, office supplies, and employee training.

The LFC recommendation includes an additional \$299.1 thousand, an increase of 4.9 percent. The recommendation focuses on payroll needs, with a \$380.6 thousand, or 8.2 percent increase. This would fund currently filled positions. The recommendation includes a flat budget for contractual services and a reduction of \$81.5 thousand in the other costs category to support the increase in personnel costs.

PROCUREMENT SERVICES

The purpose of the procurement services program is to provide a procurement process for tangible property for government entities to ensure compliance with the Procurement Code so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	2,759.0	3,902.7	4,915.0	4,779.9	22.5
TOTAL SOURCES	\$2,759.0	\$3,902.7	\$4,915.0	\$4,779.9	22.5
USES					
Personal Services and Employee Benefits	2,399.1	2,716.6	3,383.5	3,226.6	18.8
Contractual services	14.5	19.0	20.5	20.5	7.9
Other	193.0	228.4	511.0	345.0	51.1
Other financing uses	152.4	938.7	1,000.0	1,187.8	26.5
TOTAL USES	\$2,759.0	\$3,902.7	\$4,915.0	\$4,779.9	22.5
FTE					
Permanent	26.0	28.0	27.0	25.0	(10.7)
Temporary	3.0	1.0	3.0	0.0	(100.0)
TOTAL FTE	29.0	29.0	30.0	25.0	(13.8)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of executive branch agencies with certified procurement officers	96.0%	98.7%	98.0%	98.0%	98.0%
Efficiency	Percent of vendor payments received from sales, as reported as owed by vendors	99%	92%	90%	50%	90%
* Output	Average number of days for completion of contract review	3.0	2.0	5.0	5.0	4.0
Explanatory	Revenue generated through price list purchases	\$4,641	N/A	N/A	N/A	N/A
Efficiency	Percent of procurements completed within targeted timeframes from assignment to award	87%	81%	80%	80%	80%

STATE PRINTING SERVICES

The purpose of the state printing services program is to provide cost-effective printing and publishing services for governmental agencies.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	2,385.5	3,614.6	3,183.4	3,430.6	(5.1)
TOTAL SOURCES	\$2,385.5	\$3,614.6	\$3,183.4	\$3,430.6	(5.1)
USES					
Personal Services and Employee Benefits	654.6	795.1	611.1	611.1	(23.1)
Contractual services	1.8	100.0	100.0	100.0	0.0
Other	1,666.6	2,619.5	2,372.3	2,619.5	0.0
Other financing uses	62.5	100.0	100.0	100.0	0.0
TOTAL USES	\$2,385.5	\$3,614.6	\$3,183.4	\$3,430.6	(5.1)
FTE					
Permanent	9.0	11.0	6.0	6.0	(45.5)
TOTAL FTE	9.0	11.0	6.0	6.0	(45.5)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent growth in quarterly sales revenue compared with the previous thirty- or sixty-day legislative session	29%	6%	10%	5%	5%
Efficiency	Percent of printing jobs delivered on time	100%	100%	99%	99%	99%
* Output	Percent of state printing revenue exceeding expenditures	7%	1%	5%	5%	3%
Explanatory	Number of targeted customers utilizing the printing digital storefront	2.0	30.0	N/A	N/A	N/A

RISK MANAGEMENT

The purpose of the risk management program is to protect the state's assets against property, public liability, workers' compensation, state unemployment compensation, local public bodies unemployment compensation and surety bond losses so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	9,586.9	10,716.7	10,546.0	10,546.0	(1.6)
TOTAL SOURCES	\$9,586.9	\$10,716.7	\$10,546.0	\$10,546.0	(1.6)
USES					
Personal Services and Employee Benefits	4,603.9	5,471.0	5,300.0	5,300.0	(3.1)
Contractual services	95.7	190.0	190.0	190.0	0.0
Other	368.8	494.7	495.0	495.0	0.1
Other financing uses	4,518.6	4,561.0	4,561.0	4,561.0	0.0
TOTAL USES	\$9,587.0	\$10,716.7	\$10,546.0	\$10,546.0	(1.6)
FTE					
Permanent	51.0	49.0	49.0	40.0	(18.4)
Temporary	6.0	1.0	6.0	0.0	(100.0)
TOTAL FTE	57.0	50.0	55.0	40.0	(20.0)

Recommended Language

Any unexpended balances in the risk management program of the general services department remaining at the end of fiscal year 2026 shall revert to the public liability fund, public property reserve fund, workers' compensation retention fund, state unemployment compensation fund and local public body unemployment compensation fund based on the proportion of each individual fund's assessment for the risk management program.

The other state funds appropriations to the public liability fund and the workers' compensation retention fund include sufficient funding to pay costs of providing liability and workers' compensation insurance coverage to members of the New Mexico mounted patrol.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Amount of subrogated recoveries	NEW	NEW	N/A	N/A	N/A
Explanatory	Average cost per workers' compensation claim	\$701	\$680	N/A	N/A	N/A
Explanatory	Amount of excess insurance recoveries for property claims, in thousands	\$987.2	\$28,823.0	N/A	N/A	N/A

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide employees and the public with effective property management so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	18,030.3	20,369.5	24,775.1	21,019.5	3.2
Other Revenues	0.0	0.0	0.0	169.2	0.0
TOTAL SOURCES	\$18,030.3	\$20,369.5	\$24,775.1	\$21,188.7	4.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	11,021.5	11,708.4	15,708.4	14,024.6	19.8
Contractual services	871.8	324.7	730.3	730.3	124.9
Other	6,137.0	8,336.4	8,036.4	6,433.8	(22.8)
Other financing uses	0.0	0.0	300.0	0.0	0.0
TOTAL USES	\$18,030.3	\$20,369.5	\$24,775.1	\$21,188.7	4.0
FTE					
Permanent	160.0	148.0	173.0	148.0	0.0
Term	12.0	0.0	1.0	0.0	0.0
TOTAL FTE	172.0	148.0	174.0	148.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Square footage of leased space	N/A	N/A	N/A	N/A	N/A
Explanatory	Total leased square footage	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of capital projects completed on schedule	157%	94%	90%	90%	90%
Output	Percent of scheduled preventive maintenance requirements completed on time	70%	67%	90%	90%	90%
* Outcome	Percent of new office space leases achieving adopted space standards	100%	100%	90%	90%	90%
Explanatory	Amount of utility savings as a result of green energy initiatives	(\$38,191)	\$376,199	N/A	N/A	N/A
Explanatory	Percent difference between state funding awarded and expended on completed capital projects	99.6%	98.7%	N/A	N/A	N/A
Output	Number of facility condition assessments conducted on an annual basis	0.0	0.0	25.0	5.0	10.0

TRANSPORTATION SERVICES

The purpose of the transportation services program is to provide centralized and effective administration of the state's motor pool and aircraft transportation services so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	556.8	957.0	957.0	957.0	0.0
Other Revenues	10,123.1	10,513.9	12,675.9	12,411.4	18.0
Fund Balance	431.7	2,000.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$11,111.6	\$13,470.9	\$13,632.9	\$13,368.4	(0.8)

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	2,503.3	2,920.0	3,234.5	2,920.0	0.0
Contractual services	51.5	212.8	119.5	119.5	(43.8)
Other	8,130.1	9,888.1	9,828.9	9,828.9	(0.6)
Other financing uses	426.8	450.0	450.0	500.0	11.1
TOTAL USES	\$11,111.7	\$13,470.9	\$13,632.9	\$13,368.4	(0.8)
FTE					
Permanent	31.0	34.0	32.0	32.0	(5.9)
TOTAL FTE	31.0	34.0	32.0	32.0	(5.9)

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent increase in short term vehicle use	82%	0%	Discontinued	Discontinued	Discontinued
Efficiency	Average vehicle operation costs per mile	\$0.52	\$0.68	\$0.60	\$0.70	\$0.60
* Outcome	Percent of leased vehicles used daily or seven hundred fifty miles per month	54%	80%	70%	70%	70%

PROGRAM SUPPORT

The purpose of program support is to provide leadership and policy direction, establish department procedures, manage program performance, oversee department human resources and finances and provide information technology business solutions.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	4,882.8	6,049.7	6,560.0	6,348.8	4.9
TOTAL SOURCES	\$4,882.8	\$6,049.7	\$6,560.0	\$6,348.8	4.9
USES					
Personal Services and Employee Benefits	3,873.0	4,614.7	5,027.9	4,995.3	8.2
Contractual services	249.2	624.5	633.6	624.5	0.0
Other	760.5	810.5	898.5	729.0	(10.1)
TOTAL USES	\$4,882.7	\$6,049.7	\$6,560.0	\$6,348.8	4.9
FTE					
Permanent	40.0	43.0	41.0	38.0	(11.6)
Temporary	3.0	0.0	3.0	0.0	0.0
TOTAL FTE	43.0	43.0	44.0	38.0	(11.6)

Recommended Language

Any unexpended balances in program support of the general services department remaining at the end of fiscal year 2026 shall revert to the procurement services, state printing, risk management and transportation services programs based on the proportion of each individual program's assessment for program support.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of audit findings resolved from prior fiscal year excluding findings related to fund solvency	50%	50%	70%	50%	70%

Statutory Authority

The Educational Retirement Board (ERB) is responsible for administration of the Educational Retirement Act, Sections 22-11-1 through 22-11-52 NMSA 1978. The board manages the retirement program for employees of public schools, public institutions of higher learning, and select state agencies. The agency is governed by a nine-member board composed of the secretary of public education, the secretary of higher education, and the state treasurer (ex officio), one member each elected by the New Mexico members of the Association of Educational Retirees, the National Education Association of New Mexico, the American Federation of Teachers, and the New Mexico members of the American Association of University Professors, and two additional members appointed by the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	22,984.6	32,820.1	31,483.9	31,483.9	(4.1)
TOTAL SOURCES	\$22,984.6	\$32,820.1	\$31,483.9	\$31,483.9	(4.1)
USES					
Personal Services and Employee Benefits	9,972.5	10,622.9	11,229.2	11,229.2	5.7
Contractual services	11,119.9	20,000.0	18,000.0	18,000.0	(10.0)
Other	1,892.2	2,197.2	2,254.7	2,254.7	2.6
TOTAL USES	\$22,984.6	\$32,820.1	\$31,483.9	\$31,483.9	(4.1)
FTE					
Permanent	91.0	91.0	91.0	91.0	0.0
TOTAL FTE	91.0	91.0	91.0	91.0	0.0

At A Glance

The operating budget of the Educational Retirement Board (ERB) is funded from retirement trust fund revenue. For FY26, ERB requested an overall decrease of \$1.3 million, or 4.1 percent. However, the agency requested a \$2 million decrease in the contractual services category, with increases of \$606.3 thousand in personal services and employee benefits and \$57.5 thousand in other costs. The LFC recommendation supports the agency's request.

Budget Issues

ERB does not receive a general fund appropriation, and all of its operations are funded through the use of retirement trust fund dollars; all unexpended funds appropriated for ERB operations revert to the trust fund. In FY24, the agency spent \$10 million on personnel and is budgeted for \$10.6 million in FY25. For FY26, the agency requested \$11.3 million in personnel costs, sufficient to fund 91 FTE, based on the current average cost per FTE. For a number of years, ERB operated with a larger number of vacancies, but the agency has been successful at filling vacant positions and retaining employees.

The agency requested \$18 million in contractual services, \$2 million less than the FY25 operating budget. Typically, ERB pays fees and profit sharing out of the invested amount for funds where ERB holds a partial interest, whether a limited partnership or other comingled account structure. These amounts do not appear in the agency's operating budget. For separately managed accounts, where ERB is the sole participant in the fund, fees appear in the operating budget. Because fees are often based on investment returns, they can vary widely from year to year. In FY24, total contractual services for ERB was \$11.1 million, a little more than half of the \$20 million budgeted. ERB's lower request will be sufficient for the agency to pay these fees, but in the event of high investment returns, ERB typically receives budget adjustment authority to allow the agency to pay fees based on those high returns.

In the other category, the agency requested an increase of \$57.5 thousand, or 2.6 percent. Most increases are for fees charged by the Department of Information Technology or for facilities expenses. The agency is planning to move into a new facility at the end of FY25. Those increases are offset by projected savings in the agency's lease costs, made possible by the new facility.

Asset Management. For FY24, ERB returned 8.64 percent, above the fund’s target rate of 7 percent, but below the 9.56 returned by the fund’s policy index. Generally, ERB’s portfolio is risk averse and performs worse than other funds when markets are strong. However, over the long term, ERB performs above target and exceptionally well versus other public funds. The agency exceeded the long-term return target of 7 percent over the five-year, 10-year, and 20-year period. ERB had the best performance over the five-year period among the state’s investment agencies, with a return of 8.09 percent, compared with 6.35 percent for the Public Employees Retirement Association, and compared with 7.43 percent for the land grant permanent fund and 5.64 percent for the severance tax permanent fund, both managed by the State Investment Council. Since FY19, ERB has ranked in the top half of investment funds valued at over \$1 billion; for FY24 the agency’s performance was in the top 20 percent of funds over the three-year, five-year, and 10-year period. The fund finished FY24 with a balance of \$17.1 billion, \$1 billion more than the prior year.

Sustainability. In FY23, contributions from 61.5 thousand active members and their employers totaled \$1.1 billion, while \$1.4 billion was paid out to 54 thousand beneficiaries. ERB reported it had \$16.2 billion, or 63 percent of the assets it needed to fund all benefits earned up to that point. The plan’s actuaries estimate it would need \$25.8 billion to be fully funded. Recently enacted employer contribution rate increases have helped stabilize the fund into the future. Between FY18 and FY23, employer contributions into the fund increased 70 percent, from \$388 million to \$662 million. As recently as FY20, the ERB trust fund was projected to never be able to pay all promised benefits, but by the end of FY23 ERB’s actuaries project the fund will be fully funded in 26 years. The fund’s actuarial position as of FY24 is not currently available.

Legislative changes since 2013 have addressed the long-term stability of the plan. The Legislature passed multiple pension solvency measures to improve the financial positions of the funds, including two recent laws to increase employer contribution rates to the fund by a total of 4 percentage points. Earlier laws reduced plan benefits and limited annual cost-of-living adjustments (COLAs) based on the plan’s funded ratio. For FY25, disability retirees received a COLA of 2.1 percent (one half of the consumer price index increase between 2022 and 2023), those with 25 years of service and an annual benefit of less than \$20,960 received a COLA of 1.89 percent (90 percent of one half of the consumer price index increase). All other retirees received a COLA of 1.68 percent (80 percent of one half of the consumer price index increase). The full COLA, before solvency adjustments, is capped at 4 percent, with a minimum of 2 percent, but retirees under age 65 are not eligible for COLAs. Reductions to the COLA will be halved when the plan reaches 90 percent funded and ended when the plan is fully funded.

EDUCATIONAL RETIREMENT

The purpose of the educational retirement program is to provide secure retirement benefits to active and retired members so they can have secure monthly benefits when their careers are finished.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Average rate of net return over the last five years	7.80%	8.09%	7.00%	7.00%	7.00%
* Outcome	Funding period of unfunded actuarial accrued liability, in years	27.0	TBD	30.0	30.0	30.0
Outcome	Average rate of net return over the last ten years	8.00%	7.41%	7.00%	7.00%	7.00%
Explanatory	Number of basis points that five-year annualized investment return differs from board-approved reference portfolio benchmark	54.0	809.0	N/A	N/A	N/A
Quality	Percent of member satisfaction with seminars and trainings	97%	Discontinued	Discontinued	Discontinued	Discontinued
Explanatory	Number of basis points that ten-year annualized investment return differs from board-approved reference portfolio benchmark	48.0	741.0	N/A	N/A	N/A
* Explanatory	Ten-year performance ranking in a national peer survey of public plans	12%	11%	N/A	N/A	N/A
Explanatory	Five-year performance ranking in a national peer survey of public plans	6%	18%	N/A	N/A	N/A

Statutory Authority

The New Mexico Sentencing Commission operates under Section 9-3-10 NMSA 1978. Section 9-3-13 NMSA 1978 creates a Sex Offender Management Board within the commission. The commission is made up of 27 members and includes representatives from the executive and judicial branches; public members appointed by the executive, legislative, and judicial branches; the dean of the University of New Mexico School of Law; a county sheriff appointed by the executive director of New Mexico Counties; a public member who is Native American and a practicing attorney; and a public member who represents a victims' organization.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,390.1	1,514.3	1,779.3	1,514.3	0.0
Other Transfers	48.3	52.0	57.0	57.0	9.6
Other Revenues	40.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,478.8	\$1,566.3	\$1,836.3	\$1,571.3	0.3
USES					
Contractual services	1,109.7	1,230.2	1,500.7	1,235.2	0.4
Other	328.6	336.1	335.6	336.1	0.0
TOTAL USES	\$1,438.3	\$1,566.3	\$1,836.3	\$1,571.3	0.3

At A Glance

The Sentencing Commission (NMSC) requested an increase in general fund appropriations for FY26 of \$265 thousand, or 17.5 percent, compared with its FY25 operating budget, for a total budget request of about \$1.8 million. The \$265 thousand increase is intended for additional staff (a staff attorney and a senior grants administrator) and previously unfunded compensation increases. The LFC recommendation keeps the agency funded at FY25 levels and does not include funding for any additional positions.

Budget Issues

NMSC has no FTE because its eight full- and part-time staff members are University of New Mexico (UNM) employees. The agency contracts with UNM for fiscal services, paying a 9 percent administrative fee on those services, and supplements staff research with help from students. Other NMSC expenses, including rate payments to General Services Department and its grant program, are not subject to this fee. This structure limits transparency into the agency's budget, because almost all its operational funds are budgeted through its contract with UNM. This contract accounted for 76 percent of the commission's actual expenditures in FY23 and comprised 77 percent of its overall FY25 operating budget.

Criminal Justice Information. In FY24, the commission continued producing annual reports, such as the "New Mexico Prison Population Forecast" and the "Analysis of the Impact of Earned Meritorious Deductions," while collecting jail data for county reimbursement purposes. Additionally, the commission has worked to integrate criminal justice data systems across the state, requiring extensive negotiations and legal agreements with entities ranging from county detention centers to the Administrative Office of the Courts. Data collection in New Mexico's criminal justice system occurs in silos, limiting efficiency and increasing redundancy. Laws 2019, Chapter 192, aimed to address this by requiring NMSC to create a criminal justice data-sharing network, establish coordinating councils in each judicial district, and implement the Crime Reduction Grant Act to improve program evaluation and performance management. Connecting this data would enhance information sharing and reduce errors across agencies. The commission has worked with a group at the New Mexico Institute of Mining and Technology to help build this information-sharing network and hopes to continue adding more courts and county jails to the roster of participants.

Crime Reduction Grants. The commission has expanded the number of crime reduction grants funded under the Crime Reduction Grant Act, awarding 32 grants totaling over \$2.2 million in FY23 and 36 grants totaling nearly \$3.9 million in FY24. To support the increasing demands for grants, NMSC has conducted webinars and convened meetings of grantees to foster collaboration and innovation among grant recipients and criminal justice stakeholders. The grants awarded in the first round of funding covered a range of areas, including staffing, court and pretrial services, training, diversion, and reentry. A second round of grants will be disbursed in November. The growth in the number of grants has required a commensurate growth in the legal work required around those grants and compliance monitoring. This increasing workload and the need for additional oversight of the awarded funds

were the primary drivers behind the additional positions requested in the commission’s FY26 budget request. LFC has previously expressed concerns regarding the lack of performance evaluation associated with many of these grants and the fact that many of these grants are awarded to courts and judicial districts for what are essentially recurring costs, running somewhat counter to the intention of the legislation. Additionally, the Crime Reduction Grant Act requires the development and collection of performance measures to evaluate program effectiveness, which has been lacking.

Legislative Initiatives. The Legislature appropriated \$500 thousand in consumer settlement fund balances to NMSC for FY21 and FY22 to rewrite the state’s Criminal Code and other criminal statutes. In 2021, the commission formed a Criminal Code Update Committee to begin this work, focusing on sentencing structure, mens rea (criminal intent), behavioral health issues as they impact the criminal justice system, race and ethnicity data, and child abuse, homicide, and criminal sexual penetration statutes. The 2024 General Appropriation Act extended this appropriation through FY25 to allow the commission time to complete its work, and the commission has indicated it plans to endorse legislation related to this update before the 2025 legislative session, contingent on executive and Legislative leadership support. While the commission has not yet introduced or endorsed any legislation related to the rewrite, it did not request an extension of the time for expending the appropriation, and \$200 thousand of the original appropriation remains as of October 2024.

NEW MEXICO SENTENCING COMMISSION

The purpose of the New Mexico sentencing commission program is to provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective to the three branches of government and interested New Mexicans so they have the resources they need to make policy decisions that benefit the criminal and juvenile justice systems.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Percent of criminal justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
Output	Number of research projects completed	12.0	9.0	10.0	10.0	10.0
Explanatory	Number of crime reduction grants awarded	32.0	36.0	N/A	N/A	N/A
Explanatory	Total amount of funding awarded for crime reduction grants	\$2,225,577	\$3,855,738	N/A	N/A	N/A
Output	Number of presentations to the legislature on recommended criminal and juvenile justice system reforms the commission determines would improve those systems	6.0	7.0	2.0	2.0	2.0
Explanatory	Percent of awarded crime reduction grant funding reverted	0.00%	0.00%	N/A	N/A	N/A
Output	Number of commission and subcommittee meetings held	51.0	36.0	20.0	15.0	15.0
Output	Number of presentations to the legislature on proposed sentencing reforms	2.0	4.0	2.0	1.0	1.0
Output	Percent of statutorily-mandated meetings of the sex offender management board held	0%	0%	100%	100%	100%
Output	Percentage of statutorily-mandated research projects completed	100%	100%	100%	100%	100%
Outcome	Percent of crime reduction grants that fully complete the scope of work outlined in the grant agreement	93%	94%	90%	90%	90%

Statutory Authority

The Office of the Governor is created under Article V, Section 1, of the New Mexico Constitution.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,994.2	6,533.0	6,804.0	6,533.0	0.0
Other Transfers	265.6	0.0	0.0	0.0	0.0
Other Revenues	0.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$6,260.2	\$6,533.0	\$6,804.0	\$6,533.0	0.0
USES					
Personal Services and Employee Benefits	5,010.7	5,839.6	6,042.0	5,839.6	0.0
Contractual services	123.7	186.0	236.0	186.0	0.0
Other	598.6	507.4	526.0	507.4	0.0
TOTAL USES	\$5,733.0	\$6,533.0	\$6,804.0	\$6,533.0	0.0
FTE					
Permanent	39.0	35.0	35.0	35.0	0.0
Temporary	4.0	0.0	0.0	0.0	0.0
TOTAL FTE	43.0	35.0	35.0	35.0	0.0

At A Glance

The Office of the Governor requested a general fund budget of \$6.8 million, a \$271 thousand, or 4.1 percent, increase over FY25. The request included an increase of \$202.4 thousand in personnel for the employee liability insurance premium rate increase. The office also requested \$50 thousand increase in contractual services for legal services and an increase of \$18.6 thousand in the other category to fund the Department of Information Technology rate increases. The LFC recommends maintaining spending levels commensurate with FY25 given previous spending patterns and reversions.

In FY24, the office received an increase of \$819.9 thousand, 17.8 percent, in personnel to fill vacancies. However, the office reverted \$510.6 thousand, or 9.2 percent, in personnel funding in FY24 in addition to moving \$145 thousand out of personnel to purchase cubicles, furniture, and technology equipment for new staff.

In FY24, the office spent \$90.2 thousand from the governor's contingency fund, including approximately \$75.8 thousand on food and beverages, \$11.8 thousand on supplies, and \$2,800 on miscellaneous items. The contingency fund was created in 2018 and the office has broad discretion over the use of the fund, but it is subject to the Audit Act, the Inspection of Public Records Act, and the Procurement Code. The office must provide detailed monthly reports on expenditures to LFC and DFA.

For FY24, the office met or exceeded all performance measure targets, including constituent service cases closed, days to post public meetings on the office's website, and days to post executive orders.

EXECUTIVE MANAGEMENT & LEADERSHIP

The purpose of the executive management and leadership program is to provide appropriate management and leadership to the executive branch of government to allow for a more efficient and effective operation of the agencies within that branch of government on behalf of the residents of the state.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of constituent service cases closed within thirty days of initial receipt	96%	100%	96%	96%	96%
Output	Number of business days to process extraditions	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post videos of public meetings recorded by the governor's office on www.governor.state.nm.us	2.0	2.0	2.0	2.0	2.0
Output	Number of business days to acknowledge receipt and determine eligibility for consideration of pardon request	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post executive orders to the governor's website after being signed by the governor and secretary of state	1.0	1.0	1.0	1.0	1.0

Statutory Authority

Article V, Section 1, of the New Mexico Constitution creates the Office of the Lieutenant Governor and establishes the person serving as lieutenant governor as president of the New Mexico Senate. Section 8-3-1 NMSA 1978 establishes the lieutenant governor as state ombudsman.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	789.1	838.5	838.5	838.5	0.0
Other Transfers	29.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$818.6	\$838.5	\$838.5	\$838.5	0.0
USES					
Personal Services and Employee Benefits	654.6	709.3	709.3	709.3	0.0
Contractual services	30.6	36.9	36.9	36.9	0.0
Other	84.5	92.3	92.3	92.3	0.0
TOTAL USES	\$769.7	\$838.5	\$838.5	\$838.5	0.0
FTE					
Permanent	6.0	5.0	5.0	5.0	0.0
TOTAL FTE	6.0	5.0	5.0	5.0	0.0

At A Glance

The Office of the Lieutenant Governor’s FY26 budget request maintains a flat budget with FY25, keeping general fund revenues at \$838.5 thousand. The request allows the office to continue to provide services to residents of the state. The LFC recommendation supports the request.

The office met FY24 performance measure targets for constituent service files closed, days in session and presided over, and townhall meetings and economic forums participated in. The office continues to provide constituent services and public outreach to New Mexicans focusing on issues in rural communities.

The 2023 amendment to Section 8-1-1 NMSA 1978 increased the salary of the lieutenant governor from \$85 thousand to \$144.7 thousand. In addition, the amendment also raised the daily rate of pay for when the lieutenant governor is acting governor from \$250 to \$500. The 2023 amendment became effective June 16, 2023.

STATE OMBUDSMAN

The purpose of the state ombudsman program is to facilitate and promote cooperation and understanding between New Mexicans and the agencies of state government, refer any complaints or special problems residents may have to the proper entities, keep records of activities and submit an annual report to the governor.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of constituent service files closed within thirty days	98%	99%	98%	98%	98%
Output	Number of townhall meetings, economic forums, or task forces the lieutenant governor has participated in	27.0	28.0	20.0	20.0	20.0
Output	Percent of days in session and presided over (gavel down)	83%	96%	95%	95%	95%

Statutory Authority

The Department of Information Technology (DoIT) is authorized pursuant to Section 9-27-1 through 9-27-10 NMSA 1978 (DoIT act) as a single, unified executive branch department intended to streamline and improve state information technology systems. DoIT administers all laws and exercises all functions pursuant to the Information Technology Management Act, as well as those formerly administered by the Communications Division, Information Systems Division, Radio Communications Bureau, and Telecommunications Bureau of the General Services Department. The department consists of three authorized programs: Program Support, Compliance and Project Management, and Enterprise Services. In addition, the department administers the equipment replacement fund, a program funded through internal transfers, which it uses to replace or upgrade equipment and software. Subsequently, the department was approved in 2021 to add a fifth authorized program, the Office of Broadband Access and Expansion, administratively attached to DoIT.

The act establishes a rate committee consisting of seven executive agency members: five appointed by the governor and two designated by statute—the secretary of the Department of Finance and Administration, the statutorily designated chair, and the secretary of DoIT. The committee reviews the rate and fee schedule proposed by DoIT and submits a recommendation by July 15 of each year for the following fiscal year budget cycle.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,966.8	9,283.2	15,483.2	9,823.2	5.8
Other Transfers	19,610.6	9,376.7	12,255.2	11,773.2	25.6
Other Revenues	64,921.3	63,302.4	69,388.3	69,931.2	10.5
Fund Balance	9,022.9	10,393.2	7,258.8	7,258.8	(30.2)
TOTAL SOURCES	\$100,521.6	\$92,355.5	\$104,385.5	\$98,786.4	7.0
USES					
Personal Services and Employee Benefits	17,960.6	22,319.1	24,984.3	22,105.0	(1.0)
Contractual services	7,597.1	9,497.9	9,245.4	9,029.0	(4.9)
Other	42,266.4	51,161.8	58,550.6	51,272.9	0.2
Other financing uses	19,292.7	9,376.7	11,605.2	16,379.5	74.7
TOTAL USES	\$87,116.8	\$92,355.5	\$104,385.5	\$98,786.4	7.0
FTE					
Permanent	174.9	196.0	208.0	206.0	5.1
Term	6.0	0.0	0.0	0.0	0.0
TOTAL FTE	180.9	196.0	208.0	206.0	5.1

At A Glance

The Department of Information Technology's (DoIT) budget request for FY26 totaled \$104.3 million from all funds, a 13 percent increase above the FY25 operating budget. DoIT's general fund request totaled \$15.4 million, a 66.8 percent increase from the FY25 operating budget. Of the general fund revenue increases at DoIT, \$4.25 million is for radio subscriptions for DoIT's P25 public safety radio subscriptions, with an expected recurring cost of \$6 million to cover radio subscriptions once P25 is fully implemented after FY26. DoIT received a \$2.8 million special appropriation in the 2024 session to subsidize local and federal radio subscriptions. The LFC recommendation does not support the recurring subsidies of radio subscriptions. An additional \$550 thousand was requested to fund a projected shortfall in the Compliance and Project Management division, as well as add 2 new FTE, which the LFC recommendation supports. DoIT's FY26 request included an expansion to create the Office of Geospatial Information Systems. The LFC recommendation does not support any requested expansion.

Budget Issues

DoIT has undergone major structural changes since 2021, including adding two new programs, the Office of Cybersecurity and the Office of Broadband Access and Expansion (OBAAE). For FY26, DoIT is requesting additional structural changes, including moving the statewide human resources accounting and reporting system (SHARE) related personnel and functionality related to SHARE state to the Department of Finance and Administration. The LFC recommendation supports this transfer.

Program Support. DoIT's Program Support provides administrative support to the Cybersecurity Office and the Office of Broadband Access and Expansion and establishes DoIT's enterprise rates. DoIT requested an increase of \$100 thousand of other state funds, or 2 percent, for Program Support in the other category to cover increases in anticipated costs in FY26. However, this request decreases other revenues to swap for more internal transfers from the Cybersecurity Office and the Office of Broadband Access and Expansion. The LFC recommendation maintains other revenues commensurate with FY25 but increases other transfers by \$166.9 thousand, or 52 percent, for the fair share transfer from the Cybersecurity Office to Program Support to cover the requested increase in contracts and the other category, for an overall budget increase of 3.3 percent over FY25.

Enterprise Services. The Enterprise Services Program is funded through service assessments, including depreciation costs in its equipment replacement fund (ERF). DoIT requested a \$7.2 million increase, or 12.5 percent, in its Enterprise Services Program due to an increase in revenue, in addition to requesting to decrease the use of fund balance entirely. DoIT increased its enterprise rates and SHARE rates, which it says will provide an additional \$4.6 million in FY26. The LFC recommendation supports the increase from other revenue.

The Department of Finance and Administration (DFA) requested to move SHARE along with \$5.25 million from DoIT to DFA for the expansion of the SHARE program at DFA. The LFC recommendation supports the transfer of SHARE services to DFA; however, LFC recommends the \$5.25 million in the other financing uses category as opposed to various amounts across personnel costs, contractual services, and the other category for additional budget clarity. Due to the creation of the other financing uses category, the LFC recommendation looks like a budget decrease in personnel costs and contractual services but is the amount equal to DoIT's request.

The department also requested \$4.25 million from the general fund transfers for Enterprise Services to cover monthly radio subscription fees for local and federal government for its digital trunked radio system (DTRS). This request represented an overall 45 percent increase in DoIT's general fund revenues. DoIT anticipates the DTRS monthly radio subscriptions to total \$6 million on a recurring basis after FY26. The LFC recommendation does not support the addition of general fund revenue to Enterprise Services for radio subsidies.

Compliance and Project Management. DoIT's Compliance and Project Management Program provides guidance and oversight to state agencies and supports the Project Certification Committee, the entity responsible for reviewing and approving phased funding for agency IT projects. The Compliance and Project Management Program also houses the Office of Geospatial Technology (OGT), which actively assists the state, and supports broadband and other programs. The FY26 request for Compliance and Project Management and the expansion equate to an increase of \$1.3 million in general fund revenue, a 127.2 percent increase over FY25.

In FY24, the Office of Cybersecurity was attached to Compliance and Project Management; however, the creation of the office as a standalone program in FY25 caused more money to be carved out of Compliance and Project Management to pay for higher salaries and more staff in the Cybersecurity Office. In addition, DoIT gave out-of-cycle raises to FTE in the Compliance and Project Management program, ranging up to a 48.6 percent increase. DoIT is projecting a deficit in the FY25 in Compliance and Project Management, even though the program had \$121 thousand in FY24 for vacant positions. For FY26, DoIT is requesting a \$550 thousand general fund revenue increase, or 53.8 percent, to hire 2 new FTE, cover projected payroll shortages, create a contractual services budget for professional services, and budget funds in the other category. However, DoIT also requested a supplemental of \$550 thousand for Compliance and Project Management to hire 3 new FTE in FY25, even though DoIT has a projected budget shortfall in the program for current staff. The hiring of the new 3 FTE in FY25 would exacerbate the reported budget shortfall in the program, circumventing legislative authority and requiring the Legislature to backfill the budget that DoIT would have intentionally overspent. The LFC recommendation supports new FTE for Compliance and Project Management as well as costs to adjust projected payroll shortages to due out-of-cycle raises and for contractual services and the other category in FY26.

Office of Broadband Access and Expansion. 2021 legislation established the Office of Broadband Access and Expansion (OBAE), administratively attached to DoIT, to better coordinate broadband efforts among different entities.

For FY26, OBAE is requesting a general fund increase of \$650 thousand, or 37.4 percent over FY25. OBAE is requesting \$112 thousand to budget for current hiring levels, \$56 thousand for additional contract support, and \$482 thousand for OBAE's "fair share" to Program Support. OBAE had a funded vacancy of \$472.2 thousand in FY24 and gave out-of-cycle raises, including up to 36.3 percent for leadership. In FY25, OBAE is to receive a transfer of \$650 thousand from the Public School Facility Authority (PSFA) for 3 FTE. In FY26, OBAE maintains the \$650 thousand PSFA transfer but requests 2 additional FTE from PSFA. The LFC recommendation supports the 2 new FTE from PSFA but keeps all funding categories commensurate with FY25.

In addition, OBAE requested \$185 million in special nonrecurring appropriations for FY26 for various broadband efforts, but has \$149 million of general fund appropriations, set to revert in June 2025, unless a request to reauthorize the funding succeeds. Of the \$149 million general fund appropriations, only \$3.5 million, or 2.3 percent, has been expended.

Equipment Replacement Fund. DoIT’s ERF Program provides the department with a funding mechanism for replacing state IT infrastructure by including depreciation costs in the rates DoIT charges agencies. Infrastructure covered by the ERF includes devices for network and voice communication systems, including core routers, firewalls, and network switches. The program also purchases equipment for the digital trunk radio system project for public safety radio communications, and supports SHARE access and maintenance throughout the state.

For FY26, DoIT requested \$17.9 million in expenditures from the equipment replacement fund, a 17 percent increase of other transfers, or \$1.5 million, and a decrease in transfers from the equipment replacement fund balances of 5.9 percent, or \$458.6 thousand. The department records amounts due to the ERF each year based on calculated depreciation. Fund transfers are made from the operating funds each year equal to the recorded amounts due.

Cybersecurity Office. DoIT reports the Cybersecurity Office, created in 2023, established an annual cyber awareness training and a monthly phishing campaign for state executive agencies. DoIT reports that 76 executive agencies are under its statewide cyber scanning service and attack surface management.

DoIT’s FY26 request for the Cybersecurity Office Program totals \$6.5 million in general fund revenues, commensurate with FY25. The LFC recommendation supports this.

Base Expansion

DoIT also requested an expansion for the Office of Geospatial Technology attached to the Compliance and Project Management program to be a stand-alone Office of Geospatial Information Systems (OGIS). The request totals \$750 thousand of general fund revenue, with \$425 thousand for 2 new FTE, \$200 thousand for contractual services, and \$125 thousand for the other category, representing a 73.4 percent increase of general fund revenue in Compliance and Project Management. The LFC recommendation does not support the expansion of the Office of Geospatial Technology as a stand-alone program.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	OGIS FTE	P772	750.0	0.0
TOTAL			\$750.0	\$0.0

BROADBAND ACCESS AND EXPANSION

The purpose of the broadband access and expansion program is to achieve enterprising, affordable broadband solutions for New Mexicans that honor the state’s rich heritage and elevate the quality of life for all.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,322.6	1,738.7	2,388.7	1,738.7	0.0
Other Transfers	0.0	0.0	650.0	650.0	0.0
Other Revenues	0.0	650.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$1,322.6	\$2,388.7	\$3,038.7	\$2,388.7	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	692.5	1,844.7	1,956.7	1,844.7	0.0
Contractual services	10.9	125.0	125.0	125.0	0.0
Other	184.8	419.0	475.0	419.0	0.0
Other financing uses	0.0	0.0	482.0	0.0	0.0
TOTAL USES	\$888.2	\$2,388.7	\$3,038.7	\$2,388.7	0.0
FTE					
Permanent	14.9	14.0	16.0	16.0	14.3
Term	5.0	0.0	0.0	0.0	0.0
TOTAL FTE	19.9	14.0	16.0	16.0	14.3

Recommended Language

The internal service funds/interagency transfer appropriation to the broadband access and expansion program of the department of information technology includes six hundred fifty thousand dollars (\$650,000) from the public school capital outlay fund.

CYBERSECURITY

The purpose of the cybersecurity program is to promote a safe and secure enterprise computing environment and protect the privacy and security of individuals and their information through the implementation of industry-accepted security policies, standards and procedures.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,547.3	6,522.5	6,522.5	6,522.5	0.0
TOTAL SOURCES	\$4,547.3	\$6,522.5	\$6,522.5	\$6,522.5	0.0
USES					
Personal Services and Employee Benefits	647.3	1,635.1	1,635.1	1,635.1	0.0
Contractual services	2,941.3	3,739.5	3,572.6	3,572.6	(4.5)
Other	958.7	832.8	832.8	832.8	0.0
Other financing uses	0.0	315.1	482.0	482.0	53.0
TOTAL USES	\$4,547.3	\$6,522.5	\$6,522.5	\$6,522.5	0.0
FTE					
Permanent	9.0	14.0	14.0	14.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	10.0	14.0	14.0	14.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of critical or high-risk vulnerabilities remediated from the previously identified scan	NEW	72%	82%	85%	85%
Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	NEW	12.0	12.0	4.0	4.0

COMPLIANCE AND PROJECT MANAGEMENT

The purpose of the compliance and project management program is to provide information technology strategic planning, oversight and consulting services to New Mexico government agencies so they can improve services provided to New Mexicans.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,096.9	1,022.0	2,322.0	1,562.0	52.8
Other Transfers	317.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,414.8	\$1,022.0	\$2,322.0	\$1,562.0	52.8
USES					
Personal Services and Employee Benefits	1,073.5	946.0	1,821.0	1,386.0	46.5
Contractual services	189.1	0.0	250.0	50.0	0.0
Other	105.3	76.0	251.0	126.0	65.8
TOTAL USES	\$1,367.9	\$1,022.0	\$2,322.0	\$1,562.0	52.8
FTE					
Permanent	11.0	10.0	15.0	13.0	30.0
TOTAL FTE	11.0	10.0	15.0	13.0	30.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of internet technology certified projects that have revised the budget and project completion date from original	N/A	N/A	N/A	N/A	N/A
Output	Number of state agencies participating in the project certification process	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of information technology professional service contracts greater than one million dollars in value reviewed within seven business days	82%	97%	95%	95%	95%
* Outcome	Percent of information technology professional service contracts less than one million dollars in value reviewed within five business days	92%	93%	98%	98%	98%
Output	Number of workshops, trainings, events or whitepapers delivered to agencies on information technology best practices upon department analysis of key information technology oversight areas	6.0	24.0	9.0	9.0	9.0

ENTERPRISE SERVICES

The purpose of the enterprise services program is to provide reliable and secure infrastructure for voice, radio, video and data communications through the state’s enterprise data center and telecommunications network.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	4,250.0	0.0	0.0
Other Revenues	60,254.8	58,046.8	65,325.6	65,325.6	12.5
Fund Balance	9,022.9	2,675.8	0.0	0.0	(100.0)
TOTAL SOURCES	\$69,277.7	\$60,722.6	\$69,575.6	\$65,325.6	7.6
USES					
Personal Services and Employee Benefits	12,566.9	13,324.3	15,002.5	12,670.2	(4.9)
Contractual services	4,410.8	5,587.4	5,245.8	5,229.4	(6.4)
Other	32,890.9	32,749.3	38,686.1	31,528.5	(3.7)
Other financing uses	19,292.7	9,061.6	10,641.2	15,897.5	75.4
TOTAL USES	\$69,161.3	\$60,722.6	\$69,575.6	\$65,325.6	7.6
FTE					
Permanent	102.0	118.0	123.0	123.0	4.2
TOTAL FTE	102.0	118.0	123.0	123.0	4.2

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of submitted service desk tickets completed	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of mobile system coverage by state geography to the digital trunk radio system	40.0%	50.0%	N/A	N/A	N/A
Outcome	Percent change of number of department of technology perimeter devices reporting security metrics and logs from prior year	N/A	N/A	N/A	N/A	N/A
Output	Number of new subscribers to the digital trunk radio system (DTRS).	N/A	N/A	N/A	N/A	N/A
Output	Number of service desk tickets resolved without being reassigned or escalated by service type	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of service desk incidents resolved within the timeframe specified for their priority levels	100%	100%	95%	95%	95%
Outcome	Number of perimeter DoIT devices reporting security metrics and logs to the Security Incident and Event Management (SIEM) system.	2,225.0	2,225.0	2,000.0	2,000.0	2,000.0
* Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	12.0	12.0	12.0	4.0	4.0
Outcome	Percent of uptime of e-mail services other than scheduled maintenance	100%	100%	98%	98%	98%
Outcome	Percent of critical or high-risk vulnerabilities remediated from the previously identified scan	75%	72%	85%	85%	85%

EQUIPMENT REPLACEMENT REVOLVING FUNDS

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	19,292.7	9,061.6	10,641.2	10,641.2	17.4
Other Revenues	1,348.1	0.0	0.0	0.0	0.0
Fund Balance	0.0	7,717.4	7,258.8	7,258.8	(5.9)
TOTAL SOURCES	\$20,640.8	\$16,779.0	\$17,900.0	\$17,900.0	6.7
USES					
Other	7,833.6	16,779.0	17,900.0	17,900.0	6.7
TOTAL USES	\$7,833.6	\$16,779.0	\$17,900.0	\$17,900.0	6.7

PROGRAM SUPPORT

The purpose of program support is to provide management and ensure cost recovery and allocation services through leadership, policies, procedures and administrative support for the department.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.0	315.1	964.0	482.0	53.0
Other Revenues	3,318.4	4,605.6	4,062.7	4,605.6	0.0
TOTAL SOURCES	\$3,318.4	\$4,920.7	\$5,026.7	\$5,087.6	3.4
USES					
Personal Services and Employee Benefits	2,980.4	4,569.0	4,569.0	4,569.0	0.0
Contractual services	45.0	46.0	52.0	52.0	13.0
Other	293.0	305.7	405.7	466.6	52.6
TOTAL USES	\$3,318.4	\$4,920.7	\$5,026.7	\$5,087.6	3.4
FTE					
Permanent	38.0	40.0	40.0	40.0	0.0
TOTAL FTE	38.0	40.0	40.0	40.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Output	Percent difference between enterprise service revenues and expenditures for cost recovery of service delivery	N/A	9%	10%	10%	10%
Outcome	Percent of enterprise services achieving a cost recovery rate within ten percent of breaking even	82%	91%	Discontinued	90%	90%
Output	Percent of timely, accurate billing issued on or before the tenth of every month for the prior billing period	92%	86%	100%	100%	100%
Quality	Percent of state agency customers satisfied with the department of information technology's services and support	N/A	84%	88%	85%	85%
Output	Percent of accounts receivable balances collected within one hundred twenty days from the original invoice	95.00%	90.00%	95.00%	95.00%	95.00%

Statutory Authority

The Public Employees Retirement Association (PERA) is responsible for administering the Public Employees Retirement Act (Sections 10-11-1 through 10-11-141 NMSA 1978). In addition, the PERA board is responsible for administering the Volunteer Firefighters Retirement Act (Sections 10-11A-1 through Sections 10-11A-7 NMSA 1978), Judicial Retirement Act (Sections 10-12B1 through 10-12B-19 NMSA 1978), Magistrate Retirement Act (Sections 10-12C-1 through 10-12C-18 NMSA 1978), Retirement Reciprocity Act (Sections 10-13A-1 through 10-13A-4 NMSA 1978), Deferred Compensation Act (Sections 10-17A1 through 10-17A12 NMSA 1978), and the U.S. Internal Revenue Code 457 regarding deferred compensation. PERA is governed by a 12-member board composed of the secretary of state and state treasurer (both ex officio), four members under a state coverage plan elected from state membership, four members under a municipal coverage plan elected from local government membership, and two retiree members elected by the retired members.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	52.8	57.4	57.0	57.0	(0.7)
Other Transfers	2.9	0.0	0.0	0.0	0.0
Other Revenues	30,329.1	41,312.7	47,675.0	42,780.1	3.6
TOTAL SOURCES	\$30,384.8	\$41,370.1	\$47,732.0	\$42,837.1	3.5
USES					
Personal Services and Employee Benefits	9,898.7	10,490.8	11,061.0	11,061.0	5.4
Contractual services	16,542.3	25,968.8	31,204.7	26,379.6	1.6
Other	3,943.7	4,910.5	5,466.3	5,396.5	9.9
TOTAL USES	\$30,384.7	\$41,370.1	\$47,732.0	\$42,837.1	3.5
FTE					
Permanent	90.0	88.0	88.0	88.0	0.0
TOTAL FTE	90.0	88.0	88.0	88.0	0.0

At A Glance

The Public Employees Retirement Association (PERA) requested an overall increase of 15.4 percent for FY26. The agency's core function of providing pension benefits to state and local government retirees is funded entirely through investment earnings on employee and employer contributions to the system's trust fund. Most of this increase was in the contractual services category for investment management fees, with smaller increases for personnel and other costs. The LFC recommendation supports the agency's request for personnel and includes increase in other costs and contractual services for medical, audit, and attorney services. For management fees, the LFC recommendation holds contractual services flat with FY25.

Budget Issues

The majority of PERA's budget is in the contractual services category and is used to pay fees for investment management. PERA consistently requests appropriations in excess of actual expenditures for this category; between FY20 and FY23, average annual spending in the contractual services category was \$19.1 million, well below the current year operating budget of \$26 million. The surplus in contractual service funding allows PERA flexibility to enter new contracts with managers and for higher fees to be paid, depending on asset performance. Unspent funds revert to the retirement fund. The agency typically has budget adjustment authority to increase the contractual services category to pay management fees.

The agency's FY26 request included funding for 86 FTE, with the agency applying a 2.5 percent vacancy rate to its request, down from 3 percent in FY25. While in prior years the agency maintained a significant vacancy rate, the agency has been successful at filling positions. The LFC recommendation supports the agency's request for personnel.

PERA requested an appropriation from the general fund to continue processing requests from employers to link employee information to the social security system. The request for FY26 was \$57 thousand, a slight decrease from the current year operating budget. Most of this request is in the personal services and employee benefits category, which means the agency receives additional funds from the statewide compensation package. For FY25, the agency received a \$55.7 thousand appropriation and \$1.7 thousand from the statewide compensation package. However, this was more than needed to cover costs, so the agency requested a slight decrease. Both the agency request and the LFC recommendation shifts a portion of this funding to non-salary expenses to avoid overfunding the agency's staffing costs from the general fund.

For other costs, the agency requested an increase of \$555.8 thousand, or 11.3 percent. The bulk of the request was for information technology agreements and for facility maintenance. PERA owns and operates its own facility, rather than receiving space from the state General Services Department. The LFC recommendation includes \$486 thousand for information technology services to make improvements to PERA's online retirement information system and for building maintenance.

Asset Management. For FY24, the fund earned 8.66 percent on investments, net of external asset management fees, and the market value of the fund increased by \$843 million, to a total value of \$17.5 billion. Over the long term, PERA continues to lag its long-term investment return target of 7.25 percent, returning an annualized 6.35 percent over the last five years and 5.8 percent over the last 10 years. The agency's five-year return was below both the performance of the Educational Retirement Board, at 8.09 percent, and the land grant permanent fund, at 7.43 percent, but above the performance of the severance tax permanent fund, at 5.64 percent. Compared with other large public funds, PERA's returns ranked in the bottom half of funds for long-term returns. In both the five- and 10-year periods the agency had lower returns than 75 percent of other public funds valued at more than \$1 billion.

Consistently meeting the agency's targeted investment returns over the long term is critical for both the agency's long-term stability and the finances of retired members because PERA pays annual cost-of-living adjustments based on a risk sharing model that increases annual adjustments with higher investment returns.

Sustainability. Pension funding improved greatly over the past decade because legislation reducing benefits and increasing contributions was enacted. In 2013, PERA benefits were reduced for new employees and cost-of-living adjustments (COLA) paid to retirees were reduced to better reflect actual price inflation. However, these changes were insufficient to cover costs and, in 2020, the Legislature increased contributions to the fund by 4 percentage points (2 percent from the employee and 2 percent from the employer) and changed the way the COLA is paid. Under the new law, annual COLAs will be based on investment returns and funded status. At current funding levels, for example, retirees from the state general plan are eligible for a COLA of between 0.5 percent and 2.1 percent, depending on investment performance. Changes to the method for calculating annual cost-of-living adjustments have led to reduced COLAs for PERA retirees. Due to below-target returns and fund valuations, members saw a 0.5 percent annual adjustment in 2023 and 2024. Although PERA performed better than its target for FY24, the three-year return of 3.65 percent remains well below the target of 7.25 percent.

At the time of the 2023 valuation, the five retirement plans created by the Public Employees' Retirement Act—state employees, state police, municipal employees, municipal police, and municipal fire—were 67.7 percent funded, collectively. However, funding of the individual plans varies significantly. The state employees plan, also called state general plan three, was 57.6 percent funded with an unfunded liability of \$4.4 billion, while the state police and correctional officer plan was 125 percent funded with a surplus of \$314 million. Other funds managed by PERA had similar differences. The judicial retirement fund was only 60.5 percent funded with an unfunded liability of \$76 million and the magistrate retirement fund was 53.1 percent funded with an unfunded liability of \$29.6 million. However, the volunteer firefighter fund was 167 percent funded and the legislative retirement fund was 119 percent funded.

PENSION ADMINISTRATION

The purpose of the pension administration program is to provide information, retirement benefits and an actuarially sound fund to association members so they can receive the defined benefit they are entitled to when they retire from public service.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Funding period of unfunded actuarial accrued liability, in years	73.0	53.0	30.0	30.0	30.0
Outcome	Number of basis points that ten-year annualized investment return differs from board-approved total fund benchmark	69.0	33.0	30.0	30.0	30.0
Outcome	Number of basis points that five-year annualized investment return differs from board-approved total fund benchmark	140.0	94.0	30.0	30.0	30.0
Explanatory	Average rate of net return over the last ten years	N/A	6.06%	N/A	N/A	N/A
Outcome	Public employees retirement association's total investment cost comparable to an industry median cost of peers adjusted for differences in fund size and asset mix	49.0	49.0	85.0	85.0	85.0
* Explanatory	Average rate of net return over the last five years	N/A	6.68%	N/A	N/A	N/A

Statutory Authority

The State Commission of Public Records was established by the Public Records Act, Sections 14-3-1 through 14-3-25 NMSA 1978. The commission governs the operations of the State Records Center and Archives, which administers the State Rules Act Sections 14-4-1 through 14-4-9 NMSA 1978. The act guides the development of style and format requirements for rules filed by executive agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,906.9	3,149.6	3,812.4	3,241.0	2.9
Other Transfers	156.5	0.0	0.0	0.0	0.0
Federal Revenues	13.0	40.0	40.0	40.0	0.0
Other Revenues	228.7	132.6	137.3	137.3	3.5
Fund Balance	0.1	122.5	67.6	122.5	0.0
TOTAL SOURCES	\$3,305.2	\$3,444.7	\$4,057.3	\$3,540.8	2.8
USES					
Personal Services and Employee Benefits	2,671.4	2,924.7	3,536.6	3,019.2	3.2
Contractual services	57.4	115.0	116.7	116.6	1.4
Other	374.0	405.0	404.0	405.0	0.0
TOTAL USES	\$3,102.8	\$3,444.7	\$4,057.3	\$3,540.8	2.8
FTE					
Permanent	36.0	35.0	35.0	35.0	0.0
TOTAL FTE	36.0	35.0	35.0	35.0	0.0

At A Glance

For FY26, the State Commission of Public Records requested a budget of slightly more than \$4 million, reflecting an overall budget increase of \$612.6 thousand, or 17.7 percent, relative to the FY25 operating budget. The request included a total general fund revenue increase of \$662.8 thousand, or 21 percent. The commission requested an increase of \$611.9 thousand, or 20.9 percent, in personnel to give raises to staff and fill vacancies. The FY26 request also swaps \$54.9 thousand from fund balance for an increase of general fund revenue. Federal revenues are flat with the FY25 operating budget at \$40 thousand. The LFC recommendation increases personnel cost spending to fill vacancies and maintains the use of fund balance commensurate with FY25 for an overall increase of 2.8 percent.

Budget Issues

The State Commission of Public Records (CPR) oversees and operates two record centers, including the State Records Center and Archives, which stores state agency records, acts as the central archive for state government, and operates a vault for the permanent storage of records with historical value. As in prior years, CPR reports the State Records Center’s permanent record storage is running out of space; however, the agency has been storing permanent records in its Albuquerque location. The result has been multiple requests for funding from other agencies to digitize and store records themselves outside of the commission.

The commission also reports challenges in achieving full staffing and currently has nine of its 35 positions vacant. The agency reverted \$65 thousand in FY24 due to the inability to hire an additional FTE. However, without full staffing, the agency met all performance measures and exceeded some.

As a result of these staffing shortages in FY24, CPR had a moderate \$167.1 thousand in funded vacancy savings. The LFC recommendation includes a \$95 thousand, or 2.9 percent, general fund increase in personnel for the agency to fill vacancies. The LFC recommendation holds fund balance use flat with FY25 to fulfill the agency’s needs to reflect increases in fixed rates and to meet the Department of Information Technology’s recommended cybersecurity measures.

RECORDS, INFORMATION AND ARCHIVAL MANAGEMENT

The purpose of the records, information and archival management program is to develop, implement and provide tools, methodologies and services for use by, and for the benefit of, government agencies, historical record repositories and the public so the state can effectively create, preserve, protect and properly dispose of records, facilitate their use and understanding and protect the interests of the citizens of New Mexico.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of permanent records rehoused, described, or reproduced to be made accessible to the public and other key stakeholders representing the judicial, legislative, and executive branches of state government.	NEW	14,213.0	6,500.0	8,000.0	8,000.0
Outcome	Number of trainings offered to state employees on the proper management of public records in compliance with the Public Records Act	31.0	33.0	24.0	24.0	24.0
Outcome	Number of state employee trainings on filing and publishing notices of rulemaking and rules in compliance with the State Rules Act	39.0	86.0	24.0	24.0	24.0
Outcome	Number of agency educational, research, preservation and community outreach activities that foster and facilitate an appreciation and understanding of New Mexico history and culture	118.0	61.0	50.0	50.0	50.0
Outcome	Number of days to compile and post all rules onto the New Mexico Administrative Code website from their effective date	5.0	5.0	30.0	30.0	30.0
Outcome	Number of records described and made available online via a descriptive finding aid to support law enforcement, attorneys, the courts and the public	1,879.0	Discontinued	8,000.0	Discontinued	Discontinued
Outcome	Percent of requests by records custodians to access public records stored in the records center within twenty-four business hours and percent of requests to access archival holdings within two hours of on-site request, adhering to any applicable laws	100%	100%	100%	100%	100%

Statutory Authority

Article V, Section 1, of the New Mexico Constitution created the office of the Secretary of State. The Secretary of State may be elected for two consecutive four-year terms and is second in line behind the lieutenant governor to assume the responsibilities of the governor. The Secretary of State is the keeper of the Great Seal of the State of New Mexico and affixes the seal to all commissions issued in the name of the state and signed by the governor. Article V, Section 2, of the New Mexico Constitution requires the returns of every election for state officers be sealed and transmitted to the Secretary of State who, with the governor and state Supreme Court chief justice, constitute the state canvassing board. The Bureau of Elections is responsible for administering the state Election Code.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,498.9	17,172.2	12,861.7	8,787.3	(48.8)
Other Transfers	1,312.7	0.0	0.0	0.0	0.0
Federal Revenues	4,189.5	856.3	1,369.3	1,369.3	59.9
Other Revenues	83.7	80.0	90.7	90.7	13.4
TOTAL SOURCES	\$21,084.8	\$18,108.5	\$14,321.7	\$10,247.3	(43.4)
USES					
Personal Services and Employee Benefits	6,260.2	6,353.4	7,352.4	6,353.4	0.0
Contractual services	2,869.5	900.7	3,721.0	2,046.7	127.2
Other	11,950.7	10,854.4	3,248.3	1,847.2	(83.0)
TOTAL USES	\$21,080.4	\$18,108.5	\$14,321.7	\$10,247.3	(43.4)
FTE					
Permanent	69.0	65.0	66.0	65.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
Temporary	2.0	4.0	4.0	4.0	0.0
TOTAL FTE	72.0	69.0	70.0	69.0	0.0

At A Glance

The Secretary of State (SOS) requested a budget, absent of election costs, of \$12.8 million for FY26, a 25.5 percent decrease from FY25. With election costs out of the SOS operating budget, the overall budget request for FY26 is a decrease. However, if the the FY25 operating budget is reduced to base operating costs without the cost of elections, the FY26 budget request represents an overall general fund increase of \$5 million, or 66.8 percent, over FY25. Requested increases include \$1 million for costs of the agency's new business filing system, \$1 million for contracts for geospatial information system mapping of voter information, and various other increases for the costs of doing business.

Budget Issues

For the Administration and Operations Program, SOS is requesting \$2.5 million, or 48.3 percent, over the FY25 operating budget, including \$1.1 million for the new costs of SOS's new business filing system, \$810 thousand for office supplies, IT costs, and subscription increases, and \$534.4 thousand for personnel raises. The Administration and Operations request increased personnel by \$553 thousand by moving \$103.3 thousand from contractual services and \$452.2 thousand from the other category to fund a projected shortfall due to raises to staff and hiring new staff in FY24. The LFC recommendation increases contractual services by \$500 thousand, or 330 percent over FY25, for the new business filing system but keeps personnel and the other category spending commensurate with FY25.

For the Elections Program, SOS requested an increase of \$2.5 million in general fund revenues, or a 92.4 percent increase over FY25's adjusted operating budget, including \$447.7 thousand for raises, \$1.4 million for contracts with the University of New Mexico for geospatial information system mapping of voter information and maintenance of its campaign finance information system, and an additional \$590.9 thousand for the other category for hardware agreements and office supplies. SOS did not have any federal funds budgeted for FY24; however, the agency brought in \$4.9 million of federal awards from its Help America Vote Act (HAVA) grant for additional election costs. SOS used the HAVA funds to increase contractual services by \$1.9 million and increased the other category by \$2.8 million for election security needs at the county level in FY24. SOS also used the

HAVA funds to increase its personnel spending in the Elections Program by \$180 thousand. The increase in personnel through the federal grant provided two term positions: a chief security information officer and an elections outreach officer. SOS reverted \$289.1 thousand in revenue for personnel in the Elections Program in FY24, including \$98 thousand from the HAVA grants and requested to use general fund to for the elections outreach officer in FY26. The LFC recommendation increases contractual services by \$500 thousand, or 69 percent, over FY25 for mapping of voter information and reduces the other category to accommodate election costs out of the operating budget, to equal the FY25 adjusted operating expenses.

Election Costs. Legislative changes in 2018 and 2019 shifted some election costs from counties to the state, requiring SOS to reimburse counties for many direct election costs. The Local Election Act, adopted in 2018, created a regular local election, held on the same day statewide, and established an election fund to cover local election costs. The fund was initially intended to be supported by local governments through annual assessments. However, further changes to the Election Code in 2019 removed provisions for the assessments, leaving the fund without a source of revenue and essentially shifting the cost burden from counties to the state. In May 2023, SOS promulgated rules defining the type of expenses that could be covered by the election fund, which the agency expects to bring more consistency to annual election costs.

In even-numbered fiscal years, the state holds the regular local election and the primary election. In odd fiscal years, there is one general election. With legislative changes requiring SOS to reimburse counties for direct election costs, the agency’s operating budget has been unstable, with budget decreases in odd fiscal years and budget increases in even fiscal years. Laws 2024, Chapter 24, creates a new distribution from the tax administration suspense fund (which would otherwise go to the general fund) to SOS’s election fund. Chapter 24 takes election costs out of SOS’s budget due to the variation of election costs year over year, allowing for a stable operating budget. Within 90 days after an election, SOS must certify compliance with the Department of Finance and Administration (DFA), and 30 days after certification, SOS will be transferred the amount equal to the lesser certified amount or \$15 million.

In FY24, SOS received a \$15 million special appropriation to its election fund to conduct and administer elections. SOS used the funds to cover previous costs from the 2022 general election, the 2023 regular local election, and the 2024 primary election. SOS reports the 2024 regular local election cost \$11.4 million and the 2024 primary election totaled \$14 million, with both elections costing significantly more than originally anticipated. The cost of the 2024 primary election was 52 percent higher than the last primary election in 2022, which cost \$9.4 million. The total cost of the 2024 elections were \$25.4 million, \$10.8 million more than the same elections in 2022, equivalent to a 73.9 increase in election costs in just two years. To meet statutory obligations of covering election costs, DFA permitted SOS to use \$2.7 million of its FY25 budget to cover 2024 primary election expenses. SOS is requesting deficiency funding of \$2.1 million to cover the overspending of the FY25 budget, as well as an additional \$5.5 million in a special appropriation to the election fund to ensure SOS does not have to again spend into a negative cash balance in the future.

For the 2024 general election, SOS was appropriated \$9.3 million, which was the original anticipated election cost. The 2023 general election cost \$9.2 million. With the significant increases in election costs, the cost of the 2024 general election may cost more than the \$15 million permissible for use outlined by Chapter 24. Though Chapter 24 aims to stabilize election costs and the SOS operating budget, additional measures should be considered to lock in election costs with statutory changes.

Base Expansion

The Secretary of State requested an expansion of 1 new FTE for an elections outreach coordinator, previously funded federally as a term position. For FY25, the office budgeted federal funds in personnel costs but did not request federal personnel funds in FY26, which would have created a decrease in personnel costs. The LFC recommendation does not directly support the expansion request because the LFC recommendation already increases general fund revenue to maintain personnel costs commensurate with FY25.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Elections Outreach Coordinator	P783	75.9	0.0
TOTAL			\$75.9	\$0.0

ADMINISTRATION AND OPERATIONS

The purpose of the administration and operations program is to provide operational services to commercial and business entities and individuals, including administration of notary public commissions, uniform commercial code filings, trademark registrations and partnerships and to provide administrative services needed to carry out elections.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,526.9	5,161.8	7,654.9	5,661.8	9.7
Other Transfers	206.6	0.0	0.0	0.0	0.0
Other Revenues	83.7	80.0	90.7	90.7	13.4
TOTAL SOURCES	\$4,817.2	\$5,241.8	\$7,745.6	\$5,752.5	9.7
USES					
Personal Services and Employee Benefits	4,497.4	4,341.3	4,875.7	4,341.3	0.0
Contractual services	55.0	177.9	1,246.4	597.9	236.1
Other	260.4	722.6	1,623.5	813.3	12.6
TOTAL USES	\$4,812.8	\$5,241.8	\$7,745.6	\$5,752.5	9.7
FTE					
Permanent	54.0	44.0	44.0	44.0	0.0
Temporary	2.0	4.0	4.0	4.0	0.0
TOTAL FTE	56.0	48.0	48.0	48.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Average number of days to process corporate registration requests	21.0	TBD	15.0	15.0	15.0
Output	Average number of days to process partnership registration requests	7.0	TBD	2.0	2.0	2.0

ELECTIONS

The purpose of the elections program is to provide voter education and information on election law and government ethics to residents, public officials and candidates so they can comply with state law.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,972.0	12,010.4	5,206.8	3,125.5	(74.0)
Other Transfers	1,106.1	0.0	0.0	0.0	0.0
Federal Revenues	4,189.5	856.3	1,369.3	1,369.3	59.9
TOTAL SOURCES	\$16,267.6	\$12,866.7	\$6,576.1	\$4,494.8	(65.1)

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	1,762.8	2,012.1	2,476.7	2,012.1	0.0
Contractual services	2,814.5	722.8	2,474.6	1,448.8	100.4
Other	11,690.3	10,131.8	1,624.8	1,033.9	(89.8)
TOTAL USES	\$16,267.6	\$12,866.7	\$6,576.1	\$4,494.8	(65.1)
FTE					
Permanent	15.0	21.0	22.0	21.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	16.0	21.0	22.0	21.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office	96%	90%	90%	91%	91%
Output	Number of training sessions provided to all county clerks on changes to the election code	4.0	4.0	2.0	2.0	2.0
* Outcome	Percent of eligible voters registered to vote	83%	82%	85%	85%	85%
Outcome	Percent of voting machines tested	100.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Number of counties meeting the Uniformed and Overseas Citizens Absentee Voting Act deadline of mailing overseas ballots not later than forty-five days before an election	33.0	33.0	N/A	N/A	N/A
* Outcome	Percent of reporting individuals in compliance with campaign finance reporting requirements	83%	86%	97%	97%	97%
Outcome	Percent of reporting individuals who have been issued a notice of final determination for non-compliance	100%	100%	100%	100%	100%
Explanatory	Number of campaign finance training sessions offered each fiscal year	8.0	7.0	N/A	N/A	N/A
Explanatory	Number of reporting individuals out of compliance with campaign finance reporting requirements	112.0	115.0	N/A	N/A	N/A
Explanatory	Number of Native American voters reported by tribes as registered to vote in New Mexico	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the June statewide primary election in even fiscal years	N/A	22.83%	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the November statewide general election in odd fiscal years	52.00%	N/A	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the November statewide local election in even fiscal years	N/A	20.54%	N/A	N/A	N/A

Statutory Authority

The Personnel Act, Sections 10-9-1 through 10-9-25 NMSA 1978, creates the State Personnel Board and the State Personnel Office and requires the board to provide for a system of classified state employment based solely on qualifications and ability. The board has jurisdiction over issues related to employee classification and compensation, testing and qualifications for professionals, probationary periods, and disciplinary procedures. The director of the State Personnel Office supervises administrative and technical personnel activities and acts as secretary to the board.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,117.6	4,474.8	5,563.0	4,571.5	2.2
Other Transfers	452.9	198.2	216.4	216.4	9.2
TOTAL SOURCES	\$4,570.5	\$4,673.0	\$5,779.4	\$4,787.9	2.5
USES					
Personal Services and Employee Benefits	4,135.5	4,362.6	5,379.8	4,388.3	0.6
Contractual services	64.9	76.0	81.0	81.0	6.6
Other	267.4	234.4	318.6	318.6	35.9
TOTAL USES	\$4,467.8	\$4,673.0	\$5,779.4	\$4,787.9	2.5
FTE					
Permanent	44.0	44.0	44.0	44.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	46.0	44.0	44.0	44.0	0.0

At A Glance

The State Personnel Office (SPO) requested a \$1.1 million, or 24.3 percent, increase for FY26 to allow the agency to implement the findings of a recent joint study of the state’s system of classification and compensation. Most of that increase would fund additional personnel, with a \$1 million increase in the personal services and employee benefits category, with an additional \$84.2 thousand in other costs for software and certifications to enable the agency to transition away from the current system used in job classification, known as the Hay method, to a market-based method. SPO anticipates the change to have a significant impact on agency operations and requested funding to hire 6 FTE for currently vacant positions, in addition to salary and health benefits increases for current staff.

The LFC recommendation for the agency’s base operating budget includes \$114.9 thousand to maintain the agency’s current staffing levels and other operating costs. Additional staffing to support the agency’s transition to market-based compensation practices could come from the government results and opportunity fund. This fund, created in 2024, provides consistent funding for a short period, allowing the agency to demonstrate the effectiveness of the proposed changes before funds are built into the agency’s base operating budget. In addition, LFC recommends SPO continue the state’s performance academy, a training program to help agencies expand evidence-based programs and improve their use of performance information. Funding for this initiative could also come from the government results and opportunity fund.

Budget Issues

SPO is responsible for the administration, oversight, and overall maintenance of the framework behind the state’s classified service system. Currently, nearly 18 thousand executive branch employees are part of this system, accounting for more than \$1.7 billion in agency spending on salaries and benefits. In addition to setting up the general framework, SPO acts as a resource for agency human resources staff, providing consultation, analysis, and support on compensation issues to ensure the needs of the state are met in response to market demands. Ultimately, individual agencies are responsible for developing and implementing specific compensation programs that comply with rules adopted by the Personnel Board.

More than 90 percent of the agency's budget is for personnel costs. SPO maintained a high vacancy rate for several years despite availability of funding for additional staff. The agency requested \$778 thousand to hire for six currently vacant positions. For the last several years, the agency's headcount has hovered in the mid-30s, well below the agency's high of 52 in FY16. In addition, SPO requested \$221 thousand for salary increases and other costs for current employees. For other costs, the agency requested \$84.2 thousand for software and certifications. SPO will need to subscribe to national services providing pay information to ensure New Mexico's job classifications are benchmarked to market. Additionally, SPO requested \$5,000 in the contractual services category to improve language access services. The LFC recommendation includes \$114.9 thousand to account for increased healthcare costs in the personnel category and to fully fund the agency's request for language access services and other costs, but recommends the 6 FTE requested by the agency related to the implementation of the recent personnel study be funded from the government results and opportunity fund.

SPO receives a small amount of its budget from contracts with other state agencies too small to directly hire human resources staff and from mid-sized agencies that have lost staff and need temporary assistance to perform human resources functions. The agency intends to hold these rates flat with the current year, but the total amount the agency will receive is uncertain because it is unclear how long some mid-sized agencies will need to contract for HR services. SPO requested \$216 thousand from these contracts, a slight increase from the current year operating budget, but more in line with prior-year actuals. The LFC supports the agency's request. In addition, the LFC recommendation included budget adjustment language authorizing the agency to budget and spend additional revenue raised from temporary or other contract increases.

Personnel Study. SPO, LFC, and the Department of Finance and Administration recently oversaw a joint study of the state's system of classification and compensation. The study took a multifaceted look at the state system and included evaluation of the state's human resources policies and procedures, benchmarks for the state's current pay structure to the broader job market, and recommendations for improvement to how the state manages, hiring, and pay systems. That study found a number of areas for improvements, noting the current system was outdated in many areas, with HR technology lacking modern automation and analytic features and the hiring process being overly reliant on manual procedures and outdated technology and recruitment practices. The state's classified pay structure, with 12 separate salary schedules and 112 individual pay bands, is overly complex and administratively burdensome; the study recommended transitioning to a single salary schedule with 25 pay bands, simplifying the system while giving agencies more flexibility in pay by allowing a wider salary range for each job classification, providing opportunities for employees to grow within their current position, rather than requiring a promotion to advance.

Implementing the findings of the personnel study will be a key performance challenge for SPO. The study recommended the state undergo a full redesign of the state's job architecture and job evaluation process. The state has already made progress on some of these needs by identifying job families and developing a job title glossary. Additionally, SPO recently began the process to standardize job titles, which was recommended by the study, and has begun to review a job classification highlighted by the study.

State Workforce. Following a decade in which overall state employment has been largely flat, employee headcounts shot up in FY24, growing from 22,285 in July 2023 to 23,087 in July 2024, an increase of 800 employees, or 3.6 percent. Despite the increases in headcount, data continues to show large vacancy rates across state agencies, largely because agencies continue to add new positions to their organizational charts, rather than filling vacant positions or reclassifying existing positions to meet current needs. For example, between FY23 and FY24, agencies created 552 positions and between FY24 and FY25, agencies created 431 new positions. As a result, SPO reports a vacancy rate of 22.2 percent, below the 23.8 percent reported for FY23 but still significant in light of the increases in the number of employees.

SPO is responsible for making periodic adjustments to salary schedules and assigning pay ranges to individual jobs to keep state salaries competitive with the local and regional labor markets. While for many years, performance data indicated salaries offered by the state of New Mexico were falling behind the broader labor market, recent adjustments make salary schedules more competitive, especially at lower salary ranges. From FY14 through FY21, average wages and salaries rose by 21.9 percent nationally, according to the U.S. Bureau of Labor Statistics, while annual compensation reports from SPO reported average pay in the classified service rose by 20.5 percent. However, between FY21 and FY24, classified employee pay rose, on average, by 26.6 percent versus 17.9 percent nationally. Over the entire FY14 through FY24 period, growth in average classified employee pay outperformed the national average, rising by 52.6 percent versus 43.7 percent.

HUMAN RESOURCE MANAGEMENT

The purpose of the human resource management program is to provide a merit-based system in partnership with state agencies, appropriate compensation, human resource accountability and employee development that meets the evolving needs of the agencies, employees, applicants and the public so economy and efficiency in the management of state affairs may be provided while protecting the interest of the public.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Percent of hire actions requiring state personnel office approval	NEW	NEW	N/A	N/A	N/A
* Explanatory	Average number of days to fill a position from the date of posting	66.0	64.0	N/A	N/A	N/A
Explanatory	Percent of classified employees who successfully complete the probation period	63%	66%	N/A	N/A	N/A
Explanatory	Percent of classified employees voluntarily leaving state service	16%	11%	N/A	N/A	N/A
Explanatory	Percent of classified employees involuntarily leaving state service	2%	2%	N/A	N/A	N/A
* Explanatory	Classified service vacancy rate	23.80%	22.18%	N/A	N/A	N/A
Efficiency	Average classified employee compa-ratio	98.70%	100.50%	100.00%	100.00%	100.00%
Explanatory	Average classified employee new hire compa-ratio	95.50%	96.90%	N/A	N/A	N/A
Explanatory	Number of candidate hires external to state government	3,109.0	3,465.0	N/A	N/A	N/A
Outcome	Number of human resource trainings held annually in partnership with agencies	19.0	16.0	12.0	12.0	12.0
* Explanatory	Number of in-pay-band salary increases awarded	1,660.0	890.0	N/A	N/A	N/A
* Explanatory	Average total compensation of classified service employees	\$99,347	\$109,121	N/A	N/A	N/A
* Explanatory	Cost of overtime pay	\$41,061,586	\$44,833,536	N/A	N/A	N/A
Outcome	Number of human resource rule compliance audits conducted annually	2,889.0	817.0	1,000.0	1,000.0	1,000.0
Outcome	Number of state personnel office led trainings offered annually	178.0	174.0	100.0	100.0	100.0

Statutory Authority

The New Mexico Public Employee Bargaining Act (PEBA), Sections 10-7E-1 through 10-7E-26 NMSA 1978, creates the Public Employee Labor Relations Board (PELRB). The act authorizes collective bargaining for public employees, which had previously expired in 1999. The board consists of three members appointed by the governor; one of those members must be recommended by labor organizations and another member must be recommended by two other board members.

One of the state's smallest agencies, PELRB serves as the decision-maker of first resort for public employer and labor organization disputes under the Public Employee Bargaining Act (PEBA). The board also ensures local governments operating under a collective bargaining agreement are in compliance with PEBA by monitoring their decisions.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	273.5	304.8	330.3	316.0	3.7
Other Transfers	11.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$285.3	\$304.8	\$330.3	\$316.0	3.7
USES					
Personal Services and Employee Benefits	201.7	210.2	223.8	218.7	4.0
Contractual services	23.4	31.5	34.8	31.5	0.0
Other	50.6	63.1	71.7	65.8	4.3
TOTAL USES	\$275.7	\$304.8	\$330.3	\$316.0	3.7
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	2.0	2.0	2.0	2.0	0.0

At A Glance

The agency requested an increase of \$25.5 thousand, or 8.4 percent, over the FY25 operating budget. The bulk of this request, \$13.6 thousand, is in the personal services and employee benefits category to fund increases in health insurance and pay for the board's two employees. The request also includes additional teleconferencing equipment to address issues with agency hearings for those participating remotely and to improve webcasting of hearings for the general public. The LFC recommendation includes additional funding for health insurance and for the agency's IT equipment.

In recent years, PELRB has relied heavily on contractual services for agency operations, contracting with the Administrative Hearings Office for chief financial officer services and for hearing officers as needed. Since 2020 revisions to the Public Employee Bargaining Act, average cases per year have ticked up, from 18.5 on average between 2013 and 2020 to an average of 23.3 between 2021 and 2023. The average number of hearings per year increased from 4.4 to 8.3. The agency requested \$34.8 thousand for contracts, an increase of 10.5 percent, but \$11.3 thousand or 49 percent above FY24 actuals. Because the current operating budget is well above FY24 actual expenses, the LFC recommendation holds the contracts category flat with FY25.

PUBLIC EMPLOYEES LABOR RELATIONS BOARD

The purpose of the public employee labor relations board program is to ensure all state and local public body employees have the option to organize and bargain collectively with their employer.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of decisions overturned on appeal	0%	0%	0%	1%	0%
Outcome	Percent of determinations of approval of local labor relations boards, bargaining unit recognition petitions and prohibited practice complaints processed and completed within the applicable regulatory deadlines	85%	94%	100%	100%	100%

Statutory Authority

The Office of the State Treasurer (STO) is established within the executive branch of government by Article V of the New Mexico Constitution. The principal statutory provisions governing the Office of the State Treasurer are Sections 6-1-13, 6-8-6, 6-8-11, 6-10-10, 6-10-25 through 6-10-29, 6-10-37, 7-27-24 and 7-27-25, 8-6-1 through 8-6-7, 29-4-5, and 58-18-4 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,297.3	4,703.3	5,339.3	4,703.3	0.0
Other Transfers	172.2	0.0	0.0	0.0	0.0
Federal Revenues	2.6	2.0	2.6	2.6	30.0
Other Revenues	400.9	401.0	549.5	549.5	37.0
TOTAL SOURCES	\$4,873.0	\$5,106.3	\$5,891.4	\$5,255.4	2.9
USES					
Personal Services and Employee Benefits	3,406.4	3,866.6	4,337.6	3,867.2	0.0
Contractual services	465.0	522.5	581.0	526.2	0.7
Other	1,001.7	717.2	972.8	862.0	20.2
TOTAL USES	\$4,873.1	\$5,106.3	\$5,891.4	\$5,255.4	2.9
FTE					
Permanent	34.0	35.0	35.0	35.0	0.0
TOTAL FTE	34.0	35.0	35.0	35.0	0.0

At A Glance

The Office of the State Treasurer requested a general fund increase of \$636 thousand, or 13.5 percent, over FY25. The request includes an increase in other state funds of \$148.5 thousand, or 38 percent, from the office's revenue of the local government investment pool (LGIP) for a total of \$549.5 thousand. The request also included a \$471 thousand increase in personnel, including a reduction of other state funds in personnel by \$172.4 thousand, or 44.5 percent, and an increase of general fund revenue for personnel. The LFC recommendation holds the personnel budget close to the FY25 level but increases other state funds to cover increases in the other costs category to cover license costs increases and system software additions. Overall, the recommendation supports a 2.9 percent increase in FY26 driven by the increase of use of other state funds.

Budget Issues

The FY25 operating budget includes \$401 thousand from other state funds in personnel costs from the agency's revenue from the LGIP. The office requested the FY26 operating budget to decrease other state funds in personnel costs by \$172.4 thousand to swap for higher general fund revenues. The agency request included a \$471 thousand overall increase in personnel costs to reduce vacancies and to give raises to staff. However, the agency gave out-of-cycle raises above the 6 percent personnel increase authorized by the Legislature, up to an additional 15.7 percent, and had a moderate funded vacancy saving of \$237.8 thousand in FY24. The LFC recommendation maintains FY26 personnel expenditures flat with the FY25 operating budget for general fund revenues and other state funds but increases the amount by \$600 due to an increase in federal revenue.

The request increases use of other state funds by \$320.9 thousand for contractual services and the other category for new costs associated with the LGIP. The request to increase other state funds will cover licenses and software, such as Bloomberg Licenses and JP Morgan aggregation services. The agency moved \$390 thousand out of contracts into the other category in FY24. The LFC recommendation increases other state funds in the other category for a total increase of \$144.8 thousand from FY25 but keeps contractual services flat with FY25.

The priorities for STO's investment strategies are (1) safety of the principal, (2) maintenance of liquidity, and (3) maximum return on investments. General fund balances are held in two portfolios: The core portfolio provides maximized returns with minimal risk to principal, and the liquidity portfolio provides day-to-day liquid assets for the operations of state government. General fund balances at the end of the FY24 closed with a balance of over \$10 billion. This is down from the previous year, but over the last five years, the state general fund investment pool (SGFIP) has more than doubled in size, even with all the transfers sent to reserves in FY24. General fund balances at the end of FY23, excluding federal funds, were up \$1.4 billion, or 13.7 percent, from the same period a year earlier. The agency generated an estimated \$180.9 million in FY23, a record high. STO lost \$188.3 million in FY22 due to challenging markets. Earnings were \$5.3 million in FY21, \$91.8 in FY20, \$86.9 million in FY19, and \$5.9 million in FY18.

STATE TREASURER

The purpose of the state treasurer program is to provide a financial environment that maintains maximum accountability for receipt, investment and disbursement of public funds to protect the financial interests of New Mexico residents.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of basis points that one-year annualized investment return on local government investment pool differs from internal benchmark	9.0	5.0	5.0	5.0	5.0
* Outcome	Number of basis points that one-year annualized investment return on general fund core portfolio differs from internal benchmark	\$49.0	32.0	10.0	10.0	10.0
Outcome	Maximum number of audit findings	1.0	0.0	0.0	0.0	0.0
Outcome	Percent of reconciling items cleared within thirty days of posting of accounting lines, completion and budget check by the agency	99%	99%	99%	99%	99%
Explanatory	Forfeiture sale proceeds deposited to the general fund	\$80,000	\$0	N/A	N/A	N/A
Explanatory	Percent of liquidity pool to total state general fund investment pool	53.60%	40.89%	N/A	N/A	N/A

Commerce and Industry

Statutory Authority

The seven-member Board of Examiners for Architects is authorized by Sections 61-15-1 through 61-15-13 NMSA 1978. The board is charged with ensuring any person practicing architecture complies with the provisions of the Architecture Act. The agency regulates the professional conduct of architects by registering only qualified individuals, investigating complaints and violations, monitoring compliance with continuing education requirements, and working with other regulatory entities concerned with the built environment.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	444.3	339.1	352.1	352.1	3.8
Fund Balance	62.6	250.5	238.3	238.3	(4.9)
TOTAL SOURCES	\$506.9	\$589.6	\$590.4	\$590.4	0.1
USES					
Personal Services and Employee Benefits	395.1	459.6	459.6	459.6	0.0
Contractual services	34.6	46.7	47.5	47.5	1.7
Other	77.2	83.3	83.3	83.3	0.0
TOTAL USES	\$506.9	\$589.6	\$590.4	\$590.4	0.1
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

At A Glance

The Board of Examiners for Architects (BEA) requested a budget of \$590.4 thousand for FY26, which is \$800 greater than the FY25 operating budget. BEA requested to use \$13 thousand, or 3.8 percent, more of its fee revenue and \$12.2 thousand, or 4.9 percent, less of its fund balance for FY26. In total, BEA requested to use \$352 thousand of its fee revenue and \$238 thousand of its fund balance. This \$800 increase will be used for contractual services to cover increased audit and IT costs. BEA is requesting a flat budget for personnel services and other services for FY26.

The LFC recommendation fully supports the agency's request.

ARCHITECTURAL REGISTRATION

The purpose of the architectural registration program is to regulate, through enforcement and licensing, the professional conduct of architects to protect the health, safety and welfare of the general public of the state.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of audited registrants who successfully meet the continuing education requirements	91%	91%	95%	95%	95%
Output	Number of days from the receipt of a complaint to delivery to the enforcement committee	1.0	2.0	5.0	5.0	5.0
Outcome	Percent of reciprocity applicants who successfully complete the application process	93%	90%	82%	82%	90%
Efficiency	Percent of cases resolved prior to issuance of a notice of contemplated action	90%	90%	81%	81%	90%
Efficiency	Percent of cases where a notice of contemplated action has been issued but is resolved prior to hearing	50%	50%	50%	50%	50%

Statutory Authority

Article V, Section 17, of the New Mexico Constitution, establishes the State Ethics Commission and was approved by the state’s voters in the 2018 general election. The commission consists of seven commissioners—five appointed by the governor and House and Senate leadership and two appointed by the first five commissioners. The commission began operations on January 1, 2020.

Sections 10-16G-1 through 10-16G-16 NMSA 1978, the State Ethics Commission Act, establishes the primary functions and authority of the State Ethics Commission. This authority includes receiving, investigating, and adjudicating complaints against public officials, public employees, candidates, persons subject to the Campaign Reporting Act, government contractors, lobbyists, and lobbyists’ employers. The commission also drafts a proposed code of ethics for public officials and public employees and issues advisory opinions on ethics issues.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	1,460.2	1,712.9	1,975.1	1,802.3	5.2
Other Transfers	50.0	0.0	0.0	0.0	0.0
Other Revenues	6.1	5.0	5.0	5.0	0.0
TOTAL SOURCES	\$1,516.3	\$1,717.9	\$1,980.1	\$1,807.3	5.2
USES					
Personal Services and Employee Benefits	1,124.9	1,351.0	1,607.8	1,511.0	11.8
Contractual services	166.6	211.9	211.9	151.9	(28.3)
Other	142.4	155.0	160.4	144.4	(6.8)
TOTAL USES	\$1,433.9	\$1,717.9	\$1,980.1	\$1,807.3	5.2
FTE					
Permanent	9.0	10.0	11.0	10.0	0.0
TOTAL FTE	9.0	10.0	11.0	10.0	0.0

At A Glance

The State Ethics Commission requested \$2 million from the general fund for FY26, an increase of \$262.2 thousand, or 15.3 percent, from the FY25 operating budget. The request included an increase of 19 percent for personnel and an increase of 3 percent for other costs. The commission request of \$1.6 million for the personal services and employee benefits category, up from \$1.3 million, has \$153.9 thousand for an additional FTE and \$102.9 thousand for out-of-cycle salary adjustments. The LFC recommendation supports a modest general fund increase, while also taking funds out of contractual services and other uses to supplement the increase in personnel with consideration of the out-of-cycle salary adjustments. Additionally, the LFC recommendation does not support the increase in FTE but does fund all 10 authorized positions.

Budget Issues

During the commission’s first operating year, 2020, the commission was allocated \$947.7 thousand. In FY25, the commission received an 11 percent increase, which resulted in a budget of \$1.7 million or an almost 77 percent increase since the commission’s inception. Additionally, the commission started with 6 FTE and now has 10 FTE.

The committee recommendation supports a modest general fund increase in personnel to account for the agency filing its final vacancy and out-of-cycle salary adjustments. The LFC recommendation supports adding an additional \$57.1 thousand into personnel, while also reducing contractual services by \$60 thousand, because outside contract work can be handled in-house. The recommendation aligns other uses by 6.8 percent, or \$10.6 thousand, closer to actual spending levels. This recommendation accounts for the agency overspending on personnel due to the out-of-cycle salary adjustments. Additionally, the agency in FY25 transferred \$60 thousand from contractual services to personal services and employee benefits, demonstrating a prioritization for full-time staff over contractors.

In FY24, the commission received, investigated, and adjudicated 77 administrative complaints. As of September 2024, 10 administrative matters filed during FY24 are still pending. The commission also issued eight formal advisory opinions and 25 informal advisory opinions. During FY24, the commission received 16 administrative matters related to notaries public. The commission delivered 24 separate trainings to state agencies, state boards and commissions, legislative committees, affiliate and professional organizations, and bar associations within New Mexico.

Performance. The State Ethics Commission FY24 audit had no findings. The commission reports 93 percent of cases result in advisory opinions issued within 90 days. The commission might consider adding a performance measure examining effectiveness, e.g. the percentage of cases adjudicated compared to the percent of administrative complaints received.

STATE ETHICS COMMISSION

The purpose of the state ethics commission program is to receive, investigate and adjudicate complaints against public officials, public employees, candidates, those subject to the Campaign Reporting Act, government contractors, lobbyists and lobbyists' employers and to ensure that public ethics laws are clear, comprehensive and effective.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Percent of advisory opinions issued within sixty days of receipt	88%	100%	93%	93%	93%
Explanatory	Percent of ethics complaints within the agency's jurisdiction that are either disposed or set for public hearing within one hundred and eighty days after a complaint is received.	76%	79%	N/A	N/A	N/A

Statutory Authority

The Border Authority was created pursuant to the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, and is administratively attached to the Economic Development Department. The Border Authority is legislatively established as an independent executive branch agency at the international border with Mexico. The Border Authority is mandated to provide leadership in the development of infrastructure on both sides of the border that will support and foster an increase in trade activity at federal ports of entry.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	468.9	531.0	546.9	539.3	1.6
Other Transfers	26.1	0.0	0.0	0.0	0.0
Other Revenues	105.2	81.5	81.5	81.5	0.0
TOTAL SOURCES	\$600.2	\$612.5	\$628.4	\$620.8	1.4
USES					
Personal Services and Employee Benefits	354.4	461.4	466.0	461.4	0.0
Contractual services	33.8	44.0	44.5	44.5	1.1
Other	69.8	107.1	117.9	114.9	7.3
TOTAL USES	\$458.0	\$612.5	\$628.4	\$620.8	1.4
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

At A Glance

The Border Authority requested a general fund increase of \$15.9 thousand, or 3 percent, compared to FY25, primarily for increases in personnel and operational costs, such as mileage, lodging, IT, telecommunications, and advertising.

The agency’s other revenue consists of two funds comprising of lease, rental, and toll payments collected by the authority. The funds are nonreverting and can be used on construction, infrastructure, and operational costs. In FY25, the Legislature increased the agency’s general fund appropriation to allow the Border Authority fund balance to grow and allow the agency to make additional investments and cover unexpected emergencies. As of August 2024, the two funds had a total balance of \$279.4 thousand.

LFC recommends a general fund increase of \$8,300, or 1.6 percent, to partially fund increases in operational costs but does not increase personnel due to the agency’s funded vacancy rate. The agency has a 6.2 percent funded vacancy rate.

Budget Issues

The Border Authority encourages development in the southern region of New Mexico by developing port facilities at the international border. The authority promotes and assists the public and private sectors in infrastructure development to attract new industry and businesses and create new employment opportunities in the area. The Border Authority’s goal is to improve the flow, safety, and number of vehicles passing through the state’s international ports of entry at Santa Teresa, Columbus, and Antelope Wells.

Capital Outlay. Between 2020 and 2023, the Legislature appropriated \$18.5 million to the Border Authority for capital outlay projects, including \$8.3 million in reauthorized 2019 appropriations. In 2024, the Legislature reauthorized \$1.5 million for flood control infrastructure at the Columbus port of entry. As of August 2024, \$16.6 million, or 89 percent, of total funds remained unspent. Major capital projects include renovations to a parking lot in Santa Teresa, a Columbus wastewater project, an elevated 1-million-gallon water storage tank, and a roadway corridor connecting state highways 136 and 273.

BORDER DEVELOPMENT

The purpose of the border development program is to encourage and foster trade development in the state by developing port facilities and infrastructure at international ports of entry to attract new industries and businesses to the New Mexico border and to assist industries, businesses and the traveling public in their efficient and effective use of ports and related facilities.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	25%	35%	35%	35%	35%
Output	Number of coordination meetings with border community leaders, congressional offices, Mexican federal agencies, federal and state agencies or international funding resources to maintain integrity of the international border in New Mexico	375.0	175.0	375.0	350.0	350.0
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90%	70%	Discontinued	Discontinued	Discontinued
* Outcome	Number of commercial and noncommercial vehicles passing through New Mexico ports	1,206,104.0	2,310,016.0	1,250,000.0	1,250,000.0	1,250,000.0
Outcome	Number of New Mexico-Chihuahua and New Mexico-Sonora commission meetings	0.0	0.0	2.0	2.0	2.0

Statutory Authority

The Tourism Department was created in 1991 by the Tourism Department Act, codified as Sections 9-15A-1 through 9-15A-9 NMSA 1978. The act separated the Travel and Tourism Division from the former Economic Development and Tourism Department to form a new cabinet agency. The purpose of the act was to create a cabinet-level department to coordinate statewide tourism activities; provide a database for local and regional tourism groups; serve as a comprehensive source of information and assistance to tourism-related businesses wishing to relocate, expand, or do business in New Mexico; monitor the progress of state-supported tourism activities; and prepare annual reports of such activities, their status, and their impact.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	24,240.7	25,612.7	26,602.1	25,943.9	1.3
Other Transfers	488.7	0.0	0.0	0.0	0.0
Federal Revenues	1,649.9	0.0	0.0	0.0	0.0
Other Revenues	5,939.8	4,417.0	4,418.4	4,417.0	0.0
Fund Balance	0.0	400.0	400.0	400.0	0.0
TOTAL SOURCES	\$32,319.1	\$30,429.7	\$31,420.5	\$30,760.9	1.1
USES					
Personal Services and Employee Benefits	5,254.8	5,742.8	6,533.6	5,874.0	2.3
Contractual services	2,521.9	2,255.1	2,255.1	2,255.1	0.0
Other	23,404.1	22,431.8	22,631.8	22,631.8	0.9
TOTAL USES	\$31,180.8	\$30,429.7	\$31,420.5	\$30,760.9	1.1
FTE					
Permanent	55.0	50.0	54.0	52.0	4.0
Term	5.0	9.0	7.0	7.0	(22.2)
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	61.0	59.0	61.0	59.0	0.0

At A Glance

The Tourism Department requested a general fund revenue increase of \$989.4 thousand, or 3.9 percent, compared to the FY25 operating budget. The majority of the requested increase, approximately \$790 thousand, was for personnel costs, including salary increases, insurance costs, and 2 additional FTE.

The committee recommendation increases general fund revenue by \$331.2 thousand, or 1.3 percent, including increases for insurance and advertising for the New Mexico Bowl. The department’s request includes \$18 million in its base budget for national advertising. As in recent years, the committee may consider additional one-time funding for advertising.

Budget Issues

The department is responsible for promoting New Mexico for leisure travel and visitation through national marketing and advertising campaigns. For FY24, the agency reports a return on investment of \$52 per every dollar invested in the San Francisco advertising campaign. The agency also reports over \$26 million in estimated media value from securing media, including coverage in 17 international publications.

In FY24, the department awarded \$1 million to 67 communities to support beautification and litter reduction efforts. The Destination Forward grant program awarded \$1.9 million to 10 projects in FY24. The department also awarded \$462 thousand to 35 local events through its Tourism Event Growth and Sustainability Program. The department continued its cooperative marketing and advertising grant program, which provides a 2-to-1 matching fund for tourism-related entities. The department awarded \$3.4 million to 46 partners through the cooperative program to support marketing and advertising initiatives that align with the New Mexico True brand.

Marketing and Promotion. The agency’s request increased general fund revenue by \$439.4 thousand, or 2 percent, compared to FY25, primarily for personnel costs and advertising for the New Mexico Bowl, a college football bowl game.

The agency's other revenue consists of the tourism enterprise fund—primarily the repository for money going in and out of the department but also for very small amounts of revenue from the agency's penny press machines. The agency uses the fund to collect partners' matches in the 2-to-1 cooperative marketing program for use in the partner's advertising campaign, which causes the fund balance to fluctuate throughout the year. The agency also moves funds for local and regional tourism development into the enterprise fund.

The Marketing Excellence Bureau was launched on July 1, 2024, to provide marketing-focused expertise and resources to executive branch agencies. The agency was appropriated \$2 million during the 2024 legislative session to establish the bureau. The agency has used a large portion of the funding to create the digital and technical infrastructure to support the bureau and marketing content. The bureau will begin to identify agency projects in FY25.

The agency's request increased personnel costs by \$239.4 thousand, or 17.6 percent, for insurance increases, to fund existing positions, and for targeted salary increases. The Marketing and Promotion Program does not have vacancies.

The agency requested a flat budget for contractual services but, within that category, increased professional services for a trade show booth, public relations, and economic impact data by \$158.3 thousand; decreased other costs for security, fire protection, and its recreational vehicle cleaning by \$129.3 thousand; and decreased IT services by \$44.5 thousand.

The agency's request increased other costs by \$200 thousand, or 1 percent, for advertising for the New Mexico Bowl. In recent years, the agency has received one-time funding for this request.

The LFC recommendation increases personnel by \$39.7 thousand, or 2.9 percent, for insurance and other employee benefits; supports the agency's flat budget request for contractual services; and increases other costs by \$200 thousand for advertising for the New Mexico Bowl. As in recent years, the committee may consider additional one-time funding for national marketing and advertising.

Tourism Development. The agency's request increased general fund revenue by \$143.6 thousand, or 9.5 percent, for personnel costs and maintained other revenue flat for local grants. The Tourism Development Program collects 50 cents per vehicle and all-terrain vehicle registration collected by the Taxation and Revenue Department for the Clean and Beautiful fund.

In FY24, the agency awarded \$1 million to 67 communities for the Clean and Beautiful Program. These awards supported litter eradication efforts, recycling projects, community beautification projects, and youth engagement and program capacity in the Clean and Beautiful Program. The agency launched its new program, the Destination Forward grant program, in collaboration with the councils of government to fund tourism-related infrastructure projects. The Destination Forward grant program awarded \$1.9 million to 10 projects in FY24. The program has \$2.3 million available for FY25. Additionally, the agency awarded \$533.2 thousand to 38 tourism-related events through the Tourism Event Growth and Sustainability program in FY24. Awardees can utilize funding for technical assistance, marketing, and sponsorship to grow events.

The agency's request increased personnel by \$143.6 thousand, or 11.7 percent, for insurance increases and \$108 thousand for an additional FTE for a program coordinator. The LFC recommendation increases personnel costs by \$32.6 thousand, or 2.6 percent, for insurance increases and other employee benefits. The Tourism Development Program has an unfunded vacancy rate of 11 percent.

New Mexico Magazine. *New Mexico Magazine* publishes 11 issues per year and has a paid circulation of nearly 50 thousand, of which two-thirds are outside the state. The magazine reaches a total of 490 thousand readers and viewers through print, digital, and social media platforms. In FY24, the magazine generated a total revenue of \$342 thousand—approximately \$85.5 thousand per issue.

New Mexico Magazine operates as an enterprise fund agency and receives no general fund appropriations. The agency projected a small increase of \$1,400 in other revenues from circulation, advertising, and product sales for FY26. The agency requested a flat budget for contractual and other costs but increased personnel costs by \$1,400. The LFC recommendation maintains flat budgets for all categories, including personnel due to funded vacancy savings.

Program Support. The agency's request increased general fund revenue by \$406.4 thousand, or 18.3 percent, for personnel costs, including insurance, \$84.4 thousand for an additional FTE for a human resource generalist, and salary increases. The LFC recommendation increases personnel costs by \$58.9 thousand, or 2.9 percent, for insurance and other employee benefits. Program Support has an unfunded vacancy rate of 5.9 percent.

NEW MEXICO MAGAZINE

The purpose of the New Mexico magazine program is to produce a monthly magazine and ancillary products for a state and global audience so the audience can learn about New Mexico from a cultural, historical and educational perspective.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	2,789.1	3,041.3	3,042.7	3,041.3	0.0
TOTAL SOURCES	\$2,789.1	\$3,041.3	\$3,042.7	\$3,041.3	0.0
USES					
Personal Services and Employee Benefits	994.4	1,101.9	1,103.3	1,101.9	0.0
Contractual services	697.7	830.0	830.0	830.0	0.0
Other	836.5	1,109.4	1,109.4	1,109.4	0.0
TOTAL USES	\$2,528.6	\$3,041.3	\$3,042.7	\$3,041.3	0.0
FTE					
Permanent	6.0	3.0	3.0	3.0	0.0
Term	5.0	7.0	7.0	7.0	0.0
TOTAL FTE	11.0	10.0	10.0	10.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Output	True adventure guide advertising revenue	\$537,907	\$673,292	\$545,000	\$545,000	\$545,000
* Output	Advertising revenue per issue, in thousands	\$105	\$86	\$85	\$85	\$85
Output	Collection rate for advertisements sold in current fiscal year	90.0	97.0	95.0	95.0	95.0

TOURISM DEVELOPMENT

The purpose of the tourism development program is to provide constituent services for communities, regions and other entities so they may identify their needs and assistance can be provided to locate resources to fill those needs, whether internal or external to the organization.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,559.2	1,516.0	1,659.6	1,548.6	2.2
Other Transfers	111.3	0.0	0.0	0.0	0.0
Other Revenues	1,163.7	1,345.7	1,345.7	1,345.7	0.0
Fund Balance	0.0	400.0	400.0	400.0	0.0
TOTAL SOURCES	\$2,834.2	\$3,261.7	\$3,405.3	\$3,294.3	1.0

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	1,318.8	1,232.5	1,376.1	1,265.1	2.6
Contractual services	4.8	5.4	5.4	5.4	0.0
Other	1,355.8	2,023.8	2,023.8	2,023.8	0.0
TOTAL USES	\$2,679.4	\$3,261.7	\$3,405.3	\$3,294.3	1.0
FTE					
Permanent	19.0	16.0	18.0	17.0	6.3
Term	0.0	2.0	0.0	0.0	(100.0)
TOTAL FTE	19.0	18.0	18.0	17.0	(5.6)

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Number of entities awarded funding through cooperative event program	N/A	N/A	N/A	N/A	N/A
* Output	Number of entities participating in collaborative applications for the cooperative marketing grant program	83.0	69.0	60.0	40.0	40.0
Output	Number of meetings about programs available to tourism industry	N/A	N/A	N/A	N/A	N/A
Output	Number of participants in New Mexico true certified programs	433.0	475.0	410.0	410.0	410.0
Output	Number of meetings or events conducted by the tourism department with Native American entities	50.0	72.0	75.0	75.0	75.0
Output	Dollar amount of grant funding acquired from outside sources	\$0	\$800,000	Discontinued	Discontinued	Discontinued

MARKETING AND PROMOTION

The purpose of the marketing and promotion program is to produce and provide collateral and editorial products and special events for the consumer and trade industry so it may increase its awareness of New Mexico as a premier tourist destination.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	20,752.1	21,870.3	22,309.7	22,110.0	1.1
Other Transfers	323.7	0.0	0.0	0.0	0.0
Federal Revenues	1,649.9	0.0	0.0	0.0	0.0
Other Revenues	1,987.0	30.0	30.0	30.0	0.0
TOTAL SOURCES	\$24,712.7	\$21,900.3	\$22,339.7	\$22,140.0	1.1

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
USES					
Personal Services and Employee Benefits	1,289.5	1,357.0	1,596.4	1,396.7	2.9
Contractual services	1,786.9	1,387.2	1,387.2	1,387.2	0.0
Other	21,069.3	19,156.1	19,356.1	19,356.1	1.0
TOTAL USES	\$24,145.7	\$21,900.3	\$22,339.7	\$22,140.0	1.1
FTE					
Permanent	13.0	14.0	14.0	14.0	0.0
TOTAL FTE	13.0	14.0	14.0	14.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent change in New Mexico leisure and hospitality employment	5%	3%	3%	2%	2%
Outcome	Domestic overnight visitation growth compared to national average	6.0	35.0	5.0	2.0	2.0
* Output	Percent change in year-over-year visitor spending	20%	4%	3%	3%	3%
Outcome	Percent of those receiving New Mexico true newsletter who opened it	28%	26%	18%	18%	18%
Outcome	Percent change in domestic marketable overnight visitation	6%	4%	2%	2%	2%
Output	Dollar amount of earned media value generated	\$23,865,902	\$23,718,988	\$5,000,000	\$15,000,000	\$15,000,000

PROGRAM SUPPORT

The purpose of program support is to provide administrative assistance to support the department’s programs and personnel so they may be successful in implementing and reaching their strategic initiatives and maintaining full compliance with state rules and regulations.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	1,929.4	2,226.4	2,632.8	2,285.3	2.6
Other Transfers	53.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,983.1	\$2,226.4	\$2,632.8	\$2,285.3	2.6

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	1,652.1	2,051.4	2,457.8	2,110.3	2.9
Contractual services	32.5	32.5	32.5	32.5	0.0
Other	142.5	142.5	142.5	142.5	0.0
TOTAL USES	\$1,827.1	\$2,226.4	\$2,632.8	\$2,285.3	2.6
FTE					
Permanent	17.0	17.0	19.0	18.0	5.9
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	18.0	17.0	19.0	18.0	5.9

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of funds contracted in-state	79%	85%	70%	70%	70%

Statutory Authority

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-51 NMSA 1978. EDD promotes economic development and diversification, as well as business recruitment, expansion, and retention in New Mexico. The agency provides a coordinated statewide perspective on economic development activities, maintains a database for local and regional economic development groups, and serves as the comprehensive source of information for businesses wishing to locate or expand in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,895.4	26,282.0	29,277.5	26,988.0	2.7
Other Transfers	252.6	1,875.0	2,260.7	0.0	(100.0)
Federal Revenues	2,081.7	2,959.5	331.0	331.0	(88.8)
Other Revenues	0.0	0.0	0.0	2,260.7	0.0
Fund Balance	2,247.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$21,477.0	\$31,116.5	\$31,869.2	\$29,579.7	(4.9)
USES					
Personal Services and Employee Benefits	6,372.7	8,196.9	8,070.4	8,163.3	(0.4)
Contractual services	4,090.9	5,378.3	4,614.9	3,614.9	(32.8)
Other	10,990.9	15,666.3	19,183.9	17,801.5	13.6
Land of Enchantment Legacy Fund	0.0	1,875.0	0.0	0.0	(100.0)
TOTAL USES	\$21,454.5	\$31,116.5	\$31,869.2	\$29,579.7	(4.9)
FTE					
Permanent	70.0	72.0	69.0	71.0	(1.4)
Term	1.0	5.0	5.0	5.0	0.0
TOTAL FTE	71.0	77.0	74.0	76.0	(1.3)

At A Glance

The Economic Development Department (EDD) requested a general fund revenue increase of \$3 million, or 11.4 percent, over the FY25 budget. Requested increases include \$1 million for the Job Training Incentive Program (JTIP), \$1 million for agency’s contract with New Mexico Partnership, \$339.2 for personnel costs, and \$191.1 thousand for its Albuquerque office expansion. The agency also projected an increase of \$385.7 thousand, or 20.6 percent, in other transfers, attributable to an anticipated distribution from the land of enchantment legacy fund. The agency also projected a decrease of \$2.6 million, or 88.9 percent, in federal revenue due to a lack of certainty around federal funding.

The committee recommendation increases general fund revenue by \$706 thousand, or 2.7 percent. The recommendation includes funding for personnel costs for the Office of Strategy, Science, and Technology and partially funds the agency’s request for the other costs category.

Budget Issues

The Legislature has made significant recurring and nonrecurring investments to the Economic Development Department—increasing general fund recurring funding by \$12.5 million, or 90.6 percent, between FY21 and FY25. In the 2024 legislative session, the Legislature appropriated \$20.9 million in one-time funding for the Local Economic Development Act (LEDA), site readiness, and the Trails+ grant program. Additionally, the agency was appropriated \$89 million in one-time money in 2023 for advanced energy projects, business incubator programs, creative industries, the Job Training Incentive Program (JTIP), and LEDA.

Economic Development Division. The Economic Development Division Program requested a general fund increase of \$1.7 million, or 9 percent, and decreased federal funding by \$2.6 million, or 88.8 percent, for a program-wide decrease of \$962.3 thousand, or 4.5 percent, compared with FY25, primarily due to the agency not budgeting federal funding for FY26. The Economic Development Division is responsible for creating and retaining jobs that grow and provide a stable tax base. The division consists of six teams, including the New Mexico MainStreet Program; Community, Business and Rural Development team, which manages LEDA, the business retention and expansion program, and the certified economic development organization program and conducts incentive analysis; Job Training Incentive Program; Office of Strategy, Science, and Technology, responsible for encouraging and enabling science- and technology-based industries; Office of International Trade; and the Food and Hunger Initiative-Healthy Food and Agriculture Program.

The agency's requested general fund revenue increases included \$228 thousand in personnel costs, \$2,000 in contractual services for auditing services, and \$1.5 million in the other costs category. In personnel costs, the agency requested \$112 thousand to replace nonrecurring funding for an existing entrepreneurship coordinator position and \$116 thousand for insurance, benefits, and salary adjustments. In the other costs category, requested increases include \$126.1 thousand for the agency's Albuquerque office expansion, \$111.8 thousand for an increase in IT services, \$20.4 thousand for employee travel and transportation, and \$1 million for JTIP.

The LFC's recommendation increases general fund revenue for the Economic Development Division program by \$624.5 thousand, or 3.4 percent, and includes \$432 thousand in personnel costs for an entrepreneurship coordinator and two program officers for the Office of Strategy, Science, and Technology, \$2,000 for audit services, and \$190.5 thousand in the other costs category to partially fund the agency's request for office supplies, subscriptions, IT, and employee travel.

LEDA. The Local Economic Development Act (LEDA) passes state funding through local governments to businesses to offset costs associated with land, public work improvements, and infrastructure. In FY24, EDD committed a total of \$30.5 million in LEDA funding to 14 projects. Awarded projects could result in 2,356 jobs with an average wage of \$47,799. The average cost per job in FY24 was \$12.9 thousand, a 6 percent increase compared to FY23's cost per job of \$12.1 thousand. During the 2024 session, the Legislature appropriated \$10.5 million to LEDA, including \$500 thousand for site readiness studies. The agency reported an unencumbered balance of \$60.1 million at the start of FY25, \$10.5 million, or 21.2 percent, higher than the unencumbered balance at the end of FY24. The agency requested a special appropriation of \$38 million for the Local Economic Development Act fund.

Workforce Training. JTIP funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to six months. The program reimburses 50 percent to 90 percent of employee wages, and reimbursements may also be issued for custom training at a New Mexico public higher education institution. In FY24, the JTIP board approved \$27.8 million to train 2,244 employees. EDD requested to increase JTIP by \$1 million, which would increase the base budget to \$7.7 million. For FY24, the agency reported an end-of-year balance of \$34.8 million, on par with FY23's end-of-year balance. The committee recommends a flat budget for JTIP.

Regional Development. The agency received funding in FY23 to establish the certified economic development program. The program recognizes organizations that provide economic development services to their communities. Economic certified organizations receive up to \$40 thousand annually to support marketing events, staff costs, and advertising. The agency also received funding in FY23 to hire an additional five regional representatives for a total of 12. Regional representatives support businesses and communities with LEDA, community infrastructure financing, workforce training through JTIP, tax credit incentives, and other EDD programs. The agency did not request, and LFC did not recommend, any additional funding tied to regional development for FY26.

Science and Technology Target Industries. The department received \$1.5 million in federal Economic Development Administration money to procure a statewide economic development plan. The plan, released October 2021, identified nine target industries based on an analysis of New Mexico's current assets, employment concentration, and industry's potential for job creation. The nine identified industries are aerospace, biosciences, cybersecurity, film and television, outdoor recreation, sustainable and value-added agriculture, intelligent manufacturing, global trade, and sustainable and green energy. The Office of Strategy, Science, and Technology (OSST) deals with five of the agency's nine priority industries and connects New Mexico's innovation infrastructure to the commercial market, encourages and enables science- and technology-based industries, and supports commercialization of existing and emerging technologies.

During the 2024 legislative session, the agency received a base budget increase of \$5.5 million to support the agency's efforts in the target industries, including \$500 thousand for 5 FTE and \$5 million in the other costs category. In FY25, the agency noted it spent the new recurring funding on asset analysis in target sectors, the second round of the agency's research university team pitch award pilot program, a pilot program for wraparound services navigation for startups, business consultation, and shovel-ready pilot projects in water treatment or advanced energy that have not been enacted at scale. OSST also provides funding for eligible science and technology business through the science and technology business startup grants, New Mexico Small Business Innovation Research (SBIR) matching grants, and the advanced energy award pilot program.

For FY26, the agency requested to increase general fund revenue by \$112 thousand for an entrepreneurship coordinator. The position was previously funded through nonrecurring special appropriation from 2023. The LFC's recommendation supports this request and increases personnel costs by an additional \$320 thousand for two program officers for OSST.

MainStreet. The New Mexico MainStreet Program, enacted by the Legislature in 1985, focuses on the revitalization of central business districts in New Mexico communities based on the preservation and rehabilitation of existing structures and development of management techniques. Since FY21, EDD has received \$34.2 million in MainStreet capital funding, including \$11.5 million in FY24 alone. In FY24, MainStreet facilitated the rehabilitation of 241 buildings and private sector investment of approximately \$56 million into real estate in MainStreet districts. During the 2024 legislative session, the Legislature increased the agency's budget by \$80 thousand for technical contracts to support MainStreet and \$110.5 thousand in personnel costs for 1 FTE for MainStreet. The agency did not request, and the LFC did not recommend, any additional funding for MainStreet.

The New Mexico Film Office. The Film Office's primary purpose is to market the state to film industries and promote job and business opportunities for New Mexico residents. This includes consulting with production and companies regarding the financial aspects of their projects and guiding them through incentives, such as the 25 percent to 30 percent refundable film production tax credit and the Job Training Incentive Program for Film and Multimedia.

The Legislature appropriated a total of \$40 million—\$20 million from the general fund and \$20 million in capital outlay funding—in one-time funding to build a state-run film and media academy during the 2022 regular legislative session. The Legislature also increased contractual management by \$700 thousand recurring funding and \$500 thousand in one-time funding during the 2023 regular legislative session. The school, renamed New Mexico Media Arts Collective, will have a hub in Albuquerque and a satellite campus in Las Cruces.

The agency requested a general fund increase of \$55.2 thousand, or 2.9 percent, for the Film Office. The request increased personnel by \$1.9 thousand, or 0.2 percent, for group insurance and maintained a flat budget for contractual services. The agency also requested to increase the other costs category by \$53.3 thousand, or 66.9 percent, including an increase of \$29.9 thousand to advertise the film industry and \$18.4 thousand for mileage, fares, and lodging. The LFC recommendation maintains a flat budget for personnel costs due to the number of funded but vacant positions, supports the agency's request for contractual services, and increases the other costs category by \$5,000, or 6.3 percent, for fees, subscription, and IT.

Program Support. The agency requested to increase general fund revenue by \$1.1 million, or 26.2 percent, over FY25. The request included a flat budget for personnel costs, increases contractual services by \$1 million for the New Mexico Partnership, and increases the other costs category by \$129.3 thousand, or 18.9 percent, including \$75 thousand for maintenance, supplies, and rent at the agency's Albuquerque office and increases for IT, subscription fees, international travel, and state transportation pool charges.

The LFC recommendation supports the agency's request for personnel costs, maintains a flat budget for contractual services, and increases the other costs category by \$42.8 thousand for IT and subscription fees.

New Mexico Partnership. The New Mexico Partnership was created as a mechanism to entice and entertain companies considering relocating to New Mexico. In FY24, the New Mexico Partnership reported 1,995 new jobs in the state attributable to its efforts, a significant increase from the reported 165 jobs from FY23, mostly attributable to a planned Maxeon Solar Technologies factory at Mesa del Sol. The agency requested to increase New Mexico Partnership's contract by \$1 million to bring the total contract to \$2 million. The committee recommendation maintains a flat budget for New Mexico Partnership.

Outdoor Recreation. The Outdoor Recreation Program is responsible for increasing outdoor-based economic development and tourism in the state. The division also manages the outdoor equity fund, a grant fund for youth outdoor experiences, and the Trails+ grant program, which helps build and improve local outdoor infrastructure. In 2024, the Legislature appropriated \$10 million to the Trails+ fund.

The agency requested a general fund increase of \$130.6 thousand, or 11 percent, and other transfers by \$385.7 thousand, or 20.6 percent, in anticipation of a \$2.3 million distribution from the land of enchantment legacy fund. The fund's distribution is split, with 75 percent to the division's special projects and outdoor recreation infrastructure fund and 25 percent to the outdoor equity grant program.

The agency requested to increase personnel costs by \$95 thousand, or 25.7 percent, to backfill funding for an existing FTE that was previously supported by an expiring grant. The agency requested a flat budget for contractual costs but increased professional services for the Rio Grande Trail contract by \$105 thousand and decreased funding for business accelerators and the agency's strategic planning session by the same amount. Finally, the agency requested an increase in the other costs category of \$421.3 thousand, or 16.4 percent, including an additional \$35.6 thousand from the general fund for IT, rent for the agency's Albuquerque office, training, and licensing fees and \$385.7 thousand from the land of enchantment legacy fund distribution for grants tied to the outdoor equity fund and the special projects fund.

The LFC recommendation supports the agency’s request for contractual costs and increases the other costs category by \$33.7 thousand for increased operational costs. The recommendation maintains a flat budget for personnel based on actual expenditure on personnel costs in FY24. The program has sufficient savings from funded but vacant positions to backfill the costs for the marketing coordinator.

Creative Industries. The Creative Industries Division was established during the 2023 legislative session to support the state’s creative industries. The agency received \$2 million in nonrecurring funding during the 2023 legislative session to develop a statewide plan for the division and award grants to local creative economy projects. During the 2024 legislative session, the division was appropriated a base budget of \$476.1 thousand. For FY26, the agency requested a general fund increase of \$14.2 thousand, or 2.9 percent, for personnel costs to support existing staff. The LFC’s recommendation maintains a flat budget for the program due to surplus funding for personnel.

CREATIVE INDUSTRIES DIVISION

The purpose of the creative industries program is to strengthen and advance creative industry economic development in New Mexico by supporting entrepreneurs, facilitating education and training and serving as a resource and liaison for stakeholders.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	476.1	490.3	476.1	0.0
TOTAL SOURCES	\$0.0	\$476.1	\$490.3	\$476.1	0.0
USES					
Personal Services and Employee Benefits	0.0	276.1	290.3	276.1	0.0
Other	0.0	200.0	200.0	200.0	0.0
TOTAL USES	\$0.0	\$476.1	\$490.3	\$476.1	0.0
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	2.0	2.0	2.0	2.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of creative industry programs assisted by the division	NEW	34.0	N/A	N/A	N/A
Explanatory	Number of entrepreneurs and small businesses assisted by the creative industries division	NEW	1,158.0	N/A	N/A	N/A
Explanatory	Number of partnerships with other agencies, educational institutions, industry associations and community organizations	NEW	82.0	N/A	N/A	N/A

ECONOMIC DEVELOPMENT

The purpose of the economic development program is to assist communities in preparing for their role in the new economy, focusing on high-quality job creation and improved infrastructure, so New Mexicans can increase their wealth and improve their quality of life.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,275.6	18,467.8	20,134.0	19,092.3	3.4
Other Transfers	129.6	0.0	0.0	0.0	0.0
Federal Revenues	2,081.7	2,959.5	331.0	331.0	(88.8)
TOTAL SOURCES	\$12,486.9	\$21,427.3	\$20,465.0	\$19,423.3	(9.4)
USES					
Personal Services and Employee Benefits	3,154.0	3,942.7	3,705.1	3,909.1	(0.9)
Contractual services	2,482.8	3,474.4	1,711.0	1,711.0	(50.8)
Other	6,827.6	14,010.2	15,048.9	13,803.2	(1.5)
TOTAL USES	\$12,464.4	\$21,427.3	\$20,465.0	\$19,423.3	(9.4)
FTE					
Permanent	33.0	31.0	30.0	32.0	3.2
Term	1.0	0.0	1.0	1.0	0.0
TOTAL FTE	34.0	31.0	31.0	33.0	6.5

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Number of workers trained by the job training incentive program	1,255.0	2,359.0	2,000.0	2,000.0	2,000.0
Outcome	Number of jobs created due to economic development department efforts	1,790.0	3,523.0	4,000.0	4,000.0	4,000.0
* Outcome	Number of rural jobs created	996.0	871.0	1,320.0	1,320.0	1,320.0
Output	Dollar amount of private sector investment in mainstreet districts, in millions	\$53	\$52	\$30	\$30	\$30
Explanatory	Average hourly wage of jobs funded by the job training incentive program	\$29.02	\$30.74	N/A	N/A	N/A
Output	Number of private sector dollars leveraged by each dollar through the Local Economic Development Act	19.0	91.0	25.0	25.0	25.0
Output	Number of potential recruitment opportunities submitted by the New Mexico economic development partnership	63.0	59.0	60.0	60.0	60.0
Output	Number of building rehabilitations assisted by mainstreet program	278.0	241.0	200.0	200.0	200.0
Outcome	Dollar amount of new investment in technology-based companies as a result of the office of science and technology's programs	\$1,062,000	\$116,000,000	\$2,000,000	\$2,000,000	\$2,000,000
* Output	Number of jobs created through the use of Local Economic Development Act funds	1,092.0	2,356.0	3,000.0	3,000.0	3,000.0
* Outcome	Number of jobs created through business relocations facilitated by the New Mexico economic development partnership	165.0	1,995.0	2,250.0	2,250.0	2,250.0
Outcome	Average wage of jobs created due to economic development department efforts	56,503.0	113,368.0	50,000.0	100,000.0	100,000.0
Outcome	Wages for jobs created in excess of prevailing local wages	\$13,630	\$12,002	\$7,500	\$15,000	\$15,000

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of company visits to New Mexico for projects managed by the New Mexico economic development partnership	28.0	32.0	15.0	30.0	30.0
Outcome	Average wages in excess of cost per job for projects funded through the Local Economic Development Act	39,870.0	73,636.0	30,000.0	60,000.0	60,000.0
Explanatory	Annual taxable gross receipts for active projects funded through the Local Economic Development Act, in millions	NEW	\$256	N/A	N/A	N/A
Explanatory	Total projected private capital investment for projects funded through the Local Economic Development Act, in millions	\$296	\$2,298	N/A	N/A	N/A
Outcome	Average wages in excess of cost per job for projects funded through the job training incentive program	45,871.0	50,638.0	35,000.0	35,000.0	35,000.0
Outcome	Foreign direct investment in New Mexico as a result of office of international trade efforts, in millions	72.0	2,500.0	10.0	10.0	150.0
Outcome	Federal grant dollars awarded as a result of economic development department efforts	\$22,290,000	\$450,000	\$250,000	\$250,000	\$250,000

FILM

The purpose of the film program is to maintain the core business for the film location services and stimulate growth in digital film media to maintain the economic vitality of New Mexico's film industry.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,661.8	1,840.3	1,895.5	1,845.3	0.3
Other Transfers	46.7	0.0	0.0	0.0	0.0
Fund Balance	2.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,711.2	\$1,840.3	\$1,895.5	\$1,845.3	0.3
USES					
Personal Services and Employee Benefits	931.7	1,007.3	1,009.2	1,007.3	0.0
Contractual services	338.9	753.4	753.4	753.4	0.0
Other	440.5	79.6	132.9	84.6	6.3
TOTAL USES	\$1,711.1	\$1,840.3	\$1,895.5	\$1,845.3	0.3
FTE					
Permanent	10.0	11.0	10.0	10.0	(9.1)
TOTAL FTE	10.0	11.0	10.0	10.0	(9.1)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of film and media worker days	553,630.0	339,267.0	500,000.0	350,000.0	350,000.0
Outcome	Total wages paid by film industry productions to New Mexico residents, in millions	\$152	\$99	\$130	\$100	\$100
Outcome	Median wages paid by film industry productions to New Mexico residents	\$73,860	\$76,449	\$62,000	\$55,000	\$70,000
Outcome	Total gross receipts taxes paid by film industry productions, in millions	\$43	\$37	\$35	\$30	\$30
* Outcome	Direct spending by film industry productions, in millions	\$794	\$740	\$700	\$600	\$600
Outcome	New television or episodic series filmed in a rural tax credit community per year	N/A	N/A	N/A	N/A	N/A

OUTDOOR RECREATION

The purpose of the outdoor recreation program is to support economic and community development centered on outdoor recreation, promote tourism and enhance access to New Mexico’s natural landscapes.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,154.4	1,186.6	1,317.2	1,220.3	2.8
Other Transfers	20.7	1,875.0	2,260.7	0.0	(100.0)
Other Revenues	0.0	0.0	0.0	2,260.7	0.0
Fund Balance	2,244.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,419.7	\$3,061.6	\$3,577.9	\$3,481.0	13.7
USES					
Personal Services and Employee Benefits	323.3	369.6	464.6	369.6	0.0
Contractual services	273.7	125.0	125.0	125.0	0.0
Other	2,822.7	692.0	2,988.3	2,986.4	331.6
Land of Enchantment Legacy Fund	0.0	1,875.0	0.0	0.0	(100.0)
TOTAL USES	\$3,419.7	\$3,061.6	\$3,577.9	\$3,481.0	13.7
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

Recommended Language

The other state funds appropriation to the outdoor recreation program of economic development department includes two million two hundred sixty thousand seven hundred dollars (\$2,260,700) from the land of enchantment legacy fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of youth to benefit from outdoor education programs, including outdoor equity fund grant	12,221.0	36,269.0	N/A	N/A	N/A
Explanatory	Dollar value of earned and owned media impressions for the outdoor recreation division and New Mexico outdoor recreation	29,486.0	42,494.0	N/A	N/A	N/A
Explanatory	Number of outdoor recreation conservation and access projects funded and/or led by outdoor recreation division, including via the special projects and infrastructure fund grant	44.0	104.0	N/A	N/A	N/A
Explanatory	Number of new outdoor recreation jobs created by outdoor recreation division	411.0	667.0	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to provide central direction to agency management processes and fiscal support to agency programs to ensure consistency, continuity and legal compliance.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,803.6	4,311.2	5,440.5	4,354.0	1.0
Other Transfers	55.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,859.2	\$4,311.2	\$5,440.5	\$4,354.0	1.0
USES					
Personal Services and Employee Benefits	1,963.7	2,601.2	2,601.2	2,601.2	0.0
Contractual services	995.4	1,025.5	2,025.5	1,025.5	0.0
Other	900.1	684.5	813.8	727.3	6.3
TOTAL USES	\$3,859.2	\$4,311.2	\$5,440.5	\$4,354.0	1.0
FTE					
Permanent	21.0	24.0	23.0	23.0	(4.2)
Term	0.0	5.0	4.0	4.0	(20.0)
TOTAL FTE	21.0	29.0	27.0	27.0	(6.9)

Statutory Authority

The Regulation and Licensing Department (RLD) was created pursuant to Sections 9-16-1 through 9-16-14, 60-13-1 through 60-15-14, 60-3A-1 through 60-8A-19, and 26-2C-1 through 26-2C-42 NMSA 1978 as an executive agency. RLD was created as a unified agency vested with responsibility to enforce and administer laws, rules, regulations, and codes relative to licensure and regulation of construction and manufactured housing, financial institutions, securities, alcohol, and cannabis. Through executive orders and legislative mandates, the department is responsible for licensing and enforcement for 30 professional boards and commissions. By statute, the department has a minimum of seven divisions: Administrative Services, Construction Industries (CID), Manufactured Housing (MHD), Financial Institutions (FID), Securities Industries (SID), Alcohol and Gaming (AGD), and Cannabis Control (CCD). The Construction Industries and Manufactured Housing divisions are combined into one program and the remaining programs are classified in the same manner as the department's divisions.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	17,306.7	19,779.7	23,717.3	19,871.3	0.5
Other Transfers	12,268.4	15,209.2	12,246.6	14,510.1	(4.6)
Federal Revenues	24.6	25.0	25.0	25.0	0.0
Other Revenues	24,256.5	14,168.9	20,329.7	20,364.0	43.7
Fund Balance	1,890.7	11,841.1	5,352.4	4,630.1	(60.9)
TOTAL SOURCES	\$55,746.9	\$61,023.9	\$61,671.0	\$59,400.5	(2.7)
USES					
Personal Services and Employee Benefits	29,325.4	35,351.3	37,391.3	35,121.4	(0.7)
Contractual services	1,337.5	3,149.5	3,558.3	3,557.7	13.0
Other	4,807.7	7,720.2	9,669.5	9,669.5	25.2
Other financing uses	12,150.7	14,802.9	11,051.9	11,051.9	(25.3)
TOTAL USES	\$47,621.3	\$61,023.9	\$61,671.0	\$59,400.5	(2.7)
FTE					
Permanent	335.0	347.6	365.6	358.6	3.2
Term	24.0	30.0	29.0	29.0	(3.3)
TOTAL FTE	359.0	377.6	394.6	387.6	2.6

At A Glance

For FY26, the department requested a \$3.9 million, or 19.9 percent, increase in general fund revenue. The total request of approximately \$61.7 million was \$647 thousand, or 1 percent, over the agency's FY25 operating budget.

LFC recommends increasing general fund revenue by \$91.6 thousand, or 0.5 percent, to cover increased Department of Information Technologies (DOIT), General Service Department (GSD), and audit service rates for the Construction Industries Program and Program Support Program. The committee also recommends funding the Manufactured Housing Program with other state funds, and for the Cannabis Control Program to potentially fund a new cannabis control pilot through the Government Results and Opportunity (GRO) fund.

Budget Issues

RLD's revenue is derived from several funding sources, including the general fund, professional licenses, other fees, and the mortgage regulatory fund. For FY26, the agency requested an overall increase of \$3.9 million, or 19.9 percent, in general fund revenue that included \$72.7 thousand for the Construction Industries Program, \$18.8 thousand for the Program Support Program, \$1.6 million for the Manufactured Housing Program, \$300 thousand for the Boards and Commission Program, and \$2 million for the Cannabis Control Program.

In addition, the agency asked for a \$6.2 million increase in other revenues and cuts of about \$3 million and \$6.5 million in the other transfers category and the use of fund revenue, respectively. The committee recommendation supports decreased use of other transfers and fund balance, increases other revenues above the agency's request, and provides a much smaller increase from the general fund.

Constructions Industries Program. The Construction Industries Program (CIP) requested a general fund revenue increase of \$72.7 thousand, or 0.6 percent, to cover increase rates from DoIT, GSD, and audit services. The committee supports the agency’s request.

Financial Institutions. The Financial Institutions Program (FIP) requested a flat general fund appropriation and requested to use \$6.8 million of revenue from other funds, a \$1.3 million, or 16.9 percent, decrease from the FY25 operating budget. The committee supports this request.

Alcohol Beverage Control. The Alcohol Beverage Control Program (ABC) requested a flat general fund increase and a \$109.8 thousand increase, or 4.9 percent, in other fund revenue for FY26. ABC requested \$9,800 for increased DoIT and GSD rates and \$100 thousand for increased Salesforce license rates. The committee supports the agency’s request.

Program Support. The Program Support Program (PSP) requested a \$18.8 thousand, or 1.7 percent, increase in general fund revenue to cover increased DoIT, GSD, and audit rates. The committee supports this request. The committee supports the agency’s request.

Boards and Commissions Program. The Boards and Commissions Program (BCP) requested a \$300 thousand, or a 906.3 percent, increase in general fund revenue to fund 3 FTE in the Substitute Care Advisory Council (SCAC). BCD’s request also includes a \$252.5 thousand increase in other state funds for recurring and nonrecurring costs related to DoIT and GSD rates and a \$500 thousand to fund increased Salesforce license rates. The committee recommends transferring SCAC to the Administrative Office of the Courts and funding the council with a special appropriation of \$450 thousand of general fund revenue. The committee supports the rest of the agency’s request.

Securities. The Securities Program (SP) requested a flat general fund appropriation for FY26 and a \$17.3 thousand increase in other revenue for increased DoIT and GSD rates. The committee supports the agency’s request.

Manufactured Housing. The Manufactured Housing Program (MHP) requested a \$1.6 million, or a 703.3 percent, increase in general fund revenue, which would fund the division with general fund revenue instead of the mortgage regulatory fund. The committee recommends funding the MHP with the mortgage regulatory fund instead of the general fun.

Cannabis Control Program. The Cannabis Control Program (CCP) requested a general fund increase of \$2 million, or 54.1 percent, to fund 10 new compliance officer positions. CCP also requested for an increase of \$50.6 thousand of other revenue to cover increased DoIT and GSD Rates. The committee recommends for the 10 compliance officers to potentially be funded as a new cannabis control pilot through the Government Results and Opportunity (GRO) fund.

Mortgage Regulatory Fund. The department’s mortgage regulatory fund (MRF) balance at the end of FY24 was \$5.9 million. In FY25, the department is projecting the fund’s balance to be \$6.6 million, a \$700 thousand, or 12.6 percent, increase. For FY26, RLD is projecting the MRF to increase by \$3.4 million and is requesting to use \$4.5 million of the MRF to fund FIP general operations. FIP has been partially funded by the MRF, but the FY26 request to use \$4.5 million of revenue from the MRF represents 66.2 percent of FID’s requested FY26 operating budget. The department’s FY26 projection for the MRF is \$5.6 million, a \$1 million, or a 15.2 percent, decrease from the fund’s FY25 projected balance. The committee recommends funding the MHP with the MRF for FY26.

Base Expansion

CCP’s expansion request for seven special agents is contingent on the passing of legislation granting the CCP law enforcement authority. If the CCP were granted law enforcement authority, the seven special agents would be used to help combat the illicit commercial cannabis market. The committee does not recommend the expansion because the CCP’s vacancy savings did not meet expansion criteria.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	CCD - Special Agents	P804	1,108.0	0.0
TOTAL			\$1,108.0	\$0.0

MANUFACTURED HOUSING

The purpose of the manufactured housing program is to provide code compliance oversight; issue licenses, permits and citations; perform inspections; administer exams; process complaints; and enforce laws, rules and regulations relating to manufactured housing standards.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	212.7	224.0	1,799.5	224.0	0.0
Other Transfers	11.3	1,400.0	0.0	0.0	(100.0)
Federal Revenues	24.6	25.0	25.0	25.0	0.0
Other Revenues	93.7	0.0	0.0	1,575.5	0.0
Fund Balance	903.5	5.6	0.0	0.0	(100.0)
TOTAL SOURCES	\$1,245.8	\$1,654.6	\$1,824.5	\$1,824.5	10.3
USES					
Personal Services and Employee Benefits	1,104.1	1,447.0	1,447.0	1,447.6	0.0
Contractual services	0.2	82.5	91.3	90.7	9.9
Other	141.6	125.1	286.2	286.2	128.8
TOTAL USES	\$1,245.9	\$1,654.6	\$1,824.5	\$1,824.5	10.3
FTE					
Permanent	15.0	16.0	16.0	16.0	0.0
TOTAL FTE	15.0	16.0	16.0	16.0	0.0

Recommended Language

The other state funds appropriations to the manufactured housing program of the regulation and licensing department include one million five hundred seventy-five thousand five hundred dollars (\$1,575,500) from the mortgage regulatory fund for the general operations of the manufactured housing program.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Percent of all installation of manufactured home inspections performed within seven days of request	0%	NEW	NEW	85%	90%
Outcome	Number of inspections for manufactured homes on permanent foundations	0.0	NEW	NEW	1,850.0	1,850.0

CANNABIS CONTROL

The purpose of the cannabis control program is to regulate and license cannabis producers, manufacturers, retailers, couriers, testing facilities and research laboratories operating in the medical and adult-use markets to ensure public health and safety.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,334.9	3,639.4	5,609.9	3,639.4	0.0
Other Transfers	133.1	0.0	0.0	0.0	0.0
Other Revenues	7,113.7	2,521.7	1,494.7	1,494.7	(40.7)
Fund Balance	0.0	1,488.9	1,108.0	1,108.0	(25.6)
TOTAL SOURCES	\$10,581.7	\$7,650.0	\$8,212.6	\$6,242.1	(18.4)

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	3,087.4	3,078.3	4,731.1	2,760.6	(10.3)
Contractual services	579.2	1,055.2	1,455.2	1,455.2	37.9
Other	377.3	1,000.0	2,026.3	2,026.3	102.6
Other financing uses	2,516.5	2,516.5	0.0	0.0	(100.0)
TOTAL USES	\$6,560.4	\$7,650.0	\$8,212.6	\$6,242.1	(18.4)
FTE					
Permanent	13.0	0.0	17.0	10.0	0.0
Term	22.0	30.0	29.0	29.0	(3.3)
TOTAL FTE	35.0	30.0	46.0	39.0	30.0

Recommended Language

The other state funds appropriation to the cannabis control program of the regulation and licensing department includes one million four hundred ninety-four thousand seven hundred dollars (\$1,494,700) from cannabis licensing fees for the general operations of the cannabis control program.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of operational manufacturer licenses inspected per quarter	NEW	9.8%	10.0%	10.0%	10.0%
Outcome	Percent of operational producer licenses inspected per quarter	NEW	16.5%	18.0%	18.0%	18.0%
Outcome	Percent of operational retailer locations inspected per quarter	NEW	21.8%	24.0%	20.0%	24.0%
Outcome	Total number of fines and revocations by each license type	NEW	4,250,925.0	30,000.0	50,000.0	50,000.0
Output	Number of days to process a manufacturer license on receipt of a completed application	NEW	3.0	60.0	30.0	15.0
Output	Number of days to process a producer license on receipt of a completed application	NEW	3.0	45.0	30.0	15.0
Output	Number of days to process a retailer license on receipt of a completed application	NEW	3.0	30.0	30.0	15.0

CONSTRUCTION INDUSTRIES

The purpose of the construction industries program is to provide code compliance oversight; issue licenses, permits and citations; perform inspections; administer exams; process complaints; and enforce laws, rules and regulations relating to general construction standards to industry professionals.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	11,349.5	13,149.3	13,222.0	13,222.0	0.6
Other Transfers	506.9	0.0	0.0	0.0	0.0
Other Revenues	165.1	0.0	165.1	165.1	0.0
Fund Balance	0.0	200.0	34.9	34.9	(82.6)
TOTAL SOURCES	\$12,021.5	\$13,349.3	\$13,422.0	\$13,422.0	0.5
USES					
Personal Services and Employee Benefits	9,085.2	10,887.9	10,892.2	10,892.2	0.0
Contractual services	213.3	567.0	567.0	567.0	0.0
Other	1,778.9	1,747.2	1,815.6	1,815.6	3.9
Other financing uses	0.0	147.2	147.2	147.2	0.0
TOTAL USES	\$11,077.4	\$13,349.3	\$13,422.0	\$13,422.0	0.5
FTE					
Permanent	109.5	120.0	121.0	121.0	0.8
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	110.5	120.0	121.0	121.0	0.8

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Time to final action for criminal complaints	NEW	NEW	7.0	7.0	7.0
Output	Time to final criminal action, referral or dismissal of complaint, in months	0.0	NEW	7.0	7.0	7.0
Output	Time to final criminal action, referral or dismissal of complaint, in months.	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of commercial plans reviewed within ten working days	93%	86%	95%	90%	90%
* Outcome	Percent of residential plans reviewed within five working days	90%	96%	95%	95%	97%
Efficiency	Percent of all construction inspections performed within three days of inspection request	NEW	0%	95%	85%	85%
* Output	Time to final civil action, referral or dismissal of complaint, in months	NEW	NEW	7.0	7.0	7.0

FINANCIAL INSTITUTIONS

The purpose of the financial institutions program is to issue charters and licenses; perform examinations; investigate complaints; enforce laws, rules and regulations; and promote investor protection and confidence so capital formation is maximized and a secure financial infrastructure is available to support economic development.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	89.4	96.2	96.2	96.2	0.0
Other Transfers	4.0	2,190.2	0.0	2,190.2	0.0
Other Revenues	3,743.6	1,282.0	3,748.8	2,280.9	77.9
Fund Balance	520.3	4,638.8	2,993.8	2,271.5	(51.0)
TOTAL SOURCES	\$4,357.3	\$8,207.2	\$6,838.8	\$6,838.8	(16.7)
USES					
Personal Services and Employee Benefits	3,269.2	5,539.4	5,539.4	5,539.4	0.0
Contractual services	20.2	269.1	269.1	269.1	0.0
Other	331.3	737.2	768.8	768.8	4.3
Other financing uses	736.6	1,661.5	261.5	261.5	(84.3)
TOTAL USES	\$4,357.3	\$8,207.2	\$6,838.8	\$6,838.8	(16.7)
FTE					
Permanent	37.0	55.0	55.0	55.0	0.0
TOTAL FTE	37.0	55.0	55.0	55.0	0.0

Recommended Language

The other state funds appropriations to the financial institutions program of the regulation and licensing department include two million two hundred eighty thousand nine hundred dollars (\$2,280,900) from the mortgage regulatory fund for the general operations of the financial institutions program.

The internal service funds/interagency transfers appropriation to the financial institutions program of the regulation and licensing department include two million one hundred ninety thousand two hundred dollars (\$2,190,200) from the mortgage regulatory fund for the general operations of the financial institutions program.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of examination reports mailed to a depository institution within 30	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
* Outcome	Percent of completed applications processed within ninety days by type of application	99%	99%	97%	97%	100%
Efficiency	Percent of state chartered banks, state-chartered credit unions, independent trust companies, small loan companies, mortgage loan companies, mortgage loan branches and escrow companies examined	65%	83%	95%	95%	96%
Outcome	Number of financial literacy outreach sessions conducted on a quarterly basis, targeting vulnerable populations	10.0	8.0	10.0	8.0	10.0

ALCOHOL BEVERAGE CONTROL

The purpose of the alcohol beverage control program is to issue, deny, suspend or revoke licenses allowed under the Liquor Control Act to protect the health, safety and welfare of the residents of and visitors to New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,087.8	1,173.8	1,173.9	1,173.9	0.0
Other Transfers	54.0	13.9	54.0	54.0	288.5
Other Revenues	858.9	0.0	871.4	871.4	0.0
Fund Balance	0.0	1,075.0	273.3	273.3	(74.6)
TOTAL SOURCES	\$2,000.7	\$2,262.7	\$2,372.6	\$2,372.6	4.9
USES					
Personal Services and Employee Benefits	1,157.6	1,747.3	1,749.5	1,749.5	0.1
Contractual services	3.7	13.3	13.3	13.3	0.0
Other	83.6	502.1	609.8	609.8	21.4
TOTAL USES	\$1,244.9	\$2,262.7	\$2,372.6	\$2,372.6	4.9
FTE					
Permanent	14.0	17.0	17.0	17.0	0.0
TOTAL FTE	14.0	17.0	17.0	17.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Average number of days to process a dispenser license	116.0	124.0	116.0	120.0	116.0
* Output	Average number of days to resolve an administrative citation that does not require a hearing	60.0	77.0	140.0	140.0	75.0
* Outcome	Average number of days to issue a restaurant beer and wine liquor license	NEW	136.0	100.0	120.0	100.0
Output	Average number of days to process a craft distiller's license	116.0	137.0	116.0	120.0	116.0

BOARDS AND COMMISSIONS

The purpose of the boards and commissions program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring licensing professionals are qualified to practice.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	33.1	33.1	333.1	33.1	0.0
Other Transfers	8,947.0	8,296.2	8,947.0	8,947.0	7.8
Other Revenues	11,110.7	9,700.5	12,868.9	12,868.9	32.7
Fund Balance	0.0	3,067.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$20,090.8	\$21,096.8	\$22,149.0	\$21,849.0	3.6

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	7,616.4	7,892.6	8,192.6	7,892.6	0.0
Contractual services	275.5	547.7	547.7	547.7	0.0
Other	896.9	2,431.0	3,017.7	3,017.7	24.1
Other financing uses	8,897.6	10,225.5	10,391.0	10,391.0	1.6
TOTAL USES	\$17,686.4	\$21,096.8	\$22,149.0	\$21,849.0	3.6
FTE					
Permanent	96.5	92.4	91.4	91.4	(1.1)
TOTAL FTE	96.5	92.4	91.4	91.4	(1.1)

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Percent of barber and cosmetology establishments inspected for infection control and safety standards	0%	NEW	NEW	75%	85%
Efficiency	Percent of body art establishments inspected for infection control and safety standards	0%	NEW	NEW	90%	90%
Output	Number of landscape architects complaints	0.0	NEW	NEW	575.0	575.0
Output	Number of nursing home administrator complaints	0.0	NEW	NEW	575.0	575.0
Output	Number of speech and hearing complaints	0.0	NEW	NEW	575.0	575.0
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application	82%	95%	95%	95%	97%
Output	Percent of pharmacy board licensed facilities inspected annually	43%	50%	60%	60%	60%
Outcome	Number of non-compliant body art establishments brought into compliance within 90 days	Discontinued	50.0	75.0	Discontinued	75.0

SECURITIES

The purpose of the securities program is to protect the integrity of the capital markets in New Mexico by setting standards for licensed professionals, investigating complaints, educating the public and enforcing the law.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	139.7	330.5	330.5	330.5	0.0
Other Transfers	3.7	77.0	3.7	77.0	0.0
Other Revenues	1,173.0	664.7	1,180.8	1,107.5	66.6
Fund Balance	466.9	1,365.8	942.4	942.4	(31.0)
TOTAL SOURCES	\$1,783.3	\$2,438.0	\$2,457.4	\$2,457.4	0.8

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	1,418.7	1,667.9	1,670.7	1,670.7	0.2
Contractual services	12.8	74.0	74.0	74.0	0.0
Other	351.8	443.9	460.5	460.5	3.7
Other financing uses	0.0	252.2	252.2	252.2	0.0
TOTAL USES	\$1,783.3	\$2,438.0	\$2,457.4	\$2,457.4	0.8
FTE					
Permanent	17.0	21.0	21.0	21.0	0.0
TOTAL FTE	17.0	21.0	21.0	21.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriation to the securities program of the regulation and licensing department includes seventy-seven thousand dollars (\$77,000) from the securities enforcement and investor education fund for the general operations of the securities program.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of complaints logged and assigned within two days of receipt	0%	NEW	NEW	95%	99%
Outcome	Percent of investment adviser registrants examined annually	36%	36%	100%	33%	95%
Outcome	Percent of complaints logged and assigned within two days of receipt of written complaint, then investigated and a course of action determined no later than four months from receipt of complaint	Discontinued	93%	100%	Discontinued	100%
Outcome	Total revenue collected from licensing, in millions	\$24.37	\$24,576,930.6 2	\$23.60	\$23.60	\$25.00
Output	Number of investor education events focused on fraud protection	14.0	5.0	14.0	10.0	14.0
Output	Monies awarded or recovered through criminal or administrative prosecutions or settlements	\$424.53	\$612,430.62	\$250.00	\$250.00	\$500.00

PROGRAM SUPPORT

The purpose of program support is to provide leadership and centralized direction, financial management, information systems support and human resources support for all agency organizations in compliance with governing regulations, statutes and procedures so they can license qualified applicants, verify compliance with statutes and resolve or mediate consumer complaints.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,059.6	1,133.4	1,152.2	1,152.2	1.7
Other Transfers	2,608.4	3,231.9	3,241.9	3,241.9	0.3
Other Revenues	(2.2)	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,665.8	\$4,365.3	\$4,394.1	\$4,394.1	0.7
USES					
Personal Services and Employee Benefits	2,586.7	3,090.9	3,168.8	3,168.8	2.5
Contractual services	232.7	540.7	540.7	540.7	0.0
Other	846.3	733.7	684.6	684.6	(6.7)
TOTAL USES	\$3,665.7	\$4,365.3	\$4,394.1	\$4,394.1	0.7
FTE					
Permanent	33.0	26.2	27.2	27.2	3.8
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	34.0	26.2	27.2	27.2	3.8

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of prior-year audit findings resolved	60%	100%	95%	100%	100%

Statutory Authority

Article XI, Section 1, of the New Mexico Constitution creates the Public Regulation Commission (PRC) in a merger of the former State Corporation and Public Utility commissions. As of 2023, three commissioners are appointed by the governor, with the consent of the Senate. The governor nominates members from a qualified list of nominees compiled by the Public Regulation Commission nominating committee established by law. No more than two commissioners will be members of the same party, and members will serve six-year staggered terms and be limited to two terms.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,980.3	12,903.0	14,335.3	13,299.3	3.1
Other Transfers	1,943.7	1,964.2	2,257.3	2,257.3	14.9
Federal Revenues	954.3	1,560.4	1,584.8	1,584.8	1.6
Other Revenues	1,298.4	1,964.2	2,257.3	2,257.3	14.9
TOTAL SOURCES	\$16,176.7	\$18,391.8	\$20,434.7	\$19,398.7	5.5
USES					
Personal Services and Employee Benefits	12,776.4	14,090.5	15,720.2	14,737.0	4.6
Contractual services	386.6	657.3	659.4	659.4	0.3
Other	1,315.9	1,679.8	1,797.8	1,745.0	3.9
Other financing uses	1,416.4	1,964.2	2,257.3	2,257.3	14.9
TOTAL USES	\$15,895.3	\$18,391.8	\$20,434.7	\$19,398.7	5.5
FTE					
Permanent	114.0	114.0	119.0	115.0	0.9
TOTAL FTE	114.0	114.0	119.0	115.0	0.9

At A Glance

The Public Regulation Commission (PRC) requested a general fund increase of \$1.4 million, or 11.1 percent, compared to FY25. The agency also requested to increase revenue from the pipeline safety fund by \$293.1 thousand, or 14.9 percent, and federal revenues by \$24.2 thousand, or 1.6 percent, compared to FY25. A majority of the requested increases are for personnel costs, including \$627 thousand for 5 FTE and approximately \$1 million for the retention of existing staff and targeted salary increases for engineers, attorneys, and economists—totaling \$1.6 million, or an increase of 11.6 percent for personnel costs compared to FY25. Additionally, the agency requested an increase of \$118 thousand, or 7 percent, for operational costs, including costs associated with the requested 5 FTE and \$50.7 thousand for subscription fees.

The LFC recommendation increases general fund revenue for personnel costs by \$329 thousand for a commissioner analyst and insurance; contractual services by \$2,100 for audit services; and operational expenses by \$65.2 thousand for access to regulatory data platforms, IT services, and office supplies for the additional FTE. Additionally, the recommendation supports the agency's revenue request for the Pipeline Safety Bureau. The LFC recommendation increases the agency's general fund revenue budget by \$396.3 thousand, or 3.1 percent, compared to FY25.

Budget Issues

PRC requested a program structure change to consolidate its two programs into one. The agency indicated the change would better align its structure with its quasi-judicial processes. The LFC recommendation supports this program consolidation.

Commissioners and Advisory Staff. PRC's advisory staff consist of the commission, office of general counsel, and hearing examiners. PRC requested \$382.1 thousand for 3 FTE, including two commissioner analysts to provide market analysis, research, and Federal Energy Regulatory Commission coverage, and a research clerk to provide additional capacity to the hearing examiners. PRC also requested to increase operational costs by \$31.7 thousand for training, IT, office supplies, and travel for the requested 3 FTE. The LFC recommendation includes \$145.5 thousand for a commissioner analyst and corresponding operational increases.

Public Interest. PRC's advocacy staff represent the public interest in utility matters and are not permitted to work with the commissioners on matters that appear in adjudicated proceedings. Advocacy staff includes the Utilities Division, Pipeline Safety Division, and Legal Division. In FY24, the Utilities and Legal divisions provided advocacy for the public interest in cases tied to the implementation of the transition to clean energy, renewable portfolio standards, grid modernization, and a general rate case. PRC requested to increase personnel by \$86 thousand for 1 FTE for a consumer advocate and community outreach position and operational costs by \$10.6 thousand for training, IT, office supplies, and travel for the new FTE. The LFC's recommendation does not include additional funding for the requested FTE due to adequate vacancy savings.

Pipeline Safety. The Pipeline Safety Bureau carries out the provisions of the New Mexico Pipeline Safety Act to enforce pipeline safety regulations. PRC collects annual pipeline safety fees on inspections of intrastate gas pipelines and has the authority to adjust annual fees to carry out the act's provisions. PRC also receives reimbursements from the U.S. Department of Transportation based on the costs of the program and results from an annual program evaluation. The agency requested to increase revenue from the pipeline safety fund by \$293.1 thousand, or 14.9 percent, and federal revenues by \$24.2 thousand, or 1.6 percent, compared to FY25. The request accounts for anticipated fluctuations in federal reimbursements. The LFC's recommendation supports the agency's request for the Pipeline Safety Bureau.

Community Solar. PRC is responsible for implementing and overseeing the Community Solar program, which enables eligible residents to tap into a shared solar facility and offset their monthly energy consumption. PRC collected bid application fees to contract with InClimate to administer the program. The three-year contract will expire at the end of FY25. The agency notes the existing application fee structure is insufficient to cover the ongoing administration of the program because it would require a constant source of applications, which would exceed the current statewide capacity cap. PRC requested a \$700 thousand nonrecurring general fund appropriation to fund an additional year of the contract. As of November 2024, 47 unique projects have been selected; however, none of the projects have broken ground. Eleven of the selected projects have entered into interconnection agreements with utility companies.

Program Support. PRC's administrative staff oversees the operations of the agency and includes IT, human resources, financial services, the Consumer Relations Division, and the Chief of Staff's office. PRC's FY23 audit marked the agency's first audit in over 20 years with no findings. Program support was consolidated into PRC's single program code, Public Regulation Commission.

PRC requested to increase personnel costs by \$94.5 thousand for a grants manager position and operational costs by \$10.6 thousand for training, IT and office supplies, and travel for the requested FTE. Additionally, PRC requested to increase operational costs by \$65.2 thousand, including \$50.7 thousand to subscribe to a regulatory data platform that facilitates the tracking of utility finances, extractions from form and filings, analytical reviews to enhance regulatory oversight and \$14.5 thousand for IT services. Finally, PRC requested to increase contractual services by \$2,100, or 0.3 percent, for an increase in audit services.

The LFC does not include additional funding for the requested FTE but does increase contractual services by \$2,100 for audit services and operational costs by \$65.2 thousand for access to regulatory data platforms and IT services.

PUBLIC REGULATION COMMISSION

The purpose of the public regulation commission program is to fulfill the constitutional and legislative mandates regarding regulated industries through rulemaking, adjudications and policy initiatives to ensure the provision of adequate and reliable services at fair, just and reasonable rates so the interests of the consumers and regulated industries are balanced to promote and protect the public interest.

BUDGET SUMMARY (dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,489.3	8,999.6	14,335.3	13,299.3	47.8
Other Transfers	1,252.2	1,389.5	2,257.3	2,257.3	62.5
Federal Revenues	954.3	1,560.4	1,584.8	1,584.8	1.6
Other Revenues	1,291.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$11,987.7	\$11,949.5	\$18,177.4	\$17,141.4	43.4

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
USES					
Personal Services and Employee Benefits	9,163.9	10,218.7	15,720.2	14,737.0	44.2
Contractual services	335.8	551.6	659.4	659.4	19.5
Other	867.6	1,179.2	1,797.8	1,745.0	48.0
TOTAL USES	\$10,367.3	\$11,949.5	\$18,177.4	\$17,141.4	43.4
FTE					
Permanent	81.0	82.0	119.0	115.0	40.2
TOTAL FTE	81.0	82.0	119.0	115.0	40.2

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of customers provided new service with download speeds of at least ten megabits per second and upload speeds of at least one megabit per second in areas unserved by broadband in award year	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent difference of final rate decision on rate cases vs regulated utility's original rate request amount	49%	66%	N/A	N/A	N/A
Explanatory	Percent of overall capacity of community solar projects subscribed	NEW	NEW	N/A	N/A	N/A
Outcome	Percent of cases appealed to the supreme court by regulated entities or interveners and not overturned on procedural grounds	NEW	NEW	100%	100%	100%
Outcome	Percent of energy mega watt hours of community solar project attributed to low income customers	NEW	NEW	30%	30%	30%
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	\$94	\$52	\$50	\$50	\$50
Explanatory	Percent of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities	20%	20%	N/A	N/A	N/A
Outcome	Percent of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff to the total number of docketed cases in a fiscal year	116%	119%	105%	105%	105%
Outcome	Percentage of cases appealed to the supreme court by regulated entities or interveners and not overturned	0%	100%	Discontinued	Discontinued	Discontinued
Output	Number of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff	434.0	245.0	Discontinued	Discontinued	Discontinued
Outcome	Percent of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff to the total number of regulated carriers in a fiscal year	18%	6%	Discontinued	Discontinued	Discontinued

PROGRAM SUPPORT

The purpose of program support is to provide administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency mission.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,491.0	3,903.4	0.0	0.0	(100.0)
Other Transfers	691.5	574.7	0.0	0.0	(100.0)
Other Revenues	6.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,189.0	\$4,478.1	\$0.0	\$0.0	(100.0)
USES					
Personal Services and Employee Benefits	3,612.5	3,871.8	0.0	0.0	(100.0)
Contractual services	50.8	105.7	0.0	0.0	(100.0)
Other	448.3	500.6	0.0	0.0	(100.0)
TOTAL USES	\$4,111.6	\$4,478.1	\$0.0	\$0.0	(100.0)
FTE					
Permanent	33.0	32.0	0.0	0.0	(100.0)
TOTAL FTE	33.0	32.0	0.0	0.0	(100.0)

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Number of town halls or public comment hearings held outside of Santa Fe	NEW	NEW	10.0	10.0	10.0
Output	Percent of vacant positions filled within twelve weeks of posting	NEW	NEW	75%	75%	75%
Output	Number of public access accounts registered in info share (e-docket) in a fiscal year	386.0	2,223.0	Discontinued	Discontinued	Discontinued
Output	Number of IPRA responses fulfilled in fiscal year	89.0	63.0	50.0	40.0	40.0
Output	Number of IT projects initiated and completed in fiscal year	5.0	Discontinued	Discontinued	Discontinued	Discontinued

SPECIAL REVENUES

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	0.0	1,964.2	2,257.3	2,257.3	14.9
TOTAL SOURCES	\$0.0	\$1,964.2	\$2,257.3	\$2,257.3	14.9
USES					
Other financing uses	1,416.4	1,964.2	2,257.3	2,257.3	14.9
TOTAL USES	\$1,416.4	\$1,964.2	\$2,257.3	\$2,257.3	14.9

Statutory Authority

Article XI, Section 20, of the New Mexico Constitution, enacted in 2012, separates the Insurance Division from the Public Regulation Commission and creates the Office of Superintendent of Insurance. The superintendent is appointed by an insurance nominating committee made up of four members chosen by the Legislature, four by the governor, and a ninth selected by the eight appointed members. The four members appointed by the Legislative Council and the governor can include no more than two from the same political party, two from the insurance industry, and two representing insurance consumers. The ninth member must be either a former New Mexico superintendent of insurance or another person with extensive knowledge of insurance regulation in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	13,889.3	15,521.6	18,940.1	16,221.0	4.5
Federal Revenues	145.6	0.0	0.0	0.0	0.0
Other Revenues	136,887.6	49,500.1	53,731.5	50,253.3	1.5
Fund Balance	71.3	802.6	751.9	751.9	(6.3)
TOTAL SOURCES	\$150,993.8	\$65,824.3	\$73,423.5	\$67,226.2	2.1
USES					
Personal Services and Employee Benefits	11,427.3	13,420.3	16,902.2	13,767.5	2.6
Contractual services	5,433.7	6,078.8	6,667.8	6,422.8	5.7
Other	120,243.5	30,803.6	30,913.4	30,814.9	0.0
Other financing uses	13,777.9	15,521.6	18,940.1	16,221.0	4.5
TOTAL USES	\$150,882.4	\$65,824.3	\$73,423.5	\$67,226.2	2.1
FTE					
Permanent	116.0	114.0	136.0	115.0	0.9
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	117.0	114.0	136.0	115.0	0.9

At A Glance

The Office of Superintendent of Insurance (OSI), which receives no general fund revenue, requested a total increase of \$7.6 million, or 11.5 percent, compared with the FY25 operating budget.

The agency requested to increase personnel costs by \$3.5 million, or 25.9 percent, including \$2.7 million in the base budget and \$755.6 thousand for 7 expansion FTE to support two new proposed bureaus. The requested base increase of \$2.7 million for personnel costs included \$1.5 million for 15 new FTE, \$1.2 million to replace funding from a special appropriation from the 2024 legislative session for salary adjustments, and \$80.3 thousand for insurance rates. The agency requested to increase contractual services by \$589 thousand, or 9.7 percent, including \$200 thousand for actuarial services to expand rate review and analysis; \$120 thousand to hire contractors to support compliance review, analysis on compliance filings, and staff training; and \$400 thousand to implement the Prescription Drug Transparency Act. Finally, OSI requested to increase the other costs category by \$109.8 thousand, or 0.4 percent, for rent and IT services.

The LFC recommendation increases personnel costs by \$347.2 thousand, or 2.6 percent, for insurance premiums and for 1 FTE in the Prescription Drugs and Pharmacy Benefits Bureau; increases contractual services by \$344 thousand, or 5.7 percent, for data analysis and actuarial services; and increases the other costs category by \$11.3 thousand for IT, radio communications, rent, and telecommunications.

Budget Issues

The OSI budget is primarily composed of other revenues from various insurance fees, doctor and hospital surcharges, fraud assessments, title insurance assessments, and annual licensing fees levied on insurance agents, carriers, and licensees. Other state funds not passed through to other agencies or used for the operating budget throughout the fiscal year transfer to the general fund. In FY24, OSI transferred approximately 52 percent of its producer and company licensing fees to the state general fund, the fire and law enforcement protection fund, and the Carrie Tingley fund.

In the 2024 session, the Legislature passed the Health Care Consolidation Oversight Act, which created a review process that allows OSI to determine whether proposed transactions that materially change the control of a New Mexico hospital, excluding state- and university-owned facilities, could negatively impact the availability, accessibility, affordability, and quality of healthcare for New Mexicans. Throughout FY24, OSI has conducted public input sessions with relevant stakeholders for feedback on proposed changes to the act. OSI requested a \$1.5 million special appropriation for the implementation of the act, including \$880 thousand for staffing costs, \$400 thousand for contractual services, \$60 thousand for initial rulemaking, and \$165 thousand for public input sessions. The request is contingent on the passage of legislation that extends the program during the 2025 session.

During the 2023 legislative session, OSI was appropriated \$15.4 million to provide a medical malpractice insurance subsidy to independent healthcare providers and group practices. OSI provided a 60.5 percent discount to independent healthcare providers and group practices, and 80.5 percent discount to eligible obstetricians and OB-related providers on their 2023 medical professional liability policy premiums. OSI requested a \$18 million special appropriation to provide a 20 percent discount on medical professional liability premiums but did not specify which providers and independent doctors would be prioritized.

Amendments to Health Care Affordability Fund transfers the fund from OSI to the Health Care Authority effective July 1, 2024. OSI no longer receives disbursements from the fund.

Special Revenues. Special Revenues is a dual-accounting mechanism used to account for specific revenue sources that are restricted to expenditures for specific purposes and transferred into the insurance policy fund for the operations of OSI. The funding associated with the Special Revenues Program does not increase the overall expenditure authority; instead, it budgets revenue to show transfers in and transfers out, resulting in total revenue being “double counted.”

The agency request included an increase of \$3.2 million, or 21.3 percent increase compared to FY25—including a base increase of \$2 million and expansion of \$1.2 million—for a total of \$18 million in other revenues. For FY26, the LFC recommendation increases Special Revenues by \$807.3 thousand, or 5.4 percent, for OSI operations.

Insurance Policy. The Insurance Policy Program provides oversight and regulation of insurance, reviews premium rates and other plan details to ensure insurance is reliable and reasonable, oversees producers that sell insurance, and oversees the patient’s compensation fund (PCF). The agency requested a \$3.4 million, or 19.8 percent, increase for the Insurance Policy Program compared to FY25, including a base increase of \$2.3 million and expansion of \$1.1 million.

The request included an increase of \$2.7 million, or 23.8 percent, for personnel costs, including a base increase of \$1.9 million for insurance premiums, 12 new FTE, and salary adjustments, and an expansion of \$755.6 thousand for 7 FTE. In total, the agency requested an increase of 12 FTE for the Insurance Policy Program.

The agency requested to increase contractual services by \$720 thousand, or 19.8 percent, including a base increase of \$320 thousand and expansion of \$400 thousand. The base increase includes \$120 thousand for the Health Policy and Compliance Bureau to hire contractors to help with review and data analysis of compliance filings and staff training and \$200 thousand for actuarial services for life and health rate reviews and training needs.

The LFC recommendation increases personnel by \$148 thousand for insurance premiums and other employee benefits. The Insurance Policy Program received a 16.2 percent increase in personnel costs for FY25, which will be sufficient to cover salary adjustments previously paid for with a non-recurring special appropriation. The recommendation also includes an expansion of \$107.9 thousand for personnel costs for the Prescription Drugs and Pharmacy Benefits Bureau.

The recommendation increases contractual services by \$75 thousand for data analysis and additional actuarial services to review filings and rate reviews. For FY25, the Legislature approved a \$857.5 thousand, or 23 percent, increase in contractual costs for financial analysis services, technical assistance, actuarial representation, and legal services for the Insurance Policy Program. The LFC recommendation considers previous significant increases in contractual services. The recommendation also includes an expansion of \$400 thousand for the new Prescription Drugs and Pharmacy Benefits Bureau.

Finally, the LFC supports the agency’s request to decrease the other cost category by \$21.2 thousand for adjustments in telecommunications, IT, and transportation. Overall, LFC recommends a \$709.7 thousand, or 4.1 percent, increase for the Insurance Policy Program.

Insurance Fraud and Auto Theft. In FY24, the Legislature approved the transfer of the Insurance Fraud Bureau from the Insurance Policy Program to a new, stand-alone program, the Insurance Fraud and Auto Theft Program. The program helped the agency secure federal funding to reduce insurance fraud and auto theft and enable more transparent budgeting. Along with the Auto Theft Prevention Authority, the program houses the Insurance Fraud Bureau, which helps reduce overall incidence of insurance fraud and consumer abuse through antifraud outreach and training, and investigates, arrests, and referrals.

The agency requested an increase of \$751.9 thousand, or 23.7 percent, compared to FY25. The agency requested to increase personnel costs by \$751.9 thousand, or 38.5 percent, to backfill salary adjustments paid for by a 2024 special appropriation; insurance increases; and 3 FTE, including a program coordinator and two special agents. OSI requested to decrease contractual services by \$131 thousand and increase the other cost category by the same amount for two new vehicles, supplies, radio communications services, and IT.

The committee recommendation increases personnel by \$91.3 thousand to adjust for salary increases funded by the special appropriation insurance; supports the agency's request for a \$131 thousand decrease for contractual services; and increases the other costs category by \$32.5 thousand for IT, radio communications, rent, and telecommunications. Overall, the LFC recommends a decrease of \$7,200, 0.2 percent, for the Insurance Fraud and Auto Theft Program.

Patient's Compensation Fund. The Patient's Compensation Fund (PCF) Program is a flow-through expenditure program that pays malpractice settlements for member physicians and hospitals. Established under the New Mexico Medical Malpractice Act, the program seeks to provide affordable malpractice coverage that caps the amount of certain damages awarded against member healthcare providers. The fund's solvency had been a concern in recent years because of the increase in the number of court-ordered settlements. The Legislature amended the Medical Malpractice Act to include new providers eligible for participation in the PCF. The Legislature also raised the required underlying coverage limit from \$200 thousand to \$250 thousand and increased the cap on nonmedical damages for independent providers from \$600 thousand to \$750 thousand in 2022, with an inflation adjustment annually thereafter.

The Legislature also approved changes to the Medical Malpractice Act to differentiate between independent outpatient healthcare facilities and those owned and controlled by hospitals. The amendment establishes a different underlying coverage limit of \$500 thousand, a different claims cap of \$1 million, and limits the protections of the act to three occurrences per year for independent outpatient healthcare facilities. Additionally, the amendment clarifies that hospitals and hospital-controlled outpatient healthcare facilities will no longer participate in the PCF beginning January 1, 2027. Finally, the Legislature amended the act to require the fund's projected actuarial deficit be eliminated by December 31, 2026.

In the past three years, the Legislature has appropriated over \$100 million to the fund: \$30 million in 2022, \$32.5 million in 2023, and \$44 million in 2024 to address the deficit. The fund's deficit attributed to independent physicians and surgeons has been eliminated, which has significantly reduced the pressure on independent providers and the need to extensive surcharges. However, the hospitals still have a remaining deficit, which will need to be addressed through an additional surcharge. OSI is not requesting any special appropriations for the fund for FY26.

OSI requested to increase other revenue of \$250 thousand, or 0.8 percent, as a transfer to the Insurance Policy Program for operating dollars. The LFC does not support this request and maintains a flat budget for the Patient's Compensation Fund Program.

Base Expansion

The agency requested \$1.2 million in expansion for personnel and contractual increases to establish two new bureaus within the Life and Health Division—the Data Analysis and Enforcement Support Bureau and Prescription Drugs and Pharmacy Benefits Bureau. The request includes \$755.6 thousand for 7 FTE for the bureaus and \$400 thousand in contractual services to enforce the Prescription Drug Price Transparency Act.

In 2024, the Legislature passed the Prescription Drug Price Transparency Act, which mandates various entities from the prescription drug chain, including prescription drug manufacturers, pharmacy services administrative organizations, health insurers, and pharmacy benefits managers, report prescription drug price trends for certain medications to OSI. The act requires OSI to compile and publish data annually and provides the agency with the authority to impose penalties on reporting entities for failing to submit information. OSI was appropriated \$100 thousand of nonrecurring funds during the 2024 legislative session to administer the act. OSI indicates the agency does not have the necessary staffing nor budget to carry out the provisions of the act. The requested \$400 thousand in contractual services includes \$300 thousand to complete system design, data collection, and analysis and \$100 thousand for an actuarial contract to evaluate the impact on premiums.

The LFC recommendation increases personnel costs by \$107.9 thousand for 1 FTE for the prescription drugs and pharmacy benefits bureau and contractual services by \$400 thousand to complete system design, data collection, analysis, and actuarial services to evaluate the impact on premiums.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	L&H Mental Health Parity	P795	107.9	0.0
0	P790 Special Revenue	P790	1,155.6	507.9
2	L&H Data Analysis & Enforcement Support	P795	130.9	0.0
3	L&H Pharmacy Benefits & Drug Compliance	P795	107.9	107.9
4	L&H Pharmacy Benefits & Drug Compliance	P795	85.2	0.0
6	L&H Data Analysis & Enforcement Support	P795	107.9	0.0
7	L&H Pharmacy Benefits & Drug Compliance	P795	107.9	0.0
0	L&H Pharmacy Benefits & Drug	P795	400.0	400.0
5	L&H Data Analysis & Enforcement Support	P795	107.9	0.0
TOTAL			\$2,311.2	\$1,015.8

SPECIAL REVENUES

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	12,889.1	14,905.0	18,073.5	15,604.4	4.7
TOTAL SOURCES	\$12,889.1	\$14,905.0	\$18,073.5	\$15,604.4	4.7
USES					
Other financing uses	12,889.1	14,905.0	18,073.5	15,604.4	4.7
TOTAL USES	\$12,889.1	\$14,905.0	\$18,073.5	\$15,604.4	4.7

INSURANCE POLICY

The purpose of the insurance policy program is to ensure easy public access to reliable insurance products that meet consumers' needs and are underwritten by dependable, reputable, financially sound companies that charge fair rates and are represented by trustworthy, qualified agents, while promoting a positive competitive business climate.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	13,889.3	15,521.6	18,940.1	16,221.0	4.5
Federal Revenues	145.6	0.0	0.0	0.0	0.0
Other Revenues	68,353.3	1,769.3	1,779.6	1,779.6	0.6
TOTAL SOURCES	\$82,388.2	\$17,290.9	\$20,719.7	\$18,000.6	4.1

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
USES					
Personal Services and Employee Benefits	9,707.8	11,468.7	14,198.7	11,724.6	2.2
Contractual services	3,984.5	3,631.0	4,351.0	4,106.0	13.1
Other	68,378.8	1,985.6	1,964.4	1,964.4	(1.1)
Other financing uses	205.6	205.6	205.6	205.6	0.0
TOTAL USES	\$82,276.7	\$17,290.9	\$20,719.7	\$18,000.6	4.1
FTE					
Permanent	99.5	98.2	117.5	99.2	1.0
TOTAL FTE	99.5	98.2	117.5	99.2	1.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Percent of filings processed within ninety days within the life and health division.	NEW	NEW	NEW	97%	97%
Explanatory	Average number of objection letters issued per filing addressing regulatory and statutory non-compliance issues	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of rate related filings reviewed by the life and health division	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of criminal division referrals processed	N/A	N/A	N/A	N/A	N/A
Explanatory	Total number of filings reviewed by the life and health division	NEW	NEW	N/A	N/A	N/A
Outcome	Total number of lives directly impacted by the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Outcome	Total reduction in out-of-pocket costs under the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Outcome	Total reduction in premium costs under the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Output	Number of consumer assistance outreach activities conducted annually.	NEW	NEW	NEW	20.0	20.0
Explanatory	Number of form-only filings reviewed by the life and health division	NEW	NEW	N/A	N/A	N/A
Output	Number of prosecutor referrals that resulted in adjudicatory action	N/A	N/A	N/A	N/A	N/A
Output	Percent of complaints closed within one hundred eighty days of filing and not re-opened by the consumer assistance bureau	N/A	N/A	N/A	N/A	N/A
Output	Percent of complaints closed within one hundred eighty days of filing and not re-opened or referred for enforcement action by the civil Investigations bureau	N/A	N/A	N/A	N/A	N/A
Output	Percent of referrals declined for further action	N/A	N/A	N/A	N/A	N/A
Output	Percent of referrals recommended for further administrative action	N/A	N/A	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Percent of referrals recommended for prosecution	N/A	N/A	N/A	N/A	N/A
Output	Percent of internal and external insurance-related grievances closed within 240 days of filing by the managed healthcare bureau	93%	97%	95%	95%	95%
Output	Percent of producer applications, appointments and renewals processed within ten business days	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of form and rate filings processed within ninety days within the life and health bureau	99%	98%	97%	Discontinued	Discontinued
Efficiency	Percent of form and rate filings processed within ninety days within the property and casualty bureau	100%	99%	99%	99%	99%
Output	Number of managed healthcare outreach activities conducted annually	21.0	50.0	20.0	20.0	20.0
Efficiency	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	100%	100%	100%	100%	100%
Explanatory	Auto theft rate ranking among the fifty states	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of cases accepted for prosecution by the insurance fraud law enforcement division.	145.0	140.0	N/A	N/A	N/A
Explanatory	Number of life and health rate filings reviewed	426.0	261.0	N/A	N/A	N/A
Explanatory	Dollars saved or recovered for consumers by the consumer assistance bureau	\$4,070,255	\$2,001,438	N/A	N/A	N/A
Output	Number of examinations conducted	10.0	5.0	8.0	8.0	8.0
Output	Number of inspections performed by the title insurance bureau	133.0	117.0	100.0	100.0	100.0
Explanatory	Number of inquiries received by the investigations bureau for which enforcement action is taken	33.0	40.0	N/A	N/A	N/A
Explanatory	Auto thefts per 100,000 population	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of property and casualty rate and form filings reviewed	699.0	742.0	N/A	N/A	N/A
Explanatory	Dollars saved or recovered for consumers by the managed health care bureau	\$1,526,230	\$1,297,052	N/A	N/A	N/A
Output	Number of consumer complaints received by the consumer assistance bureau	1,073.0	1,171.0	700.0	700.0	700.0
Explanatory	Number of grievances received by the managed health care bureau	445.0	453.0	N/A	N/A	N/A
Explanatory	Number of inquiries received by the investigations bureau	114.0	274.0	N/A	N/A	N/A
Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further criminal action, prosecutions or closure within sixty days	100%	47%	100%	Discontinued	Discontinued
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period	100%	100%	100%	100%	100%

PATIENT'S COMPENSATION FUND

The purpose of the patient's compensation fund program is to ensure the availability and affordability of medical liability insurance for healthcare providers in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	53,101.1	30,460.4	30,710.4	30,460.4	0.0
TOTAL SOURCES	\$53,101.1	\$30,460.4	\$30,710.4	\$30,460.4	0.0
USES					
Contractual services	1,406.0	2,292.7	2,292.7	2,292.7	0.0
Other	51,422.9	28,167.7	28,167.7	28,167.7	0.0
Other financing uses	272.2	0.0	250.0	0.0	0.0
TOTAL USES	\$53,101.1	\$30,460.4	\$30,710.4	\$30,460.4	0.0
FTE					
Permanent	1.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of claims reported to the patient compensation fund	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of participating providers enrolled into the patients' compensation fund	NEW	NEW	N/A	N/A	N/A
Explanatory	Total amount of settlements reached (i.e. claims paid)	NEW	NEW	N/A	N/A	N/A
Explanatory	Patients' compensation fund actuarial deficit, in millions	(69.7)	(6.6)	N/A	N/A	N/A
Explanatory	Audit of all uploaded transactions within twenty four hours	100.0	100.0	N/A	N/A	N/A

INSURANCE FRAUD AND AUTO THEFT PROGRAM

The purpose of the insurance fraud and auto theft program is to reduce the overall incidence of insurance fraud, arson and auto theft related transactions through community outreach, training and anti-fraud programs.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	2,544.2	2,365.4	3,168.0	2,408.9	1.8
Fund Balance	71.3	802.6	751.9	751.9	(6.3)
TOTAL SOURCES	\$2,615.5	\$3,168.0	\$3,919.9	\$3,160.8	(0.2)

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26	LFC	Percent
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	Recommendation	Inc (Decr)
USES					
Personal Services and Employee Benefits	1,719.5	1,951.6	2,703.5	2,042.9	4.7
Contractual services	43.2	155.1	24.1	24.1	(84.5)
Other	441.8	650.3	781.3	682.8	5.0
Other financing uses	411.0	411.0	411.0	411.0	0.0
TOTAL USES	\$2,615.5	\$3,168.0	\$3,919.9	\$3,160.8	(0.2)
FTE					
Permanent	15.5	15.8	18.5	15.8	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	16.5	15.8	18.5	15.8	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of insurance fraud and/or auto theft investigations coordinated with other law enforcement agencies.	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of proactive special operations to reduce insurance fraud, auto theft, and related crimes	NEW	NEW	N/A	N/A	N/A
Output	Number of criminal investigations conducted by certified law enforcement personnel	NEW	NEW	NEW	48.0	48.0
Output	Number of insurance fraud reports reviewed by the insurance fraud law enforcement division	NEW	NEW	NEW	1,000.0	1,000.0
Explanatory	Number of cases referred to the criminal division	1,149.0	1,132.0	N/A	N/A	N/A

Statutory Authority

The Medical Practice Act, Sections 61-6-1 through 61-6-29 NMSA 1978, establishes the Medical Board. The state agency is responsible for regulating and licensing physicians, physician assistants, anesthesiologist assistants, genetic counselors, polysomnographic technologists, and naprapaths. The nine-member board is appointed by the governor to staggered four-year terms. The board consists of nine governor-appointed members, six physicians, two members of the public, and one physician’s assistant and holds four regular meetings per year.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	3,438.3	3,045.3	3,328.0	3,241.5	6.4
Fund Balance	0.0	480.0	250.0	250.0	(47.9)
TOTAL SOURCES	\$3,438.3	\$3,525.3	\$3,578.0	\$3,491.5	(1.0)
USES					
Personal Services and Employee Benefits	1,318.9	1,848.8	1,896.7	1,810.2	(2.1)
Contractual services	874.3	918.7	1,064.0	1,064.0	15.8
Other	365.0	757.8	617.3	617.3	(18.5)
TOTAL USES	\$2,558.2	\$3,525.3	\$3,578.0	\$3,491.5	(1.0)
FTE					
Permanent	19.0	19.0	20.0	19.0	0.0
TOTAL FTE	19.0	19.0	20.0	19.0	0.0

At A Glance

The Medical Board requested an increase of 1.5 percent above the FY25 operating budget. The board’s request increased licensing fee revenues and reduced the use of fund balances. The board requested an increase in contractual services spending for legal services. Much of the requested increase in personnel and the other category was for personnel for an expansion FTE for a public information and relations officer.

The agency requested a decrease in the use of fund balance in the operating budget in FY26. The committee recommendation supports the requested use of fund balance. Fund balances at the close of FY25 are projected at nearly \$1.8 million. The board received \$2.9 million in revenues over the past several fiscal years, while expenditures were closer to \$3.4 million, resulting in a declining fund balance. The agency issued over 6,560 physician licenses and renewals in FY24, 658 above the previous fiscal year. The LFC recommendation supports the board request for legal services and the other category but does not recommend the expansion FTE. As of September 2024, the board had \$483 thousand for funded but vacant FTE in the current fiscal year.

In FY18, the board opened 319 total cases, including 93 board-initiated complaints; in FY19, 356 total cases were opened, including 114 board-initiated complaints; in FY20, of the 296 total complaints, 102 were initiated by the board. In FY21, of the 326 total complaints, 72 were initiated by the board. In FY22, the board received 305 complaints, 93 of which were initiated by the board. In FY23, the board received 312 complaints, 66 of which were initiated by the board. In FY24, the board received 416 complaints, 73 of which were initiated by the board. As of September 2024, the board had 204 pending cases. The board previously reported the complexity of the type of cases being investigated has increased. Board complaints have included gross negligence in medical treatment, sexual misconduct, injudicious prescribing, injudicious prescribing leading to death or nonfatal overdose, substance abuse, and other significant patient harm.

Base Expansion

The LFC does not recommend the expansion FTE.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Public Relations / Public Information Officer	P676	86.5	0.0
TOTAL			\$86.5	\$0.0

LICENSING & CERTIFICATION

The purpose of the licensing and certification program is to provide regulation and licensure to healthcare providers regulated by the New Mexico medical board and to ensure competent and ethical medical care to consumers.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of entities provided with information through written license verification and website access	1,776,307.0	3,157.0	1,760,000.0	1,000,000.0	1,000,000.0
Output	Number of triennial physician licenses issued or renewed	5,911.0	6,569.0	6,000.0	6,500.0	6,570.0
* Output	Number of biennial physician assistant licenses issued or renewed	598.0	732.0	600.0	700.0	730.0
Output	Number of complaints closed within the fiscal year	234.0	236.0	240.0	240.0	240.0
Output	Number of participants in monitored treatment programs	41.0	62.0	60.0	60.0	60.0
* Outcome	Number of days to issue a physician license	64.0	54.0	21.0	21.0	21.0
Explanatory	Number of licensees contacted regarding high-risk prescribing and prescribing monitoring program compliance, based on the board of pharmacy prescription monitoring program reports	309.0	248.0	N/A	N/A	N/A

Statutory Authority

The Nursing Practice Act, Sections 61-3-1 through 61-3-31 NMSA 1978, establishes the seven-member Board of Nursing to regulate schools and practice.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	200.9	0.0	150.0	150.0	0.0
Other Revenues	3,102.0	4,093.2	3,946.3	3,946.3	(3.6)
Fund Balance	0.0	230.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$3,302.9	\$4,323.2	\$4,096.3	\$4,096.3	(5.2)
USES					
Personal Services and Employee Benefits	2,330.0	2,909.2	2,944.7	2,944.7	1.2
Contractual services	108.6	200.0	160.0	160.0	(20.0)
Other	715.7	1,164.0	801.6	801.6	(31.1)
Other financing uses	236.9	50.0	190.0	190.0	280.0
TOTAL USES	\$3,391.2	\$4,323.2	\$4,096.3	\$4,096.3	(5.2)
FTE					
Permanent	27.0	27.0	27.0	27.0	0.0
TOTAL FTE	27.0	27.0	27.0	27.0	0.0

At A Glance

The board requested, and the committee recommends, a 5.2 percent decrease. The decrease requested by the board was still well above FY24 actual expenditures. The board receives revenues from licensing fees. The board slightly increased personnel by \$35.5 thousand, which would allow the board to fill nearly 3 additional FTE.

Budget Issues

As of September 2024, 21 of the board's 27 FTE were filled. The agency request for contracts increased from the FY25 operating budget for the board's diversion program. Additionally, due to the decline in revenues, the board will be discontinuing waiving the first licensing fee for new nurses. The board previously used fund balance revenue to waive these fees.

The Board of Nursing provides grants to higher education institutions and other organizations to enhance recruitment, retention, employment, and educational opportunities for professional nurses. In FY26, the Center for Nursing Excellence will grant funding for 20 \$1,000 scholarships. According to the Board of Nursing, Native Americans represent 11 percent of New Mexico's population and 5 percent of licensed nurses. The board also grants awards to the New Mexico Native American Indian Nurses Association that should fund 22 \$2,000 scholarships to higher education institutions. The board's performance was mixed in FY24.

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulations to nurses, hemodialysis technicians, medication aides and their education and training programs so they provide competent and professional healthcare services to consumers.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Percent of complaints logged and investigations initiated within two business days of receipt of written complaint	60%	46%	75%	75%	75%
Output	Percent of low- and medium-priority complaints investigated and presented to the board of nursing within six months	89%	87%	75%	75%	75%
Efficiency	Percent of unlicensed assistive personnel and nursing education program reviews completed within forty-five days of the program review requirements	100%	100%	98%	97%	100%
Explanatory	Number of licensed practical nurse licenses active on June 30	2,431.0	2,254.0	N/A	N/A	N/A
Explanatory	Number of registered nurse licenses active on June 30	32,864.0	30,242.0	N/A	N/A	N/A
Explanatory	Number of certified nurse practitioner licenses active on June 30	5,274.0	5,717.0	N/A	N/A	N/A
Explanatory	Number of clinical nurse specialist licenses active on June 30	79.0	80.0	N/A	N/A	N/A
* Explanatory	Number of certified registered nurse anesthetist licenses active on June 30	638.0	649.0	N/A	N/A	N/A
Explanatory	Number of certified hemodialysis technicians 1 and 2 licenses active on June 30	401.0	591.0	N/A	N/A	N/A
Explanatory	Number of certified medication aid 1 and 2 licenses active on June 30	213.0	400.0	N/A	N/A	N/A
Explanatory	Number of lactation care providers licenses active on June 30	11.0	13.0	N/A	N/A	N/A
* Output	Number of advanced practice nurses contacted regarding high-risk prescribing and prescription monitoring program compliance, based on the pharmacy board's prescription monitoring program reports	311.0	250.0	300.0	240.0	250.0
Explanatory	Number of nursing education site visits completed	6.0	4.0	N/A	N/A	N/A

Statutory Authority

The State Fair and State Fair Commission are established in, and governed by, Section 16-16-1 through 16-6-31 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	375.0	375.0	590.0	375.0	0.0
Other Revenues	14,439.1	15,053.1	15,253.2	15,253.2	1.3
TOTAL SOURCES	\$14,814.1	\$15,428.1	\$15,843.2	\$15,628.2	1.3
USES					
Personal Services and Employee Benefits	7,346.1	8,080.9	8,146.9	8,210.2	1.6
Contractual services	3,361.0	3,162.2	3,348.9	3,218.9	1.8
Other	2,904.9	4,185.0	4,347.4	4,199.1	0.3
TOTAL USES	\$13,612.0	\$15,428.1	\$15,843.2	\$15,628.2	1.3
FTE					
Permanent	32.0	35.0	35.0	35.0	0.0
TOTAL FTE	32.0	35.0	35.0	35.0	0.0

At A Glance

The New Mexico State Fair requested a \$415.1 thousand, or 3 percent, increase. Within the enterprise revenue generated for events hosted by the State Fair, the request increased revenues by \$200.1 thousand primarily from carnival rides and building rentals, and the increased revenues would primarily cover increased maintenance and insurance costs.

The agency request included \$590 thousand in general fund revenue for operations, maintenance, and programming at the African American Performing Arts Center (AAPAC). The request included an increase of \$215 thousand from the general fund for maintenance costs associated with the operations of AAPAC.

The committee recommendation reflects a total operating budget for the State Fair of \$15.6 million, a 1.3 percent increase, which includes an increase of \$200.1 thousand in enterprise revenue raised by the State Fair. The committee recommendation maintains a total of \$375 thousand in general fund revenue for AAPAC and recommends transferring \$275 thousand in general fund revenue to support programming and exhibits at AAPAC to the Cultural Affairs Department, contingent on enabling legislation that moves the responsibility for overseeing programs and exhibits within AAPAC to the Cultural Affairs Department. The recommendation maintains \$100 thousand in general fund revenue at the State Fair for maintenance of the AAPAC building.

Budget Issues

In FY21, the State Fair accrued costs from salaries and maintenance but experienced a revenue shortfall as a result of the pandemic. In FY22, the agency continued to operate at a loss, but to a lesser degree. Because of this, during the 2021 and 2022 sessions, the State Fair received \$4.2 million and \$5.5 million in supplemental appropriations to make up for lost revenue. The \$4.2 million the State Fair received in 2021 covered a deficiency from FY20 but did not cover all of the agency’s FY21 shortfall, so some of the \$5.5 million from the 2022 session was used to cover the FY21 deficiency and the remainder covered the FY22 shortfall and was used to cover a variety of expenditures through December 2024, offsetting revenue lost during the pandemic.

In FY23, the State Fair projected a \$3 million shortfall, attributed to the slow recovery of entertainment acts and exposition shows, with fewer vendors coming to the state post pandemic and increased temporary staff costs. The agency received a supplemental appropriation of \$1.25 million for FY23. However, the State Fair ended FY23 and FY24 with surpluses. As of September 2024, State Fair had not expended the \$1.25 million supplemental appropriation. In FY23, State Fair attendance was over 475 thousand, rebounding to prepandemic levels, and the State Fair reported 468 thousand attendants in FY24.

In FY25, the State Fair budget included \$375 thousand from the general fund for exhibits and programs at AAPAC. The FY26 committee recommendation maintains the FY25 overall level of funding but recommends transferring \$275 thousand to the Cultural Affairs Department to deliver programs and maintain exhibits at AAPAC, contingent on enabling legislation directing the Cultural Affairs Department to provide staffing and support for programs and exhibits at AAPAC. The FY26 committee recommendation maintains \$100 thousand from the general fund at the State Fair for maintenance and building operating costs at the AAPAC.

NEW MEXICO STATE FAIR

The purpose of the state fair program is to promote the New Mexico state fair as a year-round operation with venues, events and facilities that provide for greater use of the assets of the agency.

Recommended Language

The general fund appropriations to the New Mexico state fair include one hundred thousand dollars (\$100,000) for the maintenance and operations of the African American performing arts center building.

The general fund appropriations to the New Mexico state fair in the personal services and employee benefits and contractual services categories include two hundred seventy-five thousand dollars (\$275,000) to be transferred to the cultural affairs department to provide staffing and operational support for programs and exhibits within the African American performing arts center, contingent on enactment of legislation of the first session of the fifty-seventh legislature transferring responsibility for overseeing programmatic operations of the African American performing arts center to the cultural affairs department.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	65%	87%	95%	95%	95%
Output	Percent of counties represented through exhibits at the annual state fair	85%	100%	100%	100%	100%
* Output	Number of paid attendees at annual state fair event	380,095.0	370,023.0	430,000.0	430,000.0	430,000.0
Output	Number of total attendees at annual state fair event	475,318.0	467,543.0	500,000.0	500,000.0	500,000.0

Statutory Authority

The Engineering and Surveying Practice Act, Sections 61-23-1 through 61-23-32 NMSA 1978, establishes a 10-member State Board of Licensure for Professional Engineers and Professional Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. The 10 members, appointed by the governor to staggered five-year terms, meet regularly every other month.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1.4	0.0	0.0	0.0	0.0
Other Revenues	1,234.5	1,147.1	1,271.4	1,183.2	3.1
Fund Balance	250.0	281.2	250.0	250.0	(11.1)
TOTAL SOURCES	\$1,485.9	\$1,428.3	\$1,521.4	\$1,433.2	0.3
USES					
Personal Services and Employee Benefits	696.2	767.9	856.1	767.9	0.0
Contractual services	201.1	296.5	296.5	296.5	0.0
Other	327.2	363.9	368.8	368.8	1.3
TOTAL USES	\$1,224.5	\$1,428.3	\$1,521.4	\$1,433.2	0.3
FTE					
Permanent	8.0	8.0	8.0	8.0	0.0
TOTAL FTE	8.0	8.0	8.0	8.0	0.0

At A Glance

The board requested a budget increase of \$93.1 thousand, or 6.5 percent, for FY26. The board requested \$1.3 million in fee revenue and \$250 thousand in fund balance. The majority of the agency’s request is for salary increases, approximately \$88.2 thousand, or 11.5 percent, to the boards 8 FTE. The remainder of the request is for \$4,900 to cover IT and risk insurance rate increases charged by the department of Information Technology (DoIT) and General Services Department (GSD). The agency also requested a reduction of \$31.2 thousand in the fund balance. The board requested a flat budget for its contractual services costs.

As of September 2024, the board’s fund balance was \$1.36 million.

The committee recommends the increase of \$4,900 to cover DoIT and GSD rate increases but does not recommend the \$88.2 thousand for salary increases. The agency has a funded vacancy rate of \$51.7 thousand and transferred \$70.5 thousand from the agency’s internal fund to their personnel budget in FY25 to accommodate for the agency’s personnel spending. Further, the board gave employees on average a 17.6 percent salary increase, with the raises ranging from 9 to 42 percent.

The board increased the amount of scholarship funding provided to engineering and surveying students at participating New Mexico universities while also broadening the amount of funding available for students to purchase equipment. The annual amount of total scholarship funding increased from \$100 thousand to \$250 thousand. Of the total \$250 thousand the board distributed, \$100 thousand was distributed in scholarships to New Mexico State University, the University of New Mexico, and New Mexico Tech and \$150 thousand was distributed to New Mexico Tech and New Mexico State University for purchasing equipment for their engineering and surveying programs.

As of July 2024, there were 10,967 active licensed surveyors and engineers in New Mexico, 10,413 professional engineers, and 546 professional surveyors. Currently, eight professionals are licensed in both professions. This is a 4 percent decrease since August of last year.

STATE BOARD OF LICENSURE FOR ENGINEERS AND SURVEYORS

The purpose of the regulation and licensing program is to regulate the practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health and property and to provide consumers with licensed professional engineers and licensed professional surveyors.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Number of days from receipt of application to issuance of license	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of consumers requesting information who are provided with information	100%	100%	100%	100%	100%
Output	Number of licenses or certifications issued within one year	776.0	1,032.0	700.0	700.0	700.0
Efficiency	Percent of cases resolved through compliance or legal action within one year	33%	43%	50%	50%	50%
Efficiency	Number of days from receipt of a complaint to delivery to the respective professional committee of the board	85.0	96.0	90.0	90.0	90.0

Statutory Authority

Sections 60-2E-1 through 60-2E-62 NMSA 1978, the Gaming Control Act, establishes the primary functions and authority of the Gaming Control Board (GCB). This authority includes licensing, regulation, and enforcement of the provisions of the act. GCB also monitors all activity authorized in the Indian gaming compacts (Section 11-13-1 NMSA 1978) and designates the tribal gaming representative. An executive director leads six divisions: Enforcement, Audit and Compliance, Information Systems, Administrative Services, Licensing, and Legal. The board consists of five members—a law enforcement representative, a certified public accountant member, an attorney, a public member, and the chairman of the State Racing Commission, who serves as an ex officio member.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,411.2	6,966.5	7,943.6	7,293.5	4.7
Other Transfers	231.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$6,642.3	\$6,966.5	\$7,943.6	\$7,293.5	4.7
USES					
Personal Services and Employee Benefits	4,382.1	5,101.7	5,983.3	5,362.6	5.1
Contractual services	748.1	802.9	820.7	820.7	2.2
Other	1,243.6	1,061.9	1,139.6	1,110.2	4.5
TOTAL USES	\$6,373.8	\$6,966.5	\$7,943.6	\$7,293.5	4.7
FTE					
Permanent	52.0	52.0	52.0	52.0	0.0
TOTAL FTE	52.0	52.0	52.0	52.0	0.0

At A Glance

For FY26, the Gaming Control Board (GCB) requested an increase of \$977.1 thousand in general fund revenues, or 14 percent over the FY25 operating budget. The request included an increase of \$881.6 thousand, or 17.3 percent, in the personnel category to reduce the agency's projected personnel deficit, a \$17.8 thousand, or 2.2 percent increase, in contractual services for upkeep of GCB's central monitoring system, and a \$77.7 thousand increase, or 7.3 percent, in the other services category for in-state travel, IT costs, and out-of-state traveling and training.

The committee recommends increasing general fund appropriations by \$327 thousand, or 4.7 percent, for FY26. The recommendation includes \$260.9 thousand to fund a new payroll coordinator position and an administrative services position, and to also cover the agency's excess personnel costs. The committee supports GCB's request for \$17.8 thousand for continued maintenance of its central monitoring system, and \$48.3 thousand in other costs to cover in-state traveling and IT costs.

GAMING CONTROL

The purpose of the gaming control program is to provide strictly regulated gaming activities and to promote responsible gaming to New Mexicans so they can attain a strong level of confidence in the board's administration of gambling laws and assurance the state has competitive gaming free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of all tribal gaming quarterly revenue share verifications completed	N/A	N/A	N/A	N/A	N/A
Quality	Percent of incidents reported to the central monitoring system help desk closed within three calendar days	98%	100%	98%	98%	98%
Outcome	Percent of work permit and work permit renewals processed within forty-five business days	96%	99%	97%	97%	99%
Output	Percent of all tribal gaming operation inspections and reviews completed in one fiscal year	100%	100%	100%	99%	99%
Output	Percent of audit reports completed and mailed within thirty business days of completion of field work or desk compliance review	99%	99%	99%	99%	99%
Output	Average annual number of inspections conducted by each agent at assigned non-tribal venues	12.0	26.0	24.0	24.0	25.0
Output	Average annual number of inspections conducted by each agent at each assigned bingo and raffle location	4.0	8.0	5.0	5.0	5.0
Output	Percent of transported gaming software and devices inspected by agents	85%	93%	90%	90%	95%
Outcome	Percent of key and business license applications completed and presented to the board within ninety days of receipt of application	90%	97%	92%	92%	95%
Outcome	Percent of staff permit license applications with complete information submitted by applicants and presented to the Board within thirty business days of receipt of the application	89%	99%	93%	93%	99%

Statutory Authority

The primary functions of the State Racing Commission, as defined in Sections 60-1A-1 through 6-1A-30 NMSA 1978, are to license horseracing industry participants, make rules and regulations surrounding the operations of race meets, and set race dates.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,765.9	3,062.1	5,232.6	3,301.0	7.8
Other Transfers	105.4	0.0	0.0	0.0	0.0
Other Revenues	3,871.9	4,000.0	4,000.0	4,000.0	0.0
TOTAL SOURCES	\$6,743.2	\$7,062.1	\$9,232.6	\$7,301.0	3.4
USES					
Personal Services and Employee Benefits	1,501.3	2,198.6	4,149.3	2,520.4	14.6
Contractual services	2,302.3	3,039.9	3,141.8	2,941.6	(3.2)
Other	1,478.9	1,823.6	1,941.5	1,839.0	0.8
TOTAL USES	\$5,282.5	\$7,062.1	\$9,232.6	\$7,301.0	3.4
FTE					
Permanent	20.0	21.9	28.9	21.9	0.0
Term	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	23.0	21.9	28.9	21.9	0.0

At A Glance

The State Racing Commission (SRC) requested a \$2.2 million increase in general fund appropriations, a 70.9 percent increase above the FY25 operating budget. A portion of SRC’s request is a \$1.5 million expansion to add seven positions. Including the expansion request, the agency requested an increase of \$1.9 million, or 88.7 percent, for personnel services to fund two veterinarians and the 7 FTE requested in the expansion. The agency requested increasing contractual services by \$101.9 thousand, or 3.4 percent, for increased audit costs and other services, and requested an increase of \$117.9 thousand for other costs, such as supplies for the 7 FTE in the expansion request.

SRC’s request without the expansion increased the agency’s general fund revenues by \$693.8 thousand, or a 22.7 percent increase above the FY25 operating budget. The agency requested a base increase in the personnel services by \$559.5, or 25.4 percent, to continue funding the two veterinarians they hired in FY24 and hire a criminal investigator. SRC requested an increase of \$32.4 thousand for other costs to pay the rent for their new building.

The committee recommends increasing general fund revenues for the agency by \$238.9 thousand, or 3.4 percent. This recommendation includes increasing personnel services by \$321.8 thousand, or 14.6 percent, to fully fund the two veterinarians, decreasing contractual services by \$98.3 thousand, or 3.2 percent, due to not needing to contract with a third veterinarian, and increasing general fund revenue for other costs by \$15.4 thousand, or 0.8 percent. According to the agency, the two veterinarian positions are not full-time employees and only work on the 181 race days. Therefore, the funding allocated to personnel services was calculated with this information in mind. The committee also does not recommend funding the agency’s expansion request because the expansion did not meet LFC budget guidelines for program expansion.

Base Expansion

NMRC requested a \$1.5 million expansion, including \$1.4 million in the personnel category to fund one new investigator, three new veterinarians, one attorney, one deputy director, and one financial coordinator, or 7 FTE in total. The remaining \$85.5 thousand is requested in other costs is for new laptops, furniture, a vehicle, and funds for travel to racetracks across the state. In addition to starting programmatic improvements, the agency has also requested the expansion to further its efforts to adhere to the requirements of the Horseracing Integrity and Safety Authority (HISA) program. Based on the FY26 LFC budget guidelines and the legislating for results framework, LFC did not recommend the base expansion. The committee recommendation includes a 3.4 percent base budget increase.

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	FTE Request	P681	1,476.7	0.0
TOTAL			\$1,476.7	\$0.0

HORSE RACING REGULATION

The purpose of the horse racing regulation program is to provide regulation in an equitable manner to New Mexico’s pari-mutuel horse racing industry and to protect the interest of wagering patrons and the state of New Mexico in a manner that promotes a climate of economic prosperity for horsemen, horse owners and racetrack management.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of breathalyzer tests administered per race meet	229.0	82.0	75.0	75.0	85.0
Outcome	Percent of cases won at the district court level	75%	96%	100%	100%	100%
Outcome	Percent of horses inspected before a race	40%	65%	100%	100%	100%
Outcome	Percent of out-of-competition samples testing positive for illegal substances	2%	11%	3%	3%	3%
Outcome	Percent of penalty fees collected annually from licensee to the school fund	NEW	49.3%	NEW	75.0%	85.0%
* Outcome	Percent of equine samples testing positive for illegal substances	0%	1%	1%	0%	0%
* Explanatory	Amount collected from pari-mutuel revenues and license fees to the general fund, in millions	\$513,868	\$672	N/A	N/A	N/A
Explanatory	Average regulatory cost per live race day at each racetrack	\$7,920.0	\$8,118.8	N/A	N/A	N/A
Explanatory	Number of days to collect penalty fees from licensees and Deposit in the school fund	90.0	20.0	N/A	N/A	N/A
Outcome	Number of equine tests per live race	4.0	4.0	5.0	4.0	5.0
Explanatory	Average number of days to bring case to prosecution	50.0	50.0	N/A	N/A	N/A
Outcome	Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	3.0	4.0	7.0	7.0	4.0
Efficiency	Average number of days from report of suspicious activity to referral of investigation case for prosecution before the Board of Stewards	10.0	10.0	10.0	10.0	10.0
Outcome	Number of out-of-competition samples tested	979.0	947.0	850.0	850.0	950.0
Outcome	Number of race tracks audited	1.0	0.0	1.0	1.0	1.0
* Explanatory	Number of horse fatalities per one thousand starts	1.0	2.0	N/A	N/A	N/A

Statutory Authority

The seven-member Board of Veterinary Medicine was established under the Veterinary Practice Act, Sections 61-14-1 through 61-14-20 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	502.1	1,490.7	1,475.0	1,475.0	(1.1)
TOTAL SOURCES	\$502.1	\$1,490.7	\$1,475.0	\$1,475.0	(1.1)
USES					
Personal Services and Employee Benefits	274.3	306.3	275.0	275.0	(10.2)
Contractual services	49.1	128.4	128.4	128.4	0.0
Other	48.5	1,056.0	1,071.6	1,071.6	1.5
TOTAL USES	\$371.9	\$1,490.7	\$1,475.0	\$1,475.0	(1.1)
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	3.0	3.0	3.0	3.0	0.0

At A Glance

For FY26, the Board of Veterinary Medicine (BVM) requested a budget of \$1.5 million, a \$15.7 thousand decrease, or 1.1 percent, under the board's FY25 operating budget. The board receives no general fund revenue and is supported by revenues from professional licenses, permits, and examination fees. BVM requested to lower its personnel services by \$31.3 thousand, or 10.2 percent, which leaves \$275 thousand allocated in personnel services for FY26, while requesting an increase of \$15.6 thousand for other costs to cover an increase in IT costs. The budget for contractual services remains flat for FY26.

The committee recommendation fully supports the agency's request.

Budget Issues

The biggest budget issue is that licensing fees for veterinarians have not increased since 2014. The Board of Veterinary Medicine (BVM) solely relies on fee revenue as its source to fund its budget. However, due to stagnant fee revenue, and increasing costs due to inflation, the board has found itself with limited revenue to fund new positions or even fund its current operations. To combat this budget shortfall, the board has a meeting on November 20, 2024, to instantly increase fees by 25 percent, and then have them increase by 8 percent every three years.

Limited fee revenue has impeded all facility and shelter inspections. In FY24, the board did not inspect any veterinarian facilities or animal shelters because it did not have a facilities inspector hired or contracted. To adequately inspect all of the state's veterinarian facilities, BVM believes it needs to have at least two to three inspectors. However, the board's last facilities inspector resigned on April 22, 2022. The board would have requested to use its fee revenue to contract a new facilities inspector; however, the new director did not have time to adequately assess the agency's needs. The old director's last day was May 17, 2024, and the new director's official start day was September 28, 2024, a couple of days before BVM's FY26 budget appropriation request was due.

VETERINARY LICENSING & REGULATORY

The purpose of the veterinary licensing and regulatory program is to regulate the profession of veterinary medicine in accordance with the Veterinary Practice Act and to promote continuous improvement in veterinary practices and management to protect the public.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of facility licenses issued annually	300.0	313.0	315.0	315.0	315.0
Output	Number of facilities inspected annually	10.0	0.0	150.0	150.0	150.0
Outcome	Percent of inspected facilities meeting minimum standards	100%	0%	98%	98%	99%
Output	Number of registered veterinary technician licenses issued annually	243.0	258.0	255.0	260.0	260.0
Output	Number of veterinarian licenses issued annually	1,045.0	1,139.0	1,050.0	1,160.0	1,160.0
Output	Number of bovine artificial insemination or bovine pregnancy diagnosis permits issued annually	24.0	23.0	25.0	25.0	25.0
Output	Number of months to resolution of disciplinary matter	13.0	8.0	7.0	7.0	7.0
Outcome	Number of licenses issued to shelters	30.0	32.0	45.0	32.0	40.0
Outcome	Number of inspected shelters meeting minimum standards	0.0	0.0	45.0	45.0	45.0

Statutory Authority

The Cumbres and Toltec Scenic Railroad was purchased by New Mexico and Colorado in 1910 and the ratified by the New Mexico and Colorado legislatures and given the consent of Congress in 1974. Ratification of the compact and statutory authorization of the commission appears in Sections 16-5-1 through 16-5-13 NMSA 1978 (the Cumbres and Toltec Scenic Railroad Act) and Sections 24-60-1901 through 24-60-1908 of the Colorado Revised Statutes. The commission, established in 1977, comprises four members, two from New Mexico and two from Colorado, appointed by the governors of each state.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	362.8	380.0	394.0	394.0	3.7
Other Revenues	4,927.6	5,459.0	5,459.0	5,459.0	0.0
Fund Balance	417.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$5,707.8	\$5,839.0	\$5,853.0	\$5,853.0	0.2
USES					
Personal Services and Employee Benefits	117.8	117.8	122.3	122.3	3.8
Contractual services	5,483.6	5,597.6	5,597.6	5,597.6	0.0
Other	106.4	123.6	133.1	133.1	7.7
TOTAL USES	\$5,707.8	\$5,839.0	\$5,853.0	\$5,853.0	0.2
FTE					
Permanent	0.0	1.8	1.8	1.8	0.0
TOTAL FTE	0.0	1.8	1.8	1.8	0.0

At A Glance

The Cumbres and Toltec Scenic Railroad Commission requested a general fund increase of \$14 thousand, or 3.7 percent, over the FY25 operating budget, primarily for increased property insurance premiums. The agency's property insurance continues to increase as a result of a 2021 fire. Since then, policy limits have increased to respond to the wildfire risk exposure of the railroad fleet and wooden structures. The agency anticipates a flat budget from other revenues, which is predominantly from ticket revenue. The LFC recommendation supports the agency's request.

Budget Issues

As an enterprise agency, most of the commission's operating budget is supported by ticket sales. Ridership fell significantly during the Covid-19 pandemic—dropping by 75 percent in 2020 compared to 2019. The train reopened in 2021 but had to shut down due to a fire at Osier, the railroad's dining hall. In 2022, ridership was again slightly impacted due to wildfires delaying the start of the season. In FY24, the railroad had 30 thousand riders and generated \$4.9 million, 6.6 percent lower than revenue generated in FY23. The railroad anticipates generating \$5.4 million in revenue in FY25.

Fleet. The railroad has five operational locomotives. Although the Cumbres and Toltec Scenic Railroad remains one of the few railroads in America to use coal-burning steam engines, the agency has converted two engines from coal-fueled to oil-fueled. The oil-fueled engines can support continuous riding in the event of increased wildfire risk. Though the commission holds that coal is still safe to burn throughout most of the year, during extremely dry conditions, oil burns "cleaner," expelling fewer embers and is, therefore, less likely to cause a fire. The commission also maintains an additional historic locomotive on loan from the Durango Locomotive Historical Society.

Capital Outlay. Both New Mexico and Colorado appropriate funding to the railroad for capital expenditures. Between 2020 and 2023, the Cumbres and Toltec Railroad Commission received \$4.6 million for railroad track improvements, locomotive restoration, wheelsets, and water upgrades. As of August 2024, the commission had expended \$2.6 million, or 56.5 percent, of total capital appropriations on three projects.

During the 2024 legislative session, the commission received two capital appropriations, one for pavilion construction and another for locomotive car rehabilitation, totaling \$2.15 million.

CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION

The purpose of the Cumbres and Toltec scenic railroad commission program is to provide railroad excursions through, into and over the scenic San Juan mountains.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Number of passengers	32,292.0	32,264.0	35,521.0	35,500.0	35,500.0
Output	Revenue generated from ticket sales, in millions	\$5.42	\$5.15	\$6.00	\$6.00	\$6.00

Statutory Authority

The Office of Military Base Planning and Support was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Section 9-15-48 NMSA 1978, and is administratively attached to the Economic Development Department. The director of the office is appointed by the governor. The membership of the commission consists of 12 members, including 11 appointed by the governor with the advice and consent of the Senate. Members include the lieutenant governor and nine appropriate representatives from the counties, or adjoining counties, in which military bases are located. Two additional members are appointed at large from other counties.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	304.1	309.4	568.7	309.4	0.0
TOTAL SOURCES	\$304.1	\$309.4	\$568.7	\$309.4	0.0
USES					
Personal Services and Employee Benefits	137.1	199.8	199.8	199.8	0.0
Contractual services	4.7	79.2	329.2	79.2	0.0
Other	4.4	30.4	39.7	30.4	0.0
TOTAL USES	\$146.2	\$309.4	\$568.7	\$309.4	0.0
FTE					
Permanent	1.0	0.0	0.0	0.0	0.0
Term	1.0	1.5	1.5	1.5	0.0
TOTAL FTE	2.0	1.5	1.5	1.5	0.0

At A Glance

The Office of Military Base Planning and Support (OMBPS) requested a general fund increase of \$259.3 thousand, or 83.8 percent, compared to FY25, primarily for a professional services contract and funding for the commission to enter into intergovernmental agreements for quality-of-life improvements. The commission requested a flat budget for personnel and increased other costs by \$9,300, or 30.5 percent, for employee mileage, meals, and supply inventory.

The LFC recommendation maintains a flat budget compared to FY25 based on actual expenditure in the most recently reported fiscal year. The recommendation does not include a base increase for intergovernmental agreements for quality-of-life improvements.

Budget Issues

OMBPS has 1.5 FTE: the director of the agency, who reports directly to the governor's chief of staff, and a part-time administrative assistant. The commission is charged with providing support to military installations and the communities in which they are located. The Legislature extended the sunset date for OMBPS and the commission to July 2027 during the 2021 regular legislative session.

The agency requested a flat budget for personnel, a four-fold increase for contractual services, and an increase for other costs of \$9,300. The LFC recommendation maintains a flat budget in all categories due to FY24 actual spending.

Quality of Life. The agency requested to increase contractual services by \$250 thousand, or 315.6 percent, compared to FY25. The majority of the increase was \$210 thousand for the commission to enter into intergovernmental agreements to support military installations with quality-of-life improvements and infrastructure projects. The commission does not currently provide this type of support to military installations and, as such, would be a new activity for the commission. Additionally, the agency requested an increase of \$40 thousand for professional contractual services to track the intergovernmental agreements and ensure deliverables are met. The LFC recommendation does not include funding for these quality-of-life intergovernmental agreements or corresponding contractual increases in the base budget.

Consultant costs to identify quality-of-life needs, update the strategic plan, and provide legislative support are a significant portion of the commission's existing professional contract expenses. The FY26 request for this service was \$48 thousand, which remained flat compared to FY25.

OFFICE OF MILITARY BASE PLANNING AND SUPPORT

The purpose of the office of military base planning and support program is to provide advice to the governor and lieutenant governor on New Mexico's four military installations, to work with community support groups, to ensure state initiatives are complementary of community actions and to identify and address appropriate state-level issues that will contribute to the long-term viability of New Mexico military installations.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of military units impacted by the activities of the commission and the office	10.0	10.0	10.0	10.0	10.0
Outcome	Number of community support organizations that have benefited from the activities of the commission and the office	10.0	10.0	10.0	10.0	10.0
Output	Number of communities assisted by the office of military base planning and support	10.0	10.0	10.0	10.0	10.0

Statutory Authority

The Spaceport Authority was created pursuant to the Spaceport Development Act, Sections 58-31-1 through 58-31-7 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,246.7	4,139.3	4,222.1	4,139.3	0.0
Other Revenues	7,781.9	9,060.7	8,147.3	8,147.3	(10.1)
Fund Balance	0.0	0.0	500.0	500.0	0.0
TOTAL SOURCES	\$12,028.6	\$13,200.0	\$12,869.4	\$12,786.6	(3.1)
USES					
Personal Services and Employee Benefits	3,188.6	3,974.1	3,837.9	3,755.1	(5.5)
Contractual services	4,982.3	5,864.6	6,352.3	6,352.3	8.3
Other	2,527.5	3,361.3	2,679.2	2,679.2	(20.3)
TOTAL USES	\$10,698.4	\$13,200.0	\$12,869.4	\$12,786.6	(3.1)
FTE					
Permanent	28.0	31.0	31.0	31.0	0.0
Term	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	31.0	31.0	31.0	31.0	0.0

At A Glance

The Spaceport Authority requested a general fund increase of \$82.8 thousand, or 2 percent, compared to the FY25 operating budget. The agency projected a decrease in other revenues of \$913.4 thousand, or 10.1 percent, primarily due to a reduction in Virgin Galactic's user fees. The agency requested \$500 thousand from its fund balance to offset decreased revenue in FY26. Overall, the agency requested a reduction of \$330.6 thousand, or 2.5 percent, from the FY25 total budget.

The LFC recommendation maintains general fund revenue flat compared to FY25, supports the agency's request for other revenue, and includes \$500 thousand in fund balance to offset the loss of lease revenue. The recommendation includes \$615.9 thousand for airspace charges, supports the agency's request for a decrease in operational costs, and decreases personnel by \$219 thousand due to funded vacancy savings.

Budget Issues

In FY24, Virgin Galactic, the Spaceport's anchor tenant, announced it would temporarily pause spaceflights while the company develops a new spacecraft in Arizona. While the company had successful launches in FY24, no launches were planned for FY25. The company expects to undergo testing, certification, and restart launches in New Mexico in the first or second quarter of FY26.

Due to the suspension of launches, Virgin Galactic reduced their lease agreement with Spaceport from \$188.8 thousand to \$50 thousand per month. As a result, the agency anticipates a decrease in revenue of \$1.34 million in FY25 and \$416.7 thousand in FY26, for a total decrease of \$1.76 million.

To account for the decrease in projected revenue, the agency requested a \$675 thousand supplemental appropriation for FY25 and \$500 thousand from fund balance in FY26. The agency notes the two requests may be insufficient to cover the loss of revenue, and it may need to use its budget authority to use more fund balance in FY25 and FY26. LFC may consider using its existing fund balance for the supplemental appropriation. As of October 2024, the projected unbudgeted spaceport authority fund balance for FY25 is \$4 million.

Personnel and STEM Coordinator. The agency requested to decrease personnel spending by \$136.2 thousand, or 3.4 percent, compared to FY25. Despite the requested decrease, the agency's request included an additional FTE for a science, technology, engineering, and math (STEM) and workforce development coordinator. The coordinator would expand current outreach efforts by working with schools, developing curriculum, and working with regional companies to identify workforce pipelines. The decrease in personnel funding despite the request for an additional FTE is due to a 5.7 percent funded vacancy savings. The LFC recommendation does not include funding for the STEM coordinator and decreases personnel by \$219 thousand, or 5.5 percent, due to funded vacancy savings.

Contractual Costs. The agency requested to increase contractual costs by \$487.7 thousand, or 8.3 percent, compared to FY25. Firefighter and security costs to provide emergency and security services are a significant portion of the Spaceport’s contractual expenses. The FY26 total request for security was \$4.77 million, which remained flat compared to FY25. The contract provides 24/7 security, protection, fire, and emergency medical services for Spaceport America.

The agency requested an increase of \$615.9 thousand for airspace charges. White Sands Missile Range (WSMR) charges the Spaceport for airspace usage. Spaceport then bills its customers to recover these costs. Because Spaceport pays for the expense upfront, the agency has had to use its budget adjustment authority in FY24 to transfer funds between categories to cover the charge.

The agency also requested an increase of \$300 thousand for truck repairs. The agency owns three fire trucks and one ambulance that is used by a firefighter and security contractor. The trucks are approximately 15 years old and need repairs.

Finally, the agency requested a decrease in legal services of \$244.8 thousand, or 69 percent, compared to FY25. For FY25, the agency requested a 454.8 percent increase in legal services for contracts with four law offices for advice on ongoing lawsuits. The agency recalibrated legal services for FY26. LFC supports the agency’s request for airspace charges and may consider one-time funding for truck repairs.

Current Customers. Current tenants at Spaceport America include Virgin Galactic, SpinLaunch, UP Aerospace, AeroVironment, and Prismatic. The agency currently has contracts with Venus Aerospace, Lucid, AV-Jump 20, Precision AI, and Swift Engineering. Tenants maintain an ongoing long-term presence at the facility while customers use the facilities as needed.

Spaceport America Cup. Spaceport America hosts the Spaceport America Cup, the world’s largest intercollegiate rocket engineering conference and competition for student teams from across the country and world. In FY24, 120 teams and over 6,200 participants attended, marking the largest turnout since the event’s inception.

Capital Outlay. Between 2020 and 2023, the Legislature appropriated \$33 million for multiple Spaceport capital outlay projects, including construction for Spaceport Technology and Reception Center (STARC), roof repairs, taxiway maintenance, equipment upgrades, and water utilities. In FY24, the Legislature approved \$110 thousand to support an infrastructure project manager for the agency. As of August 2024, the agency has expended \$5.9 million, or 17.8 percent, of total capital appropriations for multiple projects.

During the 2024 legislative session, the agency received two capital appropriations, one for roof and infrastructure improvements and another for STARC, totaling \$12.5 million.

SPACEPORT AUTHORITY

The purpose of the spaceport authority program is to finance, design, develop, construct, equip and safely operate spaceport America and thereby generate significant high technology economic development throughout the state.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Output	Number of aerospace customers and tenants	28.0	39.0	32.0	45.0	45.0
Output	Number of events held	26.0	94.0	30.0	110.0	110.0
Output	Number of visitors to spaceport	48,022.0	49,608.0	55,000.0	60,000.0	60,000.0
Outcome	Annual number of jobs due to New Mexico spaceport authority efforts	811.0	650.0	900.0	675.0	675.0

Agriculture, Energy and Natural Resources

Statutory Authority

The Cultural Affairs Department (DCA) was created in 2004 by the Cultural Affairs Department Act (Sections 9-4A-1 through 94-A18 NMSA 1978). In addition to the Cultural Affairs Department Act, divisions within DCA are authorized by the following statutes: Sections 18-2-1 through 18-2-23 NMSA 1978 (creating the Library Division); Sections 18-3-1 through 18-3-8 NMSA 1978 (establishing the Museum of New Mexico); Sections 18-3A-1 through 18-3A-9.1 NMSA 1978 (the Natural History and Science Museum Act); Section 18-5-1 through 18-5-7 NMSA 1978 (creating the Arts Division); Sections 18-6-1 through 18-6-23 NMSA 1978 (the Cultural Properties Act); Sections 18-7-1 through 18-7-4 NMSA 1978 (creating the Museum of Space History); Sections 18-8-1 through 18-8-8 NMSA 1978 (New Mexico Prehistoric and Historic Sites Preservation Act); Sections 18-11-1 through 18-11-9 NMSA 1978 (Farm and Ranch Heritage Museum Act); Sections 18-12-1 through 18-12-8 NMSA 1978 (National Hispanic Cultural Center Act); Sections 13-4A-1 through 13-4A-11 NMSA 1978 (Art in Public Places Act) and 13-4B-1 through 13-4B-3 NMSA 1978 (Fine Art in Public Buildings Act); and Sections 47-12A1 through 47-12A-6 NMSA 1978 (Cultural Properties Preservation Easement Act).

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	39,693.0	44,374.2	48,835.1	45,674.1	2.9
Other Transfers	2,067.1	1,823.8	3,054.7	1,849.0	1.4
Federal Revenues	4,234.1	4,236.0	5,972.3	5,972.3	41.0
Other Revenues	6,089.0	8,159.6	7,430.7	8,636.4	5.8
Fund Balance	501.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$52,584.8	\$58,593.6	\$65,292.8	\$62,131.8	6.0
USES					
Personal Services and Employee Benefits	38,822.9	40,226.3	44,498.5	41,537.5	3.3
Contractual services	2,131.6	2,686.4	3,274.3	3,274.3	21.9
Other	11,486.2	15,680.9	17,520.0	17,320.0	10.5
TOTAL USES	\$52,440.7	\$58,593.6	\$65,292.8	\$62,131.8	6.0
FTE					
Permanent	460.0	432.5	432.5	432.5	0.0
Term	91.0	106.0	106.0	106.0	0.0
Temporary	17.0	10.0	12.0	10.0	0.0
TOTAL FTE	568.0	548.5	550.5	548.5	0.0

At A Glance

The Cultural Affairs Department (DCA) requested to increase general fund revenue by \$4.5 million, or 10.1 percent, over FY25. The agency also projected an increase of \$1.2 million, or 67.5 percent, in other transfers, attributable to anticipated distributions from the land of enchantment legacy fund and rural libraries endowment fund. The agency also projected an increase of \$1.7 million, or 41 percent, in federal revenues, mostly attributable to an increase in funding for the Historic Preservation Division. Overall, the agency requested a total increase of \$6.7 million, or 11.4 percent, compared to FY25.

A majority of the agency’s requested general fund increase is for personnel costs. The agency requested to increase general fund revenue for personnel costs by \$3.9 million, or 11.4 percent. The remaining requested general fund increase included \$135 thousand for contractual costs for the Library Services Program and \$385 thousand for the other costs category for equipment, supplies, telecommunications, computers, and utilities.

The LFC recommendation increases general fund revenue by \$1.3 million, or 2.9 percent. The recommendation increases personnel costs by \$1.3 million, or 3.3 percent, to reduce the unfunded vacancy rate, supports the agency’s request for contractual services, and increases the other costs category by \$1.6 million, or 10.5 percent, including increases in grants to projects eligible under the Cultural Properties Protection Act and equipment, supplies, insurance, and utilities for all museums and historic sites. Overall, the LFC recommendation increases the agency’s total budget by \$3.5 million, or 6 percent, compared to FY25.

Budget Issues

The Cultural Affairs Department preserves and celebrates the cultural integrity and diversity of New Mexico. The agency manages nine historic sites and eight museums, which received 720 thousand visitors in FY24, 15 thousand visitors less than FY23. DCA recently added the Taylor Mesilla Historic Site and aims to have a fully functional site by fall 2025. The site's visitor center, the Reynolds Center, opened August 2024 and will serve as the first stop for guided tours of former Representative J. Paul Taylor's home.

Personnel costs represent approximately 70 percent of DCA's FY26 request. The agency notes that staff increases, compensation increases, and a focus on reducing the vacancy rate have accelerated growth in personnel costs. However, in FY24, the agency's total personnel expenses exceeded the budget by \$1.3 million. The agency covered the additional expenditures using its budget adjustment authority for budget increases and transfers between program codes. The agency also used nonrecurring funding for personnel costs. For FY25, the agency notes it is monitoring personnel costs to avoid overspending its appropriated budget. For FY26, the agency requested to increase total personnel costs by \$4.3 million, or 10.6 percent, over FY25.

Museums and Historic Sites. The Museum and Historic Sites Program oversees eight museums and nine historic sites and includes the Museums Resource Division that assists museums with marketing promotions, exhibit design, and exhibit set up and the Facilities Management Division.

The agency requested a general fund increase of \$3.8 million, or 12.2 percent, of which a large part is for personnel costs. The agency also requested to increase federal revenue by \$280 thousand, or 589.4 percent, for the Museum of Indian Arts and Culture from the U.S. Bureau of Land Management for work on Native American artifacts. Overall, the agency requested a budget increase of \$4.1 million, or 11 percent, compared to FY25.

The agency requested to increase personnel costs by \$3.5 million, or 12.4 percent, including an increase of \$3.3 million from the general fund to reduce the agency's vacancy rate. The agency noted that staff increases, across-the-board raises, and a focus on reducing the vacancy rate have accelerated growth in personnel costs. In FY24, the agency's personnel expenses exceeded the budget by \$1.3 million. The agency covered the additional expenditures using its budget adjustment authority to transfer funds from its enterprise fund and other state funds. The agency also used nonrecurring funding for exhibit development to cover related personnel costs. As of November 2024, the Museum and Historic Sites Program had an unfunded vacancy rate of 15.7 percent.

The agency requested to increase the other costs category by \$627.6 thousand, or 7.8 percent, including an increase of \$500 thousand from general fund revenue. The request includes increases in IT, utilities, employee travel, property insurance, and equipment for all museums and historic sites. The request also includes an increase of \$167.1 thousand for printing and editorial services for the Museum of New Mexico Press.

The agency also requested to increase contractual services by \$2,900, or 0.24 percent, for professional service contracts. Contractual services are not funded with general fund revenue.

The LFC recommendation increases the Museum and Historic Program general fund revenue by \$1.1 million, or 3.7 percent, and includes an increase of \$999.4 thousand, or 3.9 percent, in personnel costs to reduce the unfunded vacancy rate and to reduce the projected deficit and an increase of \$300 thousand in the other costs category for IT, utilities, insurance and other related costs at all museums and historic sites. Overall, the LFC's recommendation increases funding for the program by \$1.4 million, or 3.9 percent, compared to FY25.

Preservation. The Preservation Program consists of the Historic Preservation Division (HPD) and the Office of Archaeological Studies (OAS). The program serves as the state's principal historic compliance office, maintains registered historic sites, and conducts archaeological fieldwork as requested by clients or mandated by state and federal historic regulations. The Office of Archaeological Studies is primarily a client-funded enterprise.

The agency requested a general fund increase of \$130 thousand, or 10 percent. The agency also projected an increase of \$1.4 million, or 84.7 percent, of federal revenues due in large part to an increase of the Historic Preservation Division's federal appropriation from the National Park Service. The agency also projected an increase of \$205.7 thousand, or 18.1 percent, in other transfers due to the anticipated distribution from the land of enchantment legacy fund for grants to projects eligible under the Cultural Properties Protection Act.

The agency requested to increase personnel costs by \$230 thousand, or 7.5 percent, including \$130 thousand from general fund revenue. Contractual services and the other costs category are supported through federal revenues and other revenues. The agency requested to increase contractual services by \$470 thousand, or 67.7 percent, including \$340 thousand for IT services and \$303.5 thousand for temporary staffing services, upgrades of the New Mexico cultural resource information system (NMCRIS), and the agency's efforts to move toward a full e-compliance database within NMCRIS. The agency requested to increase the other costs category by \$1.25 million, or 81.5 percent, for employee travel, grants for projects under the Cultural Properties Protection Act, and grants for Historic Preservation Division's projects.

The LFC’s recommendation supports the agency’s request for contractual services, the other costs category, and personnel costs. The recommendation increases personnel costs by \$230 thousand, or 7.5 percent, including \$130 thousand from the general fund to support increased workloads and unfunded vacant positions.

Music Commission. The New Mexico Music Commission promotes the state’s musical heritage. The commission provides funding for musicians and bands to perform at free venues, training opportunities for musicians, and funding for music events and festivals. The Music Commission requested a general fund increase of \$23.5 thousand, or 13.3 percent. The request increased personnel costs by \$3,500 and transferred \$65 thousand from contractual costs to the other costs category for an increase in sponsorship dollars. The LFC’s recommendation maintains a flat budget for personnel due to funded vacancy savings and supports the agency’s requests for the other costs category and contractual services.

New Mexico State Library. The Library Services Program provides services that support public and tribal libraries. The program consists of four bureaus—Public Services, Development, Technical Services, and Operations. The Development Bureau administers four funding programs for public and tribal libraries: state grants-in-aid (SGIA), tribal library program grants, rural library endowment fund, and general obligation (GO) bonds. In FY24, SGIA allocations ranged from \$3,000 to \$98 thousand, the tribal library program allocated \$96 thousand to 14 tribal libraries, and the rural library endowment program allocated \$142 thousand to 54 libraries. Expenditure for 2020 GO bonds ended April 2024—public libraries spent 99.9 percent of their available \$3 million general obligation bonds and tribal public libraries spent 96 percent of their available \$500 thousand. The 2022 GO bonds will provide \$6 million for public libraries and \$1 million for tribal public libraries and will available until April 2026.

The agency requested a flat budget for general fund revenue and increased other transfers by 153 percent to account for the increase of the projected transfers from the rural library endowment fund held at the State Investment Council for FY26 grants. The agency’s request decreased personnel by \$19.9 thousand, transferred \$200 thousand from the other costs category to contractual costs for professional services to coordinate the New Mexico’s national history day competition, and increased the other costs category by \$63.8 thousand for employee travel, IT, insurance, and office supplies. The LFC’s recommendation supports the agency’s request for the Library Services Program.

Program Support. The agency requested a general fund increase of \$450 thousand, or 8.5 percent, for personnel costs and flat budgets for contractual services and in the other costs category. The LFC’s recommendation supports the agency’s request for contractual services and the other costs category. The recommendation considers the program’s funded vacancy rate and maintains a flat budget for personnel.

Arts. The Arts Program awards grants to nonprofits and governmental organizations for art activities and apprenticeships, manages the Art in Public Places program, and hosts programs to support the art sector. In FY24, the program awarded \$1.1 million—50 percent from the general fund and 50 percent from the federal National Endowment for the Arts fund—to 172 nonprofits and government organizations and five apprenticeships. The program also manages the Art in Public Places program, which uses funding set-aside from all eligible capital outlay projects to fund art in public buildings. The program supported the acquisition of 293 public artworks in FY24.

The agency requested a general fund increase of \$50 thousand, or 3 percent, and projected an increase of \$96.7 thousand in federal funds. The agency requested to increase personnel costs by \$151.7 thousand, or 14.2 percent—funded through both the requested increase in general fund and federal revenue. Additionally, the agency requested to decrease contractual costs by \$20 thousand and increase the other costs category by \$10 thousand for employee travel, IT, and advertising. The committee recommendation’s increases personnel costs by \$101.7 thousand, or 9.5 percent, through an increase in federal revenue and supports the agency’s request for contractual services and the other costs category.

MUSIC COMMISSION

The purpose of the music commission program is to protect, promote, and preserve the musical traditions of New Mexico, to foster appreciation of the value of music, and to encourage the educational, creative, and professional musical activities of the residents of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	176.5	200.0	196.5	11.3
TOTAL SOURCES	\$0.0	\$176.5	\$200.0	\$196.5	11.3

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	0.0	51.5	55.0	51.5	0.0
Contractual services	0.0	100.0	35.0	35.0	(65.0)
Other	0.0	25.0	110.0	110.0	340.0
TOTAL USES	\$0.0	\$176.5	\$200.0	\$196.5	11.3
FTE					
Permanent	1.0	0.5	0.5	0.5	0.0
TOTAL FTE	1.0	0.5	0.5	0.5	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of audience members at events	NEW	N/A	75.0	75.0	75.0
Output	Number of musicians served	NEW	N/A	75.0	75.0	75.0

MUSEUMS AND HISTORIC SITES

The purpose of the museums and historic sites program is to develop and enhance the quality of state museums and monuments by providing the highest standards in exhibitions, performances and programs showcasing the arts, history and science of New Mexico and cultural traditions world-wide.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	27,819.2	31,085.8	34,893.2	32,235.7	3.7
Other Transfers	1,265.2	0.0	0.0	0.0	0.0
Federal Revenues	47.9	47.5	327.5	327.5	589.5
Other Revenues	5,005.7	5,902.9	5,902.9	5,902.9	0.0
Fund Balance	459.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$34,597.2	\$37,036.2	\$41,123.6	\$38,466.1	3.9
USES					
Personal Services and Employee Benefits	27,508.3	27,880.0	31,336.9	28,879.4	3.6
Contractual services	826.7	1,187.9	1,190.8	1,190.8	0.2
Other	6,262.2	7,968.3	8,595.9	8,395.9	5.4
TOTAL USES	\$34,597.2	\$37,036.2	\$41,123.6	\$38,466.1	3.9
FTE					
Permanent	352.0	333.0	333.0	333.0	0.0
Term	56.0	64.0	64.0	64.0	0.0
Temporary	17.0	10.0	10.0	10.0	0.0
TOTAL FTE	425.0	407.0	407.0	407.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of full-time-equivalent volunteer hours	575.0	52.0	N/A	N/A	N/A
Explanatory	Amount contributed by or administered by private sector foundations to department education programs and exhibitions	\$11,993,000	\$0	N/A	N/A	N/A
* Outcome	Number of people served through programs and services offered by museums and historic sites	1,381,621.0	2,007,593.0	1,450,000.0	1,450,000.0	1,750,000.0
Outcome	Number of children reached through museum and historic sites programs	153,224.0	685,253.0	400,000.0	400,000.0	400,000.0
* Outcome	Amount of earned revenue from admissions, rentals and other activity	\$3,783,124.00	\$3,890,965.00	\$4,000,000.00	\$4,000,000.00	\$4,000,000.00
Outcome	Ticketed attendance to museum and historic site exhibitions, performances and other presenting programs	725,472.0	707,388.0	825,000.0	825,000.0	825,000.0

PRESERVATION

The purpose of the preservation program is to identify, study and protect New Mexico's unique cultural resources, including its archaeological sites, architectural and engineering achievements, cultural landscapes and diverse heritage.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,058.1	1,303.7	1,433.7	1,433.7	10.0
Other Transfers	288.7	1,134.0	1,339.7	134.0	(88.2)
Federal Revenues	1,317.8	1,649.4	3,046.8	3,046.8	84.7
Other Revenues	1,002.1	1,195.5	1,415.1	2,620.8	119.2
TOTAL SOURCES	\$3,666.7	\$5,282.6	\$7,235.3	\$7,235.3	37.0
USES					
Personal Services and Employee Benefits	2,598.6	3,052.1	3,282.1	3,282.1	7.5
Contractual services	550.7	694.0	1,164.0	1,164.0	67.7
Other	389.2	1,536.5	2,789.2	2,789.2	81.5
TOTAL USES	\$3,538.5	\$5,282.6	\$7,235.3	\$7,235.3	37.0
FTE					
Permanent	21.0	14.0	14.0	14.0	0.0
Term	18.0	24.0	24.0	24.0	0.0
Temporary	0.0	0.0	2.0	0.0	0.0
TOTAL FTE	39.0	38.0	40.0	38.0	0.0

Recommended Language

The other state funds appropriations to the preservation program of the cultural affairs department include one million dollars (\$1,000,000) from the department of transportation for archaeological studies as needed for highway projects.

The other state funds appropriation to the preservation program of cultural affairs department includes one million two hundred five thousand seven hundred dollars (\$1,205,700) from the land of enchantment legacy fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of people participating in services provided through the preservation program	11,823.0	21,689.0	7,500.0	7,500.0	13,000.0
Explanatory	Number of historic structures preservation projects completed annually using preservation tax credits	29.0	37.0	N/A	N/A	N/A
Explanatory	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	\$33.50	\$31.30	N/A	N/A	N/A
Outcome	Percent of reviews of development projects completed within the standard thirty-day period, excluding incomplete submittals or reviews when the parties have mutually agreed to extend the review	99.00%	97.70%	97.00%	97.00%	97.00%

LIBRARY SERVICES

The purpose of the library services program is to empower libraries to support the educational, economic and health goals of their communities and to deliver direct library and information services to those who need them.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,406.9	4,804.2	4,804.2	4,804.2	0.0
Other Transfers	231.0	669.8	1,700.0	1,700.0	153.8
Federal Revenues	2,056.1	1,835.8	1,798.0	1,798.0	(2.1)
Other Revenues	42.5	1,023.5	75.0	75.0	(92.7)
Fund Balance	42.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$6,778.9	\$8,333.3	\$8,377.2	\$8,377.2	0.5
USES					
Personal Services and Employee Benefits	3,446.8	3,628.2	3,608.3	3,608.3	(0.5)
Contractual services	282.3	88.6	288.6	288.6	225.7
Other	3,049.9	4,616.5	4,480.3	4,480.3	(3.0)
TOTAL USES	\$6,779.0	\$8,333.3	\$8,377.2	\$8,377.2	0.5
FTE					
Permanent	32.0	29.0	29.0	29.0	0.0
Term	13.0	14.0	14.0	14.0	0.0
TOTAL FTE	45.0	43.0	43.0	43.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Annual number of visits to New Mexico public and tribal libraries	3,290,370.0	4,727,871.0	N/A	N/A	N/A
Output	Number of library transactions through direct services provided by the New Mexico state library	167,041.0	174,500.0	150,000.0	150,000.0	150,000.0
* Output	Number of library transactions using electronic resources funded by the New Mexico state library	3,994,268.0	4,664,722.0	2,800,000.0	2,800,000.0	4,000,000.0
Explanatory	Number of children participating in statewide summer reading programs at public and tribal libraries	50,376.0	32,347.0	N/A	N/A	N/A

ARTS

The purpose of the arts program is to preserve, enhance and develop the arts in New Mexico through partnerships, public awareness and education.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,718.1	1,694.9	1,744.9	1,694.9	0.0
Other Transfers	47.6	20.0	15.0	15.0	(25.0)
Federal Revenues	812.3	703.3	800.0	800.0	13.7
Other Revenues	0.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$2,578.1	\$2,418.2	\$2,559.9	\$2,509.9	3.8
USES					
Personal Services and Employee Benefits	1,002.1	1,072.0	1,223.7	1,173.7	9.5
Contractual services	211.1	150.0	130.0	130.0	(13.3)
Other	1,364.7	1,196.2	1,206.2	1,206.2	0.8
TOTAL USES	\$2,577.9	\$2,418.2	\$2,559.9	\$2,509.9	3.8
FTE					
Permanent	12.0	10.0	10.0	10.0	0.0
Term	2.0	4.0	4.0	4.0	0.0
TOTAL FTE	14.0	14.0	14.0	14.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	36.00%	34.00%	34.00%	34.00%	34.00%
Explanatory	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	5,149,204.0	3,600,000.0	N/A	N/A	N/A
Output	Number of people provided direct services through New Mexico arts programs	28,681.0	16,108.0	17,000.0	17,000.0	17,000.0
Explanatory	Number of children reached through New Mexico arts programs and grants	807,506.0	670,000.0	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,690.7	5,309.1	5,759.1	5,309.1	0.0
Other Transfers	234.6	0.0	0.0	0.0	0.0
Other Revenues	38.5	37.7	37.7	37.7	0.0
TOTAL SOURCES	\$4,963.8	\$5,346.8	\$5,796.8	\$5,346.8	0.0
USES					
Personal Services and Employee Benefits	4,267.1	4,542.5	4,992.5	4,542.5	0.0
Contractual services	260.8	465.9	465.9	465.9	0.0
Other	420.3	338.4	338.4	338.4	0.0
TOTAL USES	\$4,948.2	\$5,346.8	\$5,796.8	\$5,346.8	0.0
FTE					
Permanent	42.0	46.0	46.0	46.0	0.0
Term	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	44.0	46.0	46.0	46.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Number of material weakness audit findings in the last available financial statement audit	0.0	0.0	0.0	0.0	0.0
Output	Number of significant deficiency audit findings in the last available financial statement audit	N/A	N/A	N/A	N/A	N/A

Statutory Authority

The New Mexico Livestock Board was created by Sections 77-2-1 through 77-2-29 NMSA 1978. The board is responsible for controlling disease, preventing theft or illegal movement of livestock, and promoting greater economy, service, and efficiency in the administration of laws related to the livestock industry of New Mexico. The board is composed of nine members appointed by the governor to staggered six-year terms. Seven members of the board must raise and own cattle and sheep in the state and be residents of New Mexico. An executive director manages the agency under the direction of the board.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,391.8	5,056.6	9,496.7	5,385.8	6.5
Other Transfers	135.6	0.0	0.0	0.0	0.0
Federal Revenues	216.5	0.0	0.0	0.0	0.0
Other Revenues	3,827.9	5,080.2	4,952.4	5,080.2	0.0
Fund Balance	0.0	613.4	0.0	613.4	0.0
TOTAL SOURCES	\$8,571.8	\$10,750.2	\$14,449.1	\$11,079.4	3.1
USES					
Personal Services and Employee Benefits	6,281.5	8,143.3	10,839.5	8,143.3	0.0
Contractual services	256.8	313.2	460.0	338.4	8.0
Other	2,161.6	2,293.7	3,149.6	2,597.7	13.3
TOTAL USES	\$8,699.9	\$10,750.2	\$14,449.1	\$11,079.4	3.1
FTE					
Permanent	84.0	88.0	89.6	88.0	0.0
Term	0.0	0.0	1.0	0.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	85.0	88.0	90.6	88.0	0.0

At A Glance

The New Mexico Livestock Board's (NMLB) FY26 appropriation request of \$14.4 million is approximately \$3.7 million, or 34.4 percent, more than the agency's FY25 operating budget. The request did not budget any of the agency's fund balance, decreased other revenues derived by taxes and fees by \$127.8 thousand, and increased general fund revenue by \$4.4 million, or 87.8 percent. Most of the requested general fund increase in the livestock inspection program (LIP) would support additional personnel costs aimed at "appropriate placement" of existing staff (\$1.1 million), with the remaining increases covering fuel, equipment, and vehicle replacement costs (\$304 thousand), as well as contractual services for auditing services (\$25 thousand). The request for the nascent meat inspection program increases the overall budget by approximately \$2.3 million, or 217.6 percent, which covers costs for existing personnel and three new positions at \$1.6 million while adding a combined \$673.5 thousand for contractual services and other expenses.

The LFC recommendation includes an increase of \$329.2 thousand, or 6.5 percent, in general fund appropriations for vehicle replacement, equipment, and audit costs in the livestock inspection programs. It keeps revenues from the agency's fund balance, taxes, and fees flat with FY25. Overall, the LFC recommendation increases the agency's budget by \$329.2 thousand, or 3.1 percent.

Budget Issues

Livestock Inspection. NMLB’s operating budget has historically been funded by revenue from inspection fees, brand recording fees, a tax on livestock value, and other licenses and permits, as well as accumulated fund balance from these sources. Special levies on livestock are the agency’s largest source of revenue (excluding general fund appropriations), accounting for \$1.7 million in FY24. Other notable revenue sources include inspection fees (\$1.4 million) and brand recording fees (\$948.4 thousand) generated through the livestock inspection program. These funding sources are subject to changes in the local economy, weather, and national and global market conditions. The U.S. Bureau of Labor Statistics, citing quarterly census data of employment and wages in the livestock industry, reports the number of livestock jobs declined from about 5,000 in FY21 to about 4,200 in FY24. These trends are worrisome not only for the livestock industry but also for NMLB’s ability to rely on special levies and inspection fees as a source of revenue. In FY24, agency-generated revenues totaled approximately \$3.8 million, but the agency has budgeted roughly \$5.1 million in other revenues in FY25, which the LFC recommendation holds flat in FY26. The FY24 budget also reflects the livestock inspection program ran a deficit of approximately \$128.2 thousand, but the agency had more than adequate fund balance to cover any projected shortfall, ending FY24 with a reported balance of approximately \$1.8 million.

Meat Inspection. In 2021, the General Appropriation Act included a nonrecurring special appropriation of \$500 thousand for NMLB to implement a state-led meat inspection program. Once fully operational, this program will allow the state to conduct its own meat inspections, reducing reliance on the U.S. Department of Agriculture (USDA). The federal government typically reimburses states for up to half of the program’s cost once it is certified as meeting USDA Food Safety Inspection Service (FSIS) standards. The special appropriation was intended to fund program development and start-up costs. In FY23, the program received another \$964.9 thousand in general fund appropriations, followed by an additional \$80 thousand in FY24.

Notably, the program received statutory authority to conduct meat inspections on behalf of the state during the 2024 regular session. The agency reports it is currently working with the FSIS on the application process to operate the state-led inspection program. NMLB anticipates it will need six to nine months before the program is up and running to allow time for federal review and approval but plans to begin hiring inspectors before the end of FY25.

Overall, for FY26, the committee recommendation includes an increase of \$329.2 thousand, or 6.5 percent, in general fund revenue and keeps the use of fund balance and other revenue flat compared to FY25. The recommendation for the Livestock Inspection Program supports an increase of \$304 thousand for vehicle replacement costs and \$25.2 thousand for contractual services while keeping the budget for the Meat Inspection Program flat compared to FY25.

LIVESTOCK INSPECTION

The purpose of the livestock inspection program is to protect the livestock industry from loss of livestock by theft or straying and to help control the spread of dangerous livestock diseases.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,346.2	4,005.7	6,158.7	4,334.9	8.2
Other Transfers	135.6	0.0	0.0	0.0	0.0
Federal Revenues	216.5	0.0	0.0	0.0	0.0
Other Revenues	3,827.9	5,080.2	4,952.4	5,080.2	0.0
Fund Balance	0.0	613.4	0.0	613.4	0.0
TOTAL SOURCES	\$7,526.2	\$9,699.3	\$11,111.1	\$10,028.5	3.4
USES					
Personal Services and Employee Benefits	6,078.3	7,342.5	8,425.1	7,342.5	0.0
Contractual services	256.8	304.8	330.0	330.0	8.3
Other	2,152.4	2,052.0	2,356.0	2,356.0	14.8
TOTAL USES	\$8,487.5	\$9,699.3	\$11,111.1	\$10,028.5	3.4

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	79.9	79.0	77.3	79.0	0.0
Term	0.0	0.0	1.0	0.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	80.9	79.0	78.3	79.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Number of law enforcement road stops per month	69.0	47.0	100.0	100.0	100.0
Outcome	Number of disease cases per one thousand head inspected	0.0	0.3	0.2	0.2	0.2
Outcome	Number of stolen or missing livestock recovered	1,163.0	1,537.0	850.0	850.0	850.0
Output	Number of individual animals inspected for verification of animal health, disease control and movement	2,494,742.0	3,053,453.0	2,375,000.0	2,375,000.0	2,375,000.0
Output	Number of estrays determined per one thousand head inspected	0.2	0.7	0.8	0.8	0.8
Efficiency	Average percentage of larceny investigations where action is implemented within one month	100%	100%	92%	92%	92%
Efficiency	Average percentage of cruelty investigations where action is implemented within one month	100%	100%	95%	95%	95%

MEAT INSPECTION DIVISION

The purpose of the meat inspection program is to ensure the safety, quality and integrity of meat products for human consumption by enforcing rigorous inspection standards that meet or exceed federal requirements and, through thorough inspections, protect public health, promote consumer confidence and support the state's livestock industry.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,045.6	1,050.9	3,338.0	1,050.9	0.0
TOTAL SOURCES	\$1,045.6	\$1,050.9	\$3,338.0	\$1,050.9	0.0
USES					
Personal Services and Employee Benefits	203.2	800.8	2,414.4	800.8	0.0
Contractual services	0.0	8.4	130.0	8.4	0.0
Other	9.2	241.7	793.6	241.7	0.0
TOTAL USES	\$212.4	\$1,050.9	\$3,338.0	\$1,050.9	0.0
FTE					
Permanent	3.7	9.0	12.3	9.0	0.0
TOTAL FTE	3.7	9.0	12.3	9.0	0.0

Statutory Authority

Sections 17-1-1 through 17-7-3 NMSA 1978 charge the Department of Game and Fish (DGF) with protecting game and fish and providing these resources for public recreation. The department operates under the direction of a seven-member State Game Commission appointed by the governor with the advice and consent of the Senate. The department is divided into four programs: Field Operations, which regulates all hunting and fishing activities statewide; Conservation Services, responsible for habitat management, biological support, and land acquisition; Wildlife Depredation and Nuisance Abatement, which oversee depredation complaints and the implementation of intervention options for dealing with animals causing property damage; and Program Support, which provides agencywide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for the administration of the department. The agency is administratively attached to the Energy, Minerals and Natural Resources Department.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	190.5	2,750.0	2,750.0	0.0	(100.0)
Federal Revenues	18,842.3	15,547.8	15,591.1	15,591.1	0.3
Other Revenues	39,203.5	35,579.5	35,606.2	38,921.8	9.4
TOTAL SOURCES	\$58,236.3	\$53,877.3	\$53,947.3	\$54,512.9	1.2
USES					
Personal Services and Employee Benefits	24,812.9	30,748.5	30,598.5	31,164.1	1.4
Contractual services	3,819.5	4,958.1	5,028.1	5,028.1	1.4
Other	17,245.7	17,988.4	18,138.4	18,138.4	0.8
Other financing uses	182.3	182.3	182.3	182.3	0.0
TOTAL USES	\$46,060.4	\$53,877.3	\$53,947.3	\$54,512.9	1.2
FTE					
Permanent	320.0	310.0	310.0	309.0	(0.3)
Temporary	4.0	2.0	2.0	2.0	0.0
TOTAL FTE	324.0	312.0	312.0	311.0	(0.3)

At A Glance

The Department of Game and Fish (DGF) request for FY26 was essentially flat with FY25, based on an assumption that revenues from the land of enchantment legacy fund would remain at FY25 levels. However, updated estimates of legacy fund revenue increased the amount to be distributed to DGF, and the committee recommends a budget that is a 1.2 percent increase over FY25. The agency, supported primarily through hunting and fishing fees and federal matching dollars, receives no recurring funds from the general fund. At the agency’s request, the recommendation, along with including the legacy fund increase, moves funding for one unfilled position in Program Support to other costs to cover increasing overhead and increases the transfer from the big game depredation damage fund by \$70 thousand for contracts.

Budget Issues

DGF requested, and the committee recommends, total revenue of \$53.9 million, a 0.1 percent increase over the current year. The revenue to the agency includes, for the second year, \$2.75 million from the land of enchantment legacy fund. Spending is flat in every category in the Field Operations and Conservation Services programs. In the Wildlife Depredation and Nuisance Abatement program, the transfer of an additional \$70 thousand from the big game depredation damage fund is allocated to contractual services to address an increase in landowner claims. The department reports the balance in the fund was about \$3.3 million at the end of FY24 with the additional transfer, and the year-end balance is projected to be the same for FY25 and FY26. The recommendation for Program Support shifts \$150 thousand from personnel to other costs. The agency reports Program Support has experienced a higher vacancy rate than budgeted, allowing the agency to cover increasing costs for uniforms, supplies, information technology, and other overhead without additional funding.

DGF—along with the departments of Agriculture, Environment, Economic Development, Cultural Affairs, and Energy, Minerals and Natural Resources—is a beneficiary of the conservation legacy permanent fund, an investment fund created in 2023 to generate ongoing income for specific natural resources programs. Annual income from the investment of the fund in excess of \$5 million is deposited into the land of enchantment legacy fund (a program fund), and a certain amount of that fund is distributed to the beneficiaries. DGF is expected to continue to receive \$2.75 million a year from the fund through FY27, when the amount should begin to grow. The distribution is projected to double by FY35.

Unlike the other beneficiaries, DGF has broad authority in the use of its allocation and reports it will focus spending on research, monitoring, and habitat restoration for species of greatest conservation need identified in the State Wildlife Action Plan. The department has proposed more than doubling the number of species of greatest conservation need in the State Wildlife Action Plan, from 235 in the current plan, adopted in 2017, to 499 in the new version of the plan scheduled to be adopted in 2025. The draft includes insects for the first time and greatly increases the number of bird species, which have declined significantly worldwide. Species are considered for the designation of greatest conservation because their populations are declining, vulnerable, limited to New Mexico, geographically isolated, or crucial to their ecosystems. The department must have an updated plan to receive certain federal funds. The update is expected to be presented to the Game Commission for final action in October 2025.

Among the department's plans for use of the land of enchantment funds are surveys of the populations and habitat ranges and implementation of recovery plans. The agency conducts this work with both its own biologists and with collaborators and contractors.

Fund Balance. The department proposed unsuccessful legislation during the 2023 session to raise hunting and fishing fees, contending the game protection fund was being depleted and additional revenue was needed. Revenue from hunting and fishing fees, which grew 30 percent between FY20 and FY24, generated more than \$33 million in FY24. The Legislature approved a \$7 million nonrecurring general fund appropriation for the agency for FY24, largely because of the defeat of the license fee increases.

The department argues it needs a \$10 million balance in the game protection fund as a cushion for operations and projects the balance in the game protection fund will be \$19.6 million at the end of FY25 and \$15.8 million at the end of FY26. However, the agency projected end-of-year balances of \$16.6 million for FY24 and the actual balance was \$22 million. In addition, while the annual transfer from the game protection fund has generally represented close to 95 percent of the department's appropriation, that share should shrink with the availability of enchantment fund dollars. The department is also supported to a much lesser degree by seven other funds, including some earmarked for certain purposes.

DGF has routinely used its fund balances for capital outlay, an approach it says allows it to rebuild balances between projects. Its capital outlay requests for 2026-2030 include \$4 million from accounts within the game protection fund in both 2025 and 2026 for a total of \$8 million in projects statewide.

Between 2020 and 2024, the Legislature appropriated a total of \$39.6 million to the department for capital projects funded through agency-administered funds, including \$27.5 million from the game protection fund. The department had spent \$15.9 million of that, or 40 percent, as of June 2024.

Performance. The department met most of its 16 performance targets in FY24 and showed notable improvement in the number of special field operations to deter and detect off-road vehicle and game and fish violators. On that measure, the department exceeded the target of 300 with 434 operations after conducting a total of just 100 in FY22 and 150 in FY23. Further, the agency only slightly missed the targets for the four performance measures on which it fell short. Overall, department performance is improving; the agency missed nine targets in FY22 and six targets in FY23.

The LFC Program Evaluation Unit in a 2020 report concluded the Department of Game and Fish should consider revising its performance measures to report on the population levels of big game species; the distribution of all hunting licenses to residents and nonresidents, including those initially provided to private landowners under the EPLUS system; and the effectiveness of its efforts with threatened and endangered species. The agency has declined repeated requests to change or add performance measures. Given the department's reluctance to report on licenses issued to nonresidents through the EPLUS system, a continuing concern of New Mexico hunting and fishing advocates, the committee recommends increasing the target for the share of licenses distributed to residents through the public draw from 84 percent to 90 percent.

FIELD OPERATIONS

The purpose of the field operations program is to promote and assist the implementation of law enforcement, habitat and public outreach programs throughout the state.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	190.5	0.0	0.0	0.0	0.0
Federal Revenues	336.2	331.1	331.1	331.1	0.0
Other Revenues	10,705.7	11,983.5	11,983.5	11,983.5	0.0
TOTAL SOURCES	\$11,232.4	\$12,314.6	\$12,314.6	\$12,314.6	0.0
USES					
Personal Services and Employee Benefits	5,316.4	9,793.0	9,793.0	9,793.0	0.0
Contractual services	84.1	98.7	98.7	98.7	0.0
Other	2,378.6	2,422.9	2,422.9	2,422.9	0.0
TOTAL USES	\$7,779.1	\$12,314.6	\$12,314.6	\$12,314.6	0.0
FTE					
Permanent	107.0	99.0	99.0	99.0	0.0
TOTAL FTE	107.0	99.0	99.0	99.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Output	Number of conservation officer hours spent in the field checking for compliance	47,836.0	56,998.0	56,000.0	56,000.0	56,000.0
Output	Number of hunter and conservation education programs delivered by field staff	709.0	827.0	800.0	800.0	800.0
Output	Number of special field operations to deter, detect and apprehend off-highway vehicle and game and fish violators	150.0	434.0	300.0	300.0	300.0
Explanatory	Number of citations issued per one hundred contacts	4.2	4.7	N/A	N/A	N/A

CONSERVATION SERVICES

The purpose of the conservation services program is to provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.0	2,750.0	2,750.0	0.0	(100.0)
Federal Revenues	17,815.6	14,759.1	14,759.1	14,759.1	0.0
Other Revenues	16,210.5	13,422.9	13,422.9	16,738.5	24.7
TOTAL SOURCES	\$34,026.1	\$30,932.0	\$30,932.0	\$31,497.6	1.8

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	14,171.7	14,985.1	14,985.1	15,550.7	3.8
Contractual services	3,122.9	4,290.7	4,290.7	4,290.7	0.0
Other	11,239.9	11,473.9	11,473.9	11,473.9	0.0
Other financing uses	182.3	182.3	182.3	182.3	0.0
TOTAL USES	\$28,716.8	\$30,932.0	\$30,932.0	\$31,497.6	1.8
FTE					
Permanent	155.0	154.0	154.0	154.0	0.0
Temporary	4.0	2.0	2.0	2.0	0.0
TOTAL FTE	159.0	156.0	156.0	156.0	0.0

Recommended Language

The other state funds appropriation to the conservation services program of the department of game and fish in the other financing uses category includes one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operations and eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operations for the interstate stream compact compliance and water development program of the state engineer. Any unexpended balances remaining at the end of the fiscal year 2026 from this appropriation shall revert to the game protection fund.

The other state funds appropriation to the conservation services program of the department of game and fish includes three million three hundred fifteen thousand six hundred dollars (\$3,315,600) from the land of enchantment legacy fund

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Outcome	Number of elk licenses offered on an annual basis in New Mexico	38,587.0	38,584.0	35,000.0	35,000.0	35,000.0
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	84%	84%	84%	84%	90%
* Output	Annual output of fish from the department's hatchery system, in pounds	640,000.0	637,000.0	660,000.0	600,000.0	600,000.0
Outcome	Percent of anglers satisfied with opportunity and success	90%	90%	90%	90%	90%
Output	Acres of accessible sportsperson opportunity through the open gate program	195,387.0	195,200.0	210,000.0	210,000.0	210,000.0
Output	Percent of state-threatened, endangered species or candidate species studied and conserved through the state wildlife action plan and other state programs	53%	85%	48%	48%	50%
Output	Percent of New Mexico youth who participate annually through education and outreach programs	13%	16%	13%	13%	13%
Explanatory	Percent of noncompliance with wildlife laws	0.0%	0.0%	N/A	N/A	N/A

WILDLIFE DEPREDATION AND NUISANCE ABATEMENT

The purpose of the wildlife depredation and nuisance abatement program is to provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of, and precluded from, property damage and annoyances or risks to public safety caused by protected wildlife.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	35.1	0.0	0.0	0.0	0.0
Other Revenues	1,571.1	1,191.0	1,261.0	1,261.0	5.9
TOTAL SOURCES	\$1,606.2	\$1,191.0	\$1,261.0	\$1,261.0	5.9
USES					
Personal Services and Employee Benefits	377.1	422.2	422.2	422.2	0.0
Contractual services	108.0	156.7	226.7	226.7	44.7
Other	416.7	612.1	612.1	612.1	0.0
TOTAL USES	\$901.8	\$1,191.0	\$1,261.0	\$1,261.0	5.9
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of deprecation complaints resolved within the mandated one-year timeframe	97%	98%	96%	96%	96%
Output	Number of educational publications viewed or distributed with a message about minimizing potentially dangerous encounters with wildlife	1,806,266.0	1,167,468.0	850,000.0	850,000.0	1,000,000.0
Outcome	Percent of wildlife complaints responded to	100%	100%	99%	99%	99%

PROGRAM SUPPORT

The purpose of program support is to provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	655.5	457.6	500.9	500.9	9.5
Other Revenues	10,716.3	8,982.1	8,938.8	8,938.8	(0.5)
TOTAL SOURCES	\$11,371.8	\$9,439.7	\$9,439.7	\$9,439.7	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	4,947.7	5,548.2	5,398.2	5,398.2	(2.7)
Contractual services	504.5	412.0	412.0	412.0	0.0
Other	3,210.5	3,479.5	3,629.5	3,629.5	4.3
TOTAL USES	\$8,662.7	\$9,439.7	\$9,439.7	\$9,439.7	0.0
FTE					
Permanent	54.0	53.0	53.0	52.0	(1.9)
TOTAL FTE	54.0	53.0	53.0	52.0	(1.9)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury from the close of the accounting period	5.0	3.0	20.0	20.0	10.0
Outcome	Average department-wide vacancy rate for the fiscal year	13.63%	13.19%	9.00%	9.00%	9.00%

Statutory Authority

The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	33,663.2	40,680.7	46,715.0	42,942.7	5.6
Other Transfers	11,682.0	5,143.6	4,147.3	4,147.3	(19.4)
Federal Revenues	54,834.9	92,295.5	125,321.8	125,321.8	35.8
Other Revenues	39,472.9	37,686.7	35,226.6	38,234.8	1.5
Fund Balance	0.0	14,089.1	15,949.6	15,949.6	13.2
TOTAL SOURCES	\$139,653.0	\$189,895.6	\$227,360.3	\$226,596.2	19.3
USES					
Personal Services and Employee Benefits	40,588.7	56,158.2	62,050.8	60,209.4	7.2
Contractual services	40,985.9	80,350.5	115,493.7	116,587.6	45.1
Other	34,481.5	52,371.7	48,800.6	48,784.0	(6.9)
Other financing uses	482.5	1,015.2	1,015.2	1,015.2	0.0
TOTAL USES	\$116,538.6	\$189,895.6	\$227,360.3	\$226,596.2	19.3
FTE					
Permanent	683.0	471.0	478.5	478.5	1.6
Term	51.0	84.0	87.5	87.5	4.2
Temporary	3.0	47.1	45.4	45.4	(3.6)
TOTAL FTE	737.0	602.1	611.4	611.4	1.5

At A Glance

The Energy, Minerals and Natural Resources Department (EMNRD) requested a total FY26 budget of \$227.4 million, an increase of \$37.5 million, or 19.7 percent, above its FY25 operating budget. The request included a general fund increase of \$6 million, or 14.8 percent, primarily in the Healthy Forests and State Parks programs and a record \$125.3 million from federal funds, an increase of \$33 million, or 35.8 percent, reflecting the flow of dollars from the federal Infrastructure Investment and Jobs Act and Inflation Reduction Act. EMNRD requested a \$2.5 million, or 6.5 percent, reduction in other state revenues, and an increase of \$1.8 million, or 13.2 percent, from balance in funds, primarily from the oil reclamation, capital projects, and the government gross receipts tax funds to support mining and oil reclamation efforts and increased plugging of abandoned or “orphan” wells state-wide.

The LFC recommendation supports the increases from federal and other state sources, and it partially funds the agency’s general fund request, fully supporting the agency’s \$1.24 million request for hot shot crews, watershed and forest management, and restoration. The recommendation supports personnel increases in the Program Support, Energy Conservation and Management Division, and Mine Reclamation Division, for a total general fund increase of \$2.26 million, or 5.6 percent, over FY25.

Budget Issues

The majority of the requested increased federal funds for FY26 are for the Energy Conservation and Management Division’s energy initiatives, including the community energy efficiency program and the sustainable building tax credit. Increased federal dollars are also flowing to the Healthy Forests Program, also known as the State Forestry Division, to continue watershed and forest management and restoration projects.

Energy Conservation and Management. The FY26 budget request for ECMD included an overall increase of \$29.9 million, or 458 percent. The request included a total general fund increase of \$366 thousand, or 13 percent, with the majority of the general fund increase requested in the personnel services and employee benefits category to support the state match for two federally funded term employees. The sizeable increase to the division's total budget comes from a surge of federal funds tied to multiple clean energy initiatives. The LFC recommendation fully funds the agency's requested general fund increase for supporting the state match for federal funds and for the increased costs related to lodging, travel, and maintenance as the relatively new department continues to grow. The recommendation also supports the requested increases in federal funds and fund balance.

Healthy Forests. In response to a record wildfire season, which saw over 65 thousand acres of forests burn, the program requested funding to continue to support its capacity for responding to wildfires and the training and utilization of the state's two hotshot crews. Each hot show crew comprises 22 full-time and part-time staff trained to pre-position in forests and respond to wildfires in New Mexico and in other states. Classification as a hot shot requires years of training and a deep understanding of the various machinery and tactics used in battling wildfires. Further, all hotshot crews must comply with the requirements set by the National Wildfire Coordinating Group, which sets benchmarks for wildland fire operations.

The Healthy Forest Program requested a total budget decrease of \$1.4 million, though this is predominantly due to a \$5.5 million, or 67 percent, decrease in the use of the division's fund balance. The program requested a \$1.7 million, or 20 percent, increase in general fund appropriations, the majority of which was to the agency's contracts related to wildfires and forest management. The program also requested \$430 thousand in increases to its personnel budget for retention and vacancy rate reduction. Additionally, the program requested a \$3.9 million increase in federal fund revenue for continued forest and watershed management, and a slight decrease in its permanent and temporary employee headcounts.

In addition to the program's requested increase in contracts for wildfire and forest management, Healthy Forests is working to create a new wildfire response fund. The new fund would, according to the agency, provide a clearer avenue for funding emergency wildfire response, covering vehicle damage and upkeep, contracts for additional personnel, lodging for responders, in addition to multiple other uses. The new fund would also streamline the funding for wildfire response, moving away from the current practice of dozens of emergency orders from the governor's office currently capped at \$750 thousand each. The proposed fund would also require the Healthy Forests to report yearly on the uses of the fund to LFC and create a revenue capture mechanism for federal and state reimbursements.

The committee recommendation supports the program's requested \$1.24 million, or 14.5 percent, general fund increase to its contracts budget. The increase will provide for equipment and software updates, uniforms, fire engine maintenance, and rent for the program's various buildings. The committee recommendation supports the requested increases in federal revenues, other revenues and fund balance, but does not support the requested increases for personnel.

State Parks. State Parks requested an overall budget decrease of \$1.03 million, or 2 percent, mainly due to a decrease in the department's other revenues and a decrease in the use of the fund balance of \$3.7 million, or 72 percent. State Parks requested a general fund increase of \$2.7 million, or 20 percent, and a federal funds increase of \$1.9 million, or 20.5 percent. The general fund request included \$280 thousand to reduce vacant positions, a \$258 thousand contract with the Corrections Department for maintenance work, a \$290 thousand contract for childhood education in the parks, and nearly \$1.9 million for park operation and utilities. Utilities included the processing and removal of solid waste, gas, water, electricity, and internet, with access through Starlink. In addition to utility costs, the \$1.9 million requested by the program would also go to funding various park improvement projects.

Visitation to state parks and related revenue have rebounded from the negative effects from the Hermit's Peak-Calf Canyon wildfire and Covid-19 pandemic, hitting 5.4 million visitors in FY24 and 93 cents in self-generated revenue per visitor. In addition to the revenue the parks already generate, increased and revised park fees will be implemented in January 2025 and are anticipated to grow the program's revenue by millions. Current fee revenue for State Parks was \$15 million for FY24. The projected revenue increases could be upward of \$5 million annually and would be used for daily park maintenance, seasonal worker salaries, and long-term park improvement projects. State Park fees had not been updated in decades and the fee increases were finalized after more than a year of public outreach from the program.

The LFC recommends a flat budget for the program. The Corrections Department will fund the maintenance work by incarcerated individuals and new revenues from the park fee increases are sufficient to cover increases costs for utilities and operations.

Mine Reclamation. The FY26 request for the Mine Reclamation Program increased general fund revenue by \$434.4 thousand, or 25.2 percent, for fuel, travel, and IT infrastructure and increases to the personnel budget of the coal mining program to provide state match for federal funds. The request also provided increases for the hard rock mining program. The request increased federal fund revenue by \$406.3 thousand, or 3.6 percent. The committee recommends a \$369.2 thousand, or 21.4 percent, increase to the program's general fund revenue. The committee recommendation supports the requested increase in federal funds, other transfers, and the requested decrease of \$82.7 thousand in other revenues. The recommendation partially funds the program's requested personnel increases, providing \$263 thousand in general fund revenue to support the hard rock mining program, which does not receive federal funding, and \$10.7 thousand for increased fuel, travel, and IT costs.

Oil and Gas Conservation. The Oil and Gas Conservation Program (OCD) requested a total budget increase of \$8.5 million, or 14.6 percent, for FY26. The increase consisted of \$606.7 thousand in general fund appropriations, \$4.9 million in federal funds from the federal infrastructure act to plug abandoned and orphaned wells, and a decrease of \$607.5 thousand in other revenues from general gross receipts tax. The program’s general fund request centered on a \$539.3 thousand for increasing personnel compensation, which the program aims to use to increase petroleum engineer pay to improve retention. The agency also requested \$67.4 thousand for higher equipment costs.

The committee recommendation includes a general fund increase of \$65.7 thousand, or 0.6 percent, to support the cost of equipment. However, the recommendation does not support the requested increase for personnel spending.

Program Leadership and Support. EMNRD’s budget request for Program Support, the agency’s administrative services division (ASD), increased general fund revenue by \$281.9 thousand, or 6.3 percent, and kept all other revenues flat. The increase was requested for employee retention. The LFC recommendation includes an increase of \$221 thousand for this purpose and supports maintaining federal funds and other transfer revenue at FY25 levels.

ENERGY CONSERVATION AND MANAGEMENT

The purpose of the energy conservation and management program is to develop and implement clean energy programs to decrease per capita energy consumption; use New Mexico’s substantial renewable energy resources; minimize local, regional and global air emissions; lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,179.0	2,807.0	3,174.0	3,174.0	13.1
Other Transfers	230.0	0.0	0.0	0.0	0.0
Federal Revenues	2,691.2	3,469.1	25,383.9	25,383.9	631.7
Other Revenues	25.6	247.9	247.9	247.9	0.0
Fund Balance	0.0	0.0	7,602.0	7,602.0	0.0
TOTAL SOURCES	\$5,125.8	\$6,524.0	\$36,407.8	\$36,407.8	458.1
USES					
Personal Services and Employee Benefits	2,855.2	3,725.5	6,965.1	6,965.1	87.0
Contractual services	1,115.0	1,613.1	28,002.4	28,002.4	1,635.9
Other	967.4	1,185.4	1,440.3	1,440.3	21.5
TOTAL USES	\$4,937.6	\$6,524.0	\$36,407.8	\$36,407.8	458.1
FTE					
Permanent	28.0	29.0	32.0	32.0	10.3
Term	8.0	8.0	14.0	14.0	75.0
Temporary	1.0	2.0	0.0	0.0	(100.0)
TOTAL FTE	37.0	39.0	46.0	46.0	17.9

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Estimated cumulative energy saved through certified performance audits, in British thermal units (BTUs)	N/A	N/A	N/A	N/A	N/A
Outcome	Estimated reduction in carbon emissions resulting from certified energy savings performance contracts, in metric tons	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	25.0	16.0	N/A	N/A	N/A
Explanatory	Number of clean energy projects to which the division provided information and technical assistance	0.0	0.0	N/A	N/A	N/A
Outcome	Percent of completed tax credit applications reviewed within thirty days of receipt	99%	100%	95%	95%	95%

HEALTHY FORESTS

The purpose of the healthy forests program is to promote the health of New Mexico’s forest lands by managing wildfires, mitigating urban-interface fire threats and providing stewardship of private and state forest lands and associated watersheds.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,571.7	8,580.9	10,271.2	9,821.0	14.5
Other Transfers	2,405.8	3,406.3	2,000.0	2,000.0	(41.3)
Federal Revenues	16,488.7	41,055.7	44,929.6	44,929.6	9.4
Other Revenues	480.4	367.3	381.8	3,390.0	823.0
Fund Balance	0.0	8,271.3	2,734.0	2,734.0	(66.9)
TOTAL SOURCES	\$25,946.6	\$61,681.5	\$60,316.6	\$62,874.6	1.9
USES					
Personal Services and Employee Benefits	7,522.8	14,988.4	15,820.4	14,988.4	0.0
Contractual services	5,041.1	21,625.6	21,348.8	23,043.8	6.6
Other	11,893.8	25,011.3	23,091.2	24,786.2	(0.9)
Other financing uses	29.0	56.2	56.2	56.2	0.0
TOTAL USES	\$24,486.7	\$61,681.5	\$60,316.6	\$62,874.6	1.9
FTE					
Permanent	87.0	107.0	103.5	103.5	(3.3)
Term	19.0	39.0	37.5	37.5	(3.8)
TOTAL FTE	106.0	146.0	141.0	141.0	(3.4)

Recommended Language

The other state funds appropriation to the state forestry program of the energy, minerals, and natural resources department includes three million three hundred ninety thousand dollars (\$3,390,000) from the land of enchantment legacy fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,554.0	3,012.0	1,500.0	1,500.0	1,500.0
* Output	Number of acres treated in New Mexico's forests and watersheds	15,735.0	13,954.0	14,500.0	14,500.0	14,500.0
Output	Percent of forest and watershed restoration projects with total funding leveraged from federal, local, tribal, private and other state funding	95%	96%	75%	75%	75%
Output	Percent of wildland firefighting equipment and training provided to local communities and fire departments in medium- or high-threat response areas	68%	75%	50%	50%	50%
Output	Percentage of communities with medium- or high-impervious surface cover that receive technical assistance	54%	66%	50%	50%	50%

STATE PARKS

The purpose of the state parks program is to create the best recreational opportunities possible in state parks by preserving cultural and natural resources, continuously improving facilities and providing quality, fun activities and to do it all efficiently.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026	LFC	Percent Inc (Decr)
	Actuals	Budgeted	Agency Request	Recommendation	
SOURCES					
General Fund Transfers	10,858.4	12,696.8	15,351.8	12,696.8	0.0
Other Transfers	488.5	500.0	500.0	500.0	0.0
Federal Revenues	13,008.1	9,249.3	11,149.3	11,149.3	20.5
Other Revenues	13,445.7	14,911.0	13,126.6	13,126.6	(12.0)
Fund Balance	0.0	5,087.5	1,288.3	1,288.3	(74.7)
TOTAL SOURCES	\$37,800.7	\$42,444.6	\$41,416.0	\$38,761.0	(8.7)
USES					
Personal Services and Employee Benefits	13,883.0	16,887.9	17,637.9	17,295.6	2.4
Contractual services	2,438.0	3,270.2	3,871.3	3,270.2	0.0
Other	18,234.8	21,675.4	19,295.7	17,584.1	(18.9)
Other financing uses	289.5	611.1	611.1	611.1	0.0
TOTAL USES	\$34,845.3	\$42,444.6	\$41,416.0	\$38,761.0	(8.7)
FTE					
Permanent	420.0	184.0	190.0	190.0	3.3
Term	2.0	5.0	5.0	5.0	0.0
Temporary	0.0	45.1	45.4	45.4	0.7
TOTAL FTE	422.0	234.1	240.4	240.4	2.7

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Explanatory	Number of visitors to state parks	4,775,786.0	5,383,730.0	N/A	N/A	N/A
* Explanatory	Amount of self-generated revenue per visitor, in dollars	\$1.21	\$0.93	N/A	N/A	N/A
Explanatory	Number of new proposed Rio Grande Trail miles to the Rio Grande Trail Commission	N/A	N/A	N/A	N/A	N/A

MINE RECLAMATION

The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,148.9	1,725.0	2,159.4	2,094.2	21.4
Other Transfers	321.3	97.1	507.1	507.1	422.2
Federal Revenues	5,994.4	11,354.1	11,760.4	11,760.4	3.6
Other Revenues	822.2	685.5	602.8	602.8	(12.1)
Fund Balance	0.0	8.2	0.0	0.0	(100.0)
TOTAL SOURCES	\$8,286.8	\$13,869.9	\$15,029.7	\$14,964.5	7.9
USES					
Personal Services and Employee Benefits	3,636.8	4,468.1	4,796.1	4,730.9	5.9
Contractual services	3,704.7	8,654.2	9,074.6	9,074.6	4.9
Other	658.3	699.4	1,110.8	1,110.8	58.8
Other financing uses	19.3	48.2	48.2	48.2	0.0
TOTAL USES	\$8,019.1	\$13,869.9	\$15,029.7	\$14,964.5	7.9
FTE					
Permanent	18.4	17.0	17.0	17.0	0.0
Term	17.0	19.0	19.0	19.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	36.4	36.0	36.0	36.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	99%	99%	98%	98%	98%
Outcome	Percent of inspections of active mining operations showing compliance with approved permits and regulations	100%	100%	98%	98%	98%

OIL AND GAS CONSERVATION

The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional, dynamic regulation.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	8,836.6	10,374.6	10,980.3	10,439.3	0.6
Other Transfers	394.9	0.0	0.0	0.0	0.0
Federal Revenues	15,913.9	25,930.2	30,861.5	30,861.5	19.0
Other Revenues	24,698.8	21,475.0	20,867.5	20,867.5	(2.8)
Fund Balance	0.0	722.1	4,325.3	4,325.3	499.0
TOTAL SOURCES	\$49,844.2	\$58,501.9	\$67,034.6	\$66,493.6	13.7
USES					
Personal Services and Employee Benefits	7,173.7	9,759.9	10,300.9	9,759.9	0.0
Contractual services	28,546.7	44,990.9	52,983.9	52,983.9	17.8
Other	2,368.6	3,451.4	3,450.1	3,450.1	0.0
Other financing uses	144.8	299.7	299.7	299.7	0.0
TOTAL USES	\$38,233.8	\$58,501.9	\$67,034.6	\$66,493.6	13.7
FTE					
Permanent	80.0	88.0	90.0	90.0	2.3
Term	5.0	13.0	11.0	11.0	(15.4)
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	86.0	101.0	101.0	101.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of oil and gas facility inspections reported in high priority sites	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of oil spills reported to the Oil Conservation Division annually	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of violations issued with associated administrative penalties	N/A	N/A	N/A	N/A	N/A
Outcome	Total Number of regulatory filings approved	N/A	N/A	N/A	N/A	N/A
Outcome	Total number of regulatory filings received	N/A	N/A	N/A	N/A	N/A
* Output	Number of inspections of oil and gas wells and associated facilities	29,522.0	39,640.0	30,000.0	30,000.0	30,000.0
Output	Average number of days to process application drill permits	9.0	10.0	92.0	92.0	92.0
Outcome	Volume of flared gas	20,044,058.0	17,946,316.0	15,990,000.0	15,990,000.0	15,990,000.0
Explanatory	Volume of produced water injected	995,067,459.0	958,195,760.0	N/A	N/A	N/A
Explanatory	Number of requested hearing and continuances	2,041.0	3,447.0	N/A	N/A	N/A
Explanatory	Volume of produced water recycled	685,908,344.0	185,158,893.0	N/A	N/A	N/A
Outcome	Volume of vented gas	1,558,221.0	1,480,766.0	15,500,000.0	15,500,000.0	15,500,000.0
* Output	Number of abandoned wells properly plugged	76.0	105.0	70.0	70.0	70.0
Explanatory	Number of violations issued	2,318.0	5,138.0	N/A	N/A	N/A

PROGRAM LEADERSHIP AND SUPPORT

The purpose of the program leadership and support program is to provide leadership, set policy and provide support for every division in achieving their goals.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,068.6	4,496.4	4,778.3	4,717.4	4.9
Other Transfers	7,841.5	1,140.2	1,140.2	1,140.2	0.0
Federal Revenues	738.6	1,237.1	1,237.1	1,237.1	0.0
Other Revenues	0.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$12,648.8	\$6,873.7	\$7,155.6	\$7,094.7	3.2
USES					
Personal Services and Employee Benefits	5,517.2	6,328.4	6,530.4	6,469.5	2.2
Contractual services	140.5	196.5	212.7	212.7	8.2
Other	358.7	348.8	412.5	412.5	18.3
TOTAL USES	\$6,016.4	\$6,873.7	\$7,155.6	\$7,094.7	3.2
FTE					
Permanent	49.6	46.0	46.0	46.0	0.0
Term	0.0	0.0	1.0	1.0	0.0
TOTAL FTE	49.6	46.0	47.0	47.0	2.2

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of prior-year financial audit findings resolved	100.0	100.0	100.0	100.0	100.0
Output	Number of working days after the final grant expenditures are available and the federal funds are allowed to be drawn	90.0	90.0	90.0	90.0	90.0

Statutory Authority

Sections 9-5B-1 through 9-5B-11 NMSA 1978 establish the New Mexico Youth Conservation Corps Act. The purpose of the act is to provide employment for youth in public projects that conserve New Mexico’s natural resources and provide community benefits of lasting value. The corps is administratively attached to the Energy, Minerals and Natural Resources Department (EMNRD).

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	4,660.6	4,806.8	5,951.0	5,433.9	13.0
Fund Balance	0.0	1,200.0	700.0	700.0	(41.7)
TOTAL SOURCES	\$4,660.6	\$6,006.8	\$6,651.0	\$6,133.9	2.1
USES					
Personal Services and Employee Benefits	220.3	239.2	366.3	304.2	27.2
Contractual services	3,844.0	5,545.0	6,000.0	5,545.0	0.0
Other	67.9	97.6	159.7	159.7	63.6
Other financing uses	0.0	125.0	125.0	125.0	0.0
TOTAL USES	\$4,132.2	\$6,006.8	\$6,651.0	\$6,133.9	2.1
FTE					
Permanent	2.0	2.0	3.0	3.0	50.0
TOTAL FTE	2.0	2.0	3.0	3.0	50.0

At A Glance

The Youth Conservation Corps (YCC) is funded with governmental gross receipts tax (GGRT) revenues. GGRT revenue received does not revert and is held in the agency’s fund balance. YCC had a fund balance of \$11.9 million at the close of FY24, up from \$10 million at the end of FY23. The agency’s FY26 appropriation request represents a 10.7 percent increase over FY25. The LFC recommendation partially funds the request.

Budget Issues

The agency requested a \$1.14 million increase in other revenue for FY26 and a \$500 thousand cut in the use of fund balances, for an overall increase of \$644.2 thousand. The request included an 8 percent, or \$455 thousand, increase for contractual services to fund continued contract work and for a new climate corps program; a \$127.1 thousand, or 53.1 percent, increase for personnel to accommodate the creation of a new position and for a 3 percent compensation increase given to state employees; and \$62 thousand more in the other category for new contract and grant management software. The committee fully supports the request for the other category and supports \$65 thousand of its personnel request. The committee also supports the agency’s request to continue to pay the Energy, Minerals and Natural Resources Department \$125 thousand a year for administrative services under the other financing uses category.

The committee recommends a \$127.1 thousand, or 2.1 percent, overall increase to the agency’s budget. The recommendation includes \$62 thousand for the updated contract and grant management software and funding for an additional FTE, though not at the requested level. The committee recommends \$65 thousand, the average of YCC salaries, for the requested additional FTE.

YCC’s request included \$700 thousand from the balance in the YCC fund; the governmental gross receipts tax revenue designated for YCC does not revert and is held in the agency’s fund balance. The agency has been trying to spend down the balance of the fund, which had grown to more than \$11 million at the close of FY24. That was up slightly from the \$10 million balance at the close of FY23 despite the agency spending almost \$3.8 million from the balance over the last two years.

The agency is using the fund balance for cooperative agreements with state agencies for various site improvement and other projects with a goal of encouraging state agency careers. YCC has existing contracts with the Energy, Minerals and Natural Resources Department and State Land Office.

YCC contracted 47 projects throughout the state for FY24, with contractors that qualified for the program. Many have struggled to find employees since YCC hit a high of 900 youth employed in 2016. While the number of hires has recovered some from the 400 hired in FY22 during the pandemic, the 534 hired in FY24 fell far short of the target of 840. The agency noted projects offering higher wages to smaller crews were more successful in hitting their hiring targets. The average hourly wage in the program is \$14. The agency plans to offer training for the project managers on how to develop compelling job postings and recruitment messages.

Projects this year were predominantly continuations from the previous years projects. These included four crews performing restoration projects in the Hermits Peak/Calf Canyon burn area; recreational, rangeland, and trail constructions and improvements in the Lincoln, Santa Fe, Carson, Cibola and Gila national forests; farm-to-table agriculture in Taos, Albuquerque’s South Valley, Acoma, Santa Fe and Silver City; public art design, fabrication, and installation in Albuquerque, Silver City and Santa Fe; municipal facilities and park improvements in Tucumcari, Espanola, Bernalillo County, Estancia, Mountainair, Farmington, Gallup, Bloomfield, and Alamo; inventory of acequias and dams in Rio Arriba County and inventory of abandoned mines in Sierra County.

Corps members receive training on a range of topics, including first aid and CPR, trail construction, food handling certification, GED classes, bike repair, chainsaw certification, financial literacy, interview and resume skills, wildland firefighting certification, recreation management, flora and fauna identification, watershed restoration techniques, wilderness first aid, dam safety, and inventory.

The agency continues to have issues with distributing tuition vouchers to eligible corps members. Corps members who work multiple summers are eligible for a tuition voucher up to \$1,500 tuition and a bonus up to \$500. An issue the agency continues to encounter is that a voucher of \$1,500 might be too small an incentive to keep youth in the program given New Mexico’s generous opportunity and lottery scholarship programs.

YOUTH CONSERVATION CORPS

The purpose of the youth conservation corps program is to provide funding for the employment of New Mexicans between the ages of fourteen and twenty-five to work on projects that will improve New Mexico’s natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percentage of youth employed annually as a proportion of the number proposed to be hired in approved projects.	NEW	0.00%	NEW	90.00%	90.00%
* Output	Number of youth employed annually	543.0	534.0	840.0	840.0	840.0
Outcome	Percent of all grant award monies used for corps member wages	76%	78%	77%	70%	77%
Outcome	Percent of eligible corps members receiving tuition reimbursement	55%	75%	85%	85%	85%

Statutory Authority

The Commissioner of Public Lands is an elective office created in the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 through 19-1-24 NMSA 1978 and consist of the management, care, custody, and control of state trust lands allocated to specific beneficiaries by the federal Ferguson Act. State trust lands include 8.9 million land surface acres and 13.4 million subsurface, or mineral, acres administered by the commissioner through the State Land Office (SLO). Each acre is designated to a specific beneficiary, with educational institutions the beneficiary of 90 percent of the acreage.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	24,605.1	26,918.3	30,646.7	28,026.0	4.1
TOTAL SOURCES	\$24,605.1	\$26,918.3	\$30,646.7	\$28,026.0	4.1
USES					
Personal Services and Employee Benefits	19,189.0	20,606.3	24,157.7	21,714.0	5.4
Contractual services	2,382.3	3,017.7	3,102.5	3,017.7	0.0
Other	3,033.9	3,294.3	3,386.5	3,294.3	0.0
TOTAL USES	\$24,605.2	\$26,918.3	\$30,646.7	\$28,026.0	4.1
FTE					
Permanent	189.0	184.5	193.5	184.5	0.0
Temporary	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	192.0	184.5	193.5	184.5	0.0

At A Glance

The State Land Office (SLO), supported by revenue earned on sustainable activities on state trust land, asked for an overall increase of almost 14 percent, primarily to fully cover existing personnel expenses—supplemented for the last few years with transfers from other spending categories—to revamp their pay plan to reclassify some positions and reposition some employees, and to improve pay across the agency. The agency’s budget increased 35 percent between FY22 and FY25 is now nearly double that of FY14. Given fluctuations in income in the land maintenance fund that supports the agency, the committee recommends a more sustainable overall increase of 4.1 percent that allows the agency to cover its existing personnel costs and add positions and to align spending on contracts and other uses with actual expenses.

Budget Issues

SLO’s request for a total of \$30.6 million in FY26 was a \$3.7 million increase over FY25 and included almost \$3.6 million more for personnel, a 17.2 percent increase. The agency’s request for personnel included \$1.15 million it says it needs to fully fund existing personnel costs; \$345.6 thousand for a new cybersecurity officer position and two new positions related to commercial leases on trust land; \$396 thousand to increase pay for managers, which the agency says are in lower pay classification levels than managers in similar agencies; \$450 thousand for other reclassifications; and \$1.21 million for a 5 percent across-the-board increase to improve the average compa-ratio, an employee’s pay relative to the midpoint of the pay schedule for that position, from the current 104 percent to 107 percent. SLO requested 2.8 percent more for both contractual services and other costs, a total of \$177 thousand over the FY25 budget for the two spending categories.

Following several years of substantial growth in the agency’s operating budget, the committee recommends a moderate increase of about \$1.12 million over FY25, for a total of \$28.03 million, or \$3.42 million more than actual spending in FY24. Under the committee’s recommendation, the entire increase is allocated to personnel, for 5.4 percent more than FY25; spending in the other uses and contractual services categories is flat with FY25.

The recommended increase for personnel is sufficient to fully fund existing positions at current salary levels; LFC analysis indicates SLO needs \$650 thousand more in FY26 to maintain the status quo. In addition, the recommendation funds the two new positions requested for the Commercial Division, which has seen an increase in activity as the office works to build up revenue-generating activity outside of oil and gas, and a cybersecurity position, for IT tasks necessitated by the agency’s income volume but not covered by the Department of Information Technology. Finally, the agency’s request for funding to reclassify positions, appropriately place managers and others, and improve the average compa-ratio is premature and those issues should be addressed, if necessary, after a planned study of state pay architecture is completed.

The recommendation for contractual services and other uses more closely aligns appropriations with actual spending in those categories; the agency transferred \$710 thousand from contractual services in FY24 to cover a shortfall in personnel and anticipates transferring about \$400 thousand to personnel in FY25.

Spending as a Share of Revenue. SLO's total request for FY26 represented about 19 percent of the \$162 million the agency projects it will generate in FY26 for the land maintenance fund, the depository for income earned through grazing leases, rights of way, renewable energy leases, and other activities on state trust land that do not deplete the resource. Money left in that fund after SLO expenses are, along with much larger distributions from the land grant permanent fund, distributed to the 22 educational and state entities that are beneficiaries of the state land trust. (Public schools are the designated beneficiary for 85 percent of both surface and subsurface trust land acreage.) While the agency receives no income from the general fund, higher spending at the agency reduces the amount of land maintenance fund revenue distributed to beneficiaries, increasing the beneficiaries' reliance on general fund revenue.

Land maintenance fund income is highly variable. The year-to-year change in the fund over the last 10 years has ranged from a drop of 48 percent to growth of 60 percent. Revenue in FY24 was a record \$214.6 million, the result of unexpectedly high commercial activity, continuing strength in the oil and gas industries, and a \$7.5 million settlement with a polluter. SLO estimates it will be \$173 million in FY25 and \$162 million in FY26; however, SLO tends to underestimate the revenue—the FY24 estimate was nearly \$100 million too low—because of its variability.

The agency's FY26 request represented a slightly larger share of estimated land maintenance fund revenue than the 16.6 percent average from FY20 to FY24. Planned spending for FY25 is likely to be under 16 percent of revenue. SLO operational spending as a share of land maintenance fund revenue has rarely exceeded 20 percent in the past 20 years.

Workload. The agency's substantial growth in spending since FY22 has been overwhelmingly driven by increased spending on personnel. Although state-government-wide salary increases have contributed, SLO has also added numerous positions over the last few years and provided additional salary increases. While workload, using revenue volumes as a proxy, has certainly increased, growth has slowed, an indication workload is likely stabilizing, and SLO projects total revenues (both the income from non-depleting activities deposited in the land maintenance fund and the oil production royalties and other income from depleting activities deposited in the permanent fund) will decline. However, the consensus forecast assumes oil production will stay strong through the decade. In addition, SLO anticipates continuing growth in revenue-generating activities outside of oil and gas, including renewable energy leases. The recommendation assumes workload will continue to grow and provides funding for additional positions.

The vacancy rate at SLO tends to be lower than the state average, with the SLO vacancy rate at 7 percent at the time of the agency's budget hearing in October 2024. Both the *Albuquerque Journal* and *USA Today* have named SLO a top employer. Employee surveys indicate 92 percent consider it a good place to work, and only 25 percent have considered looking for another job within the previous month because of a perception of low salary and benefits compared to others in their fields.

Total Revenues and Distributions. While the revenue and spending assumptions built into the recommendation suggest distributions to trust land beneficiaries from the maintenance fund will total close to \$135 million in FY26, those distributions will be dwarfed by distributions from the land grant permanent fund. The permanent fund, made up of oil production payments and earnings on other activities that deplete the resource that are invested by the State Investment Council, typically distributes hundreds of millions of dollars to beneficiaries, with the figure nearly reaching \$1.4 billion in FY24. Distributions from the permanent fund are based on a percentage of the five-year average of the fund and are more consistent and more predictable than distributions from the land maintenance fund. However, SLO has built royalty-like revenue-sharing into its renewable energy leases, with "percent rent" payments—based on the volume of energy produced and transmitted—creating predictable, ongoing income for the land maintenance fund.

The agency announced in March 2024 it would withhold newly available tracts in the high-demand Permian Basin from oil lease auctions while it seeks approval from the Legislature to increase its top royalty rate from 20 percent to 25 percent. SLO argued, while it would lose some income now, it did not want to lease those parcels at a lower rate when the potential exists for the leases to generate more revenue in the long run. Even though almost all Permian Basin tracts are already leased, LFC staff estimate the higher rate could generate \$50 million to \$75 million a year for the land grant permanent fund, and the State Investment Council estimates the higher contributions could result in \$1.5 billion to \$2.5 billion in growth in the permanent fund by 2050, which, in turn, could mean an additional \$750 million to \$1.3 billion, cumulatively, for the public schools and other beneficiaries of the permanent fund. The LFC analysis notes oil production, and therefore royalty payments, typically start two to three years after a lease is signed; neither the moratorium nor a royalty rate increase will have an immediate effect on the permanent fund.

Efforts to increase the rate in 2023 and 2024 failed to pass the Legislature, although the 2024 version of the proposal was approved by the full House. New Mexico’s 20 percent maximum royalty rate for oil and gas leases on trust land, last updated in the 1970s, is higher than those in most other states with trust land but less than that charged by Texas, New Mexico’s competitor in the Permian Basin. SLO reports about 20 tracts have been withheld for auction since the moratorium went into place. By holding back some tracts, the office delays the income from some bonus payments, paid by the winning lessee for the right to lease the land and deposited in the land maintenance fund, although the agency notes the state will eventually receive the income because the parcels will eventually be leased. Notably, bonus payment revenues in FY24 were \$90.8 million, 70 percent higher than in FY23, and are on track to exceed \$50 million in FY25.

Performance. The State Land Office met or exceeded the FY24 targets on eight of nine performance measures, only missing the target for “number of acres treated to achieve desired conditions for future sustainability.” The agency reports the total of 11,771 acres treated fell short of the 30 thousand in the target because of weather conditions and the lack of specialized personnel. Notably, the agency’s FY24 performance, except that for acres treated, also exceeds the much-higher targets set for FY25. Targets for almost every measure were increased for FY25—more than doubled for some measures—and the agency reports it is on track to exceed the new targets. The agency proposed, and the committee recommends, raising many of the targets again for FY26.

SLO received unmodified (clean) audits in 2021, 2022, and 2023.

LAND TRUST STEWARDSHIP

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

Recommended Language

The state land office is authorized to hold in suspense amounts eligible, because of the sale of state royalty interests, for tax credits under Section 29 of the Internal Revenue Code above those amounts required by law to be transferred to the land grant permanent fund. The state land office may expend as much of the money so held in suspense, as well as additional money held in escrow accounts resulting from the sales and money held in fund balances, as is necessary to repurchase the royalty interests pursuant to the agreements.

One hundred sixty-five thousand five hundred sixty dollars (\$165,560) of the other state funds appropriation to the land trust stewardship program of the state land office in the personal services and employee benefits category is contingent on the department of finance and administration confirming with the department of information and technology that the state land office is in compliance with cybersecurity standards.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of wells plugged and sites reclaimed through compliance and enforcement efforts	288.0	248.0	50.0	75.0	75.0
Output	Trust revenue generated, in millions	2,700.0	2,500.0	2,000.0	2,100.0	2,100.0
Outcome	Bonus income per acre leased for oil and gas activities, in dollars	\$1,802.00	\$3,999.00	\$900.00	\$1,000.00	\$1,000.00
* Outcome	Amount of revenue generated through oil and natural gas audit activities, in millions	\$3.6	9.4	4.0	4.5	4.5
* Output	Average income per acre from oil, natural gas and mining activities, in dollars	\$1,496	\$1,356	\$750	\$800	\$800
Output	Percent of total trust revenue allocated to beneficiaries	99%	99%	99%	98%	99%
* Output	Number of acres treated to achieve desired conditions for future sustainability	26,380.0	11,771.0	26,000.0	25,000.0	25,000.0
Output	Annual income from renewable energy	\$4,403,343	\$4,500,516	\$4,000,000	\$4,500,000	\$4,500,000
Output	Annual income from commercial and leasing activities	\$12,443,207	\$15,336,978	\$10,000,000	\$11,000,000	\$11,000,000
Output	Annual revenue distributed related to trespass cases	\$817,951	\$2,363,530	\$1,000,000	\$1,000,000	\$1,000,000

Statutory Authority

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are companion agencies. Pursuant to Section 72-2-1 through 72-2-18 NMSA 1978, the state engineer, appointed by the governor and confirmed by the Senate, is responsible for supervision of New Mexico's water resources, including the measurement, appropriation, and distribution of the resources.

ISC consists of nine members. Eight are appointed by the governor and the ninth member is the state engineer, who serves as the commission secretary. Pursuant to Section 72-14-1 through 72-14-44 NMSA 1978, ISC negotiates compacts with other states, settles interstate water controversies, and is responsible for fostering equitable distribution and division of water in interstate stream systems. New Mexico is currently party to eight interstate stream compacts. ISC also operates and maintains the Ute Dam. ISC has an administrative director who also serves as the deputy state engineer.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	30,665.4	34,149.5	43,899.5	35,299.5	3.4
Other Transfers	12,374.9	12,468.3	10,468.3	12,468.3	0.0
Other Revenues	3,553.4	3,689.0	4,009.0	3,809.0	3.3
Fund Balance	751.2	751.2	751.2	751.2	0.0
TOTAL SOURCES	\$47,344.9	\$51,058.0	\$59,128.0	\$52,328.0	2.5
USES					
Personal Services and Employee Benefits	32,624.2	38,089.3	44,839.3	38,389.3	0.8
Contractual services	4,470.0	7,245.7	7,745.7	7,745.7	6.9
Other	7,008.3	5,643.0	6,463.0	6,113.0	8.3
Other financing uses	0.0	80.0	80.0	80.0	0.0
TOTAL USES	\$44,102.5	\$51,058.0	\$59,128.0	\$52,328.0	2.5
FTE					
Permanent	368.0	368.0	368.0	368.0	0.0
Term	9.0	12.0	15.0	15.0	25.0
Temporary	23.0	28.0	28.0	28.0	0.0
TOTAL FTE	400.0	408.0	411.0	411.0	0.7

At A Glance

The Office of the State Engineer (OSE) requested a total budget of \$59.1 million for FY26, \$8.1 million, or 16 percent, more than the FY25 operating budget. The agency's request held use of fund balance flat, decreased transfers by \$2 million collectively from the irrigation works construction fund (IWCF) and improvement of the Rio Grande income fund (IRGIF), and increased other revenues by \$320 thousand. The agency requested a general fund increase of \$9.8 million, or 28.6 percent. The majority of OSE's increase was for personnel increases for agency-wide salary adjustments. The agency also requested funds for district office leases, contract work for implementation of the state's 50-year water plan, and higher field work costs. The agency requested three new positions for middle Rio Grande water management and Indian water rights settlement work. The agency's funded vacancy rate, as of October 2024, was 4.7 percent.

The LFC recommendation provides a \$1.15 million, or 3.4 percent, general fund increase. The recommendation funds the Water Resource Allocation Program's district office lease increase, contract work for implementation of the 50-year water plan, and fuel and field work cost increases. The committee does not recommend funding the agency's requested salary adjustments but will provide pay-band-to-midpoint adjustments for positions highlighted by the State Personnel Office's recent study on the state's pay band structure.

Budget Issues

Revenues. In addition to general fund appropriations, OSE receives revenue from the irrigation works construction fund (IWCF), the improvement of the Rio Grande income fund (IRGIF), the emergency drought water agreement fund, the New Mexico unit fund, and the New Mexico Finance Authority water project fund. The IWCF and the IRGIF receive annual distributions from the land grant permanent fund and land maintenance fund and generate interest income through investments by the State Investment Council (SIC). The FY24 ending balance of the IWCF in the state treasury was \$18.8 million, while the IRGIF had an FY24 ending balance of \$4.4 million.

Water Resource Allocation Program. New Mexico must responsibly and proactively manage water resources in the Lower Rio Grande Basin, such as supporting its Rio Grande Compact compliance efforts in an ongoing lawsuit initially with Texas that is now a protracted legal discussion with the federal government. The Water Resource Allocation Program (WRAP) requested a general fund increase of \$4.4 million, or 22.9 percent, compared to FY25. The majority of the requested increase was for program-wide salary adjustments, which represented \$3.2 million of the request. WRAP also requested general fund appropriations for higher district office leases, field work, and fuel cost increases. The LFC recommendation for WRAP increases general fund revenue by \$350 thousand, or 1.8 percent, and supports the program's request to keep other transfers and revenues flat. The committee's recommendation funds the district office leases and the increased costs related to field work and associated travel.

At the time of the agency's budget request submission, WRAP had 51 vacant positions, six of which could be filled with existing funding. The program cites its vacancy rate as the reason for lagging performance, such as long processing times and backlogs. The program has vacancy savings of \$614.8 thousand, highlighting the practice of utilizing surplus funds for off-cycle pay increases and retention efforts. Due to the recent State Personnel Office's (SPO) recent study of the state's pay structure and proposed shifts for personnel that are deemed below the minimum, the committee's recommendation does not fund the requested salary adjustments but will address positions that were found in the study to be below the new minimum.

Interstate Stream Compact Compliance Program. Interstate Stream Commission (ISC) staff are tasked with ensuring New Mexico's compliance with interstate stream compacts, resolving conflicts under those compacts, and planning for the state's future water use. ISC provides technical support to the Attorney General (NMAG) for U.S. Supreme Court litigation with Texas, Colorado, and the U.S. government. At risk in this case is a large volume of surface water and, consequently, the economic health of the Lower Rio Grande region, which depends on that water for agriculture and land management use. A recent U.S. Supreme Court ruling has moved the case back to federal district court and appointed a new special master, meaning litigation will continue.

ISC requested an increase of general fund appropriations of \$1.6 million, or 32.5 percent. The request was intended for salary adjustments, two water planners positions for the ISC's implementation of the Water Security Planning Act, one position for a Middle Rio Grande water manager, district office lease increases, and contract work tied to implementation of the state's 50-year water plan.

The LFC recommendation increases general fund revenue by \$800 thousand, or 16 percent, providing funding for the water planners who are implementing the Water Security Planning Act and funding for contract work to implement the state's 50-year water plan.

Litigation and Adjudication Program. The Litigation and Adjudication Program (LAP) provides legal and technical assistance for the state in multiple ongoing water rights adjudications in state and federal courts. LAP staff also collaborate closely with the NMAG on the *Texas v. New Mexico* case and related settlement discussions.

LAP requested an increase in general fund appropriations of \$3.2 million, or 79.2 percent, and an additional \$320 thousand from other revenues. Additionally, LAP requested a revenue swap of \$2 million from the irrigation works construction fund (IWCF) and the improvement of the Rio Grande income fund (IRGIF) and swapping the fund revenue with \$2 million in general fund revenue. LFC recommends a flat general fund budget and recommends the program continue to utilize balances of IWCF and IRGIF for operations at previous year's level.

Program Support. In Program Support, the agency requested a general fund increase of \$600 thousand, or 9.9 percent, for salary adjustments and to fill two Water Data Act positions. As of the fall 2024, the agency had 15 vacant positions and \$546.6 thousand in vacancy savings. The committee recommendation does not support the program's requested budget increase.

WATER RESOURCE ALLOCATION

The purpose of the water resource allocation program is to provide for efficient use of the available surface and underground waters of the state so any person can maintain their quality of life and to provide safety inspections of all nonfederal dams within the state so owners and operators of such dams can operate the dams safely.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	17,308.3	19,081.4	23,456.4	19,431.4	1.8
Other Transfers	723.9	723.9	723.9	723.9	0.0
Other Revenues	929.4	929.4	929.4	929.4	0.0
TOTAL SOURCES	\$18,961.6	\$20,734.7	\$25,109.7	\$21,084.7	1.7
USES					
Personal Services and Employee Benefits	16,269.6	18,495.3	22,520.3	18,495.3	0.0
Contractual services	445.5	626.5	626.5	626.5	0.0
Other	1,809.7	1,612.9	1,962.9	1,962.9	21.7
TOTAL USES	\$18,524.8	\$20,734.7	\$25,109.7	\$21,084.7	1.7
FTE					
Permanent	195.0	192.0	192.0	192.0	0.0
Term	1.0	2.0	5.0	5.0	150.0
Temporary	16.0	18.0	18.0	18.0	0.0
TOTAL FTE	212.0	212.0	215.0	215.0	1.4

Recommended Language

The internal service funds/interagency transfers appropriations to the water resource allocation program of the state engineer include seven hundred twenty-three thousand nine hundred dollars (\$723,900) from the improvement of the Rio Grande income fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Output	Average number of unprotested new and pending applications processed per month	38.0	32.0	35.0	35.0	35.0
Explanatory	Number of unprotested and unaggrieved water right applications backlogged	445.0	395.0	N/A	N/A	N/A
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	19,210.0	13,501.0	21,000.0	15,000.0	15,000.0
Outcome	Number of notices issued to owners of publicly-owned dams notifying them of deficiencies or potential issues	60.0	113.0	45.0	45.0	45.0

INTERSTATE STREAM COMPACT COMPLIANCE AND WATER DEVELOPMENT

The purpose of the interstate stream compact compliance and water development program is to provide resolution of federal and interstate water issues and to develop water resources and stream systems for the people of New Mexico so they can have maximum sustained beneficial use of available water resources.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,204.7	5,002.9	6,627.9	5,802.9	16.0
Other Transfers	9,081.7	9,175.1	9,175.1	9,175.1	0.0
Other Revenues	147.6	147.6	147.6	147.6	0.0
Fund Balance	751.2	751.2	751.2	751.2	0.0
TOTAL SOURCES	\$14,185.2	\$15,076.8	\$16,701.8	\$15,876.8	5.3
USES					
Personal Services and Employee Benefits	5,768.0	7,536.5	8,561.5	7,836.5	4.0
Contractual services	2,614.2	4,763.7	5,263.7	5,263.7	10.5
Other	3,871.0	2,776.6	2,876.6	2,776.6	0.0
TOTAL USES	\$12,253.2	\$15,076.8	\$16,701.8	\$15,876.8	5.3
FTE					
Permanent	59.0	61.0	61.0	61.0	0.0
Term	8.0	10.0	10.0	10.0	0.0
Temporary	3.0	2.0	2.0	2.0	0.0
TOTAL FTE	70.0	73.0	73.0	73.0	0.0

Recommended Language

The internal service funds/interagency transfer appropriations to the interstate stream compact compliance and water development program include six hundred fifty-two thousand two hundred dollars (\$652,200) from the New Mexico unit fund.

The internal service funds/interagency transfer appropriations to the interstate stream compact compliance and water development program of the state engineer include seven million six hundred twenty seven thousand four hundred dollars (\$7,627,400) from the New Mexico irrigation works construction fund, seven hundred thirteen thousand two hundred dollars (\$713,200) from the improvement of the Rio Grande income fund, one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operations, eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operations. Any unexpended balances remaining at the end of fiscal year 2025 from these appropriations shall revert to the appropriate fund.

Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement and from contractual reimbursements associated with the interstate stream compact compliance and water development program is appropriated to the interstate stream compact compliance and water development program to be used per the agreement with the United States bureau of reclamation.

The interstate stream commission's authority to make loans for irrigation improvements includes five hundred thousand dollars (\$500,000) for loans to irrigation districts, conservancy districts and soil and water conservation districts for re-loan to farmers for implementation of water conservation improvements.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of the calendar year, in acre-feet	156,600.0	148,200.0	161,600.0	161,600.0	161,600.0
* Outcome	Cumulative state-line delivery credit per the Rio Grande compact at the end of the calendar year, in acre-feet	(93,000.0)	(121,500.0)	(150,000.0)	(150,000.0)	(150,000.0)
Explanatory	Cumulative New Mexico unit fund expenditures	22,300,000.0	22,600,000.0	N/A	N/A	N/A

LITIGATION AND ADJUDICATION

The purpose of the litigation and adjudication program is to obtain a judicial determination and definition of water rights within each stream system and underground basin to effectively perform water rights administration and meet interstate stream obligations.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,302.6	3,977.6	7,127.6	3,977.6	0.0
Other Transfers	2,569.3	2,569.3	569.3	2,569.3	0.0
Other Revenues	2,476.4	2,612.0	2,932.0	2,732.0	4.6
TOTAL SOURCES	\$8,348.3	\$9,158.9	\$10,628.9	\$9,278.9	1.3
USES					
Personal Services and Employee Benefits	5,958.0	7,007.0	8,107.0	7,007.0	0.0
Contractual services	1,322.1	1,635.8	1,635.8	1,635.8	0.0
Other	492.6	436.1	806.1	556.1	27.5
Other financing uses	0.0	80.0	80.0	80.0	0.0
TOTAL USES	\$7,772.7	\$9,158.9	\$10,628.9	\$9,278.9	1.3
FTE					
Permanent	71.0	68.0	68.0	68.0	0.0
Temporary	4.0	8.0	8.0	8.0	0.0
TOTAL FTE	75.0	76.0	76.0	76.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriations to the litigation and adjudication program include one million five hundred one thousand eight hundred dollars (\$1,501,800) from the irrigation works construction fund and one million sixty-seven thousand five hundred dollars (\$1,067,500) from the improvement of the Rio Grande income fund.

The other state funds appropriations to the litigation and adjudication program of the state engineer include two million seven hundred thirty-two thousand dollars (\$2,732,000) from the water project fund pursuant to Section 72-4A-9 NMSA 1978.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of cases docketed in the state engineer's hearing unit	0.0	62.0	N/A	N/A	N/A
Outcome	Proportion of sections within each adjudication for which partial final judgement and decrees have been entered	0.0%	0.0%	25.0%	25.0%	25.0%
* Outcome	Number of offers to defendants in adjudications	436.0	406.0	300.0	300.0	300.0
* Outcome	Percent of all water rights claims with judicial determinations	77%	77%	76%	76%	76%

PROGRAM SUPPORT

The purpose of program support is to provide necessary administrative support to the agency programs so they may be successful in reaching their goals and objectives.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,849.8	6,087.6	6,687.6	6,087.6	0.0
TOTAL SOURCES	\$5,849.8	\$6,087.6	\$6,687.6	\$6,087.6	0.0
USES					
Personal Services and Employee Benefits	4,628.6	5,050.5	5,650.5	5,050.5	0.0
Contractual services	88.2	219.7	219.7	219.7	0.0
Other	835.0	817.4	817.4	817.4	0.0
TOTAL USES	\$5,551.8	\$6,087.6	\$6,687.6	\$6,087.6	0.0
FTE					
Permanent	43.0	47.0	47.0	47.0	0.0
TOTAL FTE	43.0	47.0	47.0	47.0	0.0

Health, Hospitals and Human Services

Statutory Authority

The Commission on the Status of Women, created by Sections 28-3-1 through 28-3-11 NMSA 1978, consists of 15 members appointed by the governor, including one member of the Human Rights Commission.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	295.0	419.4	580.5	419.4	0.0
Other Transfers	7.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$302.9	\$419.4	\$580.5	\$419.4	0.0
USES					
Personal Services and Employee Benefits	158.8	237.5	251.6	251.6	5.9
Contractual services	67.8	81.5	133.2	84.5	3.7
Other	56.7	100.4	195.7	83.3	(17.0)
TOTAL USES	\$283.3	\$419.4	\$580.5	\$419.4	0.0
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	2.0	2.0	2.0	2.0	0.0

At A Glance

For FY26, the commission requested a \$161.1 thousand increase from the general fund, or a 38.4 percent increase from FY25. The request accounted for increased costs in the personal services and employee benefits category due to the commission bringing on a second employee and an out-of-cycle increase to the director’s salary in FY25. Additionally, the request included \$48.7 thousand to hire a contractor to assist with financial services for the commission. Finally, the commission requested a 95 percent increase in other uses, which is primarily driven by an increase in miscellaneous expenses, as well as an increase in per diem and mileage for both commissioners and the commission’s employees.

LFC does not recommend an increase in general fund revenue for the commission. The commission saw a 38.5 percent increase in FY25. The recommendation allows for the increased costs in personnel but does not include funds for hiring an additional contractor or increases to the other category. The LFC recommendation redistributes uses to reflect increased spending for contractual services in FY26. Additionally, the commission reverted \$51.8 thousand in FY24.

STATUS OF WOMEN

The purpose of the status of women program is to provide information, public events, leadership, support services and career development to individuals, agencies and women’s organizations so they can improve the economic, health and social status of women in New Mexico.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Dollar amount of grants obtained to support programs at the commission on the status of women	NEW	\$0	\$50,000	\$50,000	\$50,000
Output	Annual number of regional event attendees for all commission on the status of women public events	NEW	0.0	1,500.0	1,100.0	1,500.0
Output	Number of individuals contacted about state programs and resources through information campaigns sponsored by the commission on the status of women	NEW	0.0	6,000.0	780,000.0	780,000.0

Statutory Authority

Section 28-21-1 through 28- 21-4 NMSA 1978. The agency is attached administratively to the Human Services Department.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,041.3	1,290.1	1,320.1	1,320.1	2.3
Other Transfers	30.4	0.0	0.0	0.0	0.0
Other Revenues	122.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,194.0	\$1,290.1	\$1,320.1	\$1,320.1	2.3
USES					
Personal Services and Employee Benefits	632.0	900.1	900.1	900.1	0.0
Contractual services	107.7	268.6	268.6	268.6	0.0
Other	204.0	121.4	151.4	151.4	24.7
TOTAL USES	\$943.7	\$1,290.1	\$1,320.1	\$1,320.1	2.3
FTE					
Permanent	14.0	9.0	9.0	9.0	0.0
Temporary	2.0	1.0	1.0	1.0	0.0
TOTAL FTE	16.0	10.0	10.0	10.0	0.0

At A Glance

The Office of African American Affairs (OAAA) requested a general fund increase of \$30 thousand, a 2.3 percent increase over the FY25 operating budget. The request included an increase for personnel travel costs to allow the agency to do more community outreach statewide. The committee recommendation supports the agency request.

In FY25 the agency received 2 additional FTE for program supervisors. As of October 2024, OAAA had 5 FTE filled of its 10 total positions and \$346 thousand in funded vacancy rates. The agency was actively in the hiring process for several positions. At the close of FY24, the agency met all of its target performance measures.

PUBLIC AWARENESS

The purpose of the public awareness program is to provide information and advocacy services to all New Mexicans and to empower African Americans of New Mexico to improve their quality of life.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of participants in the capacity-building programs who rate the programs as satisfactory or above	0%	NEW	85%	75%	75%
Output	Number of reviews summarizing and highlighting the research, programs and policies and evidence-based solutions for issues impacting African Americans in New Mexico	\$4.0	2.0	5.0	5.0	5.0
Output	Number of resources produced, including data-based tools, documents and publications related to economic, education and health disparities of African Americans	25.0	45.0	45.0	45.0	45.0
Output	Number of events, including educational conferences, town hall meetings, workshops and forums to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico's African American residents	15.0	16.0	20.0	20.0	20.0
Outcome	Number of individuals who participated in agency initiatives or programs as indicated by sign-in sheets, passport cards, head count and registrations	400.0	1,500.0	1,750.0	1,750.0	1,750.0
Output	Number of educational conferences, town hall meetings, workshops and forums to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico African American citizens	N/A	N/A	N/A	N/A	N/A

Statutory Authority

Sections 28-11B-1 through 28-11B-4 and Sections 63-9F-1 through 63-9F-13 NMSA 1978 create the Commission for Deaf and Hard-of-Hearing Persons. The commission consists of seven members, a majority of whom are deaf or hard-of-hearing. Three members are ex officio and four are appointed by the governor without regard for party affiliation.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,252.4	1,671.4	2,037.1	1,884.3	12.7
Other Transfers	25.5	1,204.8	1,042.6	1,042.6	(13.5)
Other Revenues	2,077.6	0.0	0.0	0.0	0.0
Fund Balance	0.0	402.0	400.0	550.0	36.8
TOTAL SOURCES	\$5,355.5	\$3,278.2	\$3,479.7	\$3,476.9	6.1
USES					
Personal Services and Employee Benefits	1,174.0	1,452.3	1,453.8	1,452.3	0.0
Contractual services	870.8	1,427.3	1,627.3	1,627.3	14.0
Other	224.6	282.1	282.1	280.8	(0.5)
Other financing uses	116.5	116.5	116.5	116.5	0.0
TOTAL USES	\$2,385.9	\$3,278.2	\$3,479.7	\$3,476.9	6.1
FTE					
Permanent	16.0	16.0	16.0	16.0	0.0
TOTAL FTE	16.0	16.0	16.0	16.0	0.0

At A Glance

The Commission for Deaf and Hard-of-Hearing Persons requested just over \$2 million in general fund revenue, a 21.9 percent increase over FY25, to offset a continued projected decline in telecommunications relay service (TRS) revenue. The agency request maintained FY25 funding levels, fully funded FTE, and continued the increased contractual funding allocated in FY25 for deaf and deaf-blind support service provider programs.

The LFC recommends a 12.7 percent increase in general fund revenue to offset the projected decline in TRS revenue. In FY23, the agency received a 50 percent increase in general fund revenue to adjust for unrealized TRS revenue. However, agency spending over the past few years has been less than appropriated, resulting in growing fund balances. Therefore, LFC recommends appropriating \$550 thousand from the fund balance, \$150 thousand over the agency request. Total recommended spending levels are 6.1 percent over FY25 primarily to support funding for the three-year contract the commission entered into in FY25 to provide deaf and deaf-blind support service programs. LFC continues to recommend the commission consider pursuing an audit of the TRS revenue collections or statutory changes to taxation and fee schedules to apply across more lines of telecommunication services to generate additional TRS revenue.

LFC recommends personnel funding at the FY25 operating levels.

The LFC recommendation also supports the request for the continued transfer of \$91.5 thousand from the commission to the Division of Vocational Rehabilitation to leverage federal funds to provide services to deaf and hard-of-hearing people and a transfer of \$25 thousand to the Signed Language Interpreting Practices Board at the Regulation and Licensing Department.

The agency met two of its six FY24 performance targets.

DEAF AND HARD-OF-HEARING

The purpose of the deaf and hard-of-hearing program is to serve as a dynamic resource that will enhance the quality of life for deaf and hard-of-hearing residents of New Mexico by being the recognized advocate on important issues impacting the deaf and hard-of-hearing community, the proactive provider of innovative programs and services and the statewide umbrella and information clearinghouse for interested individuals, organizations, agencies and institutions.

Recommended Language

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes ninety-one thousand five hundred dollars (\$91,500) to transfer to the rehabilitation services program of the vocational rehabilitation division to match with federal funds to provide deaf and hard-of-hearing rehabilitation services and twenty-five thousand dollars (\$25,000) to transfer to the signed language interpreting practices board of the regulation and licensing department for interpreter licensure services.

The general fund appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the contractual services category includes four hundred fifty-six thousand four hundred dollars (\$456,400) for deaf and deaf-blind support service provider programs.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of workshops and training sessions conducted	135.0	133.0	140.0	140.0	140.0
Output	Number of outreach events coordinated	161.0	111.0	150.0	150.0	150.0
Output	Average number of relay minutes per month	4,849.0	4,269.0	8,000.0	8,000.0	10,000.0
* Output	Number of accessible technology equipment distributions	1,342.0	1,349.0	1,240.0	1,320.0	1,320.0
Output	Number of sign language interpreters who participated in professional development sponsored by the New Mexico commission for deaf and hard-of-hearing persons, including in-house mentoring programs and events provided in collaboration with other organizations	212.0	120.0	208.0	125.0	200.0
Output	Number of communication barriers addressed	22,022.0	21,482.0	21,500.0	21,500.0	21,600.0

Statutory Authority

The Martin Luther King Jr. Commission is authorized under Section 28-19-1 through 28-19-4 NMSA 1978. The commission consists of 13 board members, with four members appointed by the governor, four appointed by the Senate and House majority and minority leadership, and five designees from the office of the State Treasurer, Secretary of State, Indian Affairs Department, Human Rights Division, and Public Regulation Commission.

The commission plans and coordinates statewide events to commemorate the Martin Luther King Jr. holiday and promote King’s nonviolent principles and philosophy. The commission also hosts an annual youth conference to teach King’s philosophy, supports education programs for elementary school students and at-risk youth, and coordinates activities with statewide violence prevention projects.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	356.7	390.6	493.3	392.3	0.4
Other Transfers	11.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$368.3	\$390.6	\$493.3	\$392.3	0.4
USES					
Personal Services and Employee Benefits	190.0	227.5	316.4	226.5	(0.4)
Contractual services	8.8	46.2	58.3	47.2	2.2
Other	135.2	116.9	118.6	118.6	1.5
TOTAL USES	\$334.0	\$390.6	\$493.3	\$392.3	0.4
FTE					
Permanent	2.0	2.0	3.0	2.0	0.0
TOTAL FTE	2.0	2.0	3.0	2.0	0.0

At A Glance

The commission requested a \$493.3 thousand budget for FY26, a 26 percent increase over the FY25 operating budget. The commission’s request included an additional FTE, increasing the personnel request by \$81 thousand, or 28 percent. The request for contractual services increased by \$12.2 thousand, or 26.3 percent, for audit costs and to expand the commission’s annual conference. The committee recommends general fund revenue of \$392.3 thousand to cover required operating costs. The LFC recommendation slightly increases general fund revenues for operating costs and audit costs.

The commission’s financial FY23 audit had two findings with one remaining unresolved. The commission in FY20, received an “at-risk” designation from the State Auditor’s Office because its FY15, FY16, FY17, and FY18 audits were not complete. Some of the resolved findings dated back to 2014.

MARTIN LUTHER KING, JR. COMMISSION

The purpose of the Martin Luther King, Jr. commission program is to promote Martin Luther King, Jr.’s nonviolent principles and philosophy to the people of New Mexico through remembrance, celebration and action so that everyone gets involved in making a difference toward the improvement of interracial cooperation and reduction of youth violence in our communities.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of statewide holiday commemorative programs supported	7.0	12.0	10.0	14.0	14.0
Output	Number of youth anti-violence workshops conducted	0.0	0.0	10.0	20.0	10.0
Outcome	Number of student ambassadors who worked with state agencies to explore the historical, social, political and cultural themes associated with the life and works of Dr. King	0.0	45.0	80.0	45.0	45.0
Outcome	Number of commission visits to schools, tribes, non-profit providers and communities to teach Dr. King's principles of nonviolence	7.0	5.0	10.0	8.0	8.0
Output	Number of youth attending statewide youth conferences using Dr. King's principles of nonviolence	150.0	0.0	250.0	150.0	150.0

Statutory Authority

The Commission for the Blind, created by Sections 28-7-15 through 28-7-23 NMSA 1978, consists of three members appointed by the governor for staggered three-year terms. The agency provides a variety of services enabling the blind and visually impaired to become fully participating members of society.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,435.9	2,785.8	3,164.3	2,885.8	3.6
Other Transfers	358.1	265.0	232.5	232.5	(12.3)
Federal Revenues	6,392.3	6,541.7	6,972.9	6,972.9	6.6
Other Revenues	9,355.6	8,208.1	9,481.7	9,481.7	15.5
Fund Balance	334.9	250.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$18,876.8	\$18,050.6	\$19,851.4	\$19,572.9	8.4
USES					
Personal Services and Employee Benefits	5,767.5	6,397.6	6,475.2	6,475.2	1.2
Contractual services	222.2	208.2	229.7	222.2	6.7
Other	12,749.7	11,337.3	13,039.0	12,768.0	12.6
Other financing uses	107.0	107.5	107.5	107.5	0.0
TOTAL USES	\$18,846.4	\$18,050.6	\$19,851.4	\$19,572.9	8.4
FTE					
Permanent	96.0	92.0	92.0	92.0	0.0
TOTAL FTE	96.0	92.0	92.0	92.0	0.0

At A Glance

The Commission for the Blind requested \$3.2 million in general fund revenue, a 13.6 percent increase over the FY25 operating budget. The requested general fund increase was for independent living services and to leverage more federal revenue. The commission’s federal revenue request aligned with projected revenues. The agency’s other revenues are generated from contracts to provide food services at the federal Law Enforcement Training Center (FLETC) in Artesia and at Kirtland Air Force Base in Albuquerque. The commission’s request for personnel costs supported projected FY26 expenditures. The other category spending request represented an increase of 15 percent primarily to support care and support services largely supported with federal revenue. The requested funding for the other financing uses category was commensurate with prior year spending.

The LFC recommendation includes an increase of \$100 thousand, or 3.6 percent, in general fund revenue support. The LFC recommends fully funding the request for the personal services and employee benefits category and supports the agency’s request for an increase for independent living services supported with federal funds leveraged with the recommended levels of general fund and other revenue support. The recommendation also supports the \$107.5 thousand transfer to the Vocational Rehabilitation Division to leverage federal funds.

The agency met one out of four of its performance targets, including exceeding the target for number of people who avoided or delayed moving into a nursing home or assisted living facility as a result of receiving independent living services. There were no findings in the agency’s FY22 and FY23 financial audits.

BLIND SERVICES

The purpose of the blind services program is to assist blind or visually impaired New Mexicans to achieve economic and social equality so they can have independence based on their personal interests and abilities.

Recommended Language

The general fund appropriation to the blind services program of the commission for the blind in the other financing uses category includes up to one hundred seven thousand five hundred dollars (\$107,500) to transfer to the rehabilitation services program of the vocational rehabilitation division to match with federal funds to provide rehabilitation services for blind or visually impaired New Mexicans.

The internal service funds/interagency transfers appropriation to the blind services program of the commission for the blind includes two hundred thirty-two thousand five hundred dollars (\$232,500) from the vocational rehabilitation division to provide services to blind or visually impaired New Mexicans.

Any unexpended balances in the commission for the blind remaining at the end of fiscal year 2026 from appropriations made from the general fund shall not revert.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of quality employment opportunities obtained for agency's blind or visually impaired clients	27.0	21.0	26.0	23.0	27.0
Output	Number of blind or visually impaired clients trained in the skills of blindness to enable them to live independently in their homes and communities	435.0	402.0	500.0	500.0	500.0
* Outcome	Average hourly wage for the blind or visually impaired person	\$22.90	\$25.83	\$21.12	\$21.50	\$22.50
* Outcome	Number of people who avoided or delayed moving into a nursing home or assisted living facility as a result of receiving independent living services	137.0	114.0	133.0	125.0	135.0

Statutory Authority

Section 9-21-1 through 9-21-24 NMSA 1978 creates the Indian Affairs Department and the advisory Indian Affairs Commission. The commission consists of 10 members appointed by the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,522.5	4,772.6	5,356.4	4,772.6	0.0
Other Transfers	305.8	249.3	249.3	249.3	0.0
TOTAL SOURCES	\$4,828.3	\$5,021.9	\$5,605.7	\$5,021.9	0.0
USES					
Personal Services and Employee Benefits	2,021.1	2,894.8	3,378.6	2,894.8	0.0
Contractual services	229.4	630.1	630.1	630.1	0.0
Other	779.6	1,497.0	1,597.0	1,497.0	0.0
TOTAL USES	\$3,030.1	\$5,021.9	\$5,605.7	\$5,021.9	0.0
FTE					
Permanent	25.0	25.0	30.0	25.0	0.0
TOTAL FTE	25.0	25.0	30.0	25.0	0.0

At A Glance

The department’s FY26 budget request was \$5.6 million, an 11.6 percent increase over the FY25 operating budget. The requested increase was primarily for personnel. Proposed increases included 5 new FTE for a contract attorney, chief procurement officer, tribal education policy analyst, tribal water policy analyst, and an office clerk to support expanding agency initiatives, as well as increased funding to support additional space, travel, supplies, and other expenses in the other category.

Between FY23 and FY24, the department received a 7.5 percent budget increase but reverted \$2.1 million to the general fund from its FY23 budget. In FY24, the agency’s operating budget was \$4.9 million, but spending was \$3 million. In FY25, the agency’s operating budget increased 3.6 percent over FY24.

Given the department’s historic spending, staffing levels, and reversions, LFC recommends a flat budget of \$5 million because the department has unused resources.

Budget Issues

The department’s budget was increased by 73.9 percent between FY22 and FY25, and the agency has had significant reversions. The approved FTE in the department’s budget has increased by 47.1 percent since FY22, from 17 to 25. However, the agency has not increased its headcount, maintaining around 17 filled FTE. In September 2024, the department’s vacancy rate was 32 percent. The department could fill eight additional positions within its FY25 personnel budget.

The LFC recommends a flat budget for personnel and contractual services because the agency may fund additional positions within its existing personnel budget.

One of the department’s primary responsibilities is to oversee capital outlay project appropriations from the general fund and severance tax bond proceeds to Native American tribes and pueblos and to administer some of these funds through the Tribal Infrastructure Act. As of August 2024, the department was overseeing 702 projects, dating back to 2020, worth a total value of about \$342.9 million, of which \$275.2 million was unspent.

Significant outstanding projects include a \$3 million appropriation for the construction of the Santa Fe Indian School Paolo Soleri Amphitheater, with \$2.9 million unspent; \$4.4 million for the Sandia Pueblo Fire and EMS Facility, with \$2.7 million unspent; and \$6.4 million for the Navajo Nation Code Talker Museum, with \$6.3 million unspent.

The department also coordinates operations across state executive agencies and the state’s 23 pueblos and tribes to improve the outcomes of Native American populations while recognizing tribal sovereignty. This includes hosting the annual state-tribal leadership summit, maintaining agency plans and policies related to the State-Tribal Collaboration Act, ensuring all state agencies consult and collaborate with tribes, and making sure agency tribal liaisons are trained and culturally competent.

Base Expansion

The department requested \$483.8 thousand and 5 FTE for a contract attorney, chief procurement officer, tribal education policy analyst, tribal water policy analyst, and office clerk. The LFC recommendation does not include funding for these additional positions.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Expansion Request (3200)	P696	483.8	0.0
TOTAL			\$483.8	\$0.0

INDIAN AFFAIRS

The purpose of the Indian affairs program is to coordinate intergovernmental and interagency programs concerning tribal governments and the state.

Recommended Language

The internal service funds/interagency transfers appropriation to the Indian Affairs Department includes two hundred forty-nine thousand three hundred dollars (\$249,300) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of infrastructure capital improvement plans top five capital outlay projects funded by the legislature	89.0	119.0	N/A	N/A	N/A
Explanatory	Number of capital outlay, tribal infrastructure fund, grant trainings or technical assistance sessions conducted	21.0	15.0	N/A	N/A	N/A
Outcome	Percent of capital projects closed on schedule	100%	100%	100%	100%	100%
Outcome	Percent of tribal infrastructure fund projects closed on schedule	100%	100%	100%	100%	100%
Explanatory	Number of outreach meetings held in tribal communities	21.0	25.0	N/A	N/A	N/A
Explanatory	Number of tribal consultation meetings conducted or facilitated by the Indian affairs department	6.0	1.0	N/A	N/A	N/A
Output	Number of tobacco cessation or special grant awards successfully awarded to tribal governments or tribal serving organizations	8.0	18.0	8.0	5.0	18.0
Explanatory	Number of state employees attending cultural competency trainings provided by the Indian affairs department and the state personnel office throughout the fiscal year	678.0	466.0	N/A	N/A	N/A

Statutory Authority

The Early Childhood Education and Care Department established in Sections 9-29-1 to 9-29-12 NMSA 1978 is a cabinet department consisting of (1) Administrative Services, (2) Office of the Secretary, (3) Childcare Licensing and Services, (4) Early Childhood Education, and (5) Early Intervention Services, which consists of the (a) Home Visitation Bureau and (b) Family, Infant, Toddler program.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	327,612.4	348,074.2	513,274.2	351,034.2	0.9
Other Transfers	189,324.9	284,027.5	321,727.5	342,827.5	20.7
Federal Revenues	222,716.9	147,154.2	152,623.8	152,623.8	3.7
Other Revenues	6,097.9	5,913.6	7,559.6	7,559.6	27.8
TOTAL SOURCES	\$745,752.1	\$785,169.5	\$995,185.1	\$854,045.1	8.8
USES					
Personal Services and Employee Benefits	28,015.6	36,035.2	41,081.7	35,666.1	(1.0)
Contractual services	114,403.2	109,860.7	136,927.4	108,340.1	(1.4)
Other	612,834.9	603,972.0	777,186.7	659,137.3	9.1
Other financing uses	112,758.5	35,301.6	39,989.3	50,901.6	44.2
TOTAL USES	\$868,012.2	\$785,169.5	\$995,185.1	\$854,045.1	8.8
FTE					
Permanent	217.0	201.0	240.0	200.0	(0.5)
Term	95.0	156.0	156.0	160.0	2.6
Temporary	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	315.0	360.0	399.0	363.0	0.8

At A Glance

The Early Childhood Education and Care Department (ECECD) requested an increase of \$165.2 million from the general fund for FY26, representing a 47.5 percent increase over the FY25 operating budget. The primary focus of this request was expansions for childcare assistance, prekindergarten, home visiting supports for new families, the wage and career pilot, and higher provider rates for the Family, Infant, Toddler (FIT) program.

In FY25, ECECD received \$250 million from the early care and education trust fund (ECTF) and, for FY26, requested an additional \$37.5 million, bringing the total trust fund revenue request to \$287.7 million. The department also received \$159.6 million from the land grant permanent fund in FY25 and requested an increase of \$15.2 million for FY26. Overall, ECECD requested \$995.2 million from all revenue sources, a 26.7 percent increase.

The request from all revenue sources for the Childcare Assistance Program included \$96.5 million to expand state-funded slots. Additionally, the department requested \$4 million for childcare assistance quality improvements. Additional large funding requested increases included \$46.2 million to expand prekindergarten, \$14.7 million for FIT rates and services, \$10 million for Medicaid-funded home visiting, \$3 million for tribal language support, \$10 million for wage and career lattice implementation, and \$2 million for early childhood coalitions.

The Legislative Finance Committee (LFC) recommends an increase in general fund revenue of \$2.9 million, or 0.9 percent. However, the LFC recommendation includes a general fund revenue swap of \$15.7 million from ECTF for childcare assistance. Not including this revenue swap, the general fund increase recommended by the committee is \$18.7 million, or 5.4 percent. This includes \$3 million for home visiting rate increases, \$3.5 million for prekindergarten quality support, \$10 million for prekindergarten expansion, and \$2 million for tribal language support.

In addition to the \$15.7 million revenue swap for childcare assistance, the LFC recommendation includes a \$5 million transfer to the Health Care Authority for Medicaid maternal and infant health services, \$3.5 million childcare quality improvements, \$11.2 million for childcare assistance, \$10 million for FIT provider rate increases, \$1.2 million for personnel in the FIT program, \$600 thousand for doula certification and other program implementation at the Department of Health, \$750 thousand for personnel in Program Support, and \$150 thousand for hearing screening for young children. The FY26 LFC recommendation increases the distribution from the ECTF to \$289.9 million. In total, the LFC recommendation amounts to \$854 million, reflecting a 8.8 percent increase.

Budget Issues

New Mexico continues to show leadership in early childhood care and education funding. Since FY12, early childhood program appropriations have more than doubled. While the current system defines services and goals programmatically, delivery and standards vary significantly. Delivering services through both public and private entities allows for an agile system so rural and metropolitan areas can grow services based on infrastructure availability and parental preference.

ECECD administers parts of the state's early childhood care and education system. Primary programs include prekindergarten, home visiting services for new families, the Family, Infant, Toddler (FIT) program for children at-risk for developmental disabilities, and childcare assistance. However, some programs still considered part of the early care and education system remain in other state agencies or are directly funded, such as K-5 Plus, the Women, Infants and Children (WIC) program, children's behavioral and physical health through Medicaid, and Head Start. These programs are funded by both the state and federal governments and delivered by both public and private entities.

Early Learning. New Mexico prekindergarten is an early education program for 3- and 4-year-olds implemented by private providers and public schools. Originally a half-day program, most prekindergarten programs cover a full day of care. In FY25, the state contracted for over 17 thousand children to receive prekindergarten services. Prior to FY21, New Mexico prekindergarten was administered by the Children, Youth and Families Department (CYFD), which contracted with private providers, and the Public Education Department (PED), which oversaw programs in public schools. ECECD began administration of the program in FY21. New Mexico continues to compare favorably with other states for funding prekindergarten. According to the National Institute of Early Education Research (NIEER), New Mexico ranks 13th in the nation for access to prekindergarten for both 4-year-olds and 3-year-olds, and 14th in the nation for state spending.

Prekindergarten Outcomes. LFC has consistently found prekindergarten programs improve math and reading proficiency for low-income 4-year-olds and lower special education rates, lower retention rates, and lessen the negative effects of mobility. LFC has also found prekindergarten programs deliver a positive return on investment for New Mexico taxpayers based on improvement in test scores and increased high school graduation rates. In FY24, prekindergarten received a historical increase to expand prekindergarten slots, rates, and funding for wraparound care. The LFC recommendation includes \$10 million to continue expansion for 3-year-old because most 4-year-olds have access to services.

Head Start. Head Start programs, completely federally funded and not administered by the state, serve children from birth to age 5 and provide early education, health, and parental support services. A 2019 LFC evaluation of Childcare Assistance noted a lack of coordination among Head Start programs and childcare hurt access to programming in some counties. This lack of coordination continues, with the number of Head Start slots decreasing as the number of other early childhood program slots increase, signaling prekindergarten may be crowding out Head Start programs. In effect, state funds are supplanting federally funded programs, and the state needs to help providers of federally funded Head Start coordinate effectively with state-funded prekindergarten and childcare. The number of Early Head Start slots continues to increase as Head Start slots decrease, and Early Head Start enrollment is its highest in eight years.

A recent LFC evaluation noted teacher qualification is a component of federal high-quality standards for Head Start programs. New Mexico continues to lag the nation on Head Start teacher qualifications. Nationally, 70 percent of teachers have a bachelor's degree or higher, but in 2022, 35.5 percent of New Mexico Head Start teachers meet this requirement. In 2024, New Mexico Head Start and Early Head Start received \$90.4 million in federal direct revenue for 5,688 slots, an increase in revenue \$5 million but a decline on slots of 744.

Childcare Outcomes. Previous LFC evaluations have not found Childcare Assistance improves educational outcomes for children, unlike the Prekindergarten Program. Created as an economic support program for families in 1990 when Congress enacted the Child Care and Development Block Grant, the program helps families participate in the workforce while reducing the cost burden for childcare. Despite continued investment by the state in funding for childcare assistance to improve quality, LFC evaluations have continued to find Childcare Assistance outcomes are primarily based in family economic improvement. As policymakers invest in expanding the early childhood system, consideration of program outcomes is essential. Each program in the early childhood system has successful outcome focuses, such as early neglect prevention from Home Visiting, educational outcomes from Prekindergarten, and family income support from Childcare Assistance. Prioritizing investments in the outcomes policymakers want to improve should change the investment strategy in these programs.

Childcare Increased Income Eligibility. Historically childcare assistance provided an opportunity for low-income families to work or go to school by paying a voucher to childcare providers. However, because the department has expanded income eligibility to an amount equal to double New Mexico's median household income, the program now supports higher income families as well. The program subsidizes the cost of childcare for families with incomes up to 400 percent of the federal poverty level (FPL), increased from 250 percent in previous fiscal years. This means a family of four with an income of \$124.8 thousand is now eligible for childcare assistance. In FY25, New Mexico was funded to serve over 30 thousand children up to age 14. For FY26, the Childcare Assistance request was estimated to serve 35 thousand children monthly.

Childcare Assistance Funding. Most of these significant childcare assistance policy changes were funded through nonrecurring federal pandemic response dollars and had not been contemplated in the Legislature's development of the FY24 appropriation. In FY25, the department received significant revenue increases to continue funding these policy changes, with a focus on increasing capacity for infants and toddlers. For FY26, the department requested to continue expanding services; the LFC recommendation provides \$11.2 million for childcare assistance services and \$3.5 million for quality support to allow more time for the previous year's large investments to be implemented and evaluated.

Early Support and Intervention. The Support and Intervention Program administers New Mexico Home Visiting and the Family, Infant, Toddler Program (FIT). FIT is focused on providing early intervention services for children from birth to age 3 diagnosed with developmental delays, disabilities, and serious medical conditions. The department requested and the LFC recommendation supports \$10 million for provider rates and capacity support.

Home Visiting Services. Certain home visiting programs, comprehensive parent education programs, have demonstrated effectiveness in reducing child abuse and enhancing the well-being of both children and parents. In FY25, ECECD has contracts to support over 5,000 families, which represents only a fraction of the families with young children in New Mexico. The state sees over 21 thousand births each year, and this program caters to families with children up to 3 years old. According to 2023 birth data from the Department of Health, New Mexico has approximately 86 thousand children under the age of 4 and, as reported by the Health Care Authority, over 70 percent of infants in the state are born to Medicaid recipients. This underscores the significant potential for utilizing Medicaid funding to expand the program's reach, thereby maximizing federal resources and serving more new families.

Home Visiting Outcomes. Home visiting stands as a key preventive investment the Legislature has prioritized to improve long-term outcomes for children and families. However, the challenges of implementing, recruiting, and retaining high-quality home visiting programs are significant hurdles that ECECD must tackle to realize the expected improvements in outcomes.

While national research reflects improved outcomes from many nationally recognized home visiting programs, service implementation may increase or decrease the effectiveness of these outcomes. For example, the LFC home visiting evaluation found families in home visiting met several but not all outcome goals. The evaluation also stated fidelity monitoring, or ensuring that a model is implemented as intended, is crucial to determine expected impact. Providers should be adhering to a chosen model, meaning they meet with families the appropriate number of times (i.e., families are receiving the right intervention "dosage"), have high-quality, engaging interactions with families, and provide culturally appropriate adjustments. These components are essential to ensure a home visiting program delivers the expected results. Ensuring families are in home visiting for the expected length of time and getting the expected number of visits per month is important to ensure families get the expected outcomes.

If implemented well, in combination with other child welfare interventions, certain home visiting models, such as Nurse Family Partnership, Health Families America, and SafeCare Augmented, could help the state reduce child maltreatment closer to the national average.

Medicaid-Matched Home Visiting. Maximizing Medicaid revenues would enable the state to expand access to home-visiting services for numerous families within the current budget. However, efforts to maximize federal Medicaid revenues and, thereby, broaden service availability, have lagged. A recent evaluation by LFC revealed Medicaid-funded Home Visiting remains underutilized despite an increase in revenue sources, which could serve as matching state funds to bolster federal Medicaid support. Historically, the underutilization of Medicaid-funded Home Visiting services may be attributed to overly burdensome billing and administrative barriers and restrictions on the types of home-visiting approaches eligible for federal Medicaid funding. Following several focused legislative hearings on this topic, the executive has been working at adding eligible home visiting models and reducing the burden of Medicaid billing. Prior to FY20, Home Visiting services were primarily funded from the state general fund and with \$5.2 million designated federal revenues. Expansion of Medicaid-Funded Home Visiting could allow the state to match a good portion of the \$28.5 million in state general fund revenues currently appropriated for Home Visiting with federal revenues. On average, every \$1 from the state general fund can be matched with an additional \$3.45 in federal Medicaid revenue.

While the state works on program implementation for expanding Medicaid-Funded Home Visiting and other quality initiatives in FY25, the LFC recommendation for FY26 includes an additional \$3 million for provider rate increases.

Program Support and Policy Research and Quality Programs. Program Support consists of the Office of the Secretary and Administrative Services. The LFC recommendation includes over \$910 for administrative oversight support, \$3.5 million for prekindergarten quality, and \$2 million for tribal language support.

FAMILY SUPPORT AND EARLY INTERVENTION

The purpose of the family support and early intervention program is to provide a culturally sensitive early childhood comprehensive system of supports for families and young children, including home visiting, early intervention services and perinatal case management services.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	59,549.7	59,681.7	78,703.0	62,681.7	5.0
Other Transfers	8,025.7	7,443.1	17,443.1	18,643.1	150.5
Federal Revenues	4,434.6	8,474.6	8,370.2	8,370.2	(1.2)
Other Revenues	2,859.0	2,517.1	2,517.1	2,517.1	0.0
TOTAL SOURCES	\$74,869.0	\$78,116.5	\$107,033.4	\$92,212.1	18.0
USES					
Personal Services and Employee Benefits	4,396.0	6,198.8	6,468.7	6,434.7	3.8
Contractual services	31,055.7	37,432.6	49,805.7	41,228.5	10.1
Other	27,657.7	23,583.5	35,169.7	23,647.3	0.3
Other financing uses	8,708.9	10,901.6	15,589.3	20,901.6	91.7
TOTAL USES	\$71,818.3	\$78,116.5	\$107,033.4	\$92,212.1	18.0
FTE					
Permanent	22.0	14.0	17.0	17.0	21.4
Term	29.0	44.0	44.0	44.0	0.0
TOTAL FTE	51.0	58.0	61.0	61.0	5.2

Recommended Language

The internal service funds/interagency transfers appropriations to the family support and early intervention program of the early childhood education and care department include ten million dollars (\$10,000,000) from the early childhood education and care fund for rate increases and services in the family, infant and toddler program.

The general fund appropriations to the family support and early intervention program of the early childhood education and care department shall be reduced by three million dollars (\$3,000,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Article 12, Section 7 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof for home visiting rate increases.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Output	Average annual number of home visits per family	19.0	22.0	20.0	20.0	22.0
Explanatory	Percent of home visiting families with face-to-face visits, monthly	NEW	91.0%	N/A	N/A	N/A
Outcome	Percent of children enrolled in home visiting for longer than six months who receive regular well child exams as recommended by the American academy of pediatrics	88.4%	91.0%	90.0%	90.0%	95.0%
Outcome	Percent of children making significant improvement annually in social emotional skills, knowledge and skills and appropriate behavior	NEW	75.0%	80.0%	80.0%	80.0%
Outcome	Percent of families enrolled in families first prenatally	NEW	65.0%	80.0%	80.0%	80.0%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of families enrolled in home visiting by the twenty-eighth week of pregnancy	NEW	75.0%	30.0%	Discontinued	Discontinued
Outcome	Percent of families with an infant enrolled in home visiting who received safe sleep education and supporting materials and follow the recommended safe sleep practices	NEW	82.0%	80.0%	80.0%	85.0%
Outcome	Percent of children performing at categorical age expectations annually, to include positive social and emotional skills, knowledge and skills and appropriate behavior	NEW	TBD	75.0%	75.0%	75.0%
Outcome	Percent of women who are pregnant when they enroll in families first and access postpartum care	NEW	100.0%	75.0%	75.0%	95.0%
Outcome	Percent of women who enrolled prenatally in home visiting who are eligible for medicaid and access prenatal care by the twenty-eighth week of pregnancy	NEW	93.0%	80.0%	80.0%	95.0%
Output	Average annual number of home visits per family	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of parents participating in the New Mexico home visiting program for at least eight months who demonstrate progress in practicing positive parent-child interactions as demonstrated by the state-approved, evidence-based screening tool	79.34%	82.00%	80.00%	80.00%	82.00%
Outcome	Percent of women who enrolled prenatally in families first who are eligible for medicaid and access prenatal care by the twenty-eighth week of pregnancy	89.94%	90.00%	93.00%	93.00%	93.00%
Outcome	Percent of children participating in the family infant toddler program for at least six months who demonstrate substantial increase in their development as measure by the early childhood outcomes tool in: positive social-emotional skills (including social relationships), acquisition and use of knowledge and skills (including early language/communication), and use of appropriate behaviors to meet their needs	77.83%	TBD	78.00%	78.00%	78.00%
Outcome	Number of families enrolled in centennial home visiting	440.0	402.0	1,250.0	1,250.0	1,250.0
Outcome	Percent of women who are pregnant when they enroll in home visiting and access postpartum care	85.73%	81.00%	90.00%	90.00%	90.00%
Outcome	Percent of eligible infants and toddlers with an individual family service plan for whom an initial evaluation and initial assessment and an initial individual family service plan meeting were conducted within the forty-five day timeline	93.00%	94.00%	100.00%	100.00%	100.00%

EARLY CARE AND EDUCATION

The purpose of the early care and education program is to ensure New Mexicans have access to high-quality, healthy, safe and supportive early childhood education environments for children and their families, as well as access to healthy meals.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	40,389.5	40,473.8	123,965.8	24,773.8	(38.8)
Other Transfers	135,211.8	211,414.5	225,714.5	252,514.5	19.4
Federal Revenues	200,580.7	127,207.6	125,273.3	125,273.3	(1.5)
Other Revenues	550.7	1,100.0	1,100.0	1,100.0	0.0
TOTAL SOURCES	\$376,732.7	\$380,195.9	\$476,053.6	\$403,661.6	6.2
USES					
Personal Services and Employee Benefits	9,723.7	14,357.6	15,343.0	12,767.5	(11.1)
Contractual services	26,215.5	3,979.6	4,524.4	3,599.4	(9.6)
Other	332,962.0	361,858.7	456,186.2	387,294.7	7.0
Other financing uses	6,053.2	0.0	0.0	0.0	0.0
TOTAL USES	\$374,954.4	\$380,195.9	\$476,053.6	\$403,661.6	6.2
FTE					
Permanent	96.0	89.0	114.0	89.0	0.0
Term	49.0	68.0	68.0	68.0	0.0
TOTAL FTE	145.0	157.0	182.0	157.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriations to the early childhood education and care program of the early childhood education and care department include thirty-one million five hundred twenty-seven thousand five hundred dollars (\$31,527,500) from the federal temporary assistance for needy families block grant for childcare.

The internal service funds/interagency transfers appropriations to the early childhood education and care program of the early childhood education and care department include one hundred and five million four hundred thousand dollars (\$105,400,000) from the early childhood care and education fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Average length of time enrolled in months for families receiving childcare assistance	N/A	N/A	N/A	N/A	N/A
Outcome	Average monthly copay as a percentage of monthly income	0.0%	0.0%	7.0%	7.0%	7.0%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Average number of months families receiving childcare assistance are enrolled	NEW	18.0	12.0	12.0	18.0
Outcome	Percent of children aged birth to five years old, attending full-time child care, defined as thirty hours or more a week	NEW	73.0%	75.0%	75.0%	75.0%
Outcome	Percent of enrolled families at or below two hundred percent of the federal poverty level	NEW	42.0%	70.0%	70.0%	70.0%
* Outcome	Percent of infants and toddlers participating in the childcare assistance program enrolled in childcare programs with four or five stars	58%	65%	75%	75%	75%
Outcome	Percent of children participating in the public and private state-funded New Mexico prekindergarten program for at least six months showing measurable progress on the school readiness spring preschool assessment tool	92.79%	91.00%	92.00%	92.00%	92.00%

POLICY, RESEARCH AND QUALITY INITIATIVES PROGRAM

The purpose of the policy, research and quality initiatives program is to oversee the early childhood education and care department’s quality initiatives, including workforce development, coaching and consultation, infant early childhood mental health consultation and data analysis and reporting and performance. The program also conducts internal audits to ensure program integrity for the childcare assistance program.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		Percent Inc (Decr)
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	13,646.1	16,026.8	28,640.2	19,526.8	21.8
Other Transfers	5,826.2	17,000.0	27,736.9	17,000.0	0.0
Federal Revenues	5,094.2	4,248.8	12,514.0	12,514.0	194.5
Other Revenues	4.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$24,570.7	\$37,275.6	\$68,891.1	\$49,040.8	31.6
USES					
Personal Services and Employee Benefits	2,458.9	3,113.6	4,000.0	2,723.7	(12.5)
Contractual services	36,356.9	32,999.7	63,389.9	45,153.2	36.8
Other	1,409.3	1,162.3	1,501.2	1,163.9	0.1
TOTAL USES	\$40,225.1	\$37,275.6	\$68,891.1	\$49,040.8	31.6
FTE					
Permanent	13.0	24.0	23.0	23.0	(4.2)
Term	3.0	12.0	12.0	12.0	0.0
TOTAL FTE	16.0	36.0	35.0	35.0	(2.8)

Recommended Language

The general fund appropriations to the policy, research and quality initiatives program of the early childhood education and care department shall be reduced by three million five hundred thousand dollars (\$3,500,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Article 12, Section 7 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof for prekindergarten quality supports.

The internal service funds/interagency transfers appropriation to the policy, research and quality initiatives program of the early childhood education and care department includes one million dollars (\$1,000,000) from the opioid crisis recovery fund for infant mental health.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Output	Percent of early childhood professionals, including tribal educators, with degrees and/or credentials	49.0%	77.0%	50.0%	50.0%	77.0%
Outcome	Number of infant early child mental health professionals trained and onboarded	NEW	15.0	15.0	25.0	25.0
Outcome	Percent of early childhood professionals receiving support from infant early child mental health consultants	NEW	30.0%	10.0%	15.0%	30.0%
Outcome	Percent of licensed child care providers participating in the focus tiered quality rating and improvement system	63.7%	65.0%	60.0%	60.0%	70.0%
Outcome	Percent of licensed childcare providers participating in the focus tiered quality rating and improvement system at the four- and five-star level	60.0%	62.0%	60.0%	60.0%	65.0%

PREKINDERGARTEN

The purpose of the prekindergarten program is to ensure New Mexicans have access to a high-quality mixed-delivery early childhood education system. The program oversees the administration, monitoring, quality supports, and technical assistance for prekindergarten in traditional public schools, charter schools, and community-based organizations. In collaboration with the public education department, the program administers prekindergarten funding and ensures all prekindergarten children with special education needs receive the services and supports they need.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	204,829.5	222,469.5	269,355.8	232,469.5	4.5
Other Transfers	21,757.3	15,704.1	15,704.1	15,704.1	0.0
TOTAL SOURCES	\$226,586.8	\$238,173.6	\$285,059.9	\$248,173.6	4.2
USES					
Personal Services and Employee Benefits	1,789.5	1,990.5	2,634.8	1,990.5	0.0
Contractual services	11,960.2	22,920.2	2,600.0	2,600.0	(88.7)
Other	240,355.2	213,262.9	279,825.1	243,583.1	14.2
Other financing uses	85,496.4	0.0	0.0	0.0	0.0
TOTAL USES	\$339,601.3	\$238,173.6	\$285,059.9	\$248,173.6	4.2
FTE					
Permanent	14.0	14.0	19.0	16.0	14.3
Term	1.0	3.0	3.0	1.0	(66.7)
TOTAL FTE	15.0	17.0	22.0	17.0	0.0

Recommended Language

The general fund appropriations to the prekindergarten program of the early childhood education and care department shall be reduced by ten million dollars (\$10,000,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Article 12, Section 7 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof for prekindergarten programs.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of children enrolled for at least six months in the state-funded New Mexico prekindergarten program who score at first step for kindergarten or higher on the fall observation kindergarten observation tool	NEW	49.0%	80.0%	80.0%	80.0%
* Outcome	Percent of children who participated in a New Mexico prekindergarten program for at least nine months who are proficient in math in kindergarten	NEW	52.0%	75.0%	75.0%	75.0%
Explanatory	Number of eligible children served in state-funded early prekindergarten	NEW	N/A	N/A	N/A	N/A
Explanatory	Number of eligible children served in state-funded prekindergarten	NEW	N/A	N/A	N/A	N/A
Outcome	Percent of children who participated in a New Mexico prekindergarten program for at least nine months who are proficient in literacy in kindergarten	NEW	51.0%	80.0%	80.0%	80.0%

PROGRAM SUPPORT

The purpose of program support is to provide leadership and support for the early childhood education and care department through strategic planning, legal services, information and technology services, financial services and budget, human resources and background checks.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,197.6	9,422.4	12,609.4	11,582.4	22.9
Other Transfers	18,503.9	32,465.8	35,128.9	38,965.8	20.0
Federal Revenues	12,607.4	7,223.2	6,466.3	6,466.3	(10.5)
Other Revenues	2,683.9	2,296.5	3,942.5	3,942.5	71.7
TOTAL SOURCES	\$42,992.8	\$51,407.9	\$58,147.1	\$60,957.0	18.6
USES					
Personal Services and Employee Benefits	9,647.5	10,374.7	12,635.2	11,749.7	13.3
Contractual services	8,814.9	12,528.6	16,607.4	15,759.0	25.8
Other	10,450.6	4,104.6	4,504.5	3,448.3	(16.0)
Other financing uses	12,500.0	24,400.0	24,400.0	30,000.0	23.0
TOTAL USES	\$41,413.0	\$51,407.9	\$58,147.1	\$60,957.0	18.6
FTE					
Permanent	72.0	60.0	67.0	55.0	(8.3)
Term	13.0	29.0	29.0	35.0	20.7
Temporary	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	88.0	92.0	99.0	93.0	1.1

Recommended Language

The internal service funds/interagency transfers appropriation includes from program support of the early childhood education and care department to the medical assistance program of the health care authority in the other financing uses category five million dollars (\$5,000,000) from the early childhood education and care fund for provider rates for maternal and child health.

The internal service funds/interagency transfers appropriation from program support of the early childhood education and care department to the public health program of the department of health in the other financing uses category includes six hundred thousand dollars (\$600,000) from the early childhood education and care fund for the doula credential program contingent on enactment of legislation of the first session of the fifty-seventh legislature in fiscal year 2026.

The internal service funds/interagency transfers appropriation from program support of the early childhood education and care department in the contractual services category includes one hundred and fifty thousand dollars (\$150,000) from the early childhood education and care fund for deaf and hard of hearing screenings for young children.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of Comprehensive Addiction and Recovery Act families connected to agency services and supports	NEW	41.0%	60.0%	60.0%	60.0%

Statutory Authority

Sections 9-23-1 through 9-23-12 NMSA 1978, created the cabinet-level Aging and Long-Term Services Department (ALTSD) composed of four programs: the Consumer and Elder Rights Program, which administers the Long-Term Care Ombudsman Program and the Aging and Disability Resource Center; the Aging Network Program, which administers the federal Older Americans' Act; the Adult Protective Services Program, which investigates cases of elder neglect, abuse, and exploitation; and Program Support, which provides clerical, record-keeping, and administrative support to the department in the areas of personnel, budget, procurement, and contracting.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	64,491.0	71,467.1	77,159.3	74,476.3	4.2
Other Transfers	3,635.0	6,033.8	6,033.8	6,033.8	0.0
Federal Revenues	12,455.6	14,521.8	14,521.8	14,521.8	0.0
Other Revenues	58.7	115.8	115.8	115.8	0.0
Fund Balance	0.0	2,275.6	2,275.6	2,275.6	0.0
TOTAL SOURCES	\$80,640.3	\$94,414.1	\$100,106.3	\$97,423.3	3.2
USES					
Personal Services and Employee Benefits	19,551.0	23,694.6	25,586.8	24,094.6	1.7
Contractual services	5,069.8	12,822.6	13,122.6	11,951.8	(6.8)
Other	53,267.3	57,896.9	61,396.9	61,376.9	6.0
TOTAL USES	\$77,888.1	\$94,414.1	\$100,106.3	\$97,423.3	3.2
FTE					
Permanent	256.0	245.0	250.0	248.0	1.2
Term	7.0	20.0	25.0	21.0	5.0
Temporary	31.0	0.0	0.0	0.0	0.0
TOTAL FTE	294.0	265.0	275.0	269.0	1.5

At A Glance

The Aging and Long-Term Services Department (ALTSD) FY26 request sought \$77.2 million from the general fund, an 8 percent increase from the FY25 operating budget. Notable allocations include \$2.4 million for grants in the Aging Network Program, \$1.3 million for food support, and \$1.2 million for the department's call center. The LFC base recommendation supports increased funding for grants in the Aging Network and personnel for the call center and Adult Protective Services Program. The department also requested a reorganization, which the LFC recommendation does not include.

Budget Issues

The Aging Network Program oversees services for over 145 thousand older adults, including home-delivered meals and services in senior centers. The department proposed a reorganization, separating funding for long-term care from Adult Protective Services, but the LFC recommendation does not support this, emphasizing the importance of connectedness and collaboration. The Aging Network requested a 5.2 percent increase in general fund revenues for increases in grants. The LFC recommendation supports the department request.

Previously, providers have voiced concerns about slow reimbursements from federal programs, prompting a past practice of advanced payments. The LFC recommends continuing language allowing a 12.5 percent distribution from the Department of Finance and Administration for initial payments to Aging Network providers.

Adult Protective Services. The department general fund request for the Adult Protective Services Program (APS) for FY26, excluding the requested reorganization, was a \$1.1 million increase, or 6.9 percent, mostly for personnel. The LFC general fund revenue recommendation includes \$200 thousand for personnel because the program has struggled to realize federal revenues.

In FY25, the department reported it began implementation of the pilot New Mexicare program. The program is a caregiver support service through a participant-centered and self-directed model of service delivery. New Mexicare offers incentives, services, and support to those caring for family members through financial assistance, training, and support. Each participant would be provided with an individualized allotment that can be used for home care, respite, adult day services, chores, transportation, and equipment. As of November 2024, the department reported the program is serving 95 participants and approved 5,392 caregiver support hours. However, no evaluation plan for program outcomes has been provided to LFC.

The Consumer and Elder Rights Program’s general fund request included a 55.4 percent increase of \$1.2 million for personnel and contract support for its call center, and the LFC recommendation allocates \$400 thousand for personnel.

Kiki Saavedra Senior Dignity Fund. During the 2020 legislative session, the Legislature appropriated \$7 million to the newly created Kiki Saavedra senior dignity fund. The fund is overseen by ALTSD to address high-priority services for senior citizens and adults with disabilities in New Mexico, to include transportation, food insecurity, physical and behavioral health, case management, and caregiving. The department requested \$20 million in nonrecurring revenue for the fund. In FY24, the department used funding for food support and the state conference on aging. The Legislature should be cautious in the use of nonrecurring revenue, such as revenue from this fund, in building programs with recurring expenses, absent plans for evaluating services to assess effectiveness and for future options in the recurring budget.

Capital Outlay. From 2021 to 2024, senior centers received approximately \$68.7 million in capital outlay appropriations for renovations, repairs, new construction, vehicles, and equipment. As of October 2024, \$55.9 million was unexpended. For 2025, ALTSD has requested \$56.5 million in capital outlay, including \$33.5 million for senior center’s statewide and \$20 million for senior housing.

CONSUMER AND ELDER RIGHTS

The purpose of the consumer and elder rights program is to provide current information, assistance, counseling, education and support to older individuals and people with disabilities, residents of long-term care facilities and their families and caregivers that allow them to protect their rights and make informed choices about quality services.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,961.8	2,150.3	3,342.5	2,550.3	18.6
Other Transfers	877.8	900.0	900.0	900.0	0.0
Federal Revenues	1,147.2	1,871.8	1,871.8	1,871.8	0.0
Other Revenues	0.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,987.0	\$4,922.1	\$6,114.3	\$5,322.1	8.1
USES					
Personal Services and Employee Benefits	3,099.3	3,947.0	4,839.2	4,347.0	10.1
Contractual services	428.5	121.0	421.0	121.0	0.0
Other	309.5	854.1	854.1	854.1	0.0
TOTAL USES	\$3,837.3	\$4,922.1	\$6,114.3	\$5,322.1	8.1
FTE					
Permanent	50.0	37.0	42.0	40.0	8.1
Term	0.0	13.0	17.0	13.0	0.0
TOTAL FTE	50.0	50.0	59.0	53.0	6.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Quality	Percent of calls to the aging and disability resource center that have the primary issue resolved in a single contact	NEW	73%	90%	90%	90%
Quality	Percent of complaints resolved by the ombudsman's office to the satisfaction of the nursing facility resident over the reporting period	NEW	N/A	70%	70%	70%
Quality	Percent of customers satisfied with the outcome of their call to the aging and disability resource center	NEW	96%	90%	90%	95%
Outcome	Percent of participants in the capacity-building programs who rate the programs as satisfactory or above.	N/A	N/A	N/A	N/A	N/A
Quality	Percentage of complaints resolved by the Ombudsman's Office to the satisfaction of the Nursing Facility resident over the reporting period.	N/A	N/A	N/A	N/A	N/A
* Quality	Percent of calls to the aging and disability resource center answered by a live operator	81%	73%	90%	90%	90%
Outcome	Percent of ombudsman complaints resolved within sixty days	100.00%	98.00%	99.00%	99.00%	99.00%
* Outcome	Percent of residents who remained in the community six months following a nursing home care transition	98%	99%	98%	98%	98%
Quality	Percent of nursing and assisted living facility residents who remained in the facility following a discharge or eviction complaint	93.00%	0.00%	96.00%	96.00%	96.00%
Quality	Percent of people accessing consumer and elder rights division programs who indicated the assistance improved their quality of life and made a positive difference in their decisions	98.00%	0.00%	98.00%	98.00%	98.00%
Outcome	Percent of individuals provided short-term assistance who accessed services within thirty days of a referral from options counseling	83.65%	92.75%	92.00%	92.00%	92.00%
Output	Percent of facilities visited monthly	52.00%	56.00%	50.00%	50.00%	55.00%

ADULT PROTECTIVE SERVICES

The purpose of the adult protective services program is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,032.5	16,018.8	10,618.8	16,218.8	1.2
Other Transfers	2,350.6	5,133.8	4,733.8	4,733.8	(7.8)
Federal Revenues	0.0	503.5	0.0	503.5	0.0
TOTAL SOURCES	\$17,383.1	\$21,656.1	\$15,352.6	\$21,856.1	(0.9)

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	10,603.8	12,383.8	11,412.6	12,583.8	1.6
Contractual services	2,373.8	8,195.9	3,018.6	8,195.9	0.0
Other	3,465.8	1,076.4	921.4	1,076.4	0.0
TOTAL USES	\$16,443.4	\$21,656.1	\$15,352.6	\$21,856.1	0.9
FTE					
Permanent	132.0	138.0	128.0	138.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE	137.0	143.0	133.0	143.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of consumers for whom referrals were made that accessed services and remained in a community setting for six or more months	NEW	95%	90%	90%	95%
* Outcome	Percent of emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	99%	99%	100%	100%	100%
Output	Number of adult protective services' investigations of abuse, neglect or exploitation	6,863.0	7,632.0	6,850.0	6,850.0	7,600.0
Output	Number of referrals made to and enrollments in home care services as a result of an investigation of abuse, neglect or exploitation	147.0	248.0	400.0	400.0	400.0
Outcome	Percent of repeat abuse, neglect or exploitation cases within six months of a substantiation of an investigation	0.00%	0.47%	2.00%	2.00%	2.00%
Outcome	Percent of contractor referrals in which services were implemented within two weeks of the initial referral	71.75%	71.00%	80.00%	80.00%	80.00%
Outcome	Percent of priority two investigations in which a caseworker made initial face-to-face contact with the alleged victim within prescribed time frames	99.00%	99.00%	99.00%	99.00%	99.00%
Output	Number of outreach presentations conducted in the community within adult protective services' jurisdiction	409.0	437.0	400.0	400.0	400.0

AGING NETWORK

The purpose of the aging network program is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education and work experience to older individuals so they can enter or re-enter the workforce and receive appropriate income and benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	40,931.4	46,090.2	48,499.4	48,499.4	5.2
Other Transfers	125.1	0.0	0.0	0.0	0.0
Federal Revenues	11,238.2	12,024.6	12,024.6	12,024.6	0.0
Other Revenues	58.5	115.8	115.8	115.8	0.0
TOTAL SOURCES	\$52,353.2	\$58,230.6	\$60,639.8	\$60,639.8	4.1
USES					
Personal Services and Employee Benefits	1,446.7	2,172.4	1,972.4	1,972.4	(9.2)
Contractual services	1,694.5	1,939.9	1,069.1	1,069.1	(44.9)
Other	47,920.1	54,118.3	57,598.3	57,598.3	6.4
TOTAL USES	\$51,061.3	\$58,230.6	\$60,639.8	\$60,639.8	4.1
FTE					
Permanent	22.0	25.0	23.0	25.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
Temporary	31.0	0.0	0.0	0.0	0.0
TOTAL FTE	54.0	26.0	24.0	26.0	0.0

Recommended Language

The general fund appropriation to the aging network program of the aging and long-term services department in the other category shall allow for an additional twelve and one-half percent distribution from the department of finance and administration for initial payments to aging network providers at the beginning of the fiscal year.

Any unexpended balances remaining in the aging network from the conference on aging at the end of fiscal year 2026 from appropriations made from other state funds for the conference on aging shall not revert to the general fund.

Any unexpended balances remaining in the aging network from the tax refund contribution senior fund, which provides for the provision of the supplemental senior services throughout the state, at the end of fiscal year 2026 shall not revert to the general fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of individuals exiting the senior employment programs achieving financial independence through employment without public sector subsidy	32.00%	0.00%	43.00%	43.00%	0.00%
* Output	Number of hours of service provided by senior volunteers, statewide	472,250.0	454,772.0	745,000.0	745,000.0	745,000.0
Explanatory	Average cost per meal in Bernalillo and Santa Fe counties	N/A	N/A	N/A	N/A	N/A
Explanatory	Average cost per meal in all counties except Bernalillo and Santa Fe	N/A	N/A	N/A	N/A	N/A
Explanatory	Average cost per unit of transportation in Bernalillo and Santa Fe counties	\$0.00	\$0.00	N/A	N/A	N/A
Explanatory	Average cost per unit of transportation in all counties except Bernalillo and Santa Fe	N/A	N/A	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of outreach events and activities to identify, contact and provide information about aging network services to potential aging network consumers who may be eligible to access senior services but are not currently accessing those services	764.0	986.0	800.0	800.0	950.0
Output	Number of meals served in congregate and home-delivered meal settings	4,105,279.0	4,020,390.0	4,000,000.0	4,000,000.0	4,000,000.0
Explanatory	Number of clients appointed as legal guardians of kinship children in their care	N/A	N/A	N/A	N/A	N/A
Output	Number of transportation units provided	223,938.0	265,565.0	224,000.0	224,000.0	275,000.0
Outcome	Percent of older New Mexicans receiving congregate and home-delivered meals through aging network programs that are assessed with high nutritional risk	17.10%	20.00%	17.00%	17.00%	25.00%

LONG-TERM CARE

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	7,490.8	0.0	0.0
Other Transfers	0.0	0.0	400.0	400.0	0.0
Federal Revenues	0.0	0.0	503.5	0.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$8,394.3	\$400.0	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	2,171.2	0.0	0.0
Contractual services	0.0	0.0	6,048.1	0.0	0.0
Other	0.0	0.0	175.0	0.0	0.0
TOTAL USES	\$0.0	\$0.0	\$8,394.3	\$0.0	0.0
FTE					
Permanent	0.0	0.0	12.0	0.0	0.0
TOTAL FTE	0.0	0.0	12.0	0.0	0.0

PROGRAM SUPPORT

The purpose of program support is to provide clerical, record-keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,565.3	7,207.8	7,207.8	7,207.8	0.0
Other Transfers	281.4	0.0	0.0	0.0	0.0
Federal Revenues	70.3	121.9	121.9	121.9	0.0
Fund Balance	0.0	2,275.6	2,275.6	2,275.6	0.0
TOTAL SOURCES	\$6,917.0	\$9,605.3	\$9,605.3	\$9,605.3	0.0
USES					
Personal Services and Employee Benefits	4,401.2	5,191.4	5,191.4	5,191.4	0.0
Contractual services	573.0	2,565.8	2,565.8	2,565.8	0.0
Other	1,571.9	1,848.1	1,848.1	1,848.1	0.0
TOTAL USES	\$6,546.1	\$9,605.3	\$9,605.3	\$9,605.3	0.0
FTE					
Permanent	52.0	45.0	45.0	45.0	0.0
Term	1.0	1.0	2.0	2.0	100.0
TOTAL FTE	53.0	46.0	47.0	47.0	2.2

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Number of caregiver hours	392,492:5	445,844:0	400,000:0	400,000:0	600,000:0

Statutory Authority

The Health Care Authority was created by Sections 9-8-1 through 9-8-12 NMSA 1978. The agency is responsible for administering a number of programs to provide medical and financial assistance for eligible populations and for child support collection activities. The agency consists of nine divisions: Administrative Services, Child Support Enforcement, Medical Assistance, Medicaid Behavioral Health, Behavioral Health Services, Income Support, Developmental Disabilities Support, Health Improvement, and State Health Benefits. The Developmental Disabilities Support, Health Improvement, and State Health Benefits divisions were transferred in 2023 from other agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,608,488.9	1,992,879.7	2,248,689.5	2,071,784.0	4.0
Other Transfers	428,312.4	439,654.8	913,770.0	962,321.1	118.9
Federal Revenues	7,905,833.3	9,047,431.2	11,468,661.7	11,125,232.1	23.0
Other Revenues	149,920.3	706,328.0	882,608.4	862,507.3	22.1
Fund Balance	55,128.0	0.0	811.4	5,811.4	0.0
TOTAL SOURCES	\$10,147,682.9	\$12,186,293.7	\$15,514,541.0	\$15,027,655.9	23.3
USES					
Personal Services and Employee Benefits	134,311.5	195,055.4	248,685.6	206,576.0	5.9
Contractual services	428,817.2	369,311.2	482,716.1	477,425.8	29.3
Other	9,290,619.5	11,387,797.3	14,514,629.4	14,031,875.4	23.2
Other financing uses	0.0	234,129.8	268,214.3	311,778.7	33.2
TOTAL USES	\$9,853,748.2	\$12,186,293.7	\$15,514,245.4	\$15,027,655.9	23.3
FTE					
Permanent	2,176.0	2,344.5	2,417.5	2,411.5	2.9
Term	20.0	68.0	8.0	8.0	(88.2)
Temporary	65.0	0.0	0.0	0.0	0.0
TOTAL FTE	2,261.0	2,412.5	2,425.5	2,419.5	0.3

At A Glance

The Health Care Authority's FY26 total budget request for \$15.5 billion is \$3.3 billion, or 27 percent, above the FY25 operating budget and includes \$2.2 billion from the general fund, a 12.8 percent increase. Much of the increase other than the general fund is related to the enactment of a new hospital assessment to leverage federal Medicaid dollars to increase hospital reimbursements to the average rate of commercial payors, significantly above traditional Medicaid rates. Much of the other requested increases also occur in the programs comprising the state's Medicaid program and are primarily for continued provider rate adjustments, healthcare inflation, Medicaid enrollment growth, increased developmental disabilities Medicaid waiver utilization, and further rate adjustments for certain elderly care providers and behavioral health providers. Additionally, the authority requested to adjust salaries across nearly all its 10 programs.

The \$15 billion LFC recommendation is a \$2.8 billion, or 23 percent, increase above the FY24 operating budget, that reflects the new hospital surcharge. The recommendation increases general fund spending with moderation given recent budget projections. With the Medicaid budget more than doubling between FY19 and FY25, more increases likely for FY26, and outcomes not improving with the pace of spending, the committee recommends the department take significant steps toward focusing on performance and includes language to strengthen hospital and behavioral health oversight. The LFC recommendation also prioritizes continuing the rate adjustments enacted in the 2024 General Appropriation Act and continues the move toward funding more evidence-based services, especially in the three-year demonstration project budget.

Budget Issues

The Health Care Authority began its first fiscal year in July 2024, combining the programs that used to comprise the Human Services Department with the Developmental Disabilities Support Program and the Division of Health Improvement from the Department of Health and the State Health Benefits Program from the General Services Department. Adding to this, enacted legislation moved the health care affordability fund from the Office of Superintendent of Insurance to the authority and the request makes the fund the 10th program within the authority.

Much of the reason for the creation of the authority was to improve the accessibility, coverage, and oversight of healthcare in the state. To improve access over the last several years, the Legislature prioritized physical and behavioral healthcare by creating the authority, injecting nonrecurring funding into capacity building efforts, and significantly increasing Medicaid rates paid to providers of maternal and child health, physical health, behavioral health, developmental disability services, and several other types of care to either create rate competitiveness or to ensure provider viability, with the ultimate goal of increasing provider capacity through better recruitment and retention.

At this point, to improve coverage, the consolidation under the authority brings under one roof the nearly half the state's population that is covered by Medicaid, nearly 60 thousand state employees and local government employees covered by state health benefits, and other low-income individuals covered through the state's health insurance exchange with the help of healthcare affordability fund subsidies. The authority has signaled its intention to improve its market leverage, possibly by purchasing healthcare for some of these populations under a consolidated effort with the hope of driving down prices. The authority was also tasked by the Legislature with conducting a study to determine the feasibility of expanding Medicaid to cover these and possibly other populations.

Additionally, to improve healthcare oversight and regulation, the authority now oversees nearly all healthcare facilities—hospitals, long-term care facilities, behavioral health facilities, and community-based programs for people with developmental disabilities—through licensing and other oversight activities. Likewise, the authority is no longer just the payor for services for people with developmental disabilities; it now is also responsible for ensuring the smooth operation of these services and making sure people with developmental disabilities live fulfilling lives and participate in their communities.

Medicaid Programs. Nearly all the requested increase is contained within the programs covering Medicaid, which includes continuing provider rate adjustments enacted in FY25 for the full fiscal year, healthcare inflation, enrollment growth, accommodation of federal Medicaid matching reductions, and new payment rate adjustments for the program for all inclusive care for the elderly and assisted living facilities. The authority also requested administrative funding for the ongoing costs of the Medicaid management information system replacement project, assuming it will go into operation in FY26, and additional amounts to reduce vacancies and implement appropriate placement salary adjustments authority wide.

The \$2 billion general fund request for the Medicaid Programs—Medical Assistance, Developmental Disabilities, and Medicaid Behavioral Health programs—is a \$229.4 million, or a 12.8 percent increase, from the general fund. As stated previously, the authority is planning to increase rates to maternal and child health and physical health providers in January of FY25 to 150 percent of the Medicare benchmark for these rates. In FY25, the department only has sufficient funding for about three-quarters of the year, and to maintain the rates going forward for a full year, the department's request included an additional \$49 million.

However, the authority's September 2024 Medicaid projections indicated, to continue the rate increases for the entire year, about \$13.8 million would be needed from state funding. The committee supports the increase of \$13.8 million with \$5 million coming from the early childhood trust fund specifically to continue the rate increases for maternal and child health and the remainder from the general fund.

Healthcare Inflation and the State's Improving Economy. The authority also requested \$40 million for healthcare inflation and an additional \$17.4 million because of the projected continued decrease in the federal Medicaid matching rate. With its over 3.5-to-1 matching rate, the federal government's Medicaid funds exert a significant amount of pressure on the state to grow its overall Medicaid budget. Between FY19, the year prior to the pandemic, and FY25, Medicaid's total budget more than doubled, with future general fund growth likely because of a decreasing federal matching rate, continued medical cost inflation, and the state's enactment of the Health Care Delivery and Access Act.

Projected at an average of about 2.8 percent per year, medical inflation is caused by advancements in expensive medical technologies, increases in aging populations, rising rates of chronic diseases, escalating pharmaceutical costs, growing administrative expenses, higher wages for healthcare workers, reduced competition from hospital consolidations, unnecessary tests defensively ordered by doctors to avoid lawsuits, and regulatory and insurance design changes. All of which comes out to roughly \$60 million in general fund expenses per year.

The base federal medical assistance percentage (FMAP), or the rate at which the federal government matches state Medicaid funds, is expected to decrease over the next few years, which may require the state to make up for the difference to maintain spending at current levels. Each year each state's FMAP is set based on how well the state is performing economically compared to all the other states as measured by per capita income. Through at least 2029, the state's economy is projected to improve when compared to the rest of the nation. This means that over the next five years the state's FMAP is projected to decrease by an average of about 0.14 percent per year.

Healthcare inflation and the change in FMAP are expected to cost about \$40.9 million in FY26, and the committee includes these funding levels in the recommendation.

Enrollment, Rates, and Other Revenue. The authority also assumed enrollment in Medicaid will continue to increase by about 2 percent on top of the 20 thousand enrollees between birth and age 19 who were permitted to maintain Medicaid enrollment following the end of the public health emergency. The request assumes the increase in enrollment will cost about \$23.1 million in general fund revenue. However, the most recent enrollment reports do not support the department's assumption of continued enrollment growth. Enrollment has been trending downward for the previous year, and there is no indication enrollment will increase.

Adding to this, the authority in its September projection revised its earlier enrollment assumptions, projecting Medicaid would start FY26 with about 900 thousand enrollees and enrollment would increase by 1 percent, as opposed to the prior forecast that FY26 would start with 930 thousand enrollees and would grow enrollment by 2 percent. The new scenario makes as much as a \$40 million monthly difference in all funds from prior projections.

The authority's request also included \$5.3 million to increase rates for the Program for All Inclusive Care for the Elderly (PACE) and \$5 million to increase rates for assisted living facilities (ALF). According to the authority's figures, the total cost of PACE in FY25 is about \$17.1 million and the Medicaid adult group served by ALFs cost about \$11.5 million. These rate adjustments with state and federal funds would increase PACE by 140 percent and ALFs by 197 percent.

The LFC recommendation includes \$1 million for PACE and \$650 thousand for ALFs, amounting to a 26 percent increase for each.

The authority also assumed an \$11.7 million decrease in revenue from the county-supported Medicaid fund. The committee's projections only show a \$2 million decrease in revenue from the fund, and the recommendation is commensurate with the projection. Additionally, the committee projects an increase of \$11 million from the safety net care pool because of improving gross receipts tax collections, and the committee recommendation adjusts the budget accordingly. The committee also includes \$30 million from the health care affordability fund, given the projected increase in revenue from recent statutory changes.

Services for People with Developmental Disabilities. Because of the elimination of the waiting list for certain services, and the new enrollee delayed ramp up of service utilization, the authority requested \$30 million in general fund revenue to fund an assumed increase in utilization within the Developmental Disabilities Support Division. Additionally, at an average enrollee cost of about \$92 thousand, the request assumed an additional 200 individuals would be enrolled into the Medicaid waiver programs for people with developmental disabilities, costing about \$4 million in general fund revenue. The authority also requested \$5.4 million to replace administrative funding formerly covered by the federal government and an additional \$1.7 million to reduce vacancies. The authority's request for nonrecurring funding included \$46 million for provider rate adjustments.

As was documented in LFC's most recent progress report on the developmental disability and Mi Via waiver programs, increased utilization of services per beneficiary is driving up costs. The LFC recommendation for increased utilization supports \$20 million of the \$30 million requested. LFC also supports the department's assumption, along with \$4 million in general fund revenue, that about 200 more individuals will seek enrollment on the waiver programs. The recommendation for additional enrollment would maintain the waiting list to receive services at a low and manageable level. The recommendation partially supports the requested increase for administrative funding and additional amounts to reduce vacancies.

Additionally, recognizing the authority intends to use a portion of about \$40 million in Developmental Disabilities Support Division fund balances that never transferred from the Department of Health, LFC recommends \$5 million in the use of these balances in FY26.

The committee could not support the request for nonrecurring funding for developmental disability provider rate adjustments because this is a recurring cost. However, LFC recognizes the need to continue rate adjustments for these providers because of the limited capacity to provide services and the significant expansion of waiver enrollees over the last few years because of the near elimination of the waiting list. LFC recommends \$23.6 million from the general fund in the recurring budget for provider rate adjustments.

Behavioral Health. For Medicaid Behavioral Health, the authority requested \$5.8 million in general fund revenue to continue a third year of rate adjustments following the two previous years of rate adjustments which cost about \$7 million in general fund revenue each year. The LFC supports the request for further rate adjustments to maintain and increase the number of behavioral health providers in the state. With the federal match, the adjustments should result in a total of about \$26.2 million in total spending. In addition, the program requested \$5.6 million in general fund revenue to replace what it projected was a decrease in revenue from the opioid crisis recovery fund. LFC's projection for the opioid fund does not include a decrease, and the recommendation does not increase general fund revenue for this purpose.

The Behavioral Health Services Program, the program responsible for managing the state's non-Medicaid behavioral health spending among other responsibilities, also requested funding to replace opioid revenue with general fund revenue. However, as stated above, LFC does not project a decrease and maintains opioid revenue at FY25 levels. The program assumed enactment of proposed legislation to increase telecommunications surcharges to support, on an ongoing basis, the 988 crisis and access hotline. The committee supports the program's effort to pass the legislation.

For behavioral health, in the government results and opportunity fund and in nonrecurring funding, the committee supported funding from the general fund to be matched with federal revenue for several programs including \$14.3 million for food for women with high risk pregnancies and Medicaid members on the community benefit, \$8.1 million in nonrecurring funding for housing and food capacity infrastructure to support the above item, \$3.3 million in additional funding for certified community behavioral health clinics, \$607.4 thousand for a quality service review to bring the state into compliance with the Kevin S. Lawsuit settlement, \$17.8 million for criminal justice reentry Medicaid waiver initiatives to ease individuals back into society following incarceration, \$5 million to support the nonrecurring portion of the reentry initiative, \$5 million to add more linkages housing vouchers for people with serious mental illness, \$30 million over 3 years for food banks across the state, and \$10.8 million for medical respite for people who are homeless.

Health Care Affordability Fund. The 2024 legislative session led to enactment of legislation to move the health care affordability fund from the Office of Superintendent of Insurance to the authority and the fund moved at the beginning of FY25. For FY26, the authority requested to make the fund its own program within the authority. The request would increase recurring spending from the fund by 144 percent for projected increases in coverage for small businesses premium reductions, health insurance marketplace out-of-pocket assistance, and coverage plans for uninsured New Mexicans without affordable options.

The authority says that it wants to increase spending out of the fund for small business premium reductions by enhancing the subsidy structure to provide additional assistance for plans with lower deductibles and out-of-pocket costs. However, since the program started in July 2022, enrollment decreased by 13, percent and the number of small businesses offering coverage decreased from about 6,000 to about 4,600. The small businesses that dropped coverage said it was due to significant year-over-year premium increases. In response, the program doubled assistance in the second half of FY24. Because of this, the department requested \$76.2 million for the program. However, given the increase in assistance and the corresponding decrease in enrollment, LFC recommends more moderate rate of growth for the program and a total of \$50 million, up from \$36.6 million from the prior year.

The authority's request also included \$72.3 million for health insurance marketplace affordability in FY26, nearly tripling spending from the fund for affordability from FY25. The stated reason for the increase is that the authority expects federal subsidies for marketplace affordability to expire after 2025. The federal American Rescue Plan Act started the subsidies in 2021, and the Inflation Reduction Act extended the subsidies through 2025. However, it is unknown whether Congress will act prior to the end of 2025 to extend the subsidies; the LFC recommendation more than doubles the budget for the subsidies.

Lastly, the authority requested \$58.4 million for coverage for uninsured residents without inexpensive options. The FY25 operating budget for the uninsured was \$23 million and covered half the expected cost because the program was not expected to start until January 2025. Because of this, LFC's recommendation doubles the appropriation for the uninsured for FY26.

Personnel and Other Requested Items. The authority's request for general fund revenue for the other seven non-Medicaid programs totals about \$26.3 million. The largest item, within the Income Support Program, would fill vacancies and would cost about \$16.4 million. For income support workers, the authority would also adjust salaries by an average of about 8 percent. The authority, in its budget request-cover letter, stated 76 percent of its employees are below the mid-point in their salary bands and about 20 percent receive some sort of authority public support, such as Supplemental Nutrition Assistance Program benefits. However, a recent salary study commissioned by LFC found, even though many of these positions are below the mid-point salary band, many of them are above or at the market rate. The authority would benefit from using this data to inform a more targeted adjustment of salaries.

LFC's base budget recommendation for personnel costs includes sufficient funding for current unfunded vacancies in the Child Support Enforcement and Income Support programs because these programs recently filled a significant number of vacancies. Income Support reportedly worked through much of a case backlog that has dogged the program since the pandemic. LFC does not support targeted salary adjustments because many of the authority's employees are already within market range. LFC's recommendation includes statewide salary adjustments in addition to agency budgets, and the authority's employees will be included in these adjustments.

One year after the authority spent a significant amount of energy advocating for additional positions in Program Support, the authority still has many funded but vacant positions. For FY25, the authority argued it needed additional funding to fill vacancies in Program Support to create a new data analysis team of 10 FTE, more IT support for staff for the growing authority, and several other projects. As of fall 2024, there was no sign these staff had been hired or were performing as promised.

While the LFC recommendation does not include additional personnel fund for Child Support Enforcement or Program Support, LFC includes two-thirds of the requested amount for salary adjustments for workers in the Division of Health Improvement because the division historically has difficulty with recruitment and retention of these employees who oversee the quality of most healthcare services provided within the state.

The remainder of the request was to implement further salary adjustments authority-wide and to either upgrade existing IT systems within the department or to pay for the ongoing costs of operating new IT systems. Some of these costs are for support staff for these systems or for contractors to provide support. However, because the largest of the systems, the Medicaid management information system replacement project, is several years behind schedule, the department may not need the additional support by FY26.

Performance and FY23 Financial Audit. In FY23, the authority missed or nearly missed almost all of its performance targets in the final quarterly performance report. For the same period in FY24, the authority improved on many of its performance measures within the Medical Assistance and Child Support Enforcement programs, turning much of its red ratings to yellow or green. However, Income Support continued to miss all its performance targets. In the first quarter of FY25, Income Support began turning some of its performance around and is getting closer to meeting federal case processing timelines, but it remains to be seen if the program can continue this trend for the entire fiscal year.

The authority's FY23 financial audit included three findings, two of which were repeated from the prior year. One of the repeated findings was related to the authority not screening and verifying the licenses of four of 25 providers. This is an improvement over the prior year of 10 of 25 providers not having the proper documentation but is a concern because providers may still be enrolled who do not meet licensure requirements. The authority's last finding was due to late reversions. The authority said the late reversions were due to significant changes in program structures and vowed to resolve the issue in FY24.

Base Expansion

The authority requested several expansions. LFC did not recommend any of the expansions because none of the requests actually expanded the functions of the authority. However, LFC includes some of the expansion items within the base.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Assisted Living	P524	18,094.7	0.0
0	BHSD: OHR Pitches for the PeoplePay Band Alignment	P767	492.7	0.0
0	CSSD: OHR Pitches for the People Pay Band Alignment	P523	2,344.4	0.0
0	DDSD OHR Pitches for the People - Pay Band Alignment	P519	1,219.6	0.0
0	DHI OHR Expansion	P520	1,208.6	0.0
0	HCAF: OHR Pitches for the People Pay Band Alignment	P762	37.2	0.0
0	Health Care Affordability Staffing	P762	619.2	0.0
0	ISD: OHR Pitches for the People Pay Band Alignment	P525	6,730.0	0.0
0	MAD: OHR Pitches for the People Pay Band Adjustment	P524	1,595.8	0.0
0	Program for All Inclusive Care for the Elderly (PACE)	P524	19,179.6	0.0
0	PS/ITD: OHR Pitches for the People Pay Band Alignment	P522	2,028.3	0.0
0	Rate increase for non-Medicare	P524	20,989.8	0.0
TOTAL			\$74,539.9	\$0.0

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and support to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	252,678.6	294,639.0	298,327.5	18.1
Federal Revenues	0.0	18,548.7	19,433.5	19,433.5	4.8
Other Revenues	0.0	184.6	184.6	184.6	0.0
Fund Balance	0.0	0.0	0.0	5,000.0	0.0
TOTAL SOURCES	\$0.0	\$271,411.9	\$314,257.1	\$322,945.6	19.0
USES					
Personal Services and Employee Benefits	0.0	16,213.7	20,839.9	18,213.7	12.3
Contractual services	0.0	12,588.9	14,308.9	13,588.9	7.9
Other	0.0	8,479.5	10,894.0	9,364.3	10.4
Other financing uses	0.0	234,129.8	268,214.3	281,778.7	20.4
TOTAL USES	\$0.0	\$271,411.9	\$314,257.1	\$322,945.6	19.0
FTE					
Permanent	0.0	152.0	195.0	195.0	28.3
Term	0.0	43.0	0.0	0.0	(100.0)
TOTAL FTE	0.0	195.0	195.0	195.0	0.0

Recommended Language

The general fund appropriation to the developmental disabilities support program of the health care authority in the other financing uses category includes twenty-three million six hundred forty-eight thousand nine hundred dollars (\$23,648,900) to raise rates for developmental disability providers, twenty million dollars (\$20,000,000) for increased enrollee service utilization and four million dollars (\$4,000,000) for enrollment growth.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Percent of home and community-based waiver applicants who have a service plan and budget in place within ninety days of income and clinical eligibility determination	N/A	75.7%	95.0%	95.0%	95.0%
Explanatory	Number of individuals on the home and community-based waiver waiting list	N/A	111.0	N/A	N/A	N/A
Explanatory	Number of individuals receiving home and community-based waiver services	N/A	7,522.0	N/A	N/A	N/A
Explanatory	Percent of home visits that result in an abuse, neglect, or exploitation report	N/A	91.0%	N/A	N/A	N/A
Outcome	Percent of adults between ages twenty-two and sixty-two years served on a developmental disabilities waiver (traditional or mi via) who receive employment supports	N/A	9.4%	14.0%	20.0%	20.0%
Outcome	Percent of general event reports in compliance with general events timely reporting requirements (two day rule)	N/A	92.2%	87.0%	87.0%	92.0%
Outcome	Percent of people receiving home and community-based waiver services that have received their annual level of care assessment	N/A	100%	97%	97%	97%
Quality	Number of home visits	N/A	9,526.0	19,458.0	19,458.0	19,458.0

HEALTH IMPROVEMENT

The purpose of the health improvement program is to provide health facility licensing and certification surveys, community-based oversight and contract compliance surveys and a statewide incident management system so that people in New Mexico have access to quality healthcare and that vulnerable populations are safe from abuse, neglect and exploitation.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	11,513.9	12,922.6	12,513.9	8.7
Federal Revenues	0.0	8,666.1	9,287.1	9,287.1	7.2
Other Revenues	0.0	1,913.0	1,291.9	1,291.9	(32.5)
TOTAL SOURCES	\$0.0	\$22,093.0	\$23,501.6	\$23,092.9	4.5
USES					
Personal Services and Employee Benefits	0.0	19,136.3	20,344.9	19,936.2	4.2
Contractual services	0.0	922.5	1,122.5	1,122.5	21.7
Other	0.0	2,034.2	2,034.2	2,034.2	0.0
TOTAL USES	\$0.0	\$22,093.0	\$23,501.6	\$23,092.9	4.5
FTE					
Permanent	0.0	197.0	197.0	197.0	0.0
TOTAL FTE	0.0	197.0	197.0	197.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Abuse rate for developmental disability waiver and mi via waiver clients	N/A	0%	N/A	N/A	N/A
Explanatory	Re-abuse rate for developmental disabilities waiver and mi via waiver clients	N/A	0%	N/A	N/A	N/A
Output	Number of caregiver criminal history screening appeal clearance recidivism/ re-offense (conviction) after a successful appeal	N/A	0.0	10.0	10.0	10.0
Output	Percent of acute and continuing care facility survey statement of deficiencies (center for medicare and medicaid services form 2567/ state form) distributed to the facility within ten days of survey exit	N/A	82.0%	88.0%	88.0%	88.0%
Output	Percent of assisted living facilities complaints that meet criteria for seventy-two hour priority assignments surveys initiated	N/A	TBD	88.0%	88.0%	88.0%
Output	Percent of assisted living health facility survey statement of deficiencies CMS form 2567/state form) distributed to the facility within ten days of survey exit	N/A	82.0%	90.0%	90.0%	90.0%
Output	Percent of incident management bureau-assigned investigations initiated within required timelines	N/A	93.8%	88.0%	88.0%	92.0%
Output	Percent of long-term care health facility survey statement of deficiencies (center for medicare and medicaid services form 2567/ state form) distributed to the facility within ten days of survey exit	N/A	75.0%	88.0%	88.0%	88.0%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Percent of quality management bureau 1915c home and community-based services waivers report of findings distributed within twenty-one working days from end of survey	N/A	94.6%	91.0%	91.0%	91.0%
Quality	Percent of abuse, neglect and exploitation investigations completed according to established timelines	N/A	100.0%	93.0%	93.0%	95.0%
Quality	Percent of developmental disabilities support division clients receiving wellness checks per year as part of the audit conducted by the quality management bureau	N/A	TBD	18.0%	18.0%	18.0%
Quality	Percent of nursing home incident reports submitted following participation in a division of health improvement training on reporting requirements	N/A	91.0%	87.0%	87.0%	91.0%
Quality	Percent of nursing home survey citation(s) upheld when reviewed by the centers for medicare and medicaid services and through informal dispute resolution process	N/A	96.0%	90.0%	90.0%	90.0%

STATE HEALTH BENEFITS

The purpose of the health benefits program is to effectively administer comprehensive health-benefit plans to state and local government employees.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	0.0	479,368.0	518,353.5	518,353.5	8.1
TOTAL SOURCES	\$0.0	\$479,368.0	\$518,353.5	\$518,353.5	8.1
USES					
Personal Services and Employee Benefits	0.0	1,173.3	0.0	0.0	(100.0)
Contractual services	0.0	32,825.7	37,355.0	37,355.0	13.8
Other	0.0	445,369.0	480,998.5	480,998.5	8.0
TOTAL USES	\$0.0	\$479,368.0	\$518,353.5	\$518,353.5	8.1
FTE					
Permanent	0.0	9.0	0.0	0.0	(100.0)
TOTAL FTE	0.0	9.0	0.0	0.0	(100.0)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Annual loss ratio for the health benefits fund	N/A	89/0	98/0	98/0	98/0
Explanatory	Number of state health plan members who designate the stay well health center as their primary care provider	N/A	2,162.0	N/A	N/A	N/A
Explanatory	Number of visits to the stay well health center	N/A	7,815.0	N/A	N/A	N/A
Explanatory	Percent of available appointments filled at the stay well health center	N/A	74.0%	N/A	N/A	N/A
Explanatory	Percent of eligible state employees purchasing state medical insurance	N/A	TBD	N/A	N/A	N/A
Explanatory	Projected year-end fund balance of the health benefits fund, in thousands	N/A	TBD	N/A	N/A	N/A
Explanatory	Rate per one thousand members of emergency department use categorized as nonemergent	N/A	16.0	N/A	N/A	N/A
Outcome	Percent change in state employee medical premium	N/A	10.0%	5.0%	5.0%	5.0%
Outcome	Percent change in the average per-member per-month total healthcare cost	N/A	TBD	4.0%	4.0%	4.0%
Outcome	Percent of state group prescriptions filled with generic drugs within 3 percent of public-entity-peer rate as reported by pharmacy benefits manager	N/A	86.0%	83.0%	83.0%	85.0%
Quality	Percent of state health plan members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	N/A	49.0%	86.0%	86.0%	86.0%

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children; to ensure that all court orders for support payments are being met to maximize child support collections; and to reduce public assistance rolls.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,235.7	13,156.4	14,353.5	13,556.4	3.0
Other Transfers	405.3	0.0	0.0	0.0	0.0
Federal Revenues	27,197.7	29,530.5	28,413.5	28,413.5	(3.8)
Other Revenues	728.9	267.0	201.0	201.0	(24.7)
TOTAL SOURCES	\$40,567.6	\$42,953.9	\$42,968.0	\$42,170.9	(1.8)
USES					
Personal Services and Employee Benefits	24,558.3	25,785.6	28,130.0	27,332.9	6.0
Contractual services	10,298.1	12,511.3	9,924.8	9,924.8	(20.7)
Other	4,578.2	4,657.0	4,913.2	4,913.2	5.5
TOTAL USES	\$39,434.6	\$42,953.9	\$42,968.0	\$42,170.9	(1.8)
FTE					
Permanent	369.0	340.0	340.0	340.0	0.0
TOTAL FTE	369.0	340.0	340.0	340.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Amount of child support collected, in millions	\$121	\$119	\$147	\$120	\$120
* Outcome	Percent of current support owed that is collected	58%	58%	65%	65%	65%
* Outcome	Percent of cases with support orders	84%	84%	85%	85%	85%
Output	Total dollars collected in child support obligations for each dollar expended by the child support enforcement program	NEW	\$2	\$4	\$3	\$3
Explanatory	Average amount of child support collected, per child	\$58	\$129	N/A	N/A	N/A
* Explanatory	Percent of noncustodial parents paying support to total cases with support orders	51%	51%	N/A	N/A	N/A

MEDICAL ASSISTANCE

The purpose of the medical assistance program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,284,754.5	1,370,129.4	1,537,772.0	1,394,123.0	1.8
Other Transfers	425,883.5	426,229.7	908,988.1	949,519.1	122.8
Federal Revenues	5,864,343.3	6,952,493.4	9,145,515.2	8,810,107.9	26.7
Other Revenues	139,493.8	136,556.4	149,274.5	161,242.0	18.1
Fund Balance	0.0	0.0	811.4	811.4	0.0
TOTAL SOURCES	\$7,714,475.1	\$8,885,408.9	\$11,742,361.2	\$11,315,803.4	27.4
USES					
Personal Services and Employee Benefits	13,557.2	19,172.1	22,968.1	19,172.1	0.0
Contractual services	236,451.9	131,102.5	210,337.6	199,420.0	52.1
Other	7,215,743.7	8,735,134.3	11,509,055.5	11,097,211.3	27.0
TOTAL USES	\$7,465,752.8	\$8,885,408.9	\$11,742,361.2	\$11,315,803.4	27.4
FTE					
Permanent	221.0	221.5	222.5	222.5	0.5
TOTAL FTE	221.0	221.5	222.5	222.5	0.5

Recommended Language

The distribution of forty percent of the federal funds and internal service funds/interagency transfers appropriations collected due to the enactment of the Health Care Delivery and Access Act of 2024 shall be contingent on a hospital demonstrating a ten percent improvement over fiscal year 2025 in the average waiting times to receive a nonemergency procedure and a ten percent improvement over fiscal year 2025 in medicaid members who receive follow-up community based services at seven days after discharged from an inpatient psychiatric hospitalization stay of four or more days.

The appropriations to the medical assistance program of the health care authority assume the state will receive an enhanced federal medical assistance percentage rate for those enrolled in the expansion adult category through fiscal year 2026 as provided for in the federal Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Should the federal government reduce or rescind the federal medical assistance percentage rates established by the federal Patient Protection and Affordable Care Act, the health care authority shall reduce or rescind eligibility for the expansion adult category.

The internal service funds/interagency transfers appropriation to the medical assistance program of the health care authority in the other category includes one million three hundred forty thousand seven hundred dollars (\$1,340,700) from the tobacco settlement program fund for the breast and cervical cancer treatment program and eight million nine hundred twenty-two thousand two hundred dollars (\$8,922,200) from the tobacco settlement program fund for medicaid programs.

The internal service funds/interagency transfers appropriations to the medical assistance program of the health care authority include sixty-three million seven hundred twenty-nine thousand dollars (\$63,729,000) from the county-supported medicaid fund.

The internal service funds/interagency transfers appropriations to the medical assistance program of the health care authority include seventy-seven million three hundred forty thousand five hundred dollars (\$77,340,500) from safety net care pool proceeds.

The other state funds appropriations to the medical assistance program of the health care authority include thirty-five million four hundred sixty-five thousand dollars (\$35,465,000) from the health care facility fund.

The general fund appropriation to the medical assistance program of the health care authority in the other category includes eight million eight hundred twenty-three thousand dollars (\$8,823,000) to continue the rate adjustments as appropriated in Section 4 of Chapter 69 of Laws 2024 through fiscal year 2026 and based on the health care authority's comprehensive rate review.

The general fund appropriation to the medical assistance program of the health care authority in the other category includes one million dollars (\$1,000,000) for rate adjustments for program for all inclusive care for the elderly rate adjustments and six hundred fifty thousand dollars (\$650,000) for rate adjustments for assisted living facility providers.

The internal service funds/interagency transfers appropriations to the medical assistance program of the health care authority include ten million dollars (\$10,000,000) from the early childhood education and care fund for provider rate increases for maternal and child health, five million eight hundred thousand dollars (\$5,800,000) from the early childhood education and care fund for birthing doulas and lactation counselor services and one million five hundred thousand dollars (\$1,500,000) from the early childhood education and care fund for medicaid home visiting.

Medicaid managed care organization contractors may negotiate different reimbursement amounts for different specialties or for different practitioners in the same specialty but shall not negotiate less than the medicaid fee-for-service rate. The health care authority will monitor implementation of the rate increases and share any reports or monitoring information quarterly with the legislative finance committee. The health care authority will not expand medicaid eligibility without prior approval of the legislature. The health care authority shall also ensure rate parity between hospitals and free standing birthing centers.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of children enrolled in medicaid managed care who had four diphtheria, tetanus and acellular pertussis; three polio; one measles, mumps, and rubella; three haemophilus influenza type B; three hepatitis B; one chicken pox and four pneumococcal conjugate vaccines by their second birthday	TBD	65%	69%	69%	69%
Outcome	Percent of discharges for members six years of age or older in medicaid managed care who were hospitalized for treatment of selected mental illness diagnoses	TBD	55%	70%	60%	60%
Outcome	Percent of emergency department visits for medicaid managed care members age six years and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	TBD	53%	70%	Discontinued	Discontinued
Outcome	Percent of medicaid managed care member deliveries with a postpartum visit on or between seven and eighty-four calendar days after delivery	TBD	73%	66%	75%	75%
Outcome	Percent of medicaid managed care members age eighteen years and older as of April 30 of the measurement year who were diagnosed with a new episode of major depression during the intake period and received at least one hundred eighty calendar days six months of continuous treatment with an antidepressant medication	TBD	47%	35%	36%	36%
Outcome	Percent of medicaid managed care members eighteen to sixty-four years of age with schizophrenia, schizoaffective disorder or bipolar disorder who were dispensed an antipsychotic medication and had a diabetes screening test during the measurement year	TBD	82%	77%	Discontinued	Discontinued
Outcome	Percent of adolescent and adult medicaid managed care members with a new episode of alcohol or other drug dependence who received initiation of alcohol and other drug treatment	TBD	50%	50%	50%	50%
Outcome	Percent of medicaid members ages six to twelve newly prescribed attention-deficit/hyperactivity disorder medication who had at least three follow-up care visits within a ten month period	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of members ages three to seventeen years enrolled in medicaid managed care who had an outpatient visit with a primary care physician or obstetrician/gynecologist and who had evidence of counseling for physical activity during the measurement year	TBD	64%	58%	64%	64%
Outcome	Percent of members with a nursing facility level of care who are being served in a non-institutional setting	N/A	N/A	N/A	N/A	N/A
Output	Number of unique medicaid managed care members with a telemedicine visit at the end of the previous calendar year	TBD	147,548.0	140,000.0	140,000.0	150,000.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Quality	Percent of emergency department visits for medicaid managed care members age thirteen years and older with a principal diagnosis of alcohol or other drug dependence who had a follow-up visit for mental illness within seven days of emergency department visit	NEW	TBD	63.0%	63.0%	63.0%
Outcome	Percent of members under twenty-one years of age enrolled in medicaid managed care who received a comprehensive or periodic oral evaluation with a dental provider during the measurement year	TBD	51%	68%	50%	55%
* Explanatory	Percent of infants and children in medicaid managed care who had six or more well-child visits in the first fifteen months of life	TBD	66%	N/A	N/A	N/A
Outcome	Percent of children and adolescents in medicaid managed care ages three to twenty-one years who had one or more comprehensive well-care visits with a primary care provider or an obstetrician/ gynecologist during the measurement year	TBD	64%	60%	55%	65%
Outcome	Percentage of members 18 to 85 years of age with type 1 or type 2 diabetes who received a kidney health evaluation	TBD	52%	65%	35%	50%
Outcome	Percent of hospital readmissions for children in medicaid managed care ages two through seventeen years within thirty days of discharge	7%	8%	5%	5%	5%
* Outcome	Percent of adults in medicaid managed care age eighteen and over readmitted to a hospital within thirty days of discharge	TBD	9%	8%	8%	8%
* Outcome	Percent of medicaid managed care member deliveries who received a prenatal care visit in the first trimester or within forty-two days of eligibility	TBD	78%	80%	80%	80%
Explanatory	Expenditures for children and youth receiving services through medicaid school-based service programs through an individualized education program, in millions	\$16,631,677	\$18,294,844	N/A	N/A	N/A
Quality	Percent of members reporting satisfaction with New Mexico's medicaid services	79%	82%	82%	82%	82%
Outcome	Percent of medicaid managed care members participating in member rewards	34%	51%	47%	47%	55%
Outcome	Rate of short-term complication admissions for medicaid managed care members with diabetes per one hundred thousand members	19.3	16.4	16.4	16.4	16.4
Outcome	Percent of medicaid managed care members five through sixty-four years of age who were identified as having persistent asthma and had a ratio of controller medications to total asthma medications of 0.50 or greater during the measurement year	TBD	TBD	55%	Discontinued	Discontinued
Explanatory	Number of justice-involved individuals who are made eligible for medicaid prior to release	10,096.0	7,016.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of non-emergent utilization of all emergency department utilization that is categorized as non-emergent care	55%	57%	55%	55%	55%
Explanatory	Number of medicaid managed care members being served by patient-centered medical homes	486,048.0	366,123.0	N/A	N/A	N/A
Output	Number of medicaid managed care members who have received treatment for hepatitis C in the reporting year	1,085.0	1,341.0	1,200.0	1,200.0	1,200.0
Output	Percent of provider payments included in value-based purchasing arrangements	TBD	64%	50%	50%	65%
Outcome	Percent of medicaid managed care members with a nursing facility level of care who are being served in a noninstitutional setting	88%	88%	85%	85%	85%

INCOME SUPPORT

The purpose of the income support program is to provide cash assistance and supportive services to eligible low-income families so they can achieve self-sufficiency. Eligibility requirements are established by state law within broad federal statutory guidelines.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	60,012.0	78,080.2	96,844.5	79,080.2	1.3
Other Transfers	1,188.7	0.0	0.0	0.0	0.0
Federal Revenues	1,299,688.5	1,278,779.9	1,413,961.9	1,392,771.6	8.9
Other Revenues	5,434.1	60.8	60.8	60.8	0.0
Fund Balance	55,134.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,421,457.8	\$1,356,920.9	\$1,510,867.2	\$1,471,912.6	8.5
USES					
Personal Services and Employee Benefits	72,409.8	73,824.3	111,449.5	79,816.6	8.1
Contractual services	55,182.8	46,742.4	67,452.7	60,131.0	28.6
Other	1,264,237.8	1,236,354.2	1,331,965.0	1,331,965.0	7.7
TOTAL USES	\$1,391,830.4	\$1,356,920.9	\$1,510,867.2	\$1,471,912.6	8.5
FTE					
Permanent	1,252.0	1,052.0	1,052.0	1,052.0	0.0
Term	7.0	8.0	8.0	8.0	0.0
Temporary	65.0	0.0	0.0	0.0	0.0
TOTAL FTE	1,324.0	1,060.0	1,060.0	1,060.0	0.0

Recommended Language

The federal funds appropriations to the income support program of the health care authority include eleven million five hundred seven thousand seven hundred dollars (\$11,507,700) from the federal temporary assistance for needy families block grant for administration of the New Mexico Works Act.

The appropriations to the income support program of the health care authority include one million nine hundred seventy-two thousand two hundred dollars (\$1,972,200) from the general fund and fifty-seven million nine hundred fifty-two thousand two hundred dollars (\$57,952,200) from the federal temporary assistance for needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including wage subsidies for participants, transitions, two clothing allowances per year, diversion payments and state-funded payments to undocumented workers.

The federal funds appropriations to the income support program of the health care authority include sixteen million six hundred forty-eight thousand three hundred dollars (\$16,648,300) from the federal temporary assistance for needy families block grant for job training and placement and job-related transportation services, employment-related costs and a transitional employment program. The funds for the transitional employment program and the wage subsidy program may be used interchangeably.

The federal funds appropriations to the income support program of the health care authority include thirty-one million five hundred twenty-seven thousand five hundred dollars (\$31,527,500) from the federal temporary assistance for needy families block grant for transfer to the early childhood education and care department for childcare programs.

The federal funds appropriation to the income support program of the health care authority includes seventeen million seven hundred ninety-eight thousand six hundred dollars (\$17,798,600) from the federal temporary assistance for needy families block grant for transfer to the children, youth and families department for supportive housing, adoption services, foster care services, multilevel response system implementation as outlined in Section 32A-4-4.1 NMSA 1978, services for youth aging out of foster care, family support services, family preservation services, evidence-based prevention and intervention services and fostering connections.

The federal funds appropriations to the income support program of the health care authority include three million dollars (\$3,000,000) from the federal temporary assistance for needy families block grant for transfer to the higher education department for adult basic education and one million dollars (\$1,000,000) for integrated education and training programs, including integrated basic education and skills training programs.

The federal funds appropriations to the income support program of the health care authority include five hundred thousand dollars (\$500,000) from the federal temporary assistance for needy families block grant for transfer to the public education department for the graduation, reality and dual-role skills program to expand services and implement mentorship programs for teenage fathers.

The appropriations to the income support program of the health care authority include seven million two hundred twenty thousand dollars (\$7,220,000) from the general fund and one million four hundred thousand dollars (\$1,400,000) from federal funds for general assistance.

Any unexpended balances remaining at the end of fiscal year 2026 from the other state funds appropriations derived from reimbursements received from the social security administration for the general assistance program shall not revert.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Average supplemental nutrition assistance program benefit payment, per client	\$187.44	\$184.31	\$300.00	\$300.00	\$300.00
Outcome	Number of new students placed in education works program	N/A	N/A	N/A	N/A	N/A
Outcome	Number of supplemental nutrition assistance program households who received the state supplemental nutrition assistance program supplement	NEW	NEW	NEW	312,000.0	312,000.0
Outcome	Percent of mandatory TANF adults with an active work participation agreement and are in compliance with the TANF work requirements	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of mandatory temporary assistance for needy families adults with an active work participation agreement who are in compliance with the temporary assistance for needy families work requirements	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of mandatory temporary assistance for needy families adults with an active work participation agreement who are in compliance with the temporary assistance for needy families work requirements	NEW	53.8%	97.0%	97.0%	97.0%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of SNAP recertifications processed in a timely manner	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of supplemental nutrition assistance program and medicaid recertifications, including supplemental nutrition assistance program and medicaid benefits, that were approved ongoing and terminated during reporting period	90.6%	84.6%	96.0%	96.0%	96.0%
Outcome	Percent of supplemental nutrition assistance program payment errors showing benefits were over issued during reporting period	TBD	17.60%	1.20%	1.20%	1.20%
Outcome	Percent of supplemental nutrition assistance program payment errors showing percent under issued during reporting period	TBD	2.50%	1.20%	1.20%	1.20%
Outcome	Percent of supplemental nutrition assistance program recertifications processed in a timely manner	NEW	77.2%	75.0%	75.0%	75.0%
Output	Number of homes heated and cooled in New Mexico via the low-income home energy assistance program	0.0	44,287.0	4,000.0	4,000.0	40,000.0
Output	Number of meals provided to New Mexican families via the supplemental nutrition assistance program	456,614,875.0	334,456,371.0	1,250,000.0	1,250,000.0	300,000,000.0
Output	Number of New Mexican families provided with necessities and shelter for the last full month via the temporary assistance for needy families program	TBD	7,901.0	6,000.0	6,000.0	8,000.0
* Outcome	Percent of all parent participants who meet temporary assistance for needy families federal work participation requirements	TBD	10%	45%	45%	45%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federal work participation requirements	TBD	17%	60%	60%	60%
Outcome	Percent of expedited (emergency) supplemental nutritional assistance program cases meeting federally required measure of timeliness within seven days	66%	65%	98%	98%	98%
Outcome	Percent of non-expedited (non-emergency) supplemental nutritional assistance program cases meeting the federally required measure of timeliness within thirty days	46%	43%	98%	98%	98%
Outcome	Percent of adult temporary assistance for needy families recipients who become newly employed during the report year	TBD	28%	45%	45%	45%
Outcome	Percent of adult temporary assistance for needy families recipients who have become ineligible for cash assistance due to new work-related income	2%	1%	37%	37%	37%

MEDICAID BEHAVIORAL HEALTH

The purpose of the medicaid behavioral health program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost behavioral healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	169,772.5	171,892.6	191,672.2	177,692.1	3.4
Other Transfers	0.0	7,837.2	1,714.0	7,214.0	(8.0)
Federal Revenues	624,377.0	672,619.9	751,635.9	751,635.9	11.7
Other Revenues	0.0	86,597.3	0.0	0.0	(100.0)
TOTAL SOURCES	\$794,149.5	\$938,947.0	\$945,022.1	\$936,542.0	(0.3)
USES					
Personal Services and Employee Benefits	0.0	548.4	0.0	0.0	(100.0)
Contractual services	0.0	950.0	0.0	0.0	(100.0)
Other	783,356.3	937,448.6	945,022.1	936,542.0	(0.1)
TOTAL USES	\$783,356.3	\$938,947.0	\$945,022.1	\$936,542.0	(0.3)
FTE					
Permanent	0.0	5.0	0.0	0.0	(100.0)
TOTAL FTE	0.0	5.0	0.0	0.0	(100.0)

Recommended Language

The final one-twelfth allotment of the fiscal year 2026 general fund appropriation to the medicaid behavioral health program of the health care authority in the other category shall be contingent on the health care authority convening the interagency behavioral health collaborative at least four times in fiscal year 2026, producing a comprehensive analysis that identifies the behavioral healthcare needs and gaps within each of the state's local behavioral health collaborative areas and performing all other responsibilities enumerated in Section 24A-3-1 NMSA 1978.

The general fund appropriation to the medicaid behavioral health program of the health care authority in the other category includes five million seven hundred ninety-nine thousand five hundred dollars (\$5,799,500) for behavioral health provider rate increases.

The general fund appropriation to the medicaid behavioral health program of the health care authority includes fifty thousand dollars (\$50,000) for transfer to the administrative hearings office to support medicaid hearing officers.

The internal service funds/interagency transfers appropriation to the medicaid behavioral health program of the health care authority in the other category includes one million seven hundred fourteen thousand dollars (\$1,714,000) from the opioid crisis recovery fund for plans of safe care navigators as outlined in Section 32A-3A-13 NMSA 1978 and five million five hundred thousand dollars (\$5,500,000) from the opioid crisis recovery fund for the ongoing costs of the opioid epidemic.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	10%	12%	5%	5%	5%
* Output	Number of individuals served annually in substance use or mental health programs administered through the behavioral health collaborative and medicaid programs	217,126.0	207,259.0	210,000.0	210,000.0	220,000.0
Outcome	Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and received two or more additional services within thirty-four days of the initial visit	TBD	17%	19%	15%	19%

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to lead and oversee the provision of an integrated and comprehensive behavioral health prevention and treatment system so the program fosters recovery and supports the health and resilience of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	58,736.2	60,019.2	63,031.9	60,019.2	0.0
Other Transfers	331.4	3,287.9	767.9	3,288.0	0.0
Federal Revenues	42,401.1	34,543.2	28,187.1	42,401.1	22.7
Other Revenues	52.1	169.5	173.5	173.5	2.4
TOTAL SOURCES	\$101,520.8	\$98,019.8	\$92,160.4	\$105,881.8	8.0
USES					
Personal Services and Employee Benefits	4,656.4	5,292.8	6,090.4	5,292.8	0.0
Contractual services	91,203.5	90,046.8	83,834.6	98,353.6	9.2
Other	2,001.9	2,680.2	2,235.4	2,235.4	(16.6)
TOTAL USES	\$97,861.8	\$98,019.8	\$92,160.4	\$105,881.8	8.0
FTE					
Permanent	59.0	68.0	70.0	70.0	2.9
Term	10.0	2.0	0.0	0.0	(100.0)
TOTAL FTE	69.0	70.0	70.0	70.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriation to the behavioral health services program of the health care authority includes two million two hundred eighty-eight thousand dollars (\$2,288,000) from the opioid crisis recovery fund for housing assistance for people affected by opioid use disorder and one million dollars (\$1,000,000) from the opioid crisis recovery fund for behavioral health telehealth services.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of certified community behavioral health clinics enrolled within the medicaid program	TBD	\$0.0	N/A	N/A	N/A
Outcome	Percent of emergency department visits for members six years of age and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	TBD	51.5%	54.0%	54.0%	60.0%
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence who had a follow-up visit for substance use within seven days of emergency department visit	TBD	21.2%	54.0%	54.0%	54.0%
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within seven days of emergency department visit	N/A	N/A	N/A	N/A	N/A
Output	Number of unique medicaid managed care members receiving behavioral health services by a behavioral health provider	0.0	261,889.0	140,000.0	140,000.0	140,000.0
Output	Number of unique medicaid managed care members receiving behavioral health services by a non-behavioral health provider	0.0	188,579.0	100,000.0	100,000.0	100,000.0
* Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at thirty days	TBD	56%	60%	60%	60%
Explanatory	Number of suicides of youth served by the behavioral health collaborative and medicaid programs in the prior fiscal year	TBD	2.0	N/A	N/A	N/A
* Outcome	Percent of adults diagnosed with major depression who remained on an antidepressant medication for at least one hundred eighty days	TBD	45%	42%	42%	42%
Outcome	Number of persons served through telehealth and telephonic services in urban, rural and frontier communities for behavioral health	30,629.0	73,054.0	35,062.0	45,000.0	75,000.0
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence who had a follow-up visit for substance use within thirty days of emergency department visit	TBD	32.1%	54.0%	54.0%	54.0%
Explanatory	Members with opioid abuse or dependence who initiated treatment within fourteen days of diagnosis	TBD	3,144.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of medicaid members released from inpatient psychiatric hospitalization stays of four or more days who receive seven-day follow-up visits into community-based behavioral health	TBD	42%	51%	51%	51%
Explanatory	Number of members with alcohol abuse or dependence who initiated treatment within fourteen days of diagnosis	TBD	44.0	N/A	N/A	N/A
Explanatory	Members with opioid abuse or dependence who had two or more additional visits within thirty-four days	TBD	36.0	N/A	N/A	N/A
Outcome	Number of persons receiving telephone behavioral health services through medicaid and non-medicaid programs	48,718.0	73,054.0	45,000.0	Discontinued	Discontinued
Explanatory	Number of members with alcohol abuse or dependence who had two or more additional visits within thirty-four days	TBD	15.0	N/A	N/A	N/A

HEALTH CARE AFFORDABILITY FUND

The purpose of the health care affordability fund program is to improve access to healthcare by helping New Mexicans pay for healthcare insurance and supporting the planning, design and implementation of healthcare coverage initiatives for uninsured New Mexicans.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	0.0	0.0	210,068.6	178,000.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$210,068.6	\$178,000.0	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	1,318.6	1,000.0	0.0
Contractual services	0.0	0.0	1,850.0	1,000.0	0.0
Other	0.0	0.0	206,900.0	146,000.0	0.0
Other financing uses	0.0	0.0	0.0	30,000.0	0.0
TOTAL USES	\$0.0	\$0.0	\$210,068.6	\$178,000.0	0.0
FTE					
Permanent	0.0	0.0	11.0	5.0	0.0
TOTAL FTE	0.0	0.0	11.0	5.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Increase in percent of marketplace enrollees in turquoise plans	NEW	NEW	NEW	10.0%	10.0%
Outcome	Increase in percent of small group enrollees in a platinum plan	NEW	NEW	NEW	10.0%	10.0%
Outcome	Total dollars saved for consumers across all programs	NEW	NEW	NEW	\$200,000,000	\$200,000,000
Outcome	Total enrollment in the coverage expansion plan	NEW	NEW	NEW	7,700.0	7,700.0

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist it in achieving its programmatic goals.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	22,978.0	35,409.4	37,453.8	36,471.7	3.0
Other Transfers	503.5	2,300.0	2,300.0	2,300.0	0.0
Federal Revenues	47,825.7	52,249.5	72,227.5	71,181.5	36.2
Other Revenues	4,211.4	1,211.4	3,000.0	3,000.0	147.6
Fund Balance	(6.5)	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$75,512.1	\$91,170.3	\$114,981.3	\$112,953.2	23.9
USES					
Personal Services and Employee Benefits	19,129.7	33,908.9	37,544.2	35,811.7	5.6
Contractual services	35,680.9	41,621.1	56,530.0	56,530.0	35.8
Other	20,701.6	15,640.3	20,611.5	20,611.5	31.8
TOTAL USES	\$75,512.2	\$91,170.3	\$114,685.7	\$112,953.2	23.9
FTE					
Permanent	275.0	300.0	330.0	330.0	10.0
Term	3.0	15.0	0.0	0.0	(100.0)
TOTAL FTE	278.0	315.0	330.0	330.0	4.8

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of administrative cost to total claims collected by the Medicaid program integrity unit	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of eligibility decisions that are automated, including real-time eligibility, administrative renewal, auto denial and closure and mass update	35%	37%	40%	40%	40%
Outcome	Percent of employees who leave the New Mexico health care authority during the quarter as an annualized number	20%	34%	15%	15%	15%
Outcome	Percent of New Mexico health care authority positions that are filled as a portion of budgeted positions	84%	89%	95%	95%	95%
Outcome	Average customer self-reported satisfaction with the New Mexico health care authority and its programs supplemental nutrition assistance program, temporary assistance for needy families, child support, medicaid and low-income home energy assistance program	75%	TBD	75%	N/A	75%
Outcome	Average health care authority staff self-reported score related to having the tools, training, and resources needed to telework effectively	68%	0%	80%	Discontinued	Discontinued

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of visits across the New Mexico health care authority website, medicaid portal, yesNM portal, child support portal, health care authority facebook page and health care authority twitter account	TBD	1,610,080.0	900,000.0	900,000.0	900,000.0
Output	Percent of final decisions on administrative disqualification hearings issued within ninety days of hearing being scheduled	100.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Percent of intentional violations in the supplemental nutrition assistance program investigated by the office of inspector general, completed and referred for an administrative disqualification hearing within ninety days from the date of the assignment	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of administrative cost compared to total claims collected by the restitution services bureau	5%	9%	15%	15%	15%
Outcome	Total identified dollars to be recovered or collected for each dollar expended by the office of inspector general's medicaid program integrity unit	\$29	\$8	\$10	\$10	\$10

Statutory Authority

The Workforce Solutions Department was created in 2007 by Sections 9-26-1 through 9-26-15 NMSA 1978 to establish a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Labor Department and the Office of Workforce Development. The department administers the Unemployment Compensation Act, Wagner-Peyser Act of 1993 as amended, Trade Adjustment Act of 1974, Unemployment Tax Act, Human Rights Act, and labor laws and regulations.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,849.0	13,297.0	14,297.0	13,547.0	1.9
Other Transfers	15,076.0	21,215.7	27,221.4	27,125.1	27.9
Federal Revenues	72,558.1	89,806.6	93,314.6	93,314.6	3.9
Other Revenues	3,008.7	0.0	0.0	116.2	0.0
TOTAL SOURCES	\$101,491.8	\$124,319.3	\$134,833.0	\$134,102.9	7.9
USES					
Personal Services and Employee Benefits	44,273.5	57,492.0	59,424.0	59,424.0	3.4
Contractual services	12,036.2	12,199.5	13,122.9	12,523.8	2.7
Other	42,302.5	54,627.8	62,286.1	62,155.1	13.8
TOTAL USES	\$98,612.2	\$124,319.3	\$134,833.0	\$134,102.9	7.9
FTE					
Permanent	592.1	565.0	508.0	508.0	(10.1)
Term	110.0	158.5	158.5	158.5	0.0
Temporary	94.0	38.0	38.0	38.0	0.0
TOTAL FTE	796.1	761.5	704.5	704.5	(7.5)

At A Glance

The Workforce Solutions Department (WSD) FY26 budget request totaled \$134.8 million across all revenue sources, an overall increase of 8.5 percent over the FY25 operating budget, primarily driven by the distribution from the newly created workforce development and apprenticeship fund. The request includes a general fund increase of \$1 million to replace transfer revenue from the Workers' Compensation Administration, which has historically been used to fund apprenticeship programs within WSD.

The request also includes the creation of a new program, carving out apprenticeship programs from employment services into a standalone program. During the 2024 session, the Legislature established the workforce development and apprenticeship fund, which will distribute \$5 million for apprenticeship programs in FY26. This new revenue stream contributes to an overall increase in transfer revenue of \$6 million within the agency's request.

The LFC recommendation for WSD totals \$134.1 million, an increase of 7.9 percent relative to the FY25 operating budget. The recommendation maintains the transfer from the Worker's Compensation Administration but reduces the amount to \$750 thousand, backfilling \$250 thousand in general fund revenue. In addition, the LFC recommendation maintains apprenticeships within the employment services program and provides a total of \$27.1 million in transfer revenue, increasing transfers by \$5.9 million.

Budget Issues

Unemployment Insurance. The unemployment rate, or the rate of people surveyed who said they were not employed but still looking for work or waiting to be called back to work after a layoff, has recovered since the pandemic and was 4.2 percent in September 2024. In September 2024, roughly 9,800 New Mexicans were receiving unemployment insurance benefits, roughly equivalent to prepandemic levels. Because federal pandemic revenues to support unemployment insurance have ended, WSD is projecting a decline in federal revenues and corresponding reductions in expenditures.

For FY26, within the Unemployment Insurance Division, WSD requested a total operating budget of \$14.1 million, a decrease of 0.2 percent relative to the FY25 operating budget. The request includes a reduction in federal funds of \$1.3 million, offset by an increase of \$1.3 million in transfer revenue from the employment security department fund (the penalty and interest fund). The request closes 16 unfilled positions.

The LFC recommendation for FY26 reflects an overall operating budget of \$13.9 million, a net decrease of 1.4 percent. The recommendation maintains a flat general fund appropriation, totaling \$1.14 million and also decreases federal revenue by \$1.3 million but only increases transfer revenue by \$1.1 million. The recommendation also closes 16 unfilled positions and provides smaller increases within the contractual services and other categories than requested by WSD, funding at a level closer to FY24 actual expenditures.

Employment Services and Apprenticeships. For WSD, unemployment and labor force participation trends mean decreased administrative burden due to less demand for unemployment insurance benefits but a greater need to identify people who have left the labor force and provide case management and other services to get them working. Bringing people into the labor force also requires working with higher education institutions to establish educational and training pipelines, including apprenticeships, and working with the Economic Development Department to ensure the right jobs are created in the most beneficial areas with the greatest impact. Employment services programs are primarily funded with federal revenue and transfer revenue, including transfers from the Temporary Assistance for Needy Families (TANF) program.

During the 2024 session, the Legislature made a significant investment to support workforce training by creating the workforce development and apprenticeship fund and transferring \$30 million to the fund. As articulated in statute, the fund will distribute \$5 million to WSD for apprenticeship programs in FY26. In FY25, the increased distribution primarily funded increased per-apprenticeship distributions, while the number of registered apprentices in training was projected to remain relatively flat.

The WSD budget request included carving out apprenticeship and pre-apprenticeship programs into a new, stand-alone program. The request proposed replacing \$1 million in revenue transferred from the Workers' Compensation Administration with general fund revenue for apprenticeships and transferred a total of \$9.67 million in revenue, including \$1 million from the general fund, \$6.8 million in transfer revenue, and \$1.9 million in federal revenue, along with 4 FTE to the proposed Apprenticeship Program. The request included a total of \$1.6 million in personnel, \$24.9 thousand in contractual services, and \$8 million in the other category, which primarily includes payments made on behalf of apprentices. Within the personnel category, the request includes \$906 thousand to fund roughly 200 pre-apprentices through a federal grant. For FY26, WSD already has \$600 thousand to pilot and evaluate pre-apprenticeships through a Government Results and Opportunity (GRO) Fund appropriation, and the agency also requested an additional \$600 thousand special appropriation for pre-apprentices in FY26. The agency reports it is beginning to track self-reported skill attainment and employment outcomes for the program, though it has not identified a control group to allow comparison about the specific impact of the pre-apprenticeship program on these outcomes.

Within the remaining employment services program, WSD requested a total operating budget of \$35 million, a net decrease of 1 percent, with a flat general fund appropriation. The request included a decrease of \$2.2 million, primarily because of the creation of the proposed apprenticeship program, and an increase of \$1.7 million from federal revenue.

The LFC recommendation does not include the creation of a new program, instead funding apprenticeship programs within the existing Employment Services Division. The Legislature may wish to track the impact of apprenticeship and pre-apprenticeship (internship) programs before establishing a new program in the WSD operating budget. As such, the LFC recommendation provides a total Employment Services operating budget of \$44.7 million, including a total of \$9.67 million for apprenticeship programs. The recommendation maintains a transfer from the Workers' Compensation Administration but reduces the transfer from \$1 million to \$750 thousand, providing \$250 thousand from the general fund to maintain flat revenues for apprenticeships. The LFC recommendation increases transfer revenue by \$5.3 million, primarily from the distribution from the workforce development and apprenticeship fund. The Legislature may wish to consider evaluating outcomes of the pre-apprenticeship program alongside outcomes of a similar paid internship program, targeting a similar high-school and young adult population, operated by the Public Education Department.

Finally, WSD included special appropriation requests aligned to LFC recommendations made in a 2024 program evaluation, including an aligned case management system, programs targeted to disengaged, young adults, and a study to better understand the state's low rate of labor force participation.

Labor Relations. The Healthy Workplaces Act, enacted in 2021, requires employers to provide sick leave, and WSD is required to investigate complaints related to the act, which has significantly increased investigations. In November 2023, the Labor Relations Division received an adverse ruling in the case of *Olivas v. Nair* in the 1st Judicial District, which ruled the Labor Relations Division must issue wage and hour determinations in 85 percent of decisions within 120 days of receipt. To meet the conditions of the ruling, the Legislature appropriated \$1.8 million to WSD to hire additional staff in FY25, and the department should have the resources to increase staffing and improve time to determinations.

For FY26, WSD requested a total of \$6.3 million across all revenue sources for the Labor Relations Program, a \$40.5 thousand or 1 percent reduction, relative to FY25. The request includes a flat general fund appropriation relative to FY25 appropriation. The request includes transferring 1 FTE and \$27.4 thousand in federal funding to program support, to consolidate training functions within the agency.

The LFC recommendation reflects the WSD request for expenditures but provides slightly less in transfer revenue and more in other revenues, which are budgeted at a level closer to FY24 actuals.

Workforce Technology. The WSD request for the Workforce Technology Program totaled \$23.2 million, a 3 percent increase relative to FY25. The request included \$5.8 million from the general fund, flat relative to FY25. The request proposed moving 4 federally funded FTE in the Records Unit to Program Support and includes an increase of \$815 thousand in transfer revenue from WSD funds. The request proposes an increase of \$858 thousand in contractual services and \$103.3 thousand in the other category to support IT costs.

The LFC recommendation totals \$22.6 million across all revenues and includes a general fund appropriation of \$5.8 million, flat relative to FY25. The LFC recommendation supports the transfer of FTE, with a corresponding reduction in the personnel category. The LFC recommendation includes increases in the contractual services and other categories for IT costs but at levels closer to FY24 actual spending than the request.

Program Support. The WSD request within Program Support totals \$46.5 million across all revenues, a 1.8 percent increase relative to FY25, with a flat general fund appropriation of \$11.5 million. The request includes an increase of 4 FTE, transferred from other programs, with an increase of \$1 million in personnel, which would allow the agency to fully fund all positions. The request reflects decreases in the contractual services and other categories and relies on an increase in transfer revenue to fund the cost increases.

The LFC recommendation reflects the agency request.

APPRENTICESHIP PROGRAMS

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026	LFC	Percent Inc (Decr)
	Actuals	Budgeted	Agency Request	Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	1,000.0	0.0	0.0
Other Transfers	0.0	0.0	6,791.8	0.0	0.0
Federal Revenues	0.0	0.0	1,876.9	0.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$9,668.7	\$0.0	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	1,564.5	0.0	0.0
Contractual services	0.0	0.0	24.9	0.0	0.0
Other	0.0	0.0	8,079.3	0.0	0.0
TOTAL USES	\$0.0	\$0.0	\$9,668.7	\$0.0	0.0
FTE					
Permanent	0.0	0.0	4.0	0.0	0.0
TOTAL FTE	0.0	0.0	4.0	0.0	0.0

UNEMPLOYMENT INSURANCE

The purpose of the unemployment insurance program is to administer an array of demand-driven workforce development services to prepare New Mexicans to meet the needs of business.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,139.5	1,139.5	1,139.5	1,139.5	0.0
Other Transfers	0.0	818.2	2,110.0	1,937.9	136.8
Federal Revenues	10,593.0	12,159.1	10,836.9	10,836.9	(10.9)
TOTAL SOURCES	\$11,732.5	\$14,116.8	\$14,086.4	\$13,914.3	(1.4)
USES					
Personal Services and Employee Benefits	9,545.8	12,028.9	11,426.4	11,426.4	(5.0)
Contractual services	333.7	287.9	429.0	387.9	34.7
Other	1,177.4	1,800.0	2,231.0	2,100.0	16.7
TOTAL USES	\$11,056.9	\$14,116.8	\$14,086.4	\$13,914.3	(1.4)
FTE					
Permanent	147.6	132.0	116.0	116.0	(12.1)
Term	33.5	32.0	32.0	32.0	0.0
Temporary	10.0	0.0	0.0	0.0	0.0
TOTAL FTE	191.1	164.0	148.0	148.0	(9.8)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	36%	34%	80%	80%	80%
Output	Percent of all first payments made within fourteen days after the waiting week	60.70%	64.90%	87.00%	87.00%	87.00%
Output	Percent of claimant separation determinations deemed accurate	51.00%	39.45%	75.00%	75.00%	75.00%
* Output	Average waiting time to speak to a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	16:3	13:6	13:3	14:0	14:0
* Output	Average waiting time to speak to a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	14:5	14:5	13:0	14:0	14:0

LABOR RELATIONS

The purpose of the labor relations program is to provide employment rights information and other work-site-based assistance to employers and employees.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,189.4	5,427.0	5,427.0	5,427.0	0.0
Other Transfers	478.8	399.5	715.7	599.5	50.1
Federal Revenues	144.5	516.7	160.0	160.0	(69.0)
Other Revenues	429.1	0.0	0.0	116.2	0.0
TOTAL SOURCES	\$4,241.8	\$6,343.2	\$6,302.7	\$6,302.7	(0.6)
USES					
Personal Services and Employee Benefits	3,531.2	5,717.5	5,690.1	5,690.1	(0.5)
Contractual services	49.9	204.8	148.1	148.1	(27.7)
Other	259.1	420.9	464.5	464.5	10.4
TOTAL USES	\$3,840.2	\$6,343.2	\$6,302.7	\$6,302.7	(0.6)
FTE					
Permanent	57.0	59.5	58.5	58.5	(1.7)
Term	3.0	4.0	4.0	4.0	0.0
TOTAL FTE	60.0	63.5	62.5	62.5	(1.6)

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Number of sessions in the online New Mexico Career Solutions tool	NEW	Discontinued	Discontinued	Discontinued	Discontinued
Efficiency	Percent of discrimination claims investigated and issued a determination by the human rights bureau within one year	NEW	100%	75%	75%	75%
Efficiency	Percent of total public works projects inspected, and public work payrolls audited within one year.	NEW	105%	80%	80%	80%
Efficiency	Percentage of non-settled wage claims issued an administrative decision within 270 days.	NEW	NEW	90%	90%	90%
Outcome	Percent of investigated wage claims that are issued an administrative determination within ninety days	19.50%	Discontinued	Discontinued	Discontinued	Discontinued
Output	Average number of days for the human rights bureau to investigate a claim and issue a determination	187.0	202.0	240.0	240.0	240.0

WORKFORCE TECHNOLOGY

The purpose of the workforce technology program is to provide and maintain customer-focused, effective and innovative information technology services for the department and its service providers.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,728.7	5,828.7	5,828.7	5,828.7	0.0
Other Transfers	2,384.3	2,384.4	3,200.0	2,642.0	10.8
Federal Revenues	12,676.5	14,382.6	14,169.8	14,169.8	(1.5)
Other Revenues	1.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$20,791.1	\$22,595.7	\$23,198.5	\$22,640.5	0.2
USES					
Personal Services and Employee Benefits	4,596.5	5,626.9	5,268.4	5,268.4	(6.4)
Contractual services	8,645.9	8,822.1	9,680.1	9,122.1	3.4
Other	7,634.9	8,146.7	8,250.0	8,250.0	1.3
TOTAL USES	\$20,877.3	\$22,595.7	\$23,198.5	\$22,640.5	0.2
FTE					
Permanent	42.0	42.0	38.0	38.0	(9.5)
Term	8.5	8.0	8.0	8.0	0.0
Temporary	1.0	3.0	3.0	3.0	0.0
TOTAL FTE	51.5	53.0	49.0	49.0	(7.5)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of time the unemployment framework for automated claims and tax services are available during scheduled uptime	100%	99%	99%	99%	99%
Outcome	Response time from system outage to restoration of service on unemployment framework for automated claims and tax services in minutes	150:0	13:4	14:0	14:0	14:0

EMPLOYMENT SERVICES

The purpose of the employment services program is to provide standardized business solution strategies and labor market information through the New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	522.9	522.9	522.9	772.9	47.8
Other Transfers	12,160.5	16,053.3	13,852.6	21,394.4	33.3
Federal Revenues	15,003.7	18,993.1	20,662.6	22,539.5	18.7
Other Revenues	2,234.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$29,921.6	\$35,569.3	\$35,038.1	\$44,706.8	25.7

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	18,317.4	23,618.4	23,969.2	25,533.7	8.1
Contractual services	2,140.7	1,676.4	1,742.0	1,766.9	5.4
Other	7,718.9	10,274.5	9,326.9	17,406.2	69.4
TOTAL USES	\$28,177.0	\$35,569.3	\$35,038.1	\$44,706.8	25.7
FTE					
Permanent	246.3	227.5	184.5	188.5	(17.1)
Term	64.0	108.5	108.5	108.5	0.0
Temporary	81.0	32.0	32.0	32.0	0.0
TOTAL FTE	391.3	368.0	325.0	329.0	(10.6)

Recommended Language

The internal service funds/interagency transfers appropriations to the employment services program of the workforce solutions department include seven hundred and fifty thousand dollars (\$750,000) from the workers' compensation administration fund of the workers' compensation administration.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of reemployment services and eligibility assessment program participants exhausting unemployment insurance benefits	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of reemployment services and eligibility assessment program participants reemployed	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of recently separated veterans entering employment	51.00%	55.00%	55.00%	55.00%	55.00%
Outcome	Percent of unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office	50.00%	53.00%	55.00%	60.00%	60.00%
Output	Total number of individuals receiving employment services in a connections office	50,041.0	67,545.0	87,500.0	87,500.0	87,500.0
* Outcome	Percent of unemployed individuals employed after receiving employment services in a connections office	61%	65%	60%	60%	60%
Outcome	Percent of unemployed individuals receiving employment services in a connections office who retain employment after six months	63.00%	63.00%	65.00%	65.00%	65.00%
* Outcome	Average six-month earnings of individuals entering employment after receiving employment services in a connections office	\$15,547	\$19,493	\$16,250	\$16,250	\$16,250
Outcome	Percent of recently separated veterans retaining employment after six months	51.00%	51.00%	55.00%	55.00%	55.00%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a connections office	\$19,323	\$21,386	\$18,500	\$18,500	\$18,500
Outcome	Average change in six-month earnings of working individuals after receiving employment services in a connections office	\$4,616	\$2,217	\$3,000	\$3,000	\$3,000
* Output	Percent of audited apprenticeship programs deemed compliant	66%	44%	75%	75%	75%
Output	Total number of individuals accessing the agency's online job seeker portal	63,024.0	83,123.0	118,000.0	118,000.0	118,000.0
Output	Number of apprentices registered and in training	2,273.0	2,565.0	2,150.0	2,150.0	2,150.0

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program to achieve organizational goals and objectives.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	268.5	378.9	378.9	378.9	0.0
Other Transfers	52.3	1,560.3	551.3	551.3	(64.7)
Federal Revenues	34,140.4	43,755.1	45,608.4	45,608.4	4.2
Other Revenues	343.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$34,804.6	\$45,694.3	\$46,538.6	\$46,538.6	1.8
USES					
Personal Services and Employee Benefits	8,282.6	10,500.3	11,505.4	11,505.4	9.6
Contractual services	866.0	1,208.3	1,098.8	1,098.8	(9.1)
Other	25,512.2	33,985.7	33,934.4	33,934.4	(0.2)
TOTAL USES	\$34,660.8	\$45,694.3	\$46,538.6	\$46,538.6	1.8
FTE					
Permanent	99.3	104.0	107.0	107.0	2.9
Term	1.0	6.0	6.0	6.0	0.0
Temporary	2.0	3.0	3.0	3.0	0.0
TOTAL FTE	102.3	113.0	116.0	116.0	2.7

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of adult and dislocated workers receiving supplemental services of the Workforce Innovation and Opportunity Act as administered and directed by the local area workforce board	3,423.0	2,802.0	2,863.0	2,863.0	2,863.0
Outcome	Percent of title I youth program participants who are in education or training activities, or in unsubsidized employment, during the second quarter after exit from a Workforce Innovation and Opportunity Act program	63.40%	72.00%	70.00%	70.00%	70.00%
Outcome	Percent of reemployment services and eligibility assessment program participants exhausting unemployment insurance benefits	40.90%	46.20%	47.00%	47.00%	47.00%
Outcome	Percent of youth who are employed in the state	63.40%	67.00%	71.00%	71.00%	71.00%
Outcome	Percent of reemployment services and eligibility assessment program participants reemployed	48.60%	56.40%	54.50%	54.50%	54.50%
Outcome	Number of enrolled participants in title I Workforce Innovation and Opportunity Act training programs	5,872.0	4,804.0	6,850.0	6,850.0	6,850.0
Outcome	Percent of participants who are in unsubsidized employment during the fourth quarter after exit from a Workforce Innovation and Opportunity Act program	76.00%	77.00%	78.00%	78.00%	78.00%
Outcome	Percent of title I youth program participants who are in education or training activities, or in unsubsidized employment, during the fourth quarter after exit from a Workforce Innovation and Opportunity Act program	66.90%	68.00%	70.00%	70.00%	70.00%
Outcome	Percent of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act program	76.00%	79.00%	77.00%	77.00%	77.00%
Outcome	Median earnings of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	\$8,701	\$9,421	\$8,650	\$8,650	\$8,650
Outcome	Percent of participants enrolled in an education or training program, excluding those in on-the-job training and customized training, who attain a recognized postsecondary credential or a secondary school diploma, or its recognized equivalent, during participation in or within one year after exit from a Workforce Innovation and Opportunity Act program	69.30%	69.50%	70.00%	70.00%	70.00%
Output	Number of enrolled youth participants in Title I Workforce Innovation and Opportunity Act (WIOA) training programs.	4,337.0	13,323.0	3,250.0	1,450.0	1,450.0

Statutory Authority

The Workers' Compensation Administration (WCA) administers the Worker's Compensation Act (Sections 52-1-1 through 52-1-70 and Sections 52-5-1 through 52-5-22 NMSA 1978), Occupational Disease Disablement Act (Sections 52-3-1 through 52-3-60 NMSA 1978), and Health Care Provider Act (52-4-1 through 52-4-5 NMSA 1978). WCA is responsible for monitoring the insurance industry to ensure compliance with accepted performance standards, mediating and adjudicating contested workers' compensation claims, and regulating workers' compensation self-insurance activity.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	13,907.1	14,240.0	13,816.2	13,939.7	(2.1)
Fund Balance	789.9	476.5	498.1	1,013.1	112.6
TOTAL SOURCES	\$14,697.0	\$14,716.5	\$14,314.3	\$14,952.8	1.6
USES					
Personal Services and Employee Benefits	10,974.8	11,300.2	11,817.3	11,717.7	3.7
Contractual services	721.9	394.3	526.0	517.1	31.1
Other	1,589.0	2,022.0	1,971.0	1,968.0	(2.7)
Other financing uses	1,000.0	1,000.0	0.0	750.0	(25.0)
TOTAL USES	\$14,285.7	\$14,716.5	\$14,314.3	\$14,952.8	1.6
FTE					
Permanent	125.0	123.0	123.0	122.0	(0.8)
TOTAL FTE	125.0	123.0	123.0	122.0	(0.8)

At A Glance

The Workers' Compensation Administration FY26 budget requested a net decrease of 2.7 percent, with the elimination of a \$1 million transfer to the Workforce Solutions Department (WSD), partially offset by increases for personnel and contractual services. The requested increases would allow the agency to maintain a 10 percent vacancy rate and cover increased contractual services costs associated with an IT modernization project, financial auditing, and security services.

The FY26 LFC recommendation increases personnel spending by 3.7 percent to cover the costs of existing personnel and reduces the transfer to WSD from \$1 million to \$750 thousand. Overall, the FY26 LFC recommendation is a 1.6 percent increase over FY25. WCA is entirely funded by revenue generated by a base assessment on worker payroll in New Mexico. Since the pandemic, WCA expenditures have grown at a faster rate than revenue generated by the assessment. As such, the WCA fund is projected to have insufficient revenue to sustain operations in FY26, and the LFC recommendations makes a one-time infusion into the WCA fund through a special appropriation, projecting this infusion will sustain WCA for a few years, assuming expenditure growth remains less than 4 percent annually.

Budget Issues

The base assessment for workers' compensation has not increased since it was first established in 1993 through Section 52-5-19 NMSA 1978. Revenue from the \$4.30 per employee per quarter assessment is used to operate the Workers' Compensation Administration (WCA) and consists of a \$2.30 employer contribution matched with a \$2 employee payroll deduction. Four dollars per employee is deposited into the WCA fund and 30 cents is earmarked for the uninsured employer's fund (UEF) to pay claims filed against employers noncompliant with the workers' compensation insurance law. The Taxation and Revenue Department collects the fees.

While total employment in New Mexico in FY24 was 4 percent higher than prepandemic FY19 levels, revenue into the WCA has remained relatively flat. In FY19, the agency recorded \$13.83 million in revenue. In FY24, WCA collected a total of \$13.91 million for both the WCA program and the UEF program, an increase of less than 1 percent over FY19. For FY26, the LFC projects a total of \$13.94 million in revenue collected and includes the use of \$1 million in fund balance.

Since FY24, WCA has been using fund balance within the WCA fund to pay for operating expenses, which have increased faster than revenues since the pandemic. Between FY19 and FY24, actual expenditures grew from \$11.5 million to \$13.7 million, or 19 percent. The agency has provided in-pay-band compensation adjustments in recent years to address recruitment and retention challenges and legislatively required compensation increases, including the judicial salary increase adopted by the Legislature during the 2024 session. When the Legislature authorizes compensation increases, WCA uses fund balance for these increases. Between FY20 and FY24, average salaries at the WCA grew by 16 percent.

For FY26, the WCA requested a budget totaling \$14.3 million, including a 4.6 percent increase within personnel to fund existing positions, maintain a vacancy rate of 10 percent, and provide some additional targeted compensation increases. In addition, the budget request included an increase of \$132 thousand in contractual services to cover increased costs associated with financial auditing services, IT licenses associated with an IT modernization project in the WCA program, offset by a decrease of \$51 thousand within the other category. Additionally, the WCA budget request would eliminate the \$1 million transfer from the WCA fund to the Workforce Solutions Department (WSD). Overall, the request would allow for a 4 percent increase in agency spending but is a net decrease of 3 percent because of the elimination of the WSD transfer.

The FY26 LFC budget recommendation aims to limit WCA expenditure growth and totals \$14.9 million, an increase of 1.6 percent. The LFC recommendation would increase personnel spending by \$417 thousand, or 3.7 percent, to fund the agency's existing filled positions and maintain the September 2024 vacancy rate of 12 percent. The recommendation does not include a Legislative compensation package, which would further increase personnel costs in FY26. The recommendation would also increase contractual services by \$123 thousand to support agency requests, while reducing the other category by \$54 thousand, in alignment with FY24 actual spending. In addition, the LFC budget recommendation maintains the transfer to WSD but reduces the amount to \$750 thousand in FY26.

As of September 2024, the worker's compensation administration fund had a balance of roughly \$3 million. However, the fund is designated to fund an IT modernization project and capital outlay projects, leaving the fund depleted. Given WCA's reliance on fund balances for ongoing operating costs, the fund would be unable to maintain current expenditure levels. As such, the LFC recommendation includes a one-time fund transfer of \$6 million from the general fund to build up the fund balance and replace a portion of revenue previously swept from the fund. Assuming agency expenses do not grow more than 4 percent annually, this one-time transfer should sustain operating expenses through FY29. The Legislature may also consider further reducing the transfer to WSD or increasing the WCA assessment in future years to address fund solvency. Currently, the UEF is maintaining a fund balance, but its use is restricted to the UEF program.

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to assure the quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to employers.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	12,817.1	13,175.3	12,760.8	12,828.5	(2.6)
Fund Balance	789.9	476.5	498.1	1,013.1	112.6
TOTAL SOURCES	\$13,607.0	\$13,651.8	\$13,258.9	\$13,841.6	1.4
USES					
Personal Services and Employee Benefits	10,593.4	10,857.6	11,391.9	11,224.6	3.4
Contractual services	694.1	323.2	396.0	396.0	22.5
Other	1,319.5	1,471.0	1,471.0	1,471.0	0.0
Other financing uses	1,000.0	1,000.0	0.0	750.0	(25.0)
TOTAL USES	\$13,607.0	\$13,651.8	\$13,258.9	\$13,841.6	1.4
FTE					
Permanent	122.0	119.0	119.0	118.0	(0.8)
TOTAL FTE	122.0	119.0	119.0	118.0	(0.8)

Recommended Language

The other state funds appropriation to the workers' compensation administration program in the other financing uses category includes \$750 thousand dollars (\$750,000) from the workers' compensation administration fund for the employment services program of the workforce solutions department.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of formal claims resolved without trial	96.50%	97.00%	97.00%	97.00%	97.00%
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	\$0.5	0.6	0.5	0.6	0.6
* Outcome	Percent of employers determined to be in compliance with insurance requirements of the Workers' Compensation Act after initial investigations	98%	98%	97%	97%	97%
Outcome	Percent of employers in the risk reduction program that pass the follow-up inspections	0.00%	96.00%	96.00%	96.00%	96.00%
Outcome	Percent of formal complaints and applications resolved within six months of filing	83.00%	82.00%	82.00%	82.00%	82.00%

UNINSURED EMPLOYERS' FUND

The purpose of the uninsured employers' fund program is to provide workers' compensation benefits for injured workers whose employers do not carry workers' compensation insurance but are legally required to do so.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	1,090.0	1,064.7	1,055.4	1,111.2	4.4
TOTAL SOURCES	\$1,090.0	\$1,064.7	\$1,055.4	\$1,111.2	4.4
USES					
Personal Services and Employee Benefits	381.4	442.6	425.4	493.1	11.4
Contractual services	27.8	71.1	130.0	121.1	70.3
Other	269.5	551.0	500.0	497.0	(9.8)
TOTAL USES	\$678.7	\$1,064.7	\$1,055.4	\$1,111.2	4.4
FTE					
Permanent	3.0	4.0	4.0	4.0	0.0
TOTAL FTE	3.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of indemnity payments for eligible and compensable claims initiated within one hundred twenty days of filing of formal litigation complaint	67.70%	70.00%	70.00%	70.00%	70.00%
Output	Percent of reimbursements collected to claims expenses paid out on a fiscal year basis	39.00%	33.00%	33.00%	33.00%	33.00%

Statutory Authority

The Vocational Rehabilitation Division (DVR), a division within the Public Education Department, is governed by the statutory guidelines outlined in Sections 22-14-1 to 22-14-30 NMSA 1978. The statute requires DVR to provide guidance, counseling, and vocational education to disabled individuals, training for vocational education instructors, training material and equipment, and transportation.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,608.2	6,867.3	7,318.6	7,067.3	2.9
Other Transfers	198.5	198.6	199.0	199.0	0.2
Federal Revenues	48,127.5	49,013.2	54,818.3	54,818.3	11.8
Other Revenues	69.0	0.0	0.0	0.0	0.0
Fund Balance	0.0	750.3	951.2	951.2	26.8
TOTAL SOURCES	\$55,003.2	\$56,829.4	\$63,287.1	\$63,035.8	10.9
USES					
Personal Services and Employee Benefits	26,952.4	30,229.0	31,821.0	31,821.0	5.3
Contractual services	4,955.0	6,879.7	6,711.7	6,711.7	(2.4)
Other	21,790.3	19,455.7	24,521.9	24,270.6	24.7
Other financing uses	261.0	265.0	232.5	232.5	(12.3)
TOTAL USES	\$53,958.7	\$56,829.4	\$63,287.1	\$63,035.8	10.9
FTE					
Permanent	100.0	41.0	41.0	41.0	0.0
Term	254.0	313.0	313.0	313.0	0.0
TOTAL FTE	354.0	354.0	354.0	354.0	0.0

At A Glance

The Vocational Rehabilitation Division (DVR) requested \$7.3 million from the general fund, a 6.6 percent increase over the FY25 operating budget, and requested an additional 11.8 percent increase in federal revenue. The agency requested an increase of \$200 thousand in fund balance for the Administrative Services Program. The Independent Living Services and Disability Determination programs, respectively, requested a 50.4 percent and 5.5 percent increase in federal funds. The request for the Rehabilitation Services Program included a 7.3 percent increase in general fund revenue and a 17.3 percent increase in federal funds to support a 40 percent increase in rehabilitation care and support services and a 3.3 percent increase for personnel.

The LFC recommendation for FY26 supports the agency’s request for the Administrative Services, Disability Determination, and Independent Living programs. In the Rehabilitation Services Program, LFC recommends a 3.2 percent increase in general fund revenue to leverage additional federal funds for rehabilitation care and support services.

The agency met nine out of 11 of its FY24 performance measures. The agency had a significant deficiency audit finding regarding financial reporting associated with reconciliations and financial close and reporting.

ADMINISTRATIVE SERVICES

The purpose of the administrative services program is to provide leadership, policy development, financial analysis, budgetary control, information technology services, administrative support and legal services to the vocational rehabilitation division. The administration services program function is to ensure the vocational rehabilitation division achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	4,920.1	5,605.8	5,757.2	5,757.2	2.7
Other Revenues	69.0	0.0	0.0	0.0	0.0
Fund Balance	0.0	750.3	951.2	951.2	26.8
TOTAL SOURCES	\$4,989.1	\$6,356.1	\$6,708.4	\$6,708.4	5.5
USES					
Personal Services and Employee Benefits	4,113.0	5,020.4	5,090.9	5,090.9	1.4
Contractual services	174.1	235.9	256.9	256.9	8.9
Other	702.1	1,099.8	1,360.6	1,360.6	23.7
TOTAL USES	\$4,989.2	\$6,356.1	\$6,708.4	\$6,708.4	5.5
FTE					
Permanent	6.0	1.0	1.0	1.0	0.0
Term	33.0	42.0	42.0	42.0	0.0
TOTAL FTE	39.0	43.0	43.0	43.0	0.0

Recommended Language

Any unexpended balances in the vocational rehabilitation division remaining at the end of fiscal year 2026 from appropriations made from the general fund shall not revert and may be expended in fiscal year 2027.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	5.0	7.0	6.0	6.0	5.0
Outcome	Number of working days between disbursements of federal funds from federal treasury to deposit of such funds into state treasury	1.0	1.0	1.0	1.0	1.0

REHABILITATION SERVICES

The purpose of the rehabilitation services program is to promote opportunities for people with disabilities to become more independent and productive by empowering individuals with disabilities so they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,966.0	6,204.6	6,655.9	6,404.6	3.2
Other Transfers	191.5	191.5	191.5	191.5	0.0
Federal Revenues	24,654.8	24,099.9	28,269.9	28,269.9	17.3
TOTAL SOURCES	\$30,812.3	\$30,496.0	\$35,117.3	\$34,866.0	14.3

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
USES					
Personal Services and Employee Benefits	13,200.7	15,446.3	15,962.5	15,962.5	3.3
Contractual services	2,019.1	2,889.3	2,200.3	2,200.3	(23.8)
Other	15,392.5	11,960.4	16,754.5	16,503.2	38.0
Other financing uses	200.0	200.0	200.0	200.0	0.0
TOTAL USES	\$30,812.3	\$30,496.0	\$35,117.3	\$34,866.0	14.3
FTE					
Permanent	48.0	27.0	27.0	27.0	0.0
Term	130.0	148.0	148.0	148.0	0.0
TOTAL FTE	178.0	175.0	175.0	175.0	0.0

Recommended Language

The general fund appropriation to the rehabilitation services program of the vocational rehabilitation division in the other category includes five hundred thousand dollars (\$500,000) to provide adult vocational rehabilitation services.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the vocational rehabilitation division in the other category includes one hundred thousand dollars (\$100,000) from the commission for the blind to match with federal funds to provide rehabilitation services to blind or visually impaired New Mexicans.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the vocational rehabilitation division in the other category includes ninety-one thousand five hundred dollars (\$91,500) to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

The federal funds appropriation to the rehabilitation services program of the vocational rehabilitation division in the other financing uses category includes two hundred thousand dollars (\$200,000) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of clients achieving measurable skills gain per fiscal year	NEW	37%	NEW	54%	54%
* Outcome	Number of clients achieving suitable employment for a minimum of ninety days	439.0	523.0	750.0	550.0	750.0
* Outcome	Percent of clients achieving suitable employment outcomes of all cases closed after receiving planned services	36%	58%	40%	40%	40%
Outcome	Percent of clients achieving suitable employment outcomes competitively employed or self-employed	100.00%	100.00%	99.00%	99.00%	99.00%
Outcome	Percent of clients with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	99.00%	98.00%	99.00%	99.00%	99.00%

INDEPENDENT LIVING SERVICES

The purpose of the independent living services program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	642.2	662.7	662.7	662.7	0.0
Other Transfers	7.0	7.1	7.5	7.5	5.6
Federal Revenues	1,967.1	945.0	1,421.5	1,421.5	50.4
TOTAL SOURCES	\$2,616.3	\$1,614.8	\$2,091.7	\$2,091.7	29.5
USES					
Contractual services	16.8	51.5	51.5	51.5	0.0
Other	1,528.3	1,498.3	2,007.7	2,007.7	34.0
Other financing uses	61.0	65.0	32.5	32.5	(50.0)
TOTAL USES	\$1,606.1	\$1,614.8	\$2,091.7	\$2,091.7	29.5

Recommended Language

The internal service funds/interagency transfers appropriation to the independent living services program of the vocational rehabilitation division in the other category includes seven thousand five hundred dollars (\$7,500) from the commission for the blind to match with federal funds to provide independent living services to blind or visually impaired New Mexicans.

The federal funds appropriation to the independent living services program of the vocational rehabilitation division in the other financing uses category includes thirty-two thousand five hundred dollars (\$32,500) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Output	Number of independent living plans developed	690.0	1,554.0	750.0	750.0	1,500.0
* Output	Number of individuals served for independent living	700.0	1,665.0	765.0	765.0	1,600.0

DISABILITY DETERMINATION

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so they may receive benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	16,585.4	18,362.5	19,369.7	19,369.7	5.5
TOTAL SOURCES	\$16,585.4	\$18,362.5	\$19,369.7	\$19,369.7	5.5

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	9,638.8	9,762.3	10,767.6	10,767.6	10.3
Contractual services	2,744.9	3,703.0	4,203.0	4,203.0	13.5
Other	4,167.5	4,897.2	4,399.1	4,399.1	(10.2)
TOTAL USES	\$16,551.2	\$18,362.5	\$19,369.7	\$19,369.7	5.5
FTE					
Permanent	46.0	13.0	13.0	13.0	0.0
Term	91.0	123.0	123.0	123.0	0.0
TOTAL FTE	137.0	136.0	136.0	136.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Efficiency	Average number of days to complete an initial disability claim	229.0	138.0	188.0	185.0	185.0
Quality	Percent of initial disability determinations completed accurately	95.70%	98.10%	98.30%	97.00%	98.00%

Statutory Authority

Sections 28-10-1 through 28-10-8 NMSA 1978 create the Governor's Commission on Disability. The commission has 15 members, with nine appointed by the governor. Six members are representatives of other state agencies: the secretaries of the Human Services, Workforce Solutions, Aging and Long-Term Services, and Children, Youth and Families departments and the directors of the Vocational Rehabilitation Division of the Public Education Department, and the Behavioral Health Services Division of the Health Care Authority.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,459.7	1,540.3	1,806.1	1,540.3	0.0
Other Transfers	38.6	0.0	0.0	0.0	0.0
Federal Revenues	544.0	532.1	528.0	528.0	(0.8)
Fund Balance	0.0	250.0	200.0	250.0	0.0
TOTAL SOURCES	\$2,042.3	\$2,322.4	\$2,534.1	\$2,318.3	(0.2)
USES					
Personal Services and Employee Benefits	1,228.0	1,308.0	1,541.0	1,325.2	1.3
Contractual services	187.3	216.9	193.6	193.6	(10.7)
Other	451.1	797.5	799.5	799.5	0.3
TOTAL USES	\$1,866.4	\$2,322.4	\$2,534.1	\$2,318.3	(0.2)
FTE					
Permanent	12.0	11.0	11.0	11.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	16.0	15.0	15.0	15.0	0.0

At A Glance

The Governor's Commission on Disability requested a total general fund appropriation of \$1.8 million, an increase of \$265.8 thousand, or 17.3 percent, over FY25. The commission requested a 4.1 percent decrease in federal revenue and requested \$200 thousand from the fund balance for FY26, a 20 percent decrease from FY24. The agency's request would increase support to the Residential Accessibility Modifications Program (RAMP) and Technology Assistance Program (TAP). The commission also requested an 18 percent increase in the personal services and employee benefits category to fill vacancies.

The LFC does not recommend a general fund increase given historical spending. The LFC recommends using \$250 thousand from the fund balance to support the RAMP and TAP program, including \$50 thousand for personnel. The current fund balance, for the disability fund, is \$1.2 million and is non-reverting. The amount in the disability fund is primarily driven through vacancy savings during the Covid-19 pandemic.

The Brain Injury Advisory Council met both of its performance measure targets, an improvement from FY24, when no targets were met. The commission met all four performance measure targets, whereas in the previous year the commission met three.

GOVERNOR'S COMMISSION ON DISABILITY

The purpose of the governor's commission on disability program is to promote policies and programs that focus on common issues faced by New Mexicans with disabilities, regardless of type of disability, age or other factors. The commission educates state administrators, legislators and the general public on the issues facing New Mexicans with disabilities, especially as they relate to federal Americans with Disabilities Act directives, building codes, disability technologies and disability culture so they can improve the quality of life of New Mexicans with disabilities.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,246.1	1,305.1	1,562.0	1,296.2	(0.7)
Other Transfers	33.0	0.0	0.0	0.0	0.0
Federal Revenues	544.0	532.1	528.0	528.0	(0.8)
Fund Balance	0.0	250.0	200.0	250.0	0.0
TOTAL SOURCES	\$1,823.1	\$2,087.2	\$2,290.0	\$2,074.2	(0.6)
USES					
Personal Services and Employee Benefits	1,176.0	1,214.4	1,447.4	1,231.6	1.4
Contractual services	143.0	150.0	135.5	135.5	(9.7)
Other	384.7	722.8	707.1	707.1	(2.2)
TOTAL USES	\$1,703.7	\$2,087.2	\$2,290.0	\$2,074.2	(0.6)
FTE					
Permanent	11.0	10.0	10.0	10.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	15.0	14.0	14.0	14.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of requested architectural plan reviews and site inspections completed	56%	100%	98%	98%	98%
Output	Number of technology assistance program devices loaned statewide	734.0	756.0	600.0	600.0	600.0
Output	Number of technology assistance program outreach presentations, trainings and events	205.0	183.0	220.0	220.0	220.0
Outcome	Percent of constituent inquiries addressed	100.00%	100.00%	99.00%	99.00%	99.00%

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the use and implementation of programs provided through the health care authority department's brain injury services fund so the department may align service delivery with needs identified by the brain injury community.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	213.6	235.2	244.1	244.1	3.8
Other Transfers	5.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$219.2	\$235.2	\$244.1	\$244.1	3.8

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	52.1	93.6	93.6	93.6	0.0
Contractual services	44.3	66.9	58.1	58.1	(13.2)
Other	66.4	74.7	92.4	92.4	23.7
TOTAL USES	\$162.8	\$235.2	\$244.1	\$244.1	3.8
FTE					
Permanent	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	1.0	1.0	1.0	1.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of individuals receiving education or training on brain injury issues who demonstrate increased knowledge as evidenced by pre- and post-training tests	0.00%	95.03%	95.00%	95.00%	95.00%
Output	Number of individuals who received technical assistance regarding brain injury	2,030.0	5,331.0	3,300.0	3,300.0	3,300.0

Statutory Authority

The Developmental Disabilities Council (DDC) was created to comply with the federal Developmental Disabilities Assistance and Bill of Rights Act and functions as a statewide planning and advocacy agency for people with developmental disabilities. The council includes the Office of Guardianship, responsible for providing guardianship services to individuals assigned by the judiciary as being unable to manage their financial affairs (Section 45-5-310 NMSA 1978), and the Office of the Special Education Ombud (Section 28-16C-1 to 28-16C-11 NMSA 1978), responsible for investigating and resolving special education concerns raised by parents or guardians.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,923.5	9,361.1	11,866.2	9,968.8	6.5
Other Transfers	457.2	625.0	625.0	625.0	0.0
Federal Revenues	590.8	582.3	604.8	604.8	3.9
Other Revenues	100.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$10,071.5	\$10,568.4	\$13,096.0	\$11,198.6	6.0
USES					
Personal Services and Employee Benefits	2,315.2	2,312.7	3,411.7	2,642.9	14.3
Contractual services	7,111.4	7,421.7	8,628.9	7,691.7	3.6
Other	601.0	834.0	1,055.4	864.0	3.6
TOTAL USES	\$10,027.6	\$10,568.4	\$13,096.0	\$11,198.6	6.0
FTE					
Permanent	26.0	27.0	28.0	27.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	28.0	28.0	29.0	28.0	0.0

At A Glance

For FY26, the Developmental Disabilities Council (DDC) requested \$11.9 million in general fund revenue, an increase of \$2.5 million or 26.8 percent over the FY26 agency operating budget. The request included an expansion of \$98.6 thousand to fund a human resources administrator for the Developmental Disabilities Council program.

Within the Office of Guardianship, the request included an increase of \$1.15 million in additional general fund revenue to support an increase in the number of New Mexicans applying for and receiving guardianship services, as well as an increase of \$818 thousand in the personal services and employees benefits category to fund existing positions, fill additional positions, and provide compensation increases.

The committee recommends an overall general fund base budget increase of \$607.7 thousand, or 6.5 percent. The recommendation includes an increase of \$270 thousand within contractual services to support the growing number of New Mexicans applying for and receiving guardianship services. The recommendation also includes an increase of \$330 thousand in personnel to fund the agency’s existing filled positions.

Budget Issues

Guardianship. The DDC Office of Guardianship (OOG) provides statewide legal services to appoint guardians to income-eligible adults. If a family member or friend is willing and able to serve as guardian, the OOG petitions the court to appoint the family member or friend as guardian. If no family member or friend can serve, OOG petitions to appoint a professional guardian and pays monthly for the professional guardian’s services. Additionally, OOG provides mental health treatment guardians for those found to lack capacity and needing assistance to make behavioral health treatment decisions. The agency estimates each new guardianship application case costs \$2,250 in legal services to initiate. OOG pays a flat fee of \$445 monthly for professional guardianship services, if a professional guardian is assigned.

Following guardianship oversight failures, the state enacted several reforms related to guardianship transparency and oversight. State law requires guardians and conservators submit information about the protected person in initial and annual reports to the courts. In addition, statutory changes in 2018 imposed bonding requirements on conservators to safeguard the assets of protected persons, and the reforms opened previously closed court proceedings. In 2019, the Legislature adopted legislation adding specific rights for the alleged incapacitated person, requiring a professional guardian and conservator be certified and in good standing, and increasing fines for overdue required reporting.

Between FY21 and FY24, the number of active guardianship cases in New Mexico increased by 2.4 percent, from 982 to 1,006. In FY24, DDC received a total of 431 applications for guardianship, a roughly 300 percent increase over the roughly 120 applications per year the agency received in FY20. In FY24, the average time spent on the waiting list was 5.6 months, below the agency’s performance target of nine months. As of October 2024, DDC reported 1,060 active guardianship cases and a waiting list of roughly 293 cases. DDC projects an average of 1,060 active guardianship cases in FY25. DDC reports the agency will likely have sufficient resources to maintain active cases but may not be able to process many additional applications in FY25, potentially contributing to a growing waiting list at the start of FY26. DDC estimates the agency will start FY26 with a waiting list of 514.

DDC attributes the increase in guardianship applications and active cases to New Mexico’s aging population and increases in the number of New Mexicans receiving services under the Developmental Disabilities Waiver Program, among other factors.

In FY21 and FY22, DDC received a special appropriation of \$500 thousand to reduce the guardianship services waiting list, however, \$332 thousand reverted to the general fund and went unspent. In FY24, DDC received a \$250 thousand special appropriation to reduce the waiting list in the OOG, and the agency fully spent this appropriation. In FY25 DDC received a base budget increase of \$203 thousand to hire an additional attorney and social worker to reduce time spent on the waiting list and handle comprehensive service reviews. In FY25, DDC also received a \$200 thousand special appropriation for guardianship waiting list management and \$60 thousand for a guardianship services rate study.

For FY26, OOG requested a total of \$8.4 million in the contractual services category to provide guardianship services, an increase of \$1.15 million.

The committee recommendation provides a total of \$7.53 million in contractual services, an increase of \$270 thousand. The contractual services appropriation should provide sufficient funding to provide ongoing professional guardianship services to 1,249 active guardianship cases, an increase of roughly 17 percent relative to active FY25 cases, and process roughly 230 new applications in FY26. Consistent with previous years, the Legislature may also consider a special appropriation to reduce the waiting list in FY26.

OOG also requested an increase of \$818 thousand to the personal services and employee benefits category, which is intended to offset transfers from the contractual services category to personnel to fund existing positions, reducing funds available to service guardianship cases in the last two fiscal years. In FY24, DDC generally did not provide compensation increases beyond the 6 percent authorized by the Legislature, but average compensation among agency employees increased by an average of 11 percent per year between FY20 and FY24. The committee recommendation increases the OOG personnel budget by \$242 thousand to fund the agency’s existing filled positions and support fixed rate increases.

Developmental Disability Council Program. In 2021, the DDC began several new programs and initiatives, including the Office of the Special Education Ombud to assist students and families navigating the state’s special education system, and the Marilyn Martinez State Jobs Program, to provide training to New Mexicans living with intellectual disabilities. DDC requested a base budget general fund increase of \$370.9 thousand to increase personal services and employee benefits, increase contractual services to provide legal counsel, and support increased operating costs, including rent, GSD fixed rates, travel expenses and additional leased vehicles. The committee recommendation includes an increase of \$87.9 thousand in general fund revenue to fully fund existing filled positions.

Base Expansion

DDC requested \$98.6 thousand in expansion to fill a human resource administrator position within the Developmental Disabilities Council Program. The request did not meet the budget guidelines for program expansion and was considered as part of the base budget request.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Human Resources Generalist III- Pay Band BI	P727	98.6	0.0
TOTAL			\$98.6	\$0.0

DEVELOPMENTAL DISABILITIES COUNCIL

The purpose of the developmental disabilities council program is to provide and produce opportunities for people with disabilities so they may realize their dreams and potential and become integrated members of society.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,333.9	1,403.0	1,872.5	1,488.4	6.1
Other Transfers	104.2	75.0	75.0	75.0	0.0
Federal Revenues	590.8	582.3	604.8	604.8	3.9
TOTAL SOURCES	\$2,028.9	\$2,060.3	\$2,552.3	\$2,168.2	5.2
USES					
Personal Services and Employee Benefits	1,171.0	1,213.0	1,493.7	1,300.9	7.2
Contractual services	138.5	160.7	193.0	160.7	0.0
Other	434.8	686.6	865.6	706.6	2.9
TOTAL USES	\$1,744.3	\$2,060.3	\$2,552.3	\$2,168.2	5.2
FTE					
Permanent	11.0	13.0	14.0	13.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	13.0	14.0	15.0	14.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of individuals contacting the office of the special education ombud for assistance supporting a student with disabilities who receive a response from the office within two business days	100.0%	100.0%	95.0%	95.0%	95.0%
Outcome	Percent of individuals contacting the office of the special education ombud for assistance supporting a student with disabilities who receive a response from the office within two business days	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of individuals contacting the office of the special education ombud for emergency assistance supporting a student with disabilities who receive a response from the office within twenty-four hours	100.0%	100.0%	95.0%	95.0%	95.0%
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within one month of completion of a request for services	100.0%	100.0%	95.0%	95.0%	95.0%
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within six months of completion of a request for services	100.0%	100.0%	95.0%	95.0%	95.0%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within three months of completion of a request for services	100.0%	100.0%	95.0%	95.0%	95.0%
Output	Number of initial ombud recruitment trainings conducted	\$2.0	1.0	4.0	4.0	4.0
Output	Number of initial ombud recruitment trainings conducted	N/A	N/A	N/A	N/A	N/A
Output	Number of presentations or trainings provided statewide to promote the rights of students with disabilities and the services of the office of the special education ombud	\$32.0	50.0	25.0	25.0	25.0
Output	Number of individuals with developmental disabilities and family members trained on leadership, self-advocacy and disability-related issues	7,965.0	12,978.0	4,000.0	4,000.0	7,000.0
Output	Number of outreach or training activities conducted statewide focused on accessing community supports	830.0	930.0	150.0	200.0	200.0
Output	Number of contact with individuals with developmental disabilities and family members to assist in accessing information on local, community-based health resources	76,085.0	68,114.0	100,000.0	55,000.0	78,000.0
Output	Number of training opportunities for individuals with developmental disabilities to become leaders and train and mentor others with developmental disabilities	254.0	328.0	90.0	100.0	100.0
Outcome	Percent of projects funded by the developmental disabilities council that promote meaningful employment opportunities and public awareness that people with developmental disabilities can work	87.50%	91.00%	85.00%	85.00%	85.00%
Output	Number of presentations, trainings or technical assistance provided statewide that promote individualized and inclusive educational opportunities within the school system for students with developmental disabilities	188.0	285.0	150.0	170.0	170.0

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship program is to enter into, monitor and enforce guardianship contracts for income-eligible persons and to help file, investigate and resolve complaints about guardianship services provided by contractors to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,589.6	7,958.1	9,993.7	8,480.4	6.6
Other Transfers	353.1	550.0	550.0	550.0	0.0
Other Revenues	100.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$8,042.7	\$8,508.1	\$10,543.7	\$9,030.4	6.1

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
USES					
Personal Services and Employee Benefits	1,144.3	1,099.7	1,918.0	1,342.0	22.0
Contractual services	6,972.9	7,261.0	8,435.9	7,531.0	3.7
Other	166.2	147.4	189.8	157.4	6.8
TOTAL USES	\$8,283.4	\$8,508.1	\$10,543.7	\$9,030.4	6.1
FTE					
Permanent	14.0	14.0	14.0	14.0	0.0
TOTAL FTE	14.0	14.0	14.0	14.0	0.0

Recommended Language

The contractual services appropriations to the office of guardianship program of the developmental disabilities council include seven million four hundred thousand dollars (\$7,400,000) to provide legal services and professional guardianship services for clients.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Number of protected person visits (including assessments, protected person welfare visits, comprehensive service review interviews and teleconference, in-person or videoconference visits) performed by office of guardianship staff or contractors	\$205.0	206.0	200.0	225.0	225.0
Output	Percent of complaints the received by the office of guardianship that are processed and resolved in compliance with 9.4.21.14 NMAC	97%	100%	100%	100%	100%
Outcome	Number of guardianship investigations completed	0.0	0.0	Discontinued	0.0	Discontinued
Output	Percent of guardianship contractors who undergo a comprehensive service review	100%	100%	100%	100%	100%
* Outcome	Average amount of time spent on waiting list, in months	9:7	5:7	9:0	9:0	9:0
Outcome	Average number of people on the waiting list, monthly	166.0	156.0	100.0	200.0	200.0

Statutory Authority

The Miners' Hospital of New Mexico, created by the state constitution and guided by Sections 23-3-1 through 23-3-3 NMSA 1978, is statutorily required to provide free or reduced-cost treatment and care to resident miners. The hospital is a beneficiary of the land grant permanent fund. Miners who have the ability to pay for their care are billed for services. The facility operates a rural health clinic, a 37-bed long-term care facility, and a 25-bed critical access hospital that also provides healthcare to nonminers. An outreach program exclusively for miners uses a mobile van equipped to do chest x-rays, pulmonary function tests, and audiology tests. Revenues from Medicare, Medicaid, third-party payers, and private patient payments also support the hospital. The hospital does not receive general fund appropriations and all revenues are nonreverting.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,500.0	0.0	0.0	0.0	0.0
Other Transfers	8,890.5	9,560.0	8,350.0	8,350.0	(12.7)
Federal Revenues	12,778.9	15,446.0	12,982.0	12,982.0	(16.0)
Other Revenues	16,033.0	17,461.5	21,542.0	21,497.7	23.1
TOTAL SOURCES	\$41,202.4	\$42,467.5	\$42,874.0	\$42,829.7	0.9
USES					
Personal Services and Employee Benefits	22,564.9	24,540.5	24,228.0	24,228.0	(1.3)
Contractual services	8,537.0	10,061.0	8,867.0	8,822.7	(12.3)
Other	8,291.3	7,316.0	9,104.0	9,104.0	24.4
Other financing uses	0.0	550.0	675.0	675.0	22.7
TOTAL USES	\$39,393.2	\$42,467.5	\$42,874.0	\$42,829.7	0.9
FTE					
Permanent	267.0	235.0	235.0	235.0	0.0
Term	12.0	20.0	20.0	20.0	0.0
Temporary	15.0	3.0	3.0	3.0	0.0
TOTAL FTE	294.0	258.0	258.0	258.0	0.0

At A Glance

The Miners' Hospital of New Mexico requested a \$406.5 thousand, or 1 percent, increase in their budget, which is primarily driven from the other revenues category. Miners' also requested contractual services increases based on a 4 percent increase in inflation. The committee recommends a majority of the request but only supports a 3 percent increase in contractual services based on current medical inflation rates.

Budget Issues

Miners' Hospital of New Mexico, a 25-bed acute care, long-term care, and primary care hospital in Colfax County, serves patients from all over northern New Mexico. The hospital is state-owned and receives patient revenues from private third-party insurance payers, Medicare, and Medicaid and land grant permanent fund revenue. In previous years, the hospital was financially struggling. However, the Legislature made an appropriation to settle the hospital's debt, added a new intergovernmental transfer (IGT) to leverage more federal revenue, and provided a supplemental appropriation to restore the hospital's fund. As a result, the hospital's finances are in a better position than previous years. Under the IGT, the hospital sent \$550 thousand to the Health Care Authority (HCA) and HCA is supposed to match the funds with \$1.9 million from Medicaid funds, and sent back is \$2.4 million.

The hospital requested a 1.3 percent decrease in personnel services and a 11.9 percent decrease in contractual services. Although the request for contractual services was an overall decrease, it assumed a 4 percent increase for medical inflation. The recommendation for contractual services is also an overall decrease but uses a 3 percent medical inflation rate. The recommendation for the other category request is a 24 percent increase due to increased costs.

Importantly, for FY25, the hospital received a \$3.6 million special appropriation to eliminate debt service. However, the hospital did not eliminate its debt service and instead spent \$550 thousand of the special appropriation to buy into the IGT. The hospital must make a minimum payment of \$1.2 million by May 2025.

Miners' Trust Fund. The Ferguson Act of 1898 and the Enabling Act for New Mexico of 1910 set aside 50 thousand acres of trust land to generate income that helps support the Miners' Hospital. Royalty payments, mostly on oil and gas production, are deposited in a land grant permanent fund for the hospital. Annually, a portion of the permanent fund, along with rental, interest, and other revenue, is deposited into the miners' trust income fund. For FY25, the hospital received a total of \$9.1 million from the income fund to correct a long-standing accounting error.

Performance. The FY23 fiscal audit included one finding for submitting a late audit. There was a prior-year audit finding for the same issue.

HEALTH CARE

The purpose of the healthcare program is to provide quality acute care, long-term care and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

Recommended Language

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include eight million three hundred fifty thousand dollars (\$8,350,000) from the miners' trust fund.

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include six hundred seventy-five thousand dollars (\$675,000) from the miners' trust fund to transfer to the Human Service Department to leverage additional federal Medicaid revenue.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of budgeted revenue collected	80.00%	87.59%	100.00%	100.00%	100.00%
Outcome	Annual percent of healthcare-associated infections	0.08%	0.00%	1.00%	1.00%	1.50%
Outcome	Average patient length of stay, in days, for the acute care facility	3.0	3.0	5.0	5.0	5.0
Outcome	Rate of unassisted patient falls per one thousand patient days in the long-term care facility	5.72%	11.15%	3.00%	3.00%	3.00%
Output	Number of outpatient visits	6,591.0	7,119.0	7,000.0	7,000.0	8,500.0
Output	Number of visits to the outreach clinic	300.0	305.0	200.0	200.0	200.0
Output	Number of surgeries performed	620.0	382.0	475.0	300.0	475.0
* Outcome	Percent of occupancy at nursing home based on licensed beds	62%	68%	55%	55%	55%
Efficiency	Number of days in accounts receivable	54.0	63.0	50.0	50.0	50.0
* Quality	Percent of patients readmitted to the hospital within thirty days with the same or similar diagnosis	0.0%	0.1%	1.8%	1.8%	1.8%
Quality	Rate of medication errors per one thousand medications administered	0.01%	0.01%	1.00%	1.00%	1.00%
Output	Number of emergency room visits	5,097.0	5,145.0	5,000.0	5,000.0	5,500.0
Output	Number of newborn births	67.0	76.0	65.0	65.0	65.0
Efficiency	Rate of employee turnover	23.30%	31.80%	22.00%	22.00%	24.00%
Output	Average daily census	7.0	7.0	5.0	5.0	5.0
Efficiency	Percent agency nursing staff to total nursing staff	21.72%	47.06%	20.00%	20.00%	25.00%
Output	Number of rural health clinic visits	12,834.0	12,323.0	13,000.0	12,000.0	14,000.0
Efficiency	Number of days cash on hand	7.0	23.0	50.0	50.0	85.0

Statutory Authority

The Department of Health (DOH) was created by Sections 9-1-7 through 9-7-15 NMSA 1978 to serve New Mexicans through programs designed to prevent disease and disability, promote health, and prevent or treat problems of mental health, substance abuse, developmental disabilities, and chronic disease. The agency licenses health and long-term care facilities and operates seven treatment centers, the state scientific laboratory, and public health offices in all counties. Among the responsibilities of the department are the activities under the New Mexico Rural Primary Health Care Act and school-based health services, health surveillance and outbreak response, vital health statistics, accessible emergency medical services, and pharmaceutical services. In addition to providing other services, the Facilities Management Program operates the Los Lunas Community Program, New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute in Las Vegas, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Center and Turquoise Lodge for chemical dependency treatment, both in Albuquerque.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	383,516.8	201,111.6	243,922.6	210,988.5	4.9
Other Transfers	57,066.6	42,169.9	40,205.0	41,017.9	(2.7)
Federal Revenues	146,583.9	175,041.9	189,518.3	189,518.3	8.3
Other Revenues	102,385.4	122,855.8	137,353.5	134,353.5	9.4
Fund Balance	0.0	1,000.0	1,000.0	1,000.0	0.0
TOTAL SOURCES	\$689,552.7	\$542,179.2	\$611,999.4	\$576,878.2	6.4
USES					
Personal Services and Employee Benefits	258,462.2	263,939.7	309,563.4	285,110.0	8.0
Contractual services	112,746.3	122,453.6	137,059.9	126,321.2	3.2
Other	135,118.2	155,323.6	164,913.8	164,984.7	6.2
Other financing uses	146,012.6	462.3	462.3	462.3	0.0
TOTAL USES	\$652,339.3	\$542,179.2	\$611,999.4	\$576,878.2	6.4
FTE					
Permanent	2,786.0	2,450.5	2,510.5	2,480.5	1.2
Term	699.0	986.5	986.5	986.5	0.0
Temporary	35.0	0.0	0.0	0.0	0.0
TOTAL FTE	3,520.0	3,437.0	3,497.0	3,467.0	0.9

At A Glance

The Department of Health (DOH) requested \$243.9 million in general fund revenues for FY26. The department’s general fund revenue request is a 21.3 percent increase above the FY25 operating budget. Most of the requests were for operational costs, such as reducing the vacancy rate, personnel pay, and other costs, such as rent and utilities. Additionally, the department requested \$2.6 million for food support, \$2.3 million for public health mobile unit staffing, \$2.4 million for the DOH hotline, \$1.1 million for a climate health program, \$4 million for a substance use disorder program in San Miguel County, and \$10.8 million for operational cost of the Behavioral Health Institute and Los Lunas Community Program.

The LFC recommendation increases the general fund revenue by \$9.9 million, or 4.9 percent, and includes a significant increase from the general fund for the Facilities Management (FMD) program operations. Due to high operational costs and low census, the program continues to struggle financially.

Budget Issues

With the transfer of the Developmental Disabilities Supports (DDSD) and Health Certification, Licensing, and Oversight (DHI) programs to the Health Care Authority (HCA) in FY25, the Department of Health (DOH) has experienced a reduced shift in program oversight and revenues from previous fiscal years. Beginning in FY25, post transfer, the department’s portfolio consists of the following programs: Public Health, Epidemiology and Response, Laboratory Services, Facilities Management, Medical Cannabis, and Program Support. The LFC general fund revenue recommendation includes an increase of \$9.9 million, or 4.9 percent.

Facilities. The department’s request for the Facilities Management Program (FMD) would increase general fund revenue by \$21.8 million, or 25 percent. Of the total general fund request, \$7.3 million was for personnel and operations and \$5.5 million was for salary increases and to reduce the vacancy rate. The program also requested an increase in federal revenues far above FY24 actual spending, from \$8.8 million to \$14.4 million in FY26. Previously, the department has budgeted federal revenues significantly above what materialized, resulting in financial instability.

Additionally, the department requested other revenue—such as government payments for Medicaid, Medicare, and similar programs—significantly above actual revenues, from \$61.3 million to \$86.1 million. These revenues have consistently underperformed the operating budget for several reasons, including low facility census and patient billing. If the department’s rate of billing denials increases or its facility populations remain low, then the budgeted revenue authority does not materialize as actual revenue. At the close of FY24, 54 percent of beds in DOH facilities were occupied. The program must increase census to address this issue. The LFC general fund revenue recommendation includes an increase of \$4.5 million for operational costs, or 5.2 percent.

Veterans’ Home. The first phase of new veterans’ home facilities (NMVH), which had a census of 74 percent in October 2024, began operating in 2024. Construction costs are eligible for a 65 percent federal funding reimbursement for this project, and the department was expecting to be reimbursed for the project with federal revenues. However, as of October 2024, DOH has not been officially approved for Veterans’ Administration funding for the new construction at NMVH. The initial construction appropriation was \$60 million.

NMVH recently opened two of six small homes for residents, moving residents from the Old Main to these homes. At the beginning of FY25, the census was at 93 and as of October 2024 is 98, or 74 percent of licensed beds.

Low Census Facilities. The department has struggled with low census for several years. As of October 2024, facility-wide census for licensed beds was 60 percent. Facilities with the lowest census have been Fort Bayard Medical Center (53 percent), Sequoia Adolescent Treatment Center (56 percent), and Roswell Rehabilitation Center (16 percent).

Public Health. The Public Health Program requested over \$11.2 million, including \$5.1 million for personnel, \$650 thousand for operational costs, \$2.3 million for mobile public health services, \$525 thousand for clinical services, and \$2.6 million for food services.

In FY24, the department received \$4 million in nonrecurring revenue for mobile public health services for the homeless. As of October 2024, all the revenue had been expended. Additionally, the department received \$1.5 million for mobile school-based health services, which has also been mostly expended. The LFC general fund revenue recommendation includes an increase of \$3.1 million, or 4 percent, for mobile units staffing, operational costs, and clinical services.

Epidemiology and Response Program. The Epidemiology and Response Program requested a general fund revenue increase of \$5.8 million, or 37 percent. The request included \$1.4 million for personnel and operations, \$2.4 million for the public health hotline, \$670 thousand for the all-payer claims database, and \$1.1 million for a climate health program. Previously, for FY25 the program received over \$1 million for the hotline. The LFC general fund revenue recommendation includes an increase of \$1.3 million for operational and IT costs, or 8.4 percent.

Administration. The Administration Program includes human resources, general counsel, office of the secretary, financial services, information technology, and other administrative services. The program requested a general fund increase of \$3.3 million, or 34 percent, for personnel and operational costs. The LFC general fund revenue recommendation includes an increase of \$400 thousand for operational costs, or 4.1 percent.

Base Expansion

The Department of Health requested an expansion of \$7 million, with \$4 million from the general fund. The expansion is to operate a substance use treatment center. The center will be in Las Vegas, New Mexico, near the Behavioral Health Institute, in a state-owned building. The county secured capital funding to renovate the building, which is projected to be complete in late 2024. The LFC does not recommend the requested expansion.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	FMD-NMBHI Expansion	P006	7,000.0	0.0
TOTAL			\$7,000.0	\$0.0

ADMINISTRATION

The purpose of the administration program is to provide leadership, policy development, information technology, administrative and legal support to the department of health so it achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,793.3	9,814.4	13,128.2	10,214.4	4.1
Other Transfers	1,409.4	940.5	940.5	940.5	0.0
Federal Revenues	10,737.4	11,432.7	10,200.0	10,200.0	(10.8)
Other Revenues	0.1	0.0	0.0	0.0	0.0
Fund Balance	0.0	1,000.0	1,000.0	1,000.0	0.0
TOTAL SOURCES	\$19,940.2	\$23,187.6	\$25,268.7	\$22,354.9	(3.6)
USES					
Personal Services and Employee Benefits	15,074.6	18,230.5	20,741.7	18,522.8	1.6
Contractual services	1,757.0	2,335.5	1,045.9	860.1	(63.2)
Other	1,865.0	2,621.6	3,481.1	2,972.0	13.4
TOTAL USES	\$18,696.6	\$23,187.6	\$25,268.7	\$22,354.9	(3.6)
FTE					
Permanent	148.0	148.0	148.0	148.0	0.0
Term	26.0	40.0	39.0	39.0	(2.5)
TOTAL FTE	174.0	188.0	187.0	187.0	(0.5)

PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion to improve health status, reduce disparities and ensure timely access to quality, culturally competent healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	72,943.5	77,882.9	89,096.4	81,033.2	4.0
Other Transfers	21,150.9	30,015.8	30,015.8	30,828.7	2.7
Federal Revenues	81,305.8	108,019.8	108,019.8	108,019.8	0.0
Other Revenues	37,955.4	46,571.7	46,571.7	46,571.7	0.0
TOTAL SOURCES	\$213,355.6	\$262,490.2	\$273,703.7	\$266,453.4	1.5

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	64,667.0	72,325.5	85,813.7	81,198.9	12.3
Contractual services	65,458.5	82,466.0	69,713.8	69,313.3	(15.9)
Other	82,196.0	107,236.4	117,713.9	115,478.9	7.7
Other financing uses	462.3	462.3	462.3	462.3	0.0
TOTAL USES	\$212,783.8	\$262,490.2	\$273,703.7	\$266,453.4	1.5
FTE					
Permanent	371.0	251.0	270.0	270.0	7.6
Term	463.0	567.5	567.5	567.5	0.0
TOTAL FTE	834.0	818.5	837.5	837.5	2.3

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Output	Number of community members trained in evidence-based suicide prevention practices	775.0	1,169.0	760.0	800.0	1,200.0
Outcome	Percent of participants in the diabetes prevention program who reduced body weight between five and seven percent after completing the program	NEW	NEW	40.0%	40.0%	40.0%
Outcome	Percent of retail pharmacies that dispense naloxone	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	97.8%	97.3%	96.0%	97.0%	97.0%
Efficiency	Percent of registry identification cards issued within five business days of application approval	99.99%	99.00%	99.00%	99.00%	99.00%
Efficiency	Percent of registry identification cards issued within five business days of application approval	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of adolescents who use nicotine products	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of adults who use nicotine products	NEW	NEW	N/A	N/A	N/A
Explanatory	Rate of suicide per one hundred thousand population	24.2%	0.0%	N/A	N/A	N/A
Outcome	Number of clients enrolled in the harm reduction program	12,000.0	16,300.0	12,000.0	12,000.0	17,000.0
Outcome	Percent of New Mexico adults who enroll in the quitnow program and successfully quit nicotine products by the seven-month follow-up	NEW	NEW	30.0%	30.0%	30.0%
Explanatory	Percent of adolescents who smoke	4%	4%	N/A	N/A	N/A
* Quality	Percent of female New Mexico department of health's public health office family planning clients, ages fifteen to nineteen, who were provided most- or moderately-effective contraceptives	88%	84%	88%	88%	88%
Explanatory	Percent of third-grade children who are considered obese	28.00%	0.00%	N/A	N/A	N/A
Explanatory	Percent of adults who smoke	13.40%	15.40%	N/A	N/A	N/A
Explanatory	Number of births to teens ages fifteen to nineteen per one thousand females ages fifteen to nineteen	TBD	19.8	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of successful overdose reversals in the harm reduction program	3,025.0	3,153.0	3,200.0	3,200.0	3,200.0
Output	Percent of children in healthy kids, healthy communities with increased opportunities for healthy eating in public elementary schools	92.00%	97.00%	97.00%	98.00%	98.00%
Output	Percent of New Mexico adult cigarette smokers who access New Mexico department of health cessation services	1.27%	0.96%	2.60%	2.60%	5.00%
* Quality	Percent of school-based health centers funded by the department of health that demonstrate improvement in their primary care or behavioral healthcare focus area	96%	96%	96%	96%	96%
Outcome	Percent of older adults who have ever been vaccinated against pneumococcal disease	70.60%	TBD	75.00%	75.00%	75.00%
* Outcome	Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	69%	72%	68%	70%	75%
Output	Number of teens who successfully complete a youth development program to prevent unintended teen pregnancy	384.0	459.0	460.0	460.0	460.0

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events, prepare for health emergencies and provide emergency medical and vital registration services to New Mexicans.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,813.1	15,610.4	21,437.8	16,923.9	8.4
Other Transfers	1,172.8	840.0	920.6	920.6	9.6
Federal Revenues	37,187.5	40,957.8	51,006.1	51,006.1	24.5
Other Revenues	688.6	526.0	556.1	556.1	5.7
TOTAL SOURCES	\$52,862.0	\$57,934.2	\$73,920.6	\$69,406.7	19.8
USES					
Personal Services and Employee Benefits	18,321.7	27,712.5	31,766.6	29,002.9	4.7
Contractual services	18,233.9	21,945.2	33,450.1	31,699.1	44.4
Other	15,534.4	8,276.5	8,703.9	8,704.7	5.2
TOTAL USES	\$52,090.0	\$57,934.2	\$73,920.6	\$69,406.7	19.8
FTE					
Permanent	152.0	62.0	73.0	73.0	17.7
Term	140.0	298.0	298.0	298.0	0.0
TOTAL FTE	292.0	360.0	371.0	371.0	3.1

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of substance use disorders patients in participating hospitals referred to peer support	NEW	TBD	50.0%	50.0%	50.0%
Output	Number of people admitted to the emergency department of participating hospitals with a suicide attempt diagnosis	294.0	228.0	300.0	300.0	300.0
Explanatory	Percent of persons hospitalized for influenza who were treated with antivirals within two days of onset of illness	11.80%	42.00%	N/A	N/A	N/A
Quality	Percent of New Mexico hospitals certified for stroke care	18.00%	19.00%	24.00%	24.00%	24.00%
* Explanatory	Drug overdose death rate per one hundred thousand population	49.0	NEW	N/A	N/A	N/A
* Explanatory	Alcohol-related death rate per one hundred thousand population	93.9	TBD	N/A	N/A	N/A
Explanatory	Rate of fall-related deaths per one hundred thousand adults age sixty-five years or older	74.3	TBD	N/A	N/A	N/A
Explanatory	Rate of heart disease and stroke (cardiovascular disease) deaths per one hundred thousand population	205.4	TBD	N/A	N/A	N/A
Explanatory	Percent of youth who were sexually assaulted in the last twelve months	11.90%	9.50%	N/A	N/A	N/A
Explanatory	Rate of avoidable hospitalizations	TBD	TBD	N/A	N/A	N/A
Explanatory	Rate of heat related illness hospitalizations	2.4	TBD	N/A	N/A	N/A
Explanatory	Rate of suicide per one hundred thousand population	24.2	TBD	N/A	N/A	N/A
Explanatory	Percent of persons hospitalized for influenza who were treated with antivirals within two days of onset of illness	12%	42%	N/A	N/A	N/A
Explanatory	Rate of pneumonia and influenza deaths per one hundred thousand population	13.8	13.0	N/A	N/A	N/A
Outcome	Number of older adults who participated in evidence-based falls prevention intervention program	444.0	544.0	800.0	800.0	800.0
Output	Number of youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	10,622.0	9,721.0	11,000.0	8,000.0	9,800.0
Outcome	Percent of hospitals with emergency department based self-harm secondary prevention programs	3%	3%	7%	7%	10%
Outcome	Average time to provide birth certificate to customer	5.0	10.0	4.0	4.0	4.0
Outcome	Percent of death certificates completed by bureau of vital records and health statistics within ten days of death	53.00%	56.00%	65.00%	60.00%	60.00%
* Outcome	Percent of opioid patients also prescribed benzodiazepines	9%	TBD	5%	5%	5%
Outcome	Rate of persons receiving alcohol screening and brief intervention services per one hundred thousand population	25.30%	TBD	73.00%	72.60%	73.00%
Output	Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	33.00%	41.00%	45.00%	50.00%	50.00%
Outcome	Suicide rate per 100,000 population	N/A	N/A	N/A	N/A	N/A

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and scientific expertise for policy development for tax-supported public health, environment and toxicology programs in the state of New Mexico and to provide timely identification of threats to the health of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,071.1	10,440.8	11,092.8	10,906.6	4.5
Other Transfers	1,676.3	893.5	893.5	893.5	0.0
Federal Revenues	4,886.9	5,524.5	5,891.9	5,891.9	6.7
Other Revenues	1,514.3	1,560.1	1,560.1	1,560.1	0.0
TOTAL SOURCES	\$17,148.6	\$18,418.9	\$19,438.3	\$19,252.1	4.5
USES					
Personal Services and Employee Benefits	10,816.9	10,885.7	11,576.2	11,390.0	4.6
Contractual services	621.0	919.4	859.4	859.4	(6.5)
Other	5,617.7	6,613.8	7,002.7	7,002.7	5.9
TOTAL USES	\$17,055.6	\$18,418.9	\$19,438.3	\$19,252.1	4.5
FTE					
Permanent	136.0	81.0	81.0	81.0	0.0
Term	53.0	58.0	58.0	58.0	0.0
TOTAL FTE	189.0	139.0	139.0	139.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within sixty calendar days	96.9%	72.5%	96.0%	92.0%	92.0%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within fifteen calendar days	86.10%	96.10%	96.00%	80.00%	96.00%
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	97.80%	97.30%	98.00%	97.00%	98.00%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are completed and reported to law enforcement within thirty calendar days	99.00%	98.80%	99.00%	99.00%	99.00%

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral health-care services, including mental health, substance abuse, nursing home and rehabilitation programs in both facility- and community-based settings, and serve as the safety net for New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	76,421.6	87,363.1	109,167.4	91,910.4	5.2
Other Transfers	17,477.9	6,963.6	7,434.6	7,434.6	6.8
Federal Revenues	8,775.2	9,107.1	14,400.5	14,400.5	58.1
Other Revenues	61,305.5	74,198.0	86,149.1	83,149.1	12.1
TOTAL SOURCES	\$163,980.2	\$177,631.8	\$217,151.6	\$196,894.6	10.8
USES					
Personal Services and Employee Benefits	117,907.6	133,213.2	157,604.6	142,934.8	7.3
Contractual services	14,304.2	14,217.0	31,655.9	23,254.5	63.6
Other	22,634.8	30,201.6	27,891.1	30,705.3	1.7
TOTAL USES	\$154,846.6	\$177,631.8	\$217,151.6	\$196,894.6	10.8
FTE					
Permanent	1,965.0	1,908.5	1,938.5	1,908.5	0.0
Term	3.0	5.0	5.0	5.0	0.0
Temporary	35.0	0.0	0.0	0.0	0.0
TOTAL FTE	2,003.0	1,913.5	1,943.5	1,913.5	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Efficiency	Percent of operational beds occupied	60.8%	68.1%	80.0%	80.0%	80.0%
Explanatory	Number of referrals from judiciary	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of direct-care service staff turnover	NEW	NEW	N/A	N/A	N/A
Efficiency	Amount paid for direct care workers	\$64,497,898	\$74,498,132	\$10,000,000	\$10,000,000	\$10,000,000
Efficiency	Percent of eligible third-party revenue billed at all agency facilities	88.9%	TBD	93.0%	Discontinued	98.0%
Outcome	Percent of adolescents who complete the residential treatment program at sequoia adolescent treatment center	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of adolescents who complete the residential treatment program at sequoyah adolescent treatment center	12.5%	71.9%	87.0%	87.0%	87.0%
Outcome	Percent of medication assisted treatment utilized in the treatment of alcohol use disorders at New Mexico rehabilitation center	NEW	NEW	NEW	65.00%	65.00%
Outcome	Percent of medication assisted treatment utilized in the treatment of opioid use disorder at New Mexico rehabilitation center	NEW	NEW	NEW	92.00%	92.00%
Outcome	Percent of patients who after being offered, choose to utilize medication assisted treatment for nicotine addiction	100.0%	TBD	68.0%	68.0%	68.0%
Quality	Number of patients referred out of state	0.0	TBD	3.0	Discontinued	Discontinued
Quality	Number of patients transferred to emergency departments per one thousand patient days	0.0	274.0	4.0	4.0	4.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Quality	Percent of long-stay residents who have a urinary tract infection	3.5%	3.6%	1.5%	1.5%	1.5%
* Efficiency	Percent of eligible third-party revenue collected at all agency facilities	89%	88%	93%	93%	95%
Outcome	Percent of adolescent residents who successfully complete the center for adolescent relationship exploration program	40.00%	100.00%	80.00%	90.00%	95.00%
Output	Number of overtime hours worked	337,503.0	707,117.0	387,000.0	400,000.0	400,000.0
Quality	Number of medication errors causing harm per one thousand patient days within identified categories	\$0.0	TBD	0.0	0.0	0.0
Outcome	Percent of patients eligible for naloxone kits who received the kits	52%	100%	90%	90%	90%
Outcome	Percent of medication-assisted treatment utilized in the management of alcohol-use disorders while at turquoise lodge hospital	72.88%	100.00%	85.00%	65.00%	65.00%
Output	Percent of medical detox occupancy at turquoise lodge hospital	76.00%	27.91%	80.00%	80.00%	80.00%
Efficiency	Percent of licensed beds occupied	47%	55%	80%	80%	80%
Output	Number of direct care contracted hours	148,528.0	293,490.0	218,000.0	218,000.0	218,000.0
Outcome	Percent of long-stay residents who are receiving antipsychotic drugs in the target period	10.85%	47.00%	5.00%	16.00%	16.00%
Quality	Percent of long-stay high-risk residents with stage II-IV or unstageable pressure ulcers	TBD	7.35%	2.00%	2.00%	2.00%
Outcome	Percent of priority request for treatment clients who are provided an admission appointment to turquoise lodge hospital program within two days	94.58%	100.00%	90.00%	90.00%	90.00%
Outcome	Percent of medication-assisted treatment utilized in the management of opioid-use disorders while at turquoise lodge hospital	100.00%	100.00%	92.00%	92.00%	92.00%
Outcome	Percent of patients educated on medication-assisted treatment options while receiving medical detox services	82.75%	100.00%	100.00%	100.00%	100.00%
Quality	Percent of in-house-acquired pressure ulcers for long-term care residents during short stays	6.65%	TBD	2.00%	2.00%	2.00%

MEDICAL CANNABIS

The purpose of the medical cannabis program is to provide qualified patients with the means to legally and beneficially consume medical cannabis in a regulated system for alleviating symptoms caused by debilitating medical conditions and their medical treatments and to regulate a system of production and distribution of medical cannabis to ensure an adequate supply.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	2,658.6	2,516.5	0.0	0.0	(100.0)
Other Revenues	0.0	0.0	2,516.5	2,516.5	0.0
TOTAL SOURCES	\$2,658.6	\$2,516.5	\$2,516.5	\$2,516.5	0.0
USES					
Personal Services and Employee Benefits	1,655.2	1,572.3	2,060.6	2,060.6	31.1
Contractual services	485.0	570.5	334.8	334.8	(41.3)
Other	318.7	373.7	121.1	121.1	(67.6)
TOTAL USES	\$2,458.9	\$2,516.5	\$2,516.5	\$2,516.5	0.0
FTE					
Permanent	4.0	0.0	0.0	0.0	0.0
Term	14.0	18.0	19.0	19.0	5.6
TOTAL FTE	18.0	18.0	19.0	19.0	5.6

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Number of patients currently enrolled in the medical cannabis program	0.0	79,399.0	99,600.0	95,000.0	95,000.0
Output	Number of presentations, conference sessions and workshops conducted to provide educational, law enforcement, medical professional and other community organizations with information and educational material regarding cannabis use	0.0	30.0	30.0	30.0	30.0
Quality	Percent of complete medical cannabis client applications approved or denied within thirty calendar days of receipt	0%	100%	33%	99%	99%
Efficiency	Percent of registry identification cards issued within five business days of application approval	0%	100%	33%	99%	99%

Statutory Authority

The Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, surface- and groundwater quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	24,761.3	33,275.0	33,275.0	32,604.2	(2.0)
Other Transfers	29,010.4	51,385.2	16,158.5	16,158.5	(68.6)
Federal Revenues	41,138.1	97,256.2	73,571.9	73,571.9	(24.4)
Other Revenues	57,262.8	44,447.9	57,622.7	59,129.7	33.0
Fund Balance	125.9	20,730.1	18,363.7	18,363.7	(11.4)
TOTAL SOURCES	\$152,298.5	\$247,094.4	\$198,991.8	\$199,828.0	(19.1)
USES					
Personal Services and Employee Benefits	56,299.7	88,652.3	88,049.1	87,578.3	(1.2)
Contractual services	14,301.5	57,457.4	53,663.6	54,970.6	(4.3)
Other	19,552.6	52,434.7	49,157.1	49,157.1	(6.3)
Other financing uses	45,396.6	48,550.0	8,122.0	8,122.0	(83.3)
TOTAL USES	\$135,550.4	\$247,094.4	\$198,991.8	\$199,828.0	(19.1)
FTE					
Permanent	359.0	272.8	347.2	344.8	26.4
Term	352.0	472.3	456.4	400.4	(15.2)
Temporary	6.0	0.0	0.0	0.0	0.0
TOTAL FTE	717.0	745.1	803.6	745.2	0.0

At A Glance

The Environment Department (NMED) requested a total budget of \$198.9 million for FY26, a \$48.1 million, or 19.5 percent, decrease from the FY25 operating budget. This large reduction was partially due to a \$23.6 million, or 24.2 percent, decrease in federal revenues and due to a change in the budgeting practices by the agency. NMED requested the dismantling of their special revenues program, a budgetary program that moved the agency's other transfer funds from the Special Revenues Program to the corresponding program. This created a duplication of these funds. NMED's request moved past this budgeting practice and budgeted the other transfer funds within the programs that used them, ending the duplication of funds.

Another component of NMED's FY26 request was the creation of a new program, the Compliance and Enforcement Division (CED) to take over the enforcement of the permits, rules, and regulations NMED administers, work currently done by the same personnel who issue, process permits, and enforce regulations. By separating the two actions, the agency contented performance and efficiency could improve.

To accomplish the creation of CED, while keeping a flat budget, NMED requested moving \$565.7 thousand from the water protection program, \$1.3 million from the resource protection program, and \$2.4 million from the environmental health program in general fund revenue to the new program. Additionally, personnel, 130 in total, from every program would have moved to CED.

NMED also requested a \$670.8 thousand increase in the Resource Management Program's personnel funding to offset the use of other state funds. Additionally, NMED requested \$250 thousand in security contracts in the Resource Protection Program and \$124 thousand in employee training funds in the Water Protection Program. The agency also requested an increase of 74 FTE to its permanent personnel, a 27.3 percent increase, while also decreasing its term personnel by 16, or 3.3 percent.

LFC recommends a \$670.8 thousand, or 2 percent, decrease in general fund revenue for FY26. The recommendation does not fund the requested increase in personnel costs for the Resource Management Program. The LFC recommendation supports the requested dismantling of the Special Revenues Program, the budgeting of other transfer funds within the corresponding programs, and the creation of CED. The recommendation also supports the \$216.5 thousand for increased building leases. The recommendation fully supports the movement of funds and personnel from the agency's programs to CED but does not support the requested increase in permanent personnel nor the requested reduction in term personnel, keeping both consistent with FY25 levels.

Budget Issues

Resource Management. The Resource Management (RM) Program contains NMED's Administrative Services program, Office of General Counsel, Human Resources Bureau, Information Technology, and Office of Strategic Initiatives. NMED requested a general fund increase of \$729 thousand for Resource Management, including \$216.5 thousand for building leases and \$670.8 thousand to offset a decrease in other state funds (OSF) with general fund revenue in the personnel category. NMED also requested a \$158.3 thousand reduction in general fund revenue in the program's contracts budget category. Additionally, NMED requested an increase of \$5.2 million, or 108.9, percent in other transfers, a reflection of the dismantling of the special revenues program and budgeting the other transfer funds in RM's budget. NMED also requested a decrease in fund balance from \$200 thousand to zero and a \$642.3 thousand increase in federal funds. NMED also requested an additional 21 new personnel for RM and moved 1 FTE, a program director, to CED.

The LFC recommends a general fund revenue increase of \$58.2 thousand, or 0.7 percent. The recommendation funds the agency's requested \$216.5 increase for building leases and supports the \$158.3 thousand reduction in contracts but does not support the requested \$670.8 thousand for offsetting OSF use with general fund revenue. The recommendation does not support the requested increase in personnel costs. The recommendation supports the requested increases in other transfers and federal revenues and supports the decrease in the program's fund balance.

Water Protection. Since FY21, the Water Protection (WP) Program has worked to identify and address water contaminated with per- and polyfluoroalkyl substances (PFAS) and other emerging contaminants and provide technical assistance and training to more than 3,000 drinking water and wastewater utility operators. The program has also implemented rules to lower interest rates for water infrastructure loans and updated water quality management and monitoring plans.

NMED requested the transfer of \$565.7 thousand of its general fund revenue for personnel to CED. Additionally, the program requested the movement of 23 FTE, the majority working in ground, drinking, and surface water programs, to CED. NMED also requested a reduction in the contract budget category due to lapsing federal Infrastructure Investment and Jobs Act (IIJA) funding and requested \$124 thousand for employee training. In addition to moving 23 FTE to CED, NMED requested an increase of 17.5 FTE.

LFC recommends the transfer of \$565.7 thousand to CED for personnel funding and the transfer of 23 personnel. The recommendation also supports the requested \$124 thousand for employee training. In total, the committee recommends the requested \$470.6 thousand, or 5.4 percent decrease, in general fund revenue. The recommendation does not support the program's requested personnel increases.

Resource Protection. Staff in the Resource Protection Program (RP) are responsible for inspections of infectious waste generators, such as hospitals and healthcare clinics, which remained a high priority throughout the past several years amid the Covid-19 pandemic. RP is also responsible for environmental monitoring of large hazardous material storage sites, including Los Alamos National Laboratory and the Waste Isolation Pilot Plant.

NMED requested a \$1.1 million, or 30 percent, decrease in general fund revenue for RP, including the transfer of \$1.3 million from personnel and 24 FTE to CED. NMED also requested \$250 thousand for increased costs related to security contracts and \$17.6 thousand for increased other costs. The agency requested an increase of \$17.8 million in other revenues and an increase in the use of balances in the hazardous and solid waste funds from zero to \$12.3 million, due to the dismantling of the Special Revenues Program.

The recommendation supports the \$1.1 million, or 30 percent, decrease in general fund revenue and the requested increases in other revenues and use of fund balance. The recommendation also supports the movement of funds and personnel from RP to CED and fully funds the security contracts and increased other costs.

Environmental Protection. The Environmental Protection Program (EP) consists of the Air Quality Bureau, Radiation Control Bureau, and Climate Change Bureau and, in addition to general fund revenue, is funded by self-generated revenue and federal grants. Other bureaus previously housed under Environmental Protection have been moved, along with associated revenues, to the new Environmental Health Program.

NMED requested a flat budget for EP for FY26 and requested the movement of 32 FTE to CED. The recommendation supports the movement of personnel and the flat budget.

Environmental Health. The Environmental Health Program (EH) contains the Cannabis and Hemp Bureau, the Occupational Health and Safety Bureau, and the Environmental Health Bureau, which oversees food safety, small onsite wastewater systems, and aquatic facilities. These bureaus were previously housed in the Environmental Protection Program.

NMED requested the largest total transfer of FTE and personnel from EH to aid in the creation of CED. NMED requested the transfer of a total of \$2.4 million in general fund revenue to be transferred to CED, resulting in a budget decrease of \$2.4 million, or 23.8 percent. NMED requested the transfer of 50 FTE to CED, reducing its personnel by 28.9 percent. Additionally, NMED requested a \$1.9 million reduction in its federal revenues, a \$5 million reduction in other transfers, and an increase of \$2.9 million in other revenues, a shuffling of other funds and revenues predominantly due to the dismantling of the Special Revenues Program.

The LFC recommendation supports the \$2.4 million, or 23.8 percent, decrease in the program’s general fund revenue. The recommendation also supports the movement of funds and personnel to CED and the decreases in federal revenues and other transfers and the increase in other revenues.

Compliance and Enforcement. NMED requested the creation of the Compliance and Enforcement program (CED) to separate the roles of processing permits and enforcing permit requirements and agency regulations. NMED requested the movement of a total of 130 FTE from its five programs and a total of \$3.2 million in general fund revenue from three of its programs for CED operations. The total budget request for CED was \$14.1 million, with \$3.2 million in general fund revenue, \$1.2 million in other transfer funds, \$3.4 million in federal revenue, and \$6.1 million in other revenues.

The LFC recommendation supports the creation of the new program and the movement of funds and personnel to it. The recommendation also supports the requested levels of other transfers and federal and other revenues.

RESOURCE MANAGEMENT

The purpose of the resource management program is to provide overall leadership, administrative, legal and information management support to all programs within the department. This support allows the department to operate in the most responsible, efficient and effective manner so the public can receive the information it needs to hold the department accountable.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,209.8	7,860.7	8,589.7	7,918.9	0.7
Other Transfers	3,279.6	4,739.5	9,904.6	9,904.6	109.0
Federal Revenues	2,165.6	6,605.8	7,248.1	7,248.1	9.7
Fund Balance	125.9	200.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$10,780.9	\$19,406.0	\$25,742.4	\$25,071.6	29.2
USES					
Personal Services and Employee Benefits	8,644.6	11,459.8	14,820.7	14,149.9	23.5
Contractual services	704.0	1,301.5	2,350.9	2,350.9	80.6
Other	1,432.3	6,644.7	8,570.8	8,570.8	29.0
TOTAL USES	\$10,780.9	\$19,406.0	\$25,742.4	\$25,071.6	29.2
FTE					
Permanent	64.0	43.1	116.1	94.4	119.0
Term	44.3	55.3	3.0	3.0	(94.6)
Temporary	6.0	0.0	0.0	0.0	0.0
TOTAL FTE	114.3	98.4	119.1	97.4	(1.0)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Total dollars collected and transferred to the general fund resulting from successful prosecutions and/or settlements stemming from non-compliance with laws, rules or permits administered by the department	\$1,086,858	\$30,178,527	\$750,000	\$5,000,000	\$5,000,000
Output	Percent of department financial transactions completed online by the public or regulated community	20%	23%	50%	50%	50%

WATER PROTECTION

The purpose of the water protection program is to protect and preserve the ground, surface and drinking water resources of the state for present and future generations. The program also helps New Mexico communities develop sustainable and secure water, wastewater and solid waste infrastructure through funding, technical assistance and project oversight.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,503.5	8,772.7	8,302.1	8,302.1	(5.4)
Other Transfers	3,056.4	12,805.1	2,920.0	2,920.0	(77.2)
Federal Revenues	15,813.9	72,540.3	51,477.7	51,477.7	(29.0)
Other Revenues	115.5	100.0	7,418.9	8,925.9	8,825.9
Fund Balance	0.0	0.0	6,035.2	6,035.2	0.0
TOTAL SOURCES	\$25,489.3	\$94,218.1	\$76,153.9	\$77,660.9	(17.6)
USES					
Personal Services and Employee Benefits	14,360.3	28,231.0	23,368.5	23,568.5	(16.5)
Contractual services	8,001.7	44,964.3	30,427.4	31,734.4	(29.4)
Other	3,011.7	21,022.8	22,358.0	22,358.0	6.4
TOTAL USES	\$25,373.7	\$94,218.1	\$76,153.9	\$77,660.9	(17.6)
FTE					
Permanent	101.0	70.1	58.1	58.1	(17.0)
Term	110.3	124.7	154.1	113.7	(8.8)
TOTAL FTE	211.3	194.8	212.2	171.8	(11.8)

Recommended Language

The other state funds appropriation to the water protection program of the environment department includes one million five hundred seven thousand dollars (\$1,507,000) from the land of enchantment legacy fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Output	Number of nonpoint source impaired waterbodies restored by the department relative to the number of impaired water bodies	1/3	1/4	1/4	1/4	1/4
Outcome	Reduction in nonpoint source sediment loading attributed to implementation of watershed restoration and on-the-ground improvement projects, in tons	2,165.0	4,450.0	1,000.0	1,000.0	1,000.0
Output	Percent of surface water permittees inspected	145%	100%	100%	100%	100%
Output	Number of superfund sites cleaned up as compared to the number of superfund sites remaining	0/2	1/0	1/0	1/0	1/0
Output	Number of new water infrastructure projects	157.0	213.0	115.0	115.0	115.0
Outcome	Percent of the population served safe and healthy drinking water	90%	88%	95%	95%	98%
Outcome	Number of community water system violations returned to compliance as a result of department of environment assistance	89.0	71.0	250.0	250.0	250.0
Outcome	Number of drinking water systems serving drinking water that did not meet at least one standard compared to the total number of drinking water systems	236/6	207/6	200/6	200/6	200/6
Output	Percent of groundwater permittees inspected	18%	31%	65%	65%	65%
Outcome	Percent of groundwater permittees in violation	1%	1%	8%	8%	8%
Outcome	Quantity of nutrient-based pollutants (nitrogen / phosphorus) reduced due to implementation of watershed restoration and on-the-ground improvement projects, in pounds	2,588.0	9,104.0	1,275.0	1,275.0	1,275.0
* Outcome	Percent of groundwater permittees in compliance	98%	99%	92%	92%	92%
Outcome	Number of brownfield acres of contaminated land cleaned up and available for reuse	645.0	12.8	10.0	10.0	10.0
Outcome	Percent of surface water permittees in compliance	79%	95%	85%	85%	95%
Output	Amount invested in water infrastructure, in dollars	\$50,720,000	\$85,917,000	\$30,000,000	\$30,000,000	\$30,000,000

RESOURCE PROTECTION DIVISION

The purpose of the resource protection program is to monitor and provide regulatory oversight of the generation, storage, transportation and disposal of wastes in New Mexico. The program also oversees the investigation and cleanup of environmental contamination covered by the Resource Conservation and Recovery Act.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,534.6	3,612.0	2,526.7	2,526.7	(30.0)
Other Transfers	7,284.8	11,304.3	302.0	302.0	(97.3)
Federal Revenues	4,218.7	6,564.7	6,423.7	6,423.7	(2.1)
Other Revenues	0.0	0.0	17,677.7	17,677.7	0.0
Fund Balance	0.0	0.0	12,328.5	12,328.5	0.0
TOTAL SOURCES	\$14,038.1	\$21,481.0	\$39,258.6	\$39,258.6	82.8

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	10,600.7	16,165.5	12,731.8	12,731.8	(21.2)
Contractual services	1,865.3	3,579.4	8,975.0	8,975.0	150.7
Other	1,572.0	1,736.1	9,429.8	9,429.8	443.2
Other financing uses	0.0	0.0	8,122.0	8,122.0	0.0
TOTAL USES	\$14,038.0	\$21,481.0	\$39,258.6	\$39,258.6	82.8
FTE					
Permanent	51.0	35.0	28.0	47.3	35.1
Term	72.3	120.3	84.0	84.0	(30.1)
TOTAL FTE	123.3	155.3	112.0	131.3	(15.5)

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Percent of petroleum storage tank permittee inspections showing compliance	N/A	0%	N/A	N/A	N/A
Explanatory	Percent of petroleum storage tank permittees with active or ongoing violations	NEW	0%	N/A	N/A	N/A
Explanatory	Percent of surface water permittees with active or ongoing violations	N/A	5%	N/A	N/A	N/A
Output	Percent of petroleum storage tank permittees inspected	NEW	0%	50%	35%	35%
Outcome	Percent of solid waste facilities and infectious waste generators not in compliance with New Mexico solid waste rules.	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of hazardous waste facilities in compliance	26%	56%	90%	90%	90%
Output	Percent of solid and infectious waste management facilities inspected	53%	99%	88%	85%	88%
* Outcome	Percent of solid and infectious waste management facilities in compliance	75%	82%	90%	90%	90%
Outcome	Percent of hazardous waste facilities in violation	1%	1%	5%	5%	5%
Output	Percent of hazardous waste facilities inspected	4%	1%	13%	13%	13%
Output	Number of underground storage tank sites cleaned up compared to the total number of leaking underground petroleum storage tank sites remaining	19/9	15/9	850/0	20/9	20/9
Explanatory	Percent of solid and infectious waste management facilities in violation	11%	18%	N/A	N/A	N/A
Output	Number of completed cleanups of petroleum storage tank release sites that require no further action	2,005.0	2,036.0	2,050.0	2,050.0	2,050.0

ENVIRONMENTAL PROTECTION DIVISION

The purpose of the environmental protection program is to ensure New Mexicans breathe healthy air, to prevent and mitigate the impacts of climate change on the state's population and industries and to protect the public from radiation-related risks. The program implements rules and initiatives that reduce greenhouse gas emissions, protect the public from environmental contaminants and limit exposure to radon and radioactive materials.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,504.9	2,928.0	2,928.0	2,928.0	0.0
Other Transfers	7,495.9	16,032.0	303.9	303.9	(98.1)
Federal Revenues	3,073.0	4,904.2	4,508.8	4,508.8	(8.1)
Other Revenues	57.0	0.0	23,434.1	23,434.1	0.0
TOTAL SOURCES	\$14,130.8	\$23,864.2	\$31,174.8	\$31,174.8	30.6
USES					
Personal Services and Employee Benefits	10,048.2	16,623.2	14,411.9	14,411.9	(13.3)
Contractual services	829.0	2,225.2	11,037.9	11,037.9	396.0
Other	3,196.6	5,015.8	5,725.0	5,725.0	14.1
TOTAL USES	\$14,073.8	\$23,864.2	\$31,174.8	\$31,174.8	30.6
FTE					
Permanent	65.0	31.0	26.0	26.0	(16.1)
Term	74.3	111.0	94.3	84.3	(24.1)
TOTAL FTE	139.3	142.0	120.3	110.3	(22.3)

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of liquid waste system violations resulting from complaints	N/A	0.0	N/A	N/A	N/A
Explanatory	Number of zero-emission vehicles registered in New Mexico	N/A	0.0	N/A	N/A	N/A
Explanatory	Percent of cannabis and hemp permittee inspections showing compliance	N/A	NEW	N/A	N/A	N/A
Explanatory	Percent of cannabis and hemp permittees with active or ongoing violations	N/A	NEW	N/A	N/A	N/A
Outcome	Number of restaurants/food manufacturers that did not meet at least one standard compared to the total number of restaurants/food manufacturers.	N/A	N/A	N/A	N/A	N/A
Output	Percent of all employers inspected	N/A	NEW	1%	1%	1%
Output	Percent of cannabis and hemp permittees inspected	N/A	NEW	NEW	90%	90%
* Outcome	Percent of the population breathing air meeting federal health standards	99%	99%	95%	95%	95%
Outcome	Amount of nitrogen oxides emitted statewide, in tons	256,957.0	211,728.0	300,000.0	300,000.0	300,000.0
Output	Percent of air emitting sources inspected	33%	32%	25%	25%	25%
Outcome	Percent of ionizing and nonionizing radiation sources in compliance	96%	83%	90%	90%	90%
Outcome	Amount of nitrogen oxides emitted illegally, in tons	102.0	119.0	100.0	6,000.0	6,000.0
Outcome	Percent of restaurants and food manufacturers in violation	6%	6%	15%	15%	15%
Output	Percent of ionizing and nonionizing radiation sources inspected	15%	4%	20%	20%	20%
Outcome	Percent of new or modified liquid waste systems in violation	2%	2%	10%	13%	13%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of ionizing and nonionizing radiation sources in violation	0%	0%	10%	10%	10%
Outcome	Amount of volatile organic compounds emitted statewide, in tons	290,068.0	295,690.0	500.0	90,986.0	90,986.0
Outcome	Percent of new or modified liquid waste systems in compliance	98%	82%	85%	85%	85%
Outcome	Percent of air emitting sources in compliance	50%	30%	85%	85%	85%
Output	Percent of restaurants and food manufacturers inspected	80%	81%	90%	90%	90%
Output	Percent of new or modified liquid waste systems inspected	86%	89%	85%	85%	85%
Outcome	Amount of volatile organic compounds emitted illegally, in tons	540.0	1,834.0	500.0	4,500.0	4,500.0
Outcome	Percent of air emitting sources in violation	0%	70%	15%	15%	15%
Outcome	Percent of restaurants and food manufacturers in compliance	70%	71%	88%	88%	88%

ENVIRONMENTAL HEALTH DIVISION

The purpose of the environmental health program is to protect the public from environmental health hazards by providing regulatory oversight of food service and food processing facilities, hemp-finished products, adult use and medical edible cannabis products, public swimming pools and spas and liquid waste systems. The program also ensures every employee has safe working conditions, enforcing occupational health and safety standards to prevent workplace illnesses, injuries, and fatalities.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,008.5	10,101.6	7,696.4	7,696.4	(23.8)
Other Transfers	4,193.7	6,504.3	1,457.2	1,457.2	(77.6)
Federal Revenues	1,950.8	2,379.2	461.6	461.6	(80.6)
Other Revenues	0.0	0.0	2,978.2	2,978.2	0.0
TOTAL SOURCES	\$13,153.0	\$18,985.1	\$12,593.4	\$12,593.4	(33.7)
USES					
Personal Services and Employee Benefits	10,959.7	16,172.8	10,427.8	10,427.8	(35.5)
Contractual services	537.5	397.0	671.2	671.2	69.1
Other	1,655.9	2,415.3	1,494.4	1,494.4	(38.1)
TOTAL USES	\$13,153.1	\$18,985.1	\$12,593.4	\$12,593.4	(33.7)
FTE					
Permanent	78.0	93.7	74.0	74.0	(21.0)
Term	51.0	61.1	36.0	30.5	(50.1)
TOTAL FTE	129.0	154.8	110.0	104.5	(32.5)

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Output	Percent of high-hazard employers' facilities inspected	N/A	NEW	NEW	0%	0%
Outcome	Percent of employers inspected that did not meet occupational health and safety requirements for at least one standard	64%	67%	55%	55%	55%

COMPLIANCE AND ENFORCEMENT DIVISION

The purpose of the compliance and enforcement program is to protect the public health and the environment by ensuring business, industry and federal facility compliance with federal and state rules and permit and license requirements. This program also oversees and manages the department's emergency operations and response efforts, enabling the department to respond to emergencies while maintaining its commitment to ongoing regulatory functions.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	3,232.1	3,232.1	0.0
Other Transfers	0.0	0.0	1,270.8	1,270.8	0.0
Federal Revenues	0.0	0.0	3,452.0	3,452.0	0.0
Other Revenues	0.0	0.0	6,113.8	6,113.8	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$14,068.7	\$14,068.7	0.0
USES					
Personal Services and Employee Benefits	1,686.2	0.0	12,288.4	12,288.4	0.0
Contractual services	0.0	0.0	201.2	201.2	0.0
Other	0.0	0.0	1,579.1	1,579.1	0.0
TOTAL USES	\$1,686.2	\$0.0	\$14,068.7	\$14,068.7	0.0
FTE					
Permanent	0.0	0.0	45.0	45.0	0.0
Term	0.0	0.0	85.0	85.0	0.0
TOTAL FTE	0.0	0.0	130.0	130.0	0.0

SPECIAL REVENUE FUNDS

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	3,700.0	0.0	0.0	0.0	0.0
Federal Revenues	13,916.0	4,262.0	0.0	0.0	(100.0)
Other Revenues	57,090.3	44,347.9	0.0	0.0	(100.0)
Fund Balance	0.0	20,530.1	0.0	0.0	(100.0)
TOTAL SOURCES	\$74,706.3	\$69,140.0	\$0.0	\$0.0	(100.0)

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Contractual services	2,364.0	4,990.0	0.0	0.0	(100.0)
Other	8,684.2	15,600.0	0.0	0.0	(100.0)
Other financing uses	45,396.6	48,550.0	0.0	0.0	(100.0)
TOTAL USES	\$56,444.8	\$69,140.0	\$0.0	\$0.0	(100.0)

Statutory Authority

The Office of the Natural Resources Trustee (ONRT) was created by Sections 75-7-1 through 75-7-5 NMSA 1978. To carry out the statutorily required responsibilities, ONRT is authorized to assess natural resource injuries throughout the state, negotiate and settle damage claims, and manage natural resource restoration plans. Settlements paid by responsible parties into the natural resources trustee fund are used to fund the costs of natural resource restoration activities. The natural resources trustee fund is also used as the repository for settlement monies reimbursed to the agency for actual costs incurred by the agency in the investigation, recovery, and settlement process. ONRT is administratively attached to the Environment Department.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	665.3	800.0	970.0	800.0	0.0
Other Transfers	28.1	0.0	0.0	0.0	0.0
Other Revenues	11,075.0	0.0	0.0	0.0	0.0
Fund Balance	0.0	10,000.0	9,500.0	9,670.0	(3.3)
TOTAL SOURCES	\$11,768.4	\$10,800.0	\$10,470.0	\$10,470.0	(3.1)
USES					
Personal Services and Employee Benefits	622.1	737.8	907.8	907.8	23.0
Contractual services	778.3	10,000.0	9,500.0	9,500.0	(5.0)
Other	42.7	62.2	62.2	62.2	0.0
TOTAL USES	\$1,443.1	\$10,800.0	\$10,470.0	\$10,470.0	(3.1)
FTE					
Permanent	5.0	5.0	6.0	5.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	6.0	5.0	6.0	5.0	0.0

At A Glance

For FY26, ONRT requested a total budget of \$10.5 million, made up of \$970 thousand from the general fund and \$9.5 million from the natural resources trustee fund for damage assessment and restoration, for a total decrease of 4 percent, but a general fund increase of \$170 thousand, or 21.3 percent. The agency also requested a \$130 thousand expansion for a program coordinator.

The committee recommends a flat general fund appropriation for FY26 for the agency but increases its assessment fund to accommodate the agency's requested personnel increase.

Budget Issues

ONRT, which generally spends about 90 percent of its general fund appropriation on staff, sought a \$170 thousand, or 23 percent increase, for personnel for FY25. The committee recommends the increase to the agency's personnel budget but funds it through the agency's assessment funds. Further, funds from the consumer settlement fund (CSF) are also available to support continued natural resource assessments.

ONRT's request for a \$9.5 million transfer from the trust fund reflects substantial increases in the balance as a result of legal settlements totaling almost \$15 million in FY22 and FY23 related to the Gold King Mine spill in the Animas and San Juan river basins and Fort Wingate hazardous waste contamination near Gallup and an additional \$12.3 million from the continued settlement of the Gold King release in FY24. Under both federal and state law, restoration dollars in the trustee fund must be spent on restoration projects specifically tied to the individual settlement. If a project is delayed, the money remains in the fund.

The agency projects another nearly \$11 million in settlements will be deposited into the fund in FY24, for an estimated \$16 million balance at the end of FY24. With the requested spending level, the balance going into FY25 is \$5.5 million. The recommendation supports the request for \$9.5 million in transfers from the fund in FY25 but increases the total to \$9.7 million, or 2 percent, to accommodate the agency's requested personnel increase.

Agency Activity. The agency has committed \$13 million to Gold King Mine Restoration, with projects for the city of Aztec, a dam project with the city of Farmington, and multiple other projects with various state and federal partners. The agency also is continuing the assessment of damages to natural resources in the San Mateo Creek Basin in Cibola and McKinley counties and at federal installations with known contamination from the group of chemicals known as PFAS, including the Cannon and Holloman Air Force bases. ONRT completed two projects, one for Fort Wingate and another for the city of Aztec in partnership with the Interstate Stream Commission.

ONRT reports general fund appropriations to the agency have historically generated a positive return on investment through the generation of damage settlements and assessment cost reimbursements, with a 12-to-1 return over the past three years. However, the agency has sometimes supplemented its general fund appropriation for operations with trust fund balance intended for assessments, an approach ONRT said can hinder its ability to initiate new cases and conflicts with state statute requiring the use of general fund moneys for ONRT personnel and administrative costs.

Performance. The agency had a clean audit for FY23 and met both of its FY24 performance targets for acreage benefiting from restoration and acreage of water conserved, restored, or protected. It requested, and the recommendation supports, a flat target for habitat restoration. The agency also requested a small cut in its target for water conserved, restored, or protected, which the recommendation does not support

Base Expansion

The agency requested \$130 thousand in expansion for a program director to work with the various contractors the agency uses for restoration projects and to work with impacted communities on implementation of said projects. LFC does not recommend the expansion, due to the historic vacancy rates, a current vacant position, and the ability of the agency to utilize contract work.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Expansion FTE	P701	130.0	0.0
TOTAL			\$130.0	\$0.0

OFFICE OF NATURAL RESOURCES TRUSTEE

The purpose of the natural resource damage assessment and restoration program is to restore or replace natural resources injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of acres of habitat benefiting from restoration	12,898.0	12,898.0	12,800.0	12,800.0	12,800.0
Outcome	Number of acre-feet of water conserved, restored or protected	1,080.0	1,067.0	1,050.0	1,000.0	1,050.0

Statutory Authority

Sections 9-22-1 through 9-22-20 NMSA 1978 establish the Veterans' Services Department (VSD). The secretary is appointed by the governor with confirmation by the Senate. The department consists of the Field Services, State Benefits, and Administrative Services divisions. The Veterans' Services Advisory Board consists of five members appointed by the governor from different geographical regions of the state to advise the secretary and department staff on matters of interest to New Mexico veterans.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,893.4	8,391.1	10,641.0	8,621.1	2.7
Other Transfers	284.6	0.0	0.0	0.0	0.0
Federal Revenues	731.6	936.6	1,243.0	1,243.0	32.7
Other Revenues	254.9	275.0	375.0	375.0	36.4
Fund Balance	0.0	200.0	0.0	200.0	0.0
TOTAL SOURCES	\$8,164.5	\$9,802.7	\$12,259.0	\$10,439.1	6.5
USES					
Personal Services and Employee Benefits	5,598.6	6,638.8	8,059.4	6,738.8	1.5
Contractual services	1,301.1	1,975.6	2,308.1	2,095.6	6.1
Other	1,033.8	1,188.3	1,891.5	1,604.7	35.0
TOTAL USES	\$7,933.5	\$9,802.7	\$12,259.0	\$10,439.1	6.5
FTE					
Permanent	50.0	75.0	77.0	76.0	1.3
Term	3.0	4.0	5.0	5.0	25.0
TOTAL FTE	53.0	79.0	82.0	81.0	2.5

At A Glance

The Veterans' Services Department (VSD) request for general fund revenue was a more than \$2.2 million increase in the base and included an expansion of \$289.4 thousand, for a total requested increase of 26.8 percent above the FY25 operating budget. In the recently closed fiscal year, FY24, the department spent \$7.9 million of its \$8.3 million operating budget, 3 percent less than available. In the current fiscal year, FY25, the department received a significant increase of 17 percent to \$9.8 million from all revenues. The committee recommendation includes a general fund increase of 2.7 percent, or \$230 thousand, and continues the use of fund balances of \$200 thousand, for a total increase of 6.5 percent, including \$100 thousand in personnel for an additional veterans' services officer (VSO) and \$130 thousand for suicide and homelessness prevention services in the contractual services category.

Budget Issues

The agency base request increased personnel spending to reduce the vacancy rate and for increased personnel costs. For contractual services, the department requested a nearly \$1 million increase for operational costs and suicide and homelessness prevention services.

As of August 2024, the department had 27 authorized full-time positions for veterans' services officers (VSOs), five of which were vacant. The FY25 operating budget has an estimated \$465 thousand for vacant positions, a funded vacancy rate of nearly 7 percent. The LFC recommendation increases personnel funding by \$100 thousand for an additional VSO. The LFC recommendation supports the agency federal revenue request, which includes a federal grant for veteran transportation. In addition, the LFC recommendation continues revenue from fund balances of \$200 thousand for veteran transportation services. The department provides transportation in 15 highly rural counties and for seven tribal localities and reports it provided 188 rides in the previous fiscal year.

Veterans' Cemeteries. The department successfully completed the construction of the Fort Stanton Veterans' Cemetery in 2017 and the Gallup Veterans' Cemetery in 2018. The Angel Fire cemetery, situated adjacent to the Vietnam Veterans' Memorial, commenced operations in 2020.

As of September 2024, ongoing capital projects at these cemeteries include sound-absorption walls and updated security. While most of the cemetery construction is funded by the federal government, the state is responsible for the subsequent operation and maintenance of these facilities, resulting in long-term financial demands on the state.

Base Expansion

The department requested \$277.8 thousand and 3 FTE in personnel and \$11.6 thousand in the other costs category. The LFC recommendation includes \$110 thousand and 1 FTE for the expansion request.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Expansion Revenue	P726	289.4	110.0
TOTAL			\$289.4	\$110.0

VETERANS' SERVICES DEPARTMENT

The purpose of the veterans' services program is to carry out the mandates of the New Mexico legislature and the governor to provide information and assistance to veterans and their eligible dependents to obtain the benefits to which they are entitled to improve their quality of life.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,893.4	8,391.1	10,641.0	8,621.1	2.7
Other Transfers	284.6	0.0	0.0	0.0	0.0
Federal Revenues	731.6	936.6	1,243.0	1,243.0	32.7
Other Revenues	254.9	275.0	375.0	375.0	36.4
Fund Balance	0.0	200.0	0.0	200.0	0.0
TOTAL SOURCES	\$8,164.5	\$9,802.7	\$12,259.0	\$10,439.1	6.5
USES					
Personal Services and Employee Benefits	5,598.6	6,638.8	8,059.4	6,738.8	1.5
Contractual services	1,301.1	1,975.6	2,308.1	2,095.6	6.1
Other	1,033.8	1,188.3	1,891.5	1,604.7	35.0
TOTAL USES	\$7,933.5	\$9,802.7	\$12,259.0	\$10,439.1	6.5
FTE					
Permanent	50.0	75.0	77.0	76.0	1.3
Term	3.0	4.0	5.0	5.0	25.0
TOTAL FTE	53.0	79.0	82.0	81.0	2.5

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of eligible deceased veterans and family members interred in a regional state veterans cemetery	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of honor guard services provided for veterans and their families	NEW	928.0	N/A	N/A	N/A
Outcome	Total dollar amount of approved federal compensation and pension claims	NEW	\$1,242,419.0	\$1,190.0	\$1,242,419.0	\$1,242,419.0
Output	Number of claims processed for a veteran to receive federal benefits	NEW	5,101.0	5,700.0	4,500.0	5,000.0
Output	Number of claims processed for a veteran to receive state benefits	NEW	6,933.0	9,000.0	7,000.0	7,000.0
Output	Number of community meetings and events attended by the agency to assist and support veterans and their families	NEW	\$753.0	\$150.0	\$750.0	\$750.0
Output	Number of outreach referrals received for healthcare coordination	NEW	371.0	175.0	300.0	360.0
* Quality	Percent of veterans surveyed who rate the services provided by the agency as satisfactory or above	89%	90%	95%	95%	95%
* Explanatory	Number of veterans and families of veterans served by the veterans' services department	7,170.0	51,068.0	N/A	N/A	N/A

Statutory Authority

The Office of Family Representation and Advocacy is authorized under Section 32A-27-1 through Section 32A-27-13 NMSA 1978. The office is governed by a commission consisting of 13 members, including three members appointed by the governor, five members appointed by the chief justice of the Supreme Court, one member appointed by the speaker of the House of Representatives, one member appointed by the president pro tem of the Senate, and several other members representing higher education institutions and the public.

The office appoints, compensates, evaluates, and retains attorneys and other staff to provide legal representation for eligible adults under the Fostering Connections Act, Section 32A-26-1 NMSA 1978, and for children and parents, custodians, or guardians whose children are, or are at risk of being placed, in the legal custody of the Children, Youth and Families Department.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,530.0	8,839.5	11,267.7	9,110.8	3.1
Other Transfers	0.0	2,772.6	3,734.6	2,889.1	4.2
Other Revenues	2,149.3	0.0	0.0	0.0	0.0
Fund Balance	0.0	0.0	0.0	500.0	0.0
TOTAL SOURCES	\$9,679.3	\$11,612.1	\$15,002.3	\$12,499.9	7.6
USES					
Personal Services and Employee Benefits	1,315.7	6,220.1	5,756.2	5,332.0	(14.3)
Contractual services	6,291.3	4,470.4	8,530.5	6,464.7	44.6
Other	95.0	921.6	715.6	703.2	(23.7)
TOTAL USES	\$7,702.0	\$11,612.1	\$15,002.3	\$12,499.9	7.6
FTE					
Permanent	30.0	49.0	52.0	49.0	0.0
TOTAL FTE	30.0	49.0	52.0	49.0	0.0

At A Glance

The Office of Family Representation and Advocacy (OFRA) is a relatively new agency, within its second year of operations. The FY26 operating budget request of \$15 million is an increase of 29.2 percent over the FY25 operating budget. The request included \$11.3 million from the general fund, a 27.5 percent increase relative to the FY25 operating budget. The request included \$336.6 thousand in expansions, with \$268.4 thousand from the general fund, to develop a program to provide legal services prior to the filing of a petition in children's court cases to prevent potential removals into foster care.

For FY26, LFC recommends a total operating budget of \$12.5 million across all revenue sources, a 7.6 percent increase over the FY25 operating budget, that accounts for OFRA being a relatively new organization that is working to build its programs. The LFC recommendation includes a general fund increase of \$271.3 thousand, an increase of 3.1 percent, to fund increases in contract attorney costs. OFRA ended FY24 with a surplus because the agency requested an emergency Board of Finance grant that was not needed but to which the agency expensed \$1.2 million in operating costs outside of the operating budget expenditures. For FY26, the LFC recommendation budgets the use of \$500 thousand from fund balance.

Budget Issues

The Office of Family Representation and Advocacy (OFRA) was created as a standalone agency during the 2022 legislative session. The OFRA commission hired an executive director in 2023 and began operations in July 2023. In FY24, the office requested a budget and operated separately from the Administrative Office of the Courts (AOC), where the function was previously housed. OFRA made substantial progress to establish and begin operating a new agency in FY24.

The office was created after a 2019 task force formed to recommend models for legal representation of children and parents in children's court proceedings for abuse and neglect. The task force recommended the state create an independent agency, develop interdisciplinary legal team services, and create infrastructure to support legal representation. The task force report estimated that creating the agency would result in annual savings to the child welfare system ranging from \$4.9 million to \$11.7 million. The report cited several studies from other states, including one in which a similar office in Washington State contributed to increased speed to reunification, adoption, or guardianship. Reductions in time to adoption and guardianship reduce average durations in foster care and save state governments money.

In FY24, OFRA reported a projected budget shortfall. The agency projected contract attorney costs would reach roughly \$9 million in FY24, and the agency used budget adjustment authority to transfer funds from personnel and other expenses into contracts, forgoing hiring and the establishment of field offices. In addition, the agency applied for and received \$1.5 million in emergency funding from the State Board of Finance. However, OFRA ultimately ended FY24 with an operating budget surplus; actual revenues totaled \$9.7 million and actual expenditures totaled \$7.7 million. In addition, OFRA booked \$1.2 million in actual expenditures against the Board of Finance grant not reflected in the agency's FY24 operating budget expenditures.

OFRA is eligible to receive federal Title IV-E funds for providing legal representation for eligible clients, and federal funds match roughly \$1 for every \$3 in state funds. The federal Administration of Children and Families (ACF) encourages and allows states to use Title IV-E foster care services revenue to provide high-quality legal representation to children, youth, and families in foster care. ACF reports high-quality legal representation may include multidisciplinary teams to support children, youth, and respondents, and such strategies have been shown to reduce time to permanency decisions and reduce time in foster care, ultimately saving state governments money. In FY24, OFRA established a memorandum of understanding with the Children, Youth and Families Department (CYFD) for the transfer of Title IV-E reimbursements. Because reimbursements for federal Title IV-E may lag, the Board of Finance grant provided immediate cash but also contributed to OFRA carrying over an uncommitted fund balance of \$2.2 million at the start of FY25, according to data pulled from the state's financial system in November 2024.

Because the agency was in its first year and still statutorily required to provide legal representation to children, youth, and respondents whose children are placed in CYFD custody, OFRA primarily delivered legal representation through contract attorneys, and expenditures on contractual services totaled \$7.2 million, when including expenditures booked to the Board of Finance grant, outside of the operating budget. Ultimately, OFRA aims to increase the proportion of cases covered by full-time attorneys, though the agency will likely always rely on some contract attorneys to avoid conflicts of interest when providing legal representation to clients.

OFRA is currently authorized for a total of 49 FTE and has made progress toward hiring full-time staff for the agency. OFRA started FY24 with one employee and had filled 21 positions in September 2024, including five attorneys.

OFRA also received government results and opportunity fund (GRO) appropriations during the 2024 legislative session, totaling \$2.1 million annually for three years, to implement a pilot project to provide multidisciplinary legal services for children and youth or adults whose children are in the custody of or are at-risk of being in CYFD custody. OFRA must track and evaluate outcomes of the pilot program and has partnered with the University of New Mexico's to design and implement a program evaluation plan. Ultimately, the pilot aims to demonstrate improved outcomes within the child welfare system, including reduced time to permanency among children in foster care.

For FY25, OFRA requested a total of \$10.9 million in general fund revenue within the agency's base budget and a total of \$14.7 million in the base budget across all revenue sources. The request included an increase of \$4 million in contractual services to provide contract legal services, budgeting a total of \$8.5 million for contractual services. While OFRA still intends to hire full-time attorneys, the agency offset the increase in contractual services with a decrease of \$788 thousand in personnel, reporting the agency intends to fill a total of 28 FTE in FY25. In addition, OFRA budgeted \$703 thousand in the other category, a reduction of 218 thousand relative to the FY25 operating budget. Statute requires OFRA to establish field offices, and OFRA aims to operate an office in Bernalillo County for the full fiscal year and open an office and operate for six months in Las Cruces in FY26. Since beginning operations, OFRA staff have worked remotely.

The LFC recommendation totals \$12.5 million across all revenue sources, with a general fund revenue increase of \$271 thousand to support increases in contractual services for attorney services and reduce the need for OFRA to submit mid-year budget adjustments, as was done in FY25. The total general fund appropriation within the recommendation is \$9.1 million. The LFC recommendation also includes a total of \$2.9 million in inter-agency transfer revenue for federal Title IV-E reimbursement, transferred from CYFD. The LFC recommendation also budgets \$500 thousand in fund balance, carried forward in FY24 following the Board of Finance grant and subsequent collection of Title IV-E reimbursement. The LFC recommendation within the personnel and the other categories reflect the agency's requested decreases. Within the contractual services category, the LFC budget recommendation provides a total of \$6.5 million. In FY24, OFRA spent a total of \$7.2 million on contractual services, when accounting for expenditures across both the operating budget and the Board of Finance grant. Also, in FY24 OFRA had to rely on contract attorneys to provide legal representation because the agency had not yet hired staff attorneys. OFRA had hired five staff attorneys as of September 2024 and plans to make additional hires in FY25; thus, some of the legal services previously delivered exclusively through contracts should be absorbed by full-time attorneys in FY26.

Base Expansion

OFRA requested \$336.6 thousand, including \$268.4 thousand in general fund revenue, for expansion to fund a pre-petition interdisciplinary legal services program to allow families being investigated by CYFD to consult with an attorney and social worker and receive help accessing services to which they are referred.

OFRA is a new agency, still working to build core program operations and operate new multidisciplinary pilot programs. Ensuring the agency has sufficient capacity to implement programs well is important. As such, the LFC recommendation does not include expansion funding for FY26.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Beth Gillia	P792	336.6	0.0
TOTAL			\$336.6	\$0.0

OFC OF FAMILY REP AND ADVOCACY

The purpose of the office of family representation and advocacy program is to provide high-quality legal representation for children, youth and respondents involved in child welfare cases.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,530.0	8,839.5	11,267.7	9,110.8	3.1
Other Transfers	0.0	2,772.6	3,734.6	2,889.1	4.2
Other Revenues	2,149.3	0.0	0.0	0.0	0.0
Fund Balance	0.0	0.0	0.0	500.0	0.0
TOTAL SOURCES	\$9,679.3	\$11,612.1	\$15,002.3	\$12,499.9	7.6
USES					
Personal Services and Employee Benefits	1,315.7	6,220.1	5,756.2	5,332.0	(14.3)
Contractual services	6,291.3	4,470.4	8,530.5	6,464.7	44.6
Other	95.0	921.6	715.6	703.2	(23.7)
TOTAL USES	\$7,702.0	\$11,612.1	\$15,002.3	\$12,499.9	7.6
FTE					
Permanent	30.0	49.0	52.0	49.0	0.0
TOTAL FTE	30.0	49.0	52.0	49.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Average reduction in time to reunification for children whose parent, guardian or custodian received interdisciplinary legal services from a family peer support navigator or licensed master social worker compared to those whose parent, guardian or custodian did not receive these services	NEW	NEW	7%	7%	7%
Output	Number of respondents who receive services from a family peer support navigator	NEW	NEW	120.0	280.0	280.0
Output	Percent of hearings where client and attorney spoke at least once prior to the day of the hearing	NEW	NEW	75%	80%	80%

Statutory Authority

The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Sections 9-2A-1 through 9-2A-18 NMSA 1978. The department is responsible for state policies and programs to support children, youth, and families in need in such a manner as to promote self-sufficiency and to coordinate an integrated system of care and services for children, youth, and families among the various state agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	254,840.0	260,969.0	298,719.5	262,762.0	0.7
Other Transfers	17,490.2	26,317.4	27,455.1	27,395.8	4.1
Federal Revenues	70,228.2	95,421.3	81,218.6	93,577.0	(1.9)
Other Revenues	172.1	745.4	517.3	565.4	(24.1)
Fund Balance	(7,306.2)	5,704.2	4,797.8	5,114.2	(10.3)
TOTAL SOURCES	\$335,424.3	\$389,157.3	\$412,708.3	\$389,414.4	0.1
USES					
Personal Services and Employee Benefits	172,831.1	186,320.4	204,516.2	186,513.2	0.1
Contractual services	89,769.1	112,089.0	115,110.3	111,235.1	(0.8)
Other	85,287.2	90,747.9	93,081.8	91,666.1	1.0
TOTAL USES	\$347,887.4	\$389,157.3	\$412,708.3	\$389,414.4	0.1
FTE					
Permanent	2,190.0	2,191.5	2,198.5	2,191.5	0.0
Term	10.0	25.0	37.0	25.0	0.0
Temporary	14.0	11.0	44.0	11.0	0.0
TOTAL FTE	2,214.0	2,227.5	2,279.5	2,227.5	0.0

At A Glance

For FY26, CYFD’s operating budget request totaled \$412.7 million across all revenue sources, an increase of \$23.6 million, or 6.1 percent relative to the agency’s FY25 operating budget. However, the agency requested an increase of \$37.8 million in general fund revenue, or 14.5 percent, relative to the FY25 operating budget, and a decrease of \$14.2 million, or 14.9 percent, in federal revenue. General fund revenue increases are primarily proposed within the Protective Services program to hire additional case workers; maintain group homes, which are ineligible for federal funding; create a new workforce training program; and fund General Service Department rate increases for vehicle leases, IT costs, including an increase of \$1.47 million in liability insurance premiums. The request would also backfill \$13 million in federal Title IV-E of the federal Social Security Act (foster care) revenue with general fund revenue. In addition, CYFD again proposed a reorganization of the department’s budget, carving out prevention and early intervention services from Protective Services into a stand-alone program, and reorganizing FTE and funding from Protective Services, Behavioral Health, and Juvenile Justice Services.

During the 2024 session, the Legislature maintained a relatively flat operating budget for CYFD, while making targeted investments to address systemic problems within the state’s child welfare system through the Government Results and Opportunity (GRO) fund. As in the prior fiscal year, the FY26 LFC recommendation considers historical spending patterns and prioritizes targeted investments through special appropriations and the GRO fund to increase oversight and accountability while addressing caseloads within Protective Services, piloting a child welfare training academy, and funding liability insurance premium increases.

The LFC recommendation provides a total of \$389.4 million for CYFD's operating budget in FY26, a flat operating budget relative to FY25. The recommendation includes a general fund increase of \$1.79 million, a 0.7 percent increase relative to the FY25 agency operating budget. Within the operating budget, the LFC recommendation backfills pandemic-era federal domestic violence grants and provides additional funding for domestic violence programs and increased operating costs, including Department of Information and Technology (DoIT) IT services and vehicle lease rate increases. The LFC recommendation reflects decreases in federal revenue within the Behavioral Health Services Program resulting from the end of pandemic-era grants for domestic violence and a reduction in fund balance within the Juvenile Justice Services Program but does not include backfilling the decrease in federal revenue requested in the Protective Services Program because CYFD should continue to seek external technical expertise to maximize the drawdown of federal Title IV-E revenues, which have declined in recent years. In addition, CYFD has \$6.2 million in GRO funding appropriated during the 2024 legislative session and available in FY26.

Budget Issues

For the past few years, the Children, Youth and Families Department (CYFD) has been focused on meeting the demands of the *Kevin S.* lawsuit settlement, and the Legislature has made significant investments in the state's child welfare system. Between FY21 and FY25, general fund appropriations to CYFD grew by \$33.8 million (15 percent), when taking into account appropriations for compensation increases. However, between FY21 and FY23, spending at the agency did not keep pace with appropriation growth. In FY23, CYFD's operating budget was \$346 million, while actual expenditures were \$326 million, and the agency's FY24 operating budget was \$384.5 million. For this reason, during the 2024 session, the Legislature appropriated an FY25 operating budget that was \$389.2 million, relatively flat compared to FY24 appropriations. However, the Legislature made a variety of three-year, targeted GRO appropriations totaling \$18.6 million to address systemic challenges within the state's child welfare system, including Protective Services workforce, community-based placements for children in state care, and evidence-based prevention and early intervention.

Following the 2024 legislative session, CYFD found Protective Services was drawing down federal Title IV-E revenue at a level that was significantly below budgeted levels. As a result, CYFD ended FY24 with total spending of well below the operating budget but with a deficit of roughly \$9.5 million in Protective Services, according to financial data submitted with the agency's budget request in September. In November 2024, CYFD submitted a deficiency request of \$12.3 million because of the FY24 deficit in Protective Services. CYFD is seeking technical assistance to review the agency's Title IV-E reimbursement procedures and identify additional opportunities to maximize federal revenue, but the results of this review were not yet available to inform the agency's budget request.

Protective Services. The number of children in foster care in New Mexico steadily declined from FY17 to FY23, when the trend reversed. In FY24, 872 youth entered foster care, 542 youth exited foster care, and an average of 2,026 children were in foster care in any given month.

During the 2024 legislative session, CYFD requested to reorganize the agency's budget and create a new budget program, carving out prevention and early intervention initiatives from Protective Services, and moving funding and FTE from Protective Services, Behavioral Health Services, and Juvenile Justice Services to the new budget program. Though the Legislature did not approve the reorganization of the agency's budget, CYFD moved forward with the reorganization in FY25.

The Protective Services budget request across all revenue sources totals \$209.7 million, a \$21.3 million or 9.2 percent decrease relative to the FY25 operating budget because of a proposed reorganization. First, CYFD proposes transferring 146 positions and \$44.4 million, including \$17.8 million in Temporary Assistance for Needy Families (TANF) revenue and \$18.8 million in general fund revenue, to the proposed Family Services Division. In addition, CYFD requested a decrease of \$16.5 million in federal funds, primarily Title IV-E, and requested \$13 million in general fund to backfill federal revenue. Over the last few years, CYFD has projected increases in federal revenue, while actual federal revenues collected have decreased.

Finally, CYFD requested general fund increases totaling \$19 million for a variety of purposes, including \$7 million to fill an additional 101 caseworker positions to meet *Kevin S.* settlement commitments and \$2.3 million in associated operating costs, such as technology and travel; \$3.4 million to operate two group homes for hard-to-place foster youth (AMI Kids and YDI, Inc), ineligible for federal funding; \$3 million to develop a child welfare training academy in partnership with New Mexico Highlands University; \$1.3 million for operating cost rate increases, including a roughly \$1 million increase for liability insurance premiums. An additional \$471 thousand in liability insurance premium increases were requested for other CYFD programs. The request also included \$935 thousand for 24-hour staffing at the receiving center, associated with office stays, and \$545 thousand for *Kevin S.* implementation and monitoring.

Overall, CYFD requests an increase of \$13 million, or 11 percent, in general fund revenue for Protective Services.

The LFC recommendation continues to fund prevention and early intervention programs as part of the Protective Services budget, which totals \$231.7 million, relatively flat with the FY25 operating budget. The recommendation provides an additional \$442.9 thousand in general fund revenue for increased operating costs associated with vehicle leases and technology.

The LFC recommendation maintains federal funding at a flat level. Foster care, adoption, and guardianship programs are supported with federal funding (Title IV-E of the Social Security Act) at different matching rates, depending on the type of cost incurred. For example, state spending the reimbursement of costs to provide a foster care placement draws more reimbursement than administrative costs associated with a state's foster care system. As the number of children in foster care increases, state spending increases, and federal revenues should correspondingly increase.

However, while the number of children in care increased between FY21 and FY24, federal revenue realized in Protective Services decreased, as did the ratio of federal funds to state funds. In FY21, CYFD collected \$71.7 million in federal revenues, an amount equal to about 74 cents for every \$1 spent from the general fund. However, based on unaudited numbers, federal revenue collected dropped to \$63.5 million in FY24, or about 53 cents for every \$1 in general fund. Both the decline in federal dollars collected and the share of federal dollars to state dollars in Protective Services suggest the agency may not be maximizing federal reimbursement.

Prevention and Intervention. New Mexico's FY24 repeat maltreatment rate of 15 percent remains well above the national average of 9 percent and reflects an increase over the prior fiscal year. The state would need to reduce the number of children experiencing repeat maltreatment by a few hundred cases to reach the national benchmark, and research consistently suggests evidence-based prevention and early intervention programs can prevent child maltreatment.

Through the federal Family First Prevention Services Act (FFPSA), New Mexico could draw down federal Title IV-E funds at the state's 3:1 Medicaid matching rate to deliver specific programs approved by the federal government for prevention services for children and families at imminent risk of foster care. State plans must focus on evidence-based prevention programs identified by the Administration for Children and Families, and most of the programs submitted in the state's plan are not included in the FFPSA clearinghouse of evidence-based programs. Despite multiple submissions, New Mexico remains one of only a handful of states without an approved FFPSA plan, leaving potential federal funding to support initiatives to prevent the need for family separation unleveraged. In FY25, CYFD received a special appropriation of \$200 thousand for technical assistance to revise and resubmit the state's plan. However, CYFD obtained technical assistance funded by philanthropic support and has not used this appropriation to date.

Not all of the department's existing prevention and early intervention efforts are evidence-based. Of roughly \$16.4 million in spending for prevention and intervention in FY24, CYFD spent roughly 35 percent on evidence- and research-based programming. In FY24, CYFD began working with contractors to encourage the use of evidence-, research-based, or promising programs. CYFD should be able to report service level data in FY25. Despite this positive shift, most of the evidence-based programs CYFD is implementing are ineligible for federal Title IV-E matching funds because they are not listed among the approved FFPSA programs. In addition, while CYFD reports plans to expand differential response statewide and received GRO fund appropriations in 2024 to support this work, a timeline and plan for implementation remains unknown, and statutory provisions on program structure, and reporting requirements have not been implemented.

The FY26 CYFD request included the creation of the Family Services budget program, pulling a total of \$64.5 million in funding and 162 FTE from other programs into a separate budget or program code. The proposed reorganization included moving \$18.8 million in general fund revenue and 146 FTE from Protective Services, \$518.1 thousand in general fund revenue and 11 positions from Juvenile Justice Services, and \$16.5 million and five positions from Behavioral Health Services, including all domestic violence programs. CYFD also requested \$3 million to backfill federal revenue for domestic violence programs as pandemic-era grants end, \$628.1 thousand in general fund revenue to support operating cost increases for liability insurance, vehicles, and IT, and \$641.8 thousand to operate a mobile family resource center unit.

While the LFC supports the expansion of prevention and intervention services, the committee continues to prioritize the implementation of evidence-based programs within the existing organizational structure and the funding of programs that may be covered by federal Title IV-E FFPSA or Medicaid funding in the future. The LFC recommendation maintains the use of federal Temporary Assistance for Needy Families (TANF) revenue of \$17.8 million for supportive housing, multilevel or differential response implementation, family support services, evidence-based prevention and intervention services, and Fostering Connections, the program that supports youth aging out of foster care. In FY25, the Legislature provided \$7.7 million in general fund appropriations through the CYFD operating budget to match with federal revenue for evidence-based prevention programs, and the FY26 recommendation again includes this funding.

During the 2024 legislative session, the Legislature funded a variety of prevention and early intervention programs through three-year, special appropriations in the Government Results and Opportunity (GRO) fund, and CYFD has \$4.4 million available to pilot and evaluate prevention programs and the implementation of differential response in FY26. The FY26 CYFD operating budget request does not assume the collection of federal Title IV-E prevention funding because the state has still not been approved for a FFPSA plan. Though the Legislature did not approve funding for a reorganization in FY25, noting concerns about a lack of a clear plan and increased administrative costs, CYFD moved forward with the reorganization in FY25 and is already operating under this structure. In addition, though the Legislature moved funding for the implementation of the Comprehensive Addiction and Recovery Act (CARA) to the Health Care Authority in alignment with a 2023 program evaluation, CYFD moved forward with the creation of 17 CARA navigator positions the agency is funding with TANF funds.

Workforce Development. Workforce shortages and turnover are a significant barrier to improving the state's child welfare system, and New Mexico experiences high demand for social workers, caseworkers, and investigators. Much of the case worker shortage is due to poor recruitment and retention because working in the child welfare system exposes case workers to stressful, traumatic environments. A well-prepared, trained, and supported workforce of professional social workers can improve outcomes. However, the department has not focused recruitment on people with the appropriate skills and credentials, potentially resulting in a skills mismatch and high turnover. A 2020 LFC evaluation found CYFD regions with the highest caseloads had the highest rates of short-term placements in foster care and highlighted federal research showing staffing shortages have a detrimental effect on caseworker abilities to make well-supported and timely decisions regarding children's safety.

A CYFD workforce development plan initiated as part of the *Kevin S.* settlement and a survey noted protective services staff ranked workload, self-care, and compensation as the most pressing challenges facing staff. For investigation, permanency planning, and placement caseworkers, the department set a goal to not exceed a caseload of more than 12, 15, and 25 cases respectively by 2023, though these targets do not consider case complexity. To address caseloads in FY24, CYFD initiated temporary salary increases for investigation caseworkers and held rapid hire events, and CYFD held a variety of recruitment events in FY25. However, turnover presents a significant challenge to the department, averaging 34 percent in FY24. While in the aggregate and on average CYFD appears close to caseload standards, wide variances in caseloads exist across counties, and newly hired caseworkers may not have a full caseload, masking some workers with high caseloads.

CYFD reports the need to hire at least 101 additional caseworkers to meet *Kevin S.* caseload commitments and requested \$7 million from the general fund to fill roughly 101 more caseworker positions and \$2.3 million from the general fund for the operating costs, such as mileage and IT, associated with these hires. According to LFC analysis as of October 2024, CYFD could hire an additional 13 FTE within Protective Services if the agency drew down federal funding at the budgeted level. In addition, as of October 2024, CYFD had not spent a special appropriation authorized in FY23 and reauthorized in FY25 to implement the workforce development plan, and CYFD has \$562.5 million appropriated through the GRO fund and available in FY26 to pilot incentives for masters-level social work licensure among Protective Services caseworkers.

The LFC recommendation does not provide increased funding for personnel in the agency's operating budget but instead provides an appropriation within the GRO fund to address Protective Services caseloads, which should ultimately decrease as the state implements multilevel or differential response.

Finally, the LFC recommendation funds additional workforce-related requests for FY26, including a pilot for a child welfare workforce academy implemented in partnership with schools of social work, and increased liability premium insurance costs, through nonrecurring appropriations to heighten transparency and accountability related to addressing these needs.

Behavioral Health Services. During the 2022 legislative session the Legislature appropriated \$20 million to the then-Human Services Department to develop a plan in partnership with CYFD to expand the capacity of behavioral health providers to deliver evidence-based services. The funds were intended to address constituent concerns about a lack of behavioral health providers and provide bridge funding to build provider capacity to deliver services that could ultimately be funded by Medicaid or FFPSA reimbursement. Several LFC reports have highlighted that funds have remained unspent or spent for purposes outside of the legislative intention, including funding for the creation of foster care group homes that are ineligible for federal funding. During the 2024 session, the Legislature reauthorized the appropriation with focused language, directing the use of funds to specifically increase the capacity and number of behavioral health providers able to deliver evidence-based services that may be reimbursed by Medicaid or FFPSA, such as multisystemic therapy and functional family therapy. In FY25, CYFD issued a request for application for providers to establish behavioral health services that will be eligible for Medicaid or other federal reimbursement and reported plans to spend roughly \$4 million for this purpose.

In FY24, CYFD received a general fund increase of nearly \$1 million to hire community-based clinician teams within the Behavioral Health Services Program. However, in FY24 and FY25, CYFD initiated budget adjustment requests to move over \$1 million out of personnel for other purposes.

For FY26, CYFD requested a decrease of \$19.6 million, or 37 percent, across all revenue sources within the Behavioral Health Services program, because of the proposed reorganization. This decrease included \$16.5 million from the general fund to transfer programs and funding to the proposed Family Services program. The proposed reorganization included moving 5 FTE and all funding for domestic violence services from the Behavioral Health Services program to the proposed Family Services program. In addition, CYFD requested to backfill \$3 million in pandemic-era federal funding for domestic violence, though it appears the agency only spent \$750 thousand of the pandemic-era grant funds in FY25. The request also includes a general fund increase of \$76.6 thousand for operating cost increases for services like vehicle leases and liability insurance. The general fund request for the Behavioral Health Services program totaled \$30.8 million.

The LFC recommendation for the Behavioral Health Services program totals \$52.9 million across all revenue streams, a decrease of \$372 thousand, primarily as a result of the elimination of court fines that have not been fully reflected in an adjustment to budgeted revenue. The recommendation increases general fund revenue by \$1 million to backfill pandemic-era domestic violence services grants and provide an increase for domestic violence services and provides \$200 thousand from the general fund to backfill \$400 thousand in revenue budgeted from court fines revenue. CYFD budgeted the \$400 thousand within the Family Services Division, though the agency collected no revenue from court fines in FY24. In FY24, total spending with the Behavioral Health Services program totaled \$46 million, \$8.5 million less than FY24 budgeted expenditures.

Juvenile Justice Facilities. Over the last decade, the number of youth incarcerated in secure juvenile justice facilities has steadily decreased from the state's peak of over 500 to 80 in FY23 as CYFD has implemented evidence-based practices. However, beginning in FY24, the number of youth in secure facilities began to increase and reached an average daily census of 114 in the first few months of FY25. Nevertheless, average daily census remains below the capacity of the state's two secure juvenile justice facilities, the Youth Diagnostic and Development Center in Albuquerque and the J. Paul Taylor Center in Las Cruces. Together, these facilities have the capacity to incarcerate 156 youth. Referrals of juvenile crime reported to Juvenile Justice Services also steadily declined over the last decade, reaching an all-time low during the pandemic in FY21. Between FY22 and FY23, referrals to Juvenile Justice Services increased by 18 percent but remained well below prepandemic levels. In FY23, a total of 5,528 juveniles were referred to Juvenile Justice Services, an increase of 828 juveniles relative to the prior year, but well below the 8,230 juveniles referred to Juvenile Justice Services in FY19.

The Juvenile Justice Services FY26 budget request included a net decrease of \$482 thousand, or 1 percent, across all revenue sources. The request proposes moving \$518.1 thousand from the general fund and 11 positions from Juvenile Justice Services to the proposed Family Services program. The request also included an increase of \$903.8 thousand from the general fund for operating cost rate increases for liability insurance premiums, IT, and vehicle leases. In recent years, the Juvenile Justice Services budget has authorized the use of fund balance for operating expenses, and the CYFD request reduced the budgeted use of fund balance by \$1.2 million, reflecting the declining balances.

In recent years, Juvenile Justice Services actual spending has fallen well below budgeted levels. In FY24, Juvenile Justice Services had an operating budget of \$81.1 million and actual spending was \$74.1 million. The total CYFD general fund request for the Juvenile Justice Services Program totaled \$72.3 million.

The LFC recommendation totals \$82.1 million, reflecting a net decrease of \$200 thousand across revenue sources and a general fund appropriation that is flat with the FY25 level. The LFC recommendation does not include a reorganization of funding to the proposed Family Services Division and includes a reduction in budgeted fund balance. However, the LFC recommendation budgets more in fund balance than requested by CYFD. The LFC recommendation funds an increase of \$434 thousand for liability insurance premiums as part of a special appropriation, outside of CYFD's operating budget.

Program Support. Program Support houses administrative and operational functions of CYFD. The Program Support request totaled \$23.1 million across all revenue sources, a net increase of \$395.5 thousand, or 2 percent, relative to the FY25 operating budget. The request included a decrease of \$871.9 thousand in federal revenue, offset by an increase of \$796 thousand in transfer revenue from Medicaid. The Program Support budget request also included a general fund increase totaling \$471.4 thousand, or 3 percent, including \$250 thousand to fill positions to perform data analysis and reporting associated with the *Kevin S.* settlement and \$221 thousand for GSD rate increases for liability insurance, IT rates, and vehicle leases.

The LFC recommendation totals \$22.76 million across all revenue sources, an increase of \$29.2 thousand. The request includes an increase of \$105.1 thousand in general fund revenue for operating cost rate increases for vehicle leases and IT costs. The LFC recommendation does not include an increase for liability insurance premiums within the operating budget, instead funding this increase within a special appropriation. However, the LFC recommendation increases the personal services and employee benefits category by \$192.8 thousand, offsetting reductions in the other category, allowing CYFD to fill an additional 5 FTE to address *Kevin S.* reporting and compliance needs.

Accountability and Performance. In FY24, department performance was mixed, and performance on several key measures eroded, particularly in Protective Services. New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of initial allegation, and the state's rate of repeat mal-treatment increased from 13 percent in FY23 to 15 percent in FY24. In addition, several measures related to time to permanency, number of foster care placement moves, and least restrictive placements worsened. Turnover among Protective Services caseworkers improved relative to FY23 budget, at an average of 34 percent.

The auditor issued an unmodified opinion on the agency’s FY23 annual financial audit that included five findings, including one material weakness and two for noncompliance. Four of the five findings were repeat findings and included Procurement Code violations, a lack of documentation within the adoptions program, a lack of fraud, waste, and abuse notifications to the Office of the State Auditor, and insufficient policies for vetting vendors. The FY24 CYFD audit has been submitted but is under review by the state auditor.

FAMILY SERVICES DIVISION

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026	LFC	Percent Inc (Decr)
	Actuals	Budgeted	Agency Request	Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	40,078.9	0.0	0.0
Other Transfers	0.0	0.0	17,798.6	0.0	0.0
Federal Revenues	0.0	0.0	5,789.5	0.0	0.0
Other Revenues	0.0	0.0	500.0	0.0	0.0
Fund Balance	0.0	0.0	329.0	0.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$64,496.0	\$0.0	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	15,779.0	0.0	0.0
Contractual services	0.0	0.0	46,339.0	0.0	0.0
Other	0.0	0.0	2,378.0	0.0	0.0
TOTAL USES	\$0.0	\$0.0	\$64,496.0	\$0.0	0.0
FTE					
Permanent	0.0	0.0	135.0	0.0	0.0
Term	0.0	0.0	27.0	0.0	0.0
TOTAL FTE	0.0	0.0	162.0	0.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of families that participated in in-home services or family support services and did not have a subsequent substantiated report within the next twelve months	80.1%	74.0%	80.0%	75.0%	75.0%

JUVENILE JUSTICE FACILITIES

The purpose of the juvenile justice facilities program is to provide rehabilitative services to youth committed to the department, including medical, educational, mental health and other services that will support their rehabilitation.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	71,886.9	71,886.9	72,272.6	71,886.9	0.0
Other Transfers	2,331.3	4,157.6	4,500.0	4,500.0	8.2
Federal Revenues	282.9	553.9	581.5	581.5	5.0
Other Revenues	45.8	20.0	17.3	40.0	100.0
Fund Balance	939.9	5,704.2	4,468.8	5,114.2	(10.3)
TOTAL SOURCES	\$75,486.8	\$82,322.6	\$81,840.2	\$82,122.6	(0.2)
USES					
Personal Services and Employee Benefits	57,043.5	60,266.0	59,850.3	60,266.0	0.0
Contractual services	10,109.0	14,203.6	13,243.3	13,533.9	(4.7)
Other	6,923.7	7,853.0	8,746.6	8,322.7	6.0
TOTAL USES	\$74,076.2	\$82,322.6	\$81,840.2	\$82,122.6	(0.2)
FTE					
Permanent	766.0	733.5	724.5	733.5	0.0
Temporary	2.0	3.0	4.0	3.0	0.0
TOTAL FTE	768.0	736.5	728.5	736.5	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of clients successfully completing informal probation	NEW	91%	80%	80%	80%
Outcome	Percent of clients successfully completing term of supervised release	0%	TBD	78%	78%	78%
Outcome	Percent of youth discharged from a secure facility who recidivated in the following two-year time period	NEW	34%	45%	45%	45%
Outcome	Percent of youth discharged from active field supervision who recidivated in the following two-year time period	NEW	14%	20%	20%	20%
Outcome	Percent of youth served by juvenile justice who are placed in a less restrictive, community-based setting	N/A	94.0%	93.0%	93.0%	93.0%
Outcome	Percent of youth confined for over six months whose northwest evaluation association reading skills increased between admission and discharge	49%	62%	56%	56%	56%
Outcome	Percent of youth confined for over six months whose northwest evaluation association math skills increased between admission and discharge	57%	58%	56%	56%	56%
Output	Percent of clients reviewed at forty days	0%	TBD	92%	92%	92%
Outcome	Turnover rate for youth care specialists	42%	34%	21%	25%	21%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of clients who successfully complete formal probation	93%	90%	93%	90%	93%
Output	Number of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	4.0	TBD	3.0	3.0	3.0
Outcome	Percent of youth confined for over six months whose reading skills increased between admission and discharge	TBD	62%	56%	Discontinued	Discontinued
Outcome	Rate of physical assaults per one thousand days youth spent in facilities	N/A	5.5	3.8	3.8	3.8
Outcome	Percent of youth aged seventeen and older at the time of discharge from a secure facility, who obtained a diploma or GED while at the facility	NEW	66%	50%	50%	50%

PROTECTIVE SERVICES

The purpose of the protective services program is to receive and investigate referrals of child abuse and neglect and provide family preservation and treatment and legal services to vulnerable children and their families to ensure their safety and well-being.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	120,295.4	125,050.0	138,303.4	125,492.9	0.4
Other Transfers	15,059.2	19,188.0	1,448.7	19,188.0	0.0
Federal Revenues	63,543.7	86,432.3	69,967.6	86,432.3	0.0
Other Revenues	106.7	325.4	0.0	525.4	61.5
TOTAL SOURCES	\$199,005.0	\$230,995.7	\$209,719.7	\$231,638.6	0.3
USES					
Personal Services and Employee Benefits	91,935.3	95,588.5	98,865.7	95,588.5	0.0
Contractual services	41,992.5	56,694.1	32,924.1	56,694.1	0.0
Other	74,449.1	78,713.1	77,929.9	79,356.0	0.8
TOTAL USES	\$208,376.9	\$230,995.7	\$209,719.7	\$231,638.6	0.3
FTE					
Permanent	1,139.0	1,162.0	1,044.0	1,162.0	0.0
Term	3.0	15.0	7.0	15.0	0.0
Temporary	10.0	2.0	32.0	2.0	0.0
TOTAL FTE	1,152.0	1,179.0	1,083.0	1,179.0	0.0

Recommended Language

The general fund appropriations to the protective services program of the children, youth, and families department include seven million six hundred sixty-two thousand dollars (\$7,662,000) to match with federal revenue for well-supported, supported or promising programming as included on the clearinghouse website for the Family First Prevention Services Act or on the website for the California evidence-based clearinghouse for child welfare.

The internal service funds/interagency transfers appropriation to the protective services program of the children, youth and families department include seventeen million seven hundred ninety-eight thousand six hundred dollars (\$17,798,600) from the federal temporary assistance for needy families block grant to New Mexico for supportive housing, adoption services, foster care services, multilevel response system implementation as outlined in Section 32A-4-4.1 NMSA 1978, services for youth aging out of foster care, family support services, family preservation services, evidence-based prevention and intervention services and fostering connections.

The general fund appropriations to the protective services program of the children, youth and families department include seven thousand six hundred dollars (\$7,600) for the juvenile public safety advisory board operations.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of Native American children in kinship placements	NEW	NEW	N/A	N/A	N/A
Outcome	Percent of eligible youth who enroll in fostering connections upon emancipation from foster care	TBD	80.6%	95.0%	85.0%	85.0%
Outcome	Percent of families that participated in in-home services or family support services and did not have a subsequent substantiated report within the next twelve months	0.0%	0.0%	0.0%	0.0%	80.0%
Explanatory	Percent of children in foster care who have at least one monthly visit with their caseworker	92%	86%	N/A	N/A	N/A
* Output	Turnover rate for protective service workers	37%	34%	25%	25%	25%
Output	Of children who enter care during a 12-month period and stay for greater than 8 days, placement moves rate per 1,000 days of care	7.6	8.1	4.1	5.0	4.1
Outcome	Percent of children who achieve permanency within twelve months of entry into foster care	33%	34%	42%	35%	42%
Outcome	Rate of maltreatment victimizations per one hundred thousand days of foster care within a rolling twelve-month period	10.2	10.0	8.0	9.1	8.0
Output	Average waiting time for statewide central intake call center	0:3	76:0	0:5	3:0	0:5
Outcome	Percent of children removed during a rolling twelve-month period who were initially placed with a relative or fictive kin	TBD	32%	45%	40%	45%
Outcome	Percent of children in foster care for twenty-four months or more at the start of a twelve-month period who achieve permanency within that twelve months	31%	25%	30%	35%	35%
Outcome	Percent of children in care placed with relatives or fictive kin	52%	48%	42%	40%	42%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of children in foster care for twelve to twenty-three months at the start of a twelve-month period who achieve permanency within that twelve months	34%	34%	44%	40%	44%
Outcome	Percent of children who experienced repeat maltreatment within twelve months of an initial substantiated maltreatment incident	14%	15%	9%	10%	9%
Outcome	Percent of Indian Family Protection Act youth formally supervised in the community whose tribe was notified of juvenile justice involvement	86%	TBD	90%	90%	90%
Outcome	Percent of families that participated in in-home services or family support services and did not have a subsequent substantiated report within the next twelve months	80%	74%	Discontinued	Discontinued	N/A
Outcome	Percent of fatalities or near-fatalities in a rolling twelve-month period that had protective services involvement in the twelve months preceding the incident	TBD	57%	15%	30%	30%

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to provide coordination and management of behavioral health policy, programs and services for children.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	46,958.2	47,258.2	30,819.3	48,503.2	2.6
Other Transfers	76.8	2,767.8	2,707.8	2,707.8	(2.2)
Federal Revenues	2,700.0	2,683.2	0.0	1,683.2	(37.3)
Other Revenues	1.1	400.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$49,736.1	\$53,109.2	\$33,527.1	\$52,894.2	(0.4)
USES					
Personal Services and Employee Benefits	9,522.5	13,779.7	12,775.9	13,779.7	0.0
Contractual services	35,583.5	38,330.5	19,667.3	38,070.5	(0.7)
Other	943.1	999.0	1,083.9	1,044.0	4.5
TOTAL USES	\$46,049.1	\$53,109.2	\$33,527.1	\$52,894.2	(0.4)
FTE					
Permanent	97.0	121.0	118.0	121.0	0.0
Term	0.0	2.0	0.0	2.0	0.0
TOTAL FTE	97.0	123.0	118.0	123.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of juvenile justice-involved youth in the estimated target population who have received consultation from a community behavioral health clinician	TBD	63%	75%	70%	75%
Outcome	Percent of infant mental health program participants showing improvement developmentally through clinical assessment and observation	N/A	93%	95%	90%	95%
Outcome	Percent of domestic violence program participants who agree or strongly agree that because of their participation in the program as a parent, they have a better understanding of the impact that domestic abuse or violence can have on children	94%	96%	95%	90%	95%
Outcome	Percent of domestic violence program participants who agree or strongly agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	90.2%	91.6%	95.0%	90.0%	95.0%
Output	Percent of children with at least one electronic benefits transfer service need identified in their child and adolescent needs and strengths assessment who have accessed that electronic benefits transfer service, to include placements that correspond with the recommended level of care	103%	TBD	65%	60%	65%
Outcome	Percent of clients enrolled in multisystemic therapy who demonstrate improvement in one or more behavioral health outcomes	88.4%	91.6%	90.0%	85.0%	90.0%
Outcome	Percent of protective services-involved youth in the target population who receive consultation from a community behavioral health clinician	66%	15%	75%	70%	75%

PROGRAM SUPPORT

The purpose of program support is to provide the direct services divisions with functional and administrative support so they may provide client services consistent with the department's mission and also support the development and professionalism of employees.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,699.5	16,773.9	17,245.3	16,879.0	0.6
Other Transfers	23.0	204.0	1,000.0	1,000.0	390.2
Federal Revenues	3,701.7	5,751.9	4,880.0	4,880.0	(15.2)
Other Revenues	18.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$19,442.8	\$22,729.8	\$23,125.3	\$22,759.0	0.1
USES					
Personal Services and Employee Benefits	14,329.8	16,686.2	17,245.3	16,879.0	1.2
Contractual services	2,084.2	2,860.8	2,936.6	2,936.6	2.6
Other	2,971.2	3,182.8	2,943.4	2,943.4	(7.5)
TOTAL USES	\$19,385.2	\$22,729.8	\$23,125.3	\$22,759.0	0.1

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
FTE					
Permanent	167.0	175.0	177.0	175.0	0.0
Term	7.0	8.0	3.0	8.0	0.0
Temporary	2.0	6.0	8.0	6.0	0.0
TOTAL FTE	176.0	189.0	188.0	189.0	0.0

Public Safety

Statutory Authority

The Department of Military Affairs operates pursuant to Article I, Section 8, of the U.S. Constitution and Article XVIII, Sections 1 and 2, of the New Mexico Constitution. The department is established and governed by the New Mexico Military Code (Sections 20-1-1 through 20-12-73 NMSA 1978). The governor is the commander in chief of the state military forces. An adjutant general, appointed by the governor for a five-year term, directs the department.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,872.2	9,679.3	11,892.0	9,993.1	3.2
Other Transfers	400.1	218.0	232.5	232.5	6.7
Federal Revenues	19,792.9	24,439.3	25,288.2	25,288.2	3.5
Other Revenues	129.1	135.2	135.2	135.2	0.0
TOTAL SOURCES	\$29,194.3	\$34,471.8	\$37,547.9	\$35,649.0	3.4
USES					
Personal Services and Employee Benefits	12,869.0	15,836.1	17,263.9	16,149.9	2.0
Contractual services	4,177.8	4,071.0	4,779.1	4,071.0	0.0
Other	11,673.7	14,564.7	15,504.9	15,428.1	5.9
TOTAL USES	\$28,720.5	\$34,471.8	\$37,547.9	\$35,649.0	3.4
FTE					
Permanent	82.0	46.0	48.0	46.0	0.0
Term	104.0	149.0	156.0	149.0	0.0
TOTAL FTE	186.0	195.0	204.0	195.0	0.0

At A Glance

The Department of Military Affairs (DMA) requested a total FY26 budget of \$37.6 million, including \$11.9 million from the general fund, a \$2.2 million, or 22.9 percent, increase compared with the agency’s FY25 operating budget. The requested general fund increase included an \$846.7 thousand base increase, primarily due to increases in personnel funding to recruit for vacant positions and other costs related to search and rescue flight hours, and \$1.4 million in expansions to provide recurring funding for recruitment stipends and to start a new six-week Governor’s Summer ChalleNGe program. Additionally, the agency requested \$250 thousand in general fund appropriations to be used as matching funds for the job challenge academy.

The LFC recommendation partially supports the requested base budget increase, resulting in \$313.8 thousand in additional general fund revenue, a 3.2 percent increase compared with the department’s FY25 operating budget. The LFC recommendation funds the \$250 thousand state match portion of the Job ChalleNGe Academy (JCA) and \$63.8 thousand for the state match portion of the Youth ChalleNGe Academy (YCA).

Budget Issues

Base Operations. For FY26, the Department of Military Affairs (DMA) requested a total base budget increase of \$1.7 million, or 5 percent, compared with its FY25 operating budget, about half of which is general fund revenue. The department requested a \$1.4 million increase in personnel to staff up the JCA in Albuquerque and to fill vacant general-fund-reliant positions. The agency also requested a \$940.2 thousand increase in the other costs category to support the YCA operations and pay for flight hours, equipment, and supplies for National Guard search and rescue operations.

DMA has about \$297.8 thousand in personnel savings from vacant positions in FY25. Most of the 64 vacant positions are funded primarily through federal funds, and the agency continues to use state general funds to fulfill core agency functions. The LFC recommendation partially supports the requested increase in personnel, with \$313.8 thousand in general fund revenue, and adjusts anticipated federal funding for personnel to reflect the estimated funds that can be leveraged by the recommended general fund appropriation accordingly.

National Guard Operations. The New Mexico National Guard (NMNG) was at 86 percent of manpower in FY24, and its service members conducted numerous missions in New Mexico. State funding for the National Guard is critical to maintaining force readiness. It allows the agency to provide administrative, fiscal, personnel, facility construction, and maintenance support to respond to state and federal missions and supply an experienced force to protect the public. In June 2024, the New Mexico National Guard (NMNG) supported Lincoln County during the South Fork and Salt fires and subsequent flooding. A total of 284 service members were placed on state active duty. In addition, support was given to San Miguel and Mora counties when the monsoon season caused flooding in the burn scars of the Hermits Peak-Calf Canyon fires.

Youth Challenge Academy. The Youth Challenge Academy (YCA) in Roswell aims to prevent at-risk youth from entering the criminal justice system by teaching self-discipline, leadership, and responsibility in a military-style environment. Generally, two cycles of cadets complete the 22-week academy each year. In FY22, class sizes were substantially smaller than usual due to Covid-19 social distancing restrictions. Because the costs related to the academy are mostly fixed (such as personnel, facility upkeep, and lease rates). In FY23, enrollment rebounded with 152 registrants and 104 graduates.

In FY24, 144 students registered for the YCA, and 113, or 78 percent, graduated. Of the FY24 graduates, 60 percent earned a high school equivalency certificate. Research from the Rand Corporation has shown YCA programs have substantial positive benefits for participants, including increases in educational attainment, employment, and earnings.

Job Challenge Academy. The 2022 General Appropriation Act included recurring funding for the Job Challenge Academy (JCA), a five-month program for YCA graduates to enroll in vocational and technical community college courses. DMA received recurring funding for this program comprising \$500 thousand from the general fund, \$1.5 million in matching federal funds, and 32 FTE. However, because this appropriation contained contingency language requiring the agency to leverage federal funds before the appropriation was available, the agency could not budget the funds or create the new positions until federal funding was secured, which occurred in August 2022. The agency also received nonrecurring funds to support the project, including \$250 thousand from the general fund, leveraging \$750 thousand in matching federal funds in the GAA, and a \$450 thousand capital outlay appropriation (severance tax bonds) to support physical infrastructure needs related to the program.

JCA continues DMA's YCA programming by allowing YCA graduates to live in supervised housing in Albuquerque and enroll in vocational and technical courses at Central New Mexico Community College. The agency plans to repurpose housing facilities at the New Mexico State Fair for the program, which will require substantial renovations. With the conclusion of the New Mexico State Fair in October 2023, DMA broke ground on this renovation, which was expected to be complete in December 2024. The agency has filled six positions and has created an additional 20, for a total of 26 positions. The first class is planned for March 2025. Starting in FY26, the agency plans to conduct two cycles (each with 50 participants) each year.

Recent evaluations of JCA programs in other states show positive results, and the benefits of YCA programs suggest such a continuation could provide further educational and vocational benefits to participants. Because the JCA class is significantly smaller than the typical YCA graduating class (the YCA graduated an average of 71 participants per cycle between FY15 and FY23), the proposed program provides the agency with an opportunity to conduct rigorous analysis of participant outcomes, with YCA graduates who do not participate in JCA serving as a control group. DMA should conduct such research and report its results to the Legislature.

Emergency Funding. Section 20-1-6 NMSA 1978 requires the state to pay for all expenditures necessary for the governor to call the New Mexico National Guard into service (often called "state active duty"). It provides up to \$1 million annually from "any money available in the state treasury not otherwise appropriated" for NMNG to conduct state active duty operations. Historically, the governor has issued an executive order each fiscal year allocating \$750 thousand of these funds for expenditures in that year and ordering the National Guard into state active duty to respond to any in-state civil emergencies, disasters, or search and rescue missions that might require the guard's assistance. However, these funds are not tied to any specific emergency but provide effectively recurring funding outside the agency's operating budget. Whether the governor allocates additional emergency funds varies from year to year based on emergency conditions.

LFC has previously recommended building such recurring needs into agency operating budgets. Over the past 10 years, the executive has allocated an average of \$1.4 million in emergency funds to DMA annually, with actual allocations depending on emergencies encountered during the year. The agency has received at least \$750 thousand in emergency funds annually in the past decade and did not receive any additional emergency funding in four of the past 10 years. Notably, the agency's FY26 budget request did not include any attempt to build additional funding into the base budget for emergencies. DMA plans to request emergency funding for specific emergencies as needed.

Base Expansion

DMA's FY26 budget request included two expansions totaling about \$1.4 million. The agency requested an expansion of \$1.1 million to start four additional Governor's Summer ChalleNGe programs to provide services to youth outside of the YCA and JCA environments. DMA also requested a \$300 thousand expansion for recruitment and retention efforts, including \$50 thousand to contract with a tutor to assist recruits studying for the Armed Services Vocational Aptitude Battery (ASVAB) and \$250 thousand for the joint enlistment enhancement program (JEEP), which provides recruitment stipends to guard members who refer new guard members.

The LFC recommendation does not support either of the requested expansions. The agency has adequate vacancy savings to cover the costs associated with hiring an ASVAB tutor, and the effectiveness of recruitment stipends have not been proven. Additionally, the introduction of a third “ChalleNge” program, which is not a part of the agency’s core mission, is hard to justify when the second such endeavor (the Job ChalleNge Academy) is still getting off the ground.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
3	Recruiting and Retention Expansion	P721	300.0	0.0
2	Governor’s Summer ChalleNge	P721	1,066.0	0.0
TOTAL			\$1,366.0	\$0.0

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard so it may maintain a high degree of readiness to respond to state and federal missions and to supply an experienced force to protect the public, provide direction for youth and improve the quality of life for New Mexicans.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	8,872.2	9,679.3	11,892.0	9,993.1	3.2
Other Transfers	400.1	218.0	232.5	232.5	6.7
Federal Revenues	19,792.9	24,439.3	25,288.2	25,288.2	3.5
Other Revenues	129.1	135.2	135.2	135.2	0.0
TOTAL SOURCES	\$29,194.3	\$34,471.8	\$37,547.9	\$35,649.0	3.4
USES					
Personal Services and Employee Benefits	12,869.0	15,836.1	17,263.9	16,149.9	2.0
Contractual services	4,177.8	4,071.0	4,779.1	4,071.0	0.0
Other	11,673.7	14,564.7	15,504.9	15,428.1	5.9
TOTAL USES	\$28,720.5	\$34,471.8	\$37,547.9	\$35,649.0	3.4
FTE					
Permanent	82.0	46.0	48.0	46.0	0.0
Term	104.0	149.0	156.0	149.0	0.0
TOTAL FTE	186.0	195.0	204.0	195.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent strength of the New Mexico national guard	92%	86%	98%	98%	98%
Output	Total cost of deferred maintenance requests	\$34,000,000	\$35,000,000	\$34,000,000	\$34,000,000	\$34,000,000
Outcome	Percent of cadets enrolled in the New Mexico national guard youth challenge academy who graduate	68.00%	78.00%	85.00%	85.00%	85.00%
* Outcome	Percent of New Mexico national guard youth challenge academy graduates who earn a high school equivalency credential	62%	60%	72%	72%	72%
Outcome	Percent of eligible New Mexico national guard service member life insurance premiums reimbursed	72.00%	78.00%	80.00%	80.00%	80.00%
Explanatory	Number of federal active duty operations conducted	0.0	0.0	N/A	N/A	N/A
Explanatory	Amount spent on state active duty operations	\$2,273,924.56	\$1,357,821.73	N/A	N/A	N/A
Explanatory	Amount spent on search and rescue operations	\$161,975.87	\$76,067.01	N/A	N/A	N/A
Explanatory	Number of search and rescue operations conducted	11.0	6.0	N/A	N/A	N/A
Explanatory	Number of state active duty operations conducted	3.0	4.0	N/A	N/A	N/A

Statutory Authority

The Parole Board Act (Section 31-21-22 NMSA 1978) creates the 15-member Parole Board and administratively attaches it to the Corrections Department. Even though the Parole Board is administratively attached to the Corrections Department, it functions as an independent state agency responsible for paroling adults incarcerated by the Corrections Department. The Probation and Parole Act (Section 31-21-3 through 31-21-19 NMSA 1978) further outlines the responsibilities of the Parole Board. The 15 board members are appointed by the governor and confirmed by the Senate.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	725.1	789.2	1,056.8	812.9	3.0
Other Transfers	30.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$755.9	\$789.2	\$1,056.8	\$812.9	3.0
USES					
Personal Services and Employee Benefits	448.0	623.4	785.1	647.1	3.8
Contractual services	14.4	15.7	15.7	15.7	0.0
Other	125.2	150.1	256.0	150.1	0.0
TOTAL USES	\$587.6	\$789.2	\$1,056.8	\$812.9	3.0
FTE					
Permanent	6.0	6.0	7.0	6.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	7.0	6.0	7.0	6.0	0.0

At A Glance

The Parole Board's FY26 request included a general fund increase of \$267.6 thousand, or 34 percent, over its FY25 operating budget. The agency requested this increase to cover costs associated with increased compensation for parole board members, to increase salaries and benefits for its staff, and to pay for increased costs for human resources services. The committee recommendation partially supports the agency's requested increase, providing an increase of \$23.7 thousand from the general fund, or 3 percent, for General Services Department rate increases while leaving the budget for other costs flat.

Budget Issues

The Parole Board's requested general fund increase for salary and benefits for staff made up the majority of its requested increase of \$267.6 thousand, or 34 percent, in general fund revenue. In the 2023 session, House Bill 380 sought to amend Section 21-21-24, NMSA 1978, regarding Parole Board compensation. The bill proposed compensating board members with up to \$95 per day for hearing preparation in addition to existing per diem and mileage pay. The bill died in committee.

The board held 2,437 hearings in FY24, a 4.4 percent increase compared with FY23, and improved its performance in several other important metrics. The share of parole hearings resulting in a parole certificate rose to 94 percent, up from 79 percent, suggesting canceled hearings may no longer be such a significant obstacle to timely releases, and the board's determinations are beginning to work in line with the intent of the state's sentencing system. The board also reduced the number of hearings canceled due to insufficient information from 50 to 49. However, the board continued to struggle with other key performance measures. The share of parole revocation hearings held within a month of a parolee's return to custody fell from 43 percent to 42 percent, meaning many parolees arrested for alleged violations were deprived of their liberty for over a month without an opportunity to challenge their detention.

2023 amendments to the Criminal Procedure Act (Section 31, NMSA 1978) reformed New Mexico’s medical and geriatric parole statute, expanding eligibility for incarcerated individuals who are terminally ill, permanently incapacitated, or elderly. The reform shifted primary decision-making from the Parole Board to the Corrections Department (NMCD), creating a presumption of eligibility for inmates meeting medical or geriatric criteria. The Parole Board must grant parole to individuals recommended by NMCD unless clear and convincing evidence shows release would compromise public welfare. While the board may consider an inmate’s criminal history and other relevant factors, it cannot deny parole based solely on the offense or criminal history. Despite receiving 88 applications during the pandemic in FY21, the Parole Board approved none, though New Mexico’s prisons had the highest Covid-19 mortality rate nationwide. In FY24, the board received 85 applications, granting parole to 6 percent, down from a 12.3 percent approval rate in FY23.

Additional 2023 amendments to the Criminal Procedure Act (Section 31, NMSA 1978) abolished life sentences without the possibility of release or parole for youthful offenders. The reform added a section to the Criminal Sentencing Act (Section 31-18 NMSA 1978) entitling serious youthful offenders to a parole hearing after serving specific terms: 25 years for two or more first-degree murder convictions, 20 years for a single conviction of willful and deliberate first-degree or depraved-mind murder, and 15 years for other qualifying convictions. These provisions apply retroactively to offenders serving adult sentences for crimes committed as minors. In FY24, the Parole Board collaborated with NMCD and the American Civil Liberties Union to identify eligible individuals, conducting parole hearings for all 26 qualified inmates and granting parole to six, or 34.6 percent, with all hearings completed by March 2024.

The LFC recommends a 3 percent budget increase for the Parole Board, recognizing recent statutory changes have expanded the board’s role in reviewing medical, geriatric, and youthful offender parole cases. Yet, these cases represent a small fraction of its workload. Approximately 94 percent of hearings remain standard parole proceedings, where the board primarily focuses on setting release conditions for individuals completing their sentences. This core function remains consistent, and given the limited impact of recent statutory changes on the agency’s overall workload and recent reversions, a larger budget increase is not justifiable.

ADULT PAROLE

The purpose of the adult parole program is to provide and establish parole conditions and guidelines for inmates and parolees so they may reintegrate back into the community as law-abiding citizens.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of applications for medical or geriatric parole granted	NEW	5.0	N/A	N/A	N/A
Explanatory	Number of parole hearings conducted for serious youthful offenders and youthful offenders sentenced as adults	NEW	26.0	N/A	N/A	N/A
Explanatory	Number of serious youthful offenders and youthful offenders sentenced as adults granted parole	NEW	9.0	N/A	N/A	N/A
Output	Number of hearings conducted with victim or victim family member participation	NEW	138.0	140.0	140.0	140.0
Output	Number of informational meetings held with victims, victims’ families or victim advocacy groups	125.0	0.0	Discontinued	Discontinued	Discontinued
* Efficiency	Percent of revocation hearings held within thirty days of a parolee’s return to the corrections department	43%	42%	95%	95%	95%
Explanatory	Number of hearings canceled due to insufficient information	50.0	49.0	N/A	N/A	N/A
Outcome	Percent of parole certificates not issued within ten days of hearing due to insufficient information	24.60%	6.00%	10.00%	10.00%	10.00%
Explanatory	Number of persons on medical or geriatric parole returned to the custody of the corrections department	0.0	0.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of regular parole hearings that result in a parole certificate being issued	79.4%	94.0%	90.0%	90.0%	90.0%
Explanatory	Number of applications for medical or geriatric parole received	50.0	85.0	N/A	N/A	N/A
Explanatory	Percent of applications for medical or geriatric parole granted	12.0	6.0	N/A	N/A	N/A
Output	Number of parole hearings conducted in person	0.0	0.0	Discontinued	Discontinued	Discontinued
Output	Number of parole hearings conducted	2,437.0	2,544.0	2,600.0	2,600.0	2,600.0

Statutory Authority

The Corrections Department Act, Sections 9-3-1 through 9-3-13 NMSA 1978, creates a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Corrections and Criminal Rehabilitation Department and to ensure a comprehensive criminal justice system in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	336,015.1	337,208.1	357,538.5	347,236.8	3.0
Other Transfers	40,256.0	19,342.8	19,264.2	19,264.2	(0.4)
Federal Revenues	40.1	17.5	17.5	17.5	0.0
Other Revenues	6,912.2	7,909.6	7,909.6	7,909.6	0.0
Fund Balance	369.3	4,391.3	4,391.3	4,391.3	0.0
TOTAL SOURCES	\$383,592.7	\$368,869.3	\$389,121.1	\$378,819.4	2.7
USES					
Personal Services and Employee Benefits	176,950.1	180,058.8	188,000.2	182,602.8	1.4
Contractual services	86,051.3	89,121.1	98,774.6	94,551.0	6.1
Other	100,395.1	99,689.4	102,346.3	101,665.6	2.0
TOTAL USES	\$363,396.5	\$368,869.3	\$389,121.1	\$378,819.4	2.7
FTE					
Permanent	2,435.0	2,491.0	2,491.0	2,491.0	0.0
Term	5.0	30.0	30.0	30.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	2,441.0	2,521.0	2,521.0	2,521.0	0.0

At A Glance

The Corrections Department (NMCD) requested a total budget of \$389.1 million for FY26, representing an increase of \$20.3 million, or 5.5 percent, over FY25. The general fund request represents an increase of \$20.3 million, or 6 percent, over FY25. The agency’s requested increase includes \$17.4 million for the Inmate Management and Control (IMAC) Program to address rising medical and behavioral health costs, inflation, General Services Department rate hikes, and salary shortfalls. The Reentry Program request includes an increase of \$2.7 million to expand peer support and transitional living services. Additionally, \$200 thousand was requested for recruitment and training improvements at the Corrections Training Academy. The request for the Corrections Industries and Community Offender Management Programs proposed maintaining funding at FY25 levels.

The committee recommendation increases general fund appropriations for IMAC by \$12 million and reduces general fund revenue by approximately \$2 million across the agency’s other programs. Overall, the recommendation increases net general fund appropriations by a little over \$10 million, or 3 percent.

Budget Issues

Over the past 10 years, appropriations from the general fund to the Corrections Department (NMCD) grew by \$57.7 million, or 20.7 percent. During the same period, the population of inmates in NMCD’s care decreased by 19.1 percent. The agency’s assumption of operations at previously privately operated facilities has been a significant cost driver, with the state taking over operations of the Northeast New Mexico Correctional Facility (NEN-MCF) in Clayton in November 2019 and of Guadalupe County Correctional Facility (GCCF) in Santa Rosa and Northwest New Mexico Correctional Facility (now called Western New Mexico Correctional Facility South) in November 2021. The state currently contracts with just two privately operated correctional facilities, the Lea County Correctional Facility in Hobbs and the Otero County Prison Facility in Chaparral. NMCD also entered into a new contract for inmate healthcare in November 2024, which remains a significant expense.

In FY25, the agency received a general fund appropriation 1.9 percent below its FY24 operating budget, but total FY24 appropriations exceeded the agency's actual expenditures by over \$20 million. Significant cost savings from low prison populations and high vacancy rates produced significant cost savings that the agency reallocated. NMCD made several significant budget adjustments during FY24, including transferring \$6 million savings from funded but vacant positions in the Inmate Management and Control (IMAC) Program to other budget categories. This was on top of approximately \$24.5 million NMCD moved similarly in FY23. Vacancy savings from IMAC were primarily used to cover increased contract costs, purchase equipment, and conduct facility maintenance and improvements. However, because the agency routinely made these adjustments rather than align its program budgets with actual expenditures, it largely circumvented the appropriations process. The reductions in the NMCD general fund budget in FY25 largely accomplished the goal of reducing these adjustments, with the agency moving only \$109 thousand out of the personnel category in IMAC as of December 2024.

FY26 Revenues and Expenditures. NMCD requested an increase of \$20.3 million, or 6 percent, from the general fund for its FY26 budget to add peer support workers in the reentry program, increase contractual services across all programs, and to address anticipated increases in fixed rate costs. The agency also requested funding increases related to a rise in privately operated facility per-diem rates, increased costs for inmate food service, and increased utility costs.

The LFC recommendation increases general fund appropriations to IMAC by \$12 million to support the requested increases in per-diem rates for private prisons, increases in the personnel budget, and other recidivism reduction programming. The recommendation reduces general fund appropriations to the agency's other programs by a combined \$2 million and fully supports the agency's request for all other revenue sources.

Inmate Population Trends. The state's inmate population has plunged since 2018, falling more than 29.5 percent between FY19 and FY25. Still, recent increases in admissions for new offenses suggest the population is likely to stabilize in the near future. While state prison populations across the country have been declining since 2010, New Mexico's inmate population continued to rise for six years, reaching a high of 7,400 inmates in FY16. After holding relatively steady for a short time, the state's prison population began falling in September 2018. By March 2020, even before the impact of the Covid-19 pandemic on adjudications and early releases, the population had already dropped over 8 percent. The total prison population averaged 5,703 in FY24, up 2.9 percent from FY23 but still 32.5 percent lower than the population peak in FY16. In total, 2,444 people were admitted to prison in FY24, including 2,133 men and 311 women.

The Sentencing Commission's September 2024 prison population projection anticipates total prison populations will average 5,995 throughout FY25, a 5.1 percent increase from FY24's average population of 5,703. This increase is due to a projected increase in the population in men's prisons, which the commission estimates will rise 3.7 percent between FY25 and FY26; populations in women's prisons are projected to increase by an average of 5.4 percent between FY24 and FY26.

Recidivism. New Mexico's recidivism trends have shown both progress and challenges in recent years. Recidivism rates declined from nearly 50 percent in FY19 to 35.9 percent in FY23 but increased to 39.2 percent in FY24, partially reversing earlier improvements. These figures remain well above the national recidivism rate of 27 percent.

Substance abuse remains a key driver of recidivism. However, access to treatment is inconsistent, and programming faces capacity constraints. For example, participation in the residential drug abuse program (RDAP) dropped significantly from FY23 to FY24, with recidivism rates for those completing the program lower than the state average of 39.2 percent. Additionally, most recidivism stems from new charges or absconding, with technical violations accounting for only 20 percent of returns to prison. Improved programming and better alignment of services with evidence-based practices remain critical to addressing these challenges.

Facility Usage. Restrictions based on custody level hamper consolidation of the inmate population that would reduce costs and enable the department to close housing units or entire prisons. Historically, men's medium security units have had the highest occupancy levels, and recent population declines have disproportionately occurred in minimum and maximum security units. Changes to the inmate classification system in 2021 were expected to reduce populations at higher (more expensive) custody levels and increase populations at lower (less expensive) custody levels. However, NMCD's classification system has not been substantively updated since 2003. It relies on scoring tools that do not fully account for modern factors like gender-specific needs or mental health issues. The system also frequently allows for manual overrides, often for mental health or medical concerns, pushing inmates into higher custody levels where needed services are limited.

Recommendations from the LFC's recent program evaluation on reentry and an external validation study suggest modernizing the classification tools to include gender-specific scoring and mental health as scored factors rather than allowing for overrides. Additionally, improving classification officer training, integrating automated processes for mandatory overrides, and aligning disciplinary and classification policies are critical for reducing confusion and improving outcomes. NMCD also needs to expand programming availability at lower custody levels to reduce reliance on overrides.

High vacancy rates among officers pose safety concerns, but low populations have enabled NMCD to adjust facility occupancy to align with staffing levels. However, this has not been possible at all facilities. About 21.9 percent of the agency’s total positions were unfilled as of September, and public and private correctional officer vacancies remained high, at 30.5 percent and 34.8 percent, respectively, for FY24.

The state’s prisons suffer from a significant number of infrastructure problems. Common needs include new roofs, heating and cooling systems, security equipment, fire suppression, and sewer system maintenance. Further, the design of housing units at older facilities creates more costly staffing requirements than more modern units. Facility condition indices for NMCD facilities show repairing the department’s buildings is more expensive than replacing them. A 2014 LFC program evaluation of capital outlay at New Mexico’s prisons estimated it would be more cost-effective to build a new medium security housing unit than to maintain existing units, and a 2019 progress report on this evaluation supported that finding. Prior funding intended to increase operational funding for facility maintenance has been diverted to other purposes. However, the agency received funding to create a facilities master plan in the 2024 General Appropriations Act and kicked off the process of creating one in early FY25.

Performance Trends. In recent years, NMCD has seen mixed performance trends despite significant legislative investment. Funding increases have supported initiatives to improve recidivism rates, expand rehabilitation programs, and address persistent staffing shortages. However, performance outcomes suggest uneven progress. For example, while the adult inmate population has declined, easing some operational burdens, challenges remain in staff recruitment and retention, which impact service delivery.

Additionally, while efforts like evidence-based rehabilitation programs have received attention, implementation challenges continue to hinder potential gains. The Legislature’s commitment to funding these initiatives reflects a recognition of their importance, but sustained oversight is needed to ensure investments translate into measurable outcomes. For the FY26 budget, LFC recommends focusing on improving program implementation and enhancing workforce capacity to fully leverage previous investments.

INMATE MANAGEMENT AND CONTROL

The purpose of the inmate management and control program is to incarcerate in a humane, professionally sound manner offenders sentenced to prison and to provide safe and secure prison operations. This includes quality hiring and in-service training of correctional officers, protecting the public from escape risks and protecting prison staff, contractors and inmates from violence exposure to the extent possible within budgetary resources.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	265,706.9	260,303.1	277,705.5	272,303.1	4.6
Other Transfers	37,350.1	18,896.0	18,896.0	18,896.0	0.0
Federal Revenues	39.9	17.5	17.5	17.5	0.0
Other Revenues	857.2	691.0	691.0	691.0	0.0
Fund Balance	0.0	2,342.7	2,342.7	2,342.7	0.0
TOTAL SOURCES	\$303,954.1	\$282,250.3	\$299,652.7	\$294,250.3	4.3
USES					
Personal Services and Employee Benefits	125,262.8	125,515.8	133,505.8	128,059.8	2.0
Contractual services	71,125.1	72,326.0	79,281.5	79,325.1	9.7
Other	90,431.2	84,408.5	86,865.4	86,865.4	2.9
TOTAL USES	\$286,819.1	\$282,250.3	\$299,652.7	\$294,250.3	4.3
FTE					
Permanent	1,808.0	1,831.0	1,831.0	1,831.0	0.0
Term	1.0	26.0	26.0	26.0	0.0
TOTAL FTE	1,809.0	1,857.0	1,857.0	1,857.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Average number of female inmates on in-house parole	NEW	2.0	10.0	10.0	10.0
* Outcome	Average number of male inmates on in-house parole	NEW	39.0	65.0	65.0	65.0
* Outcome	Vacancy rate of correctional officers in public facilities	32%	30%	25%	25%	25%
* Outcome	Vacancy rate of correctional officers in private facilities	34%	32%	25%	25%	25%
Explanatory	Percent turnover of correctional officers in public facilities	12.20%	15.10%	N/A	N/A	N/A
* Output	Number of inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	7.0	13.0	10.0	10.0	10.0
* Output	Number of inmate-on-staff assaults resulting in injury requiring off-site medical treatment	4.0	2.0	4.0	4.0	4.0
Outcome	Percent of standard healthcare requirements met by medical contract vendor	99.00%	98.00%	98.00%	90.00%	90.00%
Explanatory	Percent of inmate grievances resolved informally	73%	77%	N/A	N/A	N/A
Explanatory	Percent of random monthly drug tests administered to at least ten percent of the inmate population that test positive for drug use	1%	2%	N/A	N/A	N/A
Explanatory	Number of escapes	0.0	0.0	N/A	N/A	N/A
Outcome	Percent of inmates treated for hepatitis C with undetectable viral loads twelve weeks post-treatment	85%	77%	95%	80%	80%
Outcome	Percent of inmates positive for human immunodeficiency virus with undetectable viral loads	100%	100%	95%	95%	95%

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	4,117.8	5,247.3	5,247.3	5,247.3	0.0
Fund Balance	0.0	667.2	667.2	667.2	0.0
TOTAL SOURCES	\$4,117.8	\$5,914.5	\$5,914.5	\$5,914.5	0.0
USES					
Personal Services and Employee Benefits	1,815.2	2,136.2	2,136.2	2,136.2	0.0
Contractual services	26.6	51.4	51.4	51.4	0.0
Other	1,653.4	3,726.9	3,726.9	3,726.9	0.0
TOTAL USES	\$3,495.2	\$5,914.5	\$5,914.5	\$5,914.5	0.0
FTE					
Permanent	25.0	24.0	24.0	24.0	0.0
TOTAL FTE	25.0	24.0	24.0	24.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Output	Percent of inmates receiving vocational or educational training assigned to corrections industries	30%	21%	30%	25%	25%

COMMUNITY OFFENDER MANAGEMENT

The purpose of the community offender management program is to provide programming and supervision to offenders on probation and parole, with emphasis on high-risk offenders, to better ensure the probability of them becoming law-abiding citizens, to protect the public from undue risk and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	33,336.0	37,975.1	37,975.1	36,957.0	(2.7)
Other Transfers	1,516.1	0.0	0.0	0.0	0.0
Federal Revenues	0.2	0.0	0.0	0.0	0.0
Other Revenues	1,844.0	1,815.0	1,815.0	1,815.0	0.0
Fund Balance	369.3	1,081.4	1,081.4	1,081.4	0.0
TOTAL SOURCES	\$37,065.6	\$40,871.5	\$40,871.5	\$39,853.4	(2.5)
USES					
Personal Services and Employee Benefits	28,518.6	29,734.3	29,734.3	29,734.3	0.0
Contractual services	3,565.2	4,371.0	4,371.0	3,352.9	(23.3)
Other	4,820.9	6,766.2	6,766.2	6,766.2	0.0
TOTAL USES	\$36,904.7	\$40,871.5	\$40,871.5	\$39,853.4	(2.5)
FTE					
Permanent	357.0	359.0	359.0	359.0	0.0
TOTAL FTE	357.0	359.0	359.0	359.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Percent turnover of probation and parole officers	8%	9%	N/A	N/A	N/A
* Outcome	Percent of contacts per month made with high-risk offenders in the community	97%	0%	95%	95%	95%
* Quality	Average standard caseload per probation and parole officer	83.0	76.0	88.0	88.0	88.0
Output	Percent of absconders apprehended	25%	27%	30%	30%	30%
Explanatory	Number of offenders on the waiting list for intensive or high-risk supervision	NEW	NEW	N/A	N/A	N/A
* Outcome	Vacancy rate of probation and parole officers	19.0%	17.0%	18.0%	18.0%	18.0%
Explanatory	Total number of offenders referred to evidence based programming	NEW	5,010.0	N/A	N/A	N/A
Explanatory	Percent of offenders referred to evidence based programming who complete the program	NEW	NEW	N/A	N/A	N/A

REENTRY

The purpose of the reentry program is to facilitate the rehabilitative process by providing programming options and services to promote the successful reintegration of incarcerated individuals into the community. By building educational, cognitive, life skills, vocational programs and pre- and post-release services around sound research into best correctional practices and incorporating community stakeholders throughout the effort, the reentry program removes or reduces barriers to incarcerated persons living productively in society, thereby reducing recidivism and furthering the public safety mission of the New Mexico corrections department.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	21,985.8	21,402.3	24,130.3	20,851.2	(2.6)
Other Transfers	697.8	368.2	368.2	368.2	0.0
Other Revenues	2.5	1.5	1.5	1.5	0.0
Fund Balance	0.0	300.0	300.0	300.0	0.0
TOTAL SOURCES	\$22,686.1	\$22,072.0	\$24,800.0	\$21,520.9	(2.5)
USES					
Personal Services and Employee Benefits	8,486.8	9,432.2	9,462.2	9,432.2	0.0
Contractual services	11,094.6	11,904.5	14,602.5	11,353.4	(4.6)
Other	827.7	735.3	735.3	735.3	0.0
TOTAL USES	\$20,409.1	\$22,072.0	\$24,800.0	\$21,520.9	(2.5)
FTE					
Permanent	146.0	127.0	127.0	127.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	149.0	130.0	130.0	130.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of prisoners reincarcerated within thirty-six months due to absconding	NEW	NEW	30%	13%	13%
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to technical parole violations	19%	21%	20%	9%	9%
* Output	Percent of eligible students who earn a high school equivalency credential	15%	75%	80%	75%	75%
* Output	Percent of graduates from the men's recovery center who are reincarcerated within thirty-six months	17%	19%	20%	23%	23%
* Explanatory	Percent of participating students who have completed adult education	15%	75%	N/A	N/A	N/A
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to new charges or pending charges	17%	18%	17%	18%	18%
* Output	Percent of graduates from the women's recovery center who are reincarcerated within thirty-six months	11%	23%	20%	23%	23%
* Explanatory	Percent of residential drug abuse program graduates reincarcerated within thirty-six months of release	19%	26%	N/A	N/A	N/A
* Outcome	Percent of sex offenders reincarcerated on a new sex offense conviction within thirty-six months of release on the previous sex offense conviction	4%	3%	5%	5%	5%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of sex offenders incarcerated receiving sex offender treatment	20%	41%	20%	20%	20%
Outcome	Percent of inmates who have filled out a YES New Mexico application at time of release	99%	96%	99%	99%	99%
* Outcome	Percent of prisoners reincarcerated within thirty-six months	36%	39%	40%	40%	40%
* Outcome	Percent of eligible inmates enrolled in educational, cognitive, vocational and college programs	51%	68%	60%	60%	60%
* Output	Number of students who earn a high school equivalency credential	184.0	236.0	165.0	185.0	185.0
Explanatory	Number of inmates referred to evidence-based programming	2,575.0	4,058.0	N/A	N/A	N/A
Outcome	Percent of sex offenders incarcerated who have completed sex offender treatment	9%	48%	16%	16%	16%
Explanatory	Percent of inmates referred to evidence-based programming who complete the program	21%	41%	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, personnel management and cost-effective management information system services.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,986.4	17,527.6	17,727.6	17,125.5	(2.3)
Other Transfers	691.9	78.6	0.0	0.0	(100.0)
Other Revenues	90.7	154.8	154.8	154.8	0.0
TOTAL SOURCES	\$15,769.0	\$17,761.0	\$17,882.4	\$17,280.3	(2.7)
USES					
Personal Services and Employee Benefits	12,866.8	13,240.3	13,161.7	13,240.3	0.0
Contractual services	239.8	468.2	468.2	468.2	0.0
Other	2,661.9	4,052.5	4,252.5	3,571.8	(11.9)
TOTAL USES	\$15,768.5	\$17,761.0	\$17,882.4	\$17,280.3	(2.7)
FTE					
Permanent	99.0	150.0	150.0	150.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	101.0	151.0	151.0	151.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Quality	Number of prior year audit findings	0.0	0.0	4.0	4.0	4.0
Explanatory	Graduation rate of correctional officer cadets from the corrections department training academy	79.00%	77.00%	N/A	N/A	N/A
Explanatory	Percent of employee union grievances resolved prior to arbitration	100.00%	100.00%	N/A	N/A	N/A

Statutory Authority

The Crime Victims Reparation Commission is created by Section 31-22-4 NMSA 1978 to protect New Mexicans from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcement efforts. Eligibility for reparation awards, limits on the award per victim, and required deductions for payments received from collateral sources are specified in the law. The commission board is made up of five gubernatorial appointees.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	11,687.3	13,972.2	17,972.2	14,472.2	3.6
Other Transfers	78.8	0.0	0.0	0.0	0.0
Federal Revenues	13,427.7	13,894.5	14,084.8	14,084.8	1.4
Other Revenues	722.0	456.0	486.0	486.0	6.6
Fund Balance	195.7	200.0	90.0	90.0	(55.0)
TOTAL SOURCES	\$26,111.5	\$28,522.7	\$32,633.0	\$29,133.0	2.1
USES					
Personal Services and Employee Benefits	2,273.6	2,665.8	2,658.9	2,658.9	(0.3)
Contractual services	8,989.3	11,814.0	13,012.4	10,262.4	(13.1)
Other	14,848.6	14,042.9	16,961.7	16,211.7	15.4
TOTAL USES	\$26,111.5	\$28,522.7	\$32,633.0	\$29,133.0	2.1
FTE					
Permanent	21.0	22.0	22.0	22.0	0.0
Term	7.0	6.0	6.0	6.0	0.0
TOTAL FTE	28.0	28.0	28.0	28.0	0.0

At A Glance

The Crime Victims Reparation Commission (CVRC) requested a total budget increase of \$4.1 million in FY26, including a \$4 million, or 29 percent, increase in general fund revenue. The agency’s general fund request comprises increases intended to offset the loss of federal funding and use of fund balance. The request includes an increase of \$2 million for sexual assault service, \$1 million to replace federal revenue decreases anticipated due to reductions to the Victims of Crime Act (VOCA) funding, and \$1 million for direct monetary support for crime victims.

The LFC recommendation partially supports the request, providing a total increase in general fund revenue of \$500 thousand, or 3.6 percent. The committee recommendation considers the intent of the Government Results and Opportunity (GRO) appropriation from the 2024 session as being meant to fund projects for multiple years, meaning the request to make these programmatic increases recurring is premature. The recommendation however, provides an increase of \$500 thousand for victim care and support in the victim compensation program.

Budget Issues

CVRC requested an FY26 budget of \$32.6 million, including approximately \$18 million from the general fund, an increase of \$4.1 million, or 14.4 percent, compared with its FY25 operating budget. The bulk of the requested increase (\$2 million) was to expand funding for services for victims of sexual assault. CVRC received an increase of \$1.8 million in recurring funding during the 2023 legislative session. The agency used \$1 million of this increase to expand services for victims of sexual assault, \$150 thousand to expand services for victims of human trafficking, \$184 thousand for direct monetary support for crime victims, and \$332 thousand for its own personnel and operational costs. CVRC also received three appropriations totaling \$7 million in the Government Results and Opportunity section of Laws 2024, Chapter 60, known as the “GRO,” to support victims of violent crime, expand sexual assault services, and supplement federal grants under the Victims of Crime Act. Funding which, to date, it has not expended.

Two significant revenue challenges will directly impact the CVRC’s budget in FY26. First, the federal crime victims’ fund, the source for VOCA funding allocations to all states, has declined since 2018. CVRC was advised by the U.S. Department of Justice (DOJ) to anticipate a projected 41 percent reduction from the current VOCA federal award funding level. Second, Laws 2023, Chapter 184, (eliminating court fees) went into effect July 1, 2024, and will eliminate a substantial revenue stream for providing financial assistance to victims of violent crime.

Rising violent crime in New Mexico in recent years has necessitated increased victim compensation and services. Still, even as crime has begun to decline, costs for providing services to victims have continued to rise. CVRC addresses victim needs in two ways: directly compensating crime victims for necessary services and expenditures and funding programs that provide free services to victims. While the agency was created primarily to provide direct compensation to victims of crime, funding service providers is not inconsistent with its statutory authority. However, in recent years, the agency has received significant increases in federal funds, expanding existing services and funding new programs statewide. As a result, most state and federal funds passing through CVRC are expended on grants to victim service providers. By funding service providers, CVRC ensures crime victims have access to resources soon after the incident, including providers who can assist victims in submitting compensation applications to cover medical expenses, rent, relocation, loss of wages, and funeral expenses. Additionally, victims in rural communities may struggle to access some of the services compensation is intended to pay for (like counseling), and directly funding service providers allows CVRC to help establish programs in underserved communities.

Victim Compensation. The agency’s FY26 budget request increased the amount of general fund revenue for victim compensation by \$1 million to account for anticipated increases in compensation payments and reduced revenues from crime victim’s reparation fees and inmate wages, which made up 56 percent of funds used for victim compensation payments in FY22. The agency saw a substantial increase in the number of applications for direct funding received in FY24 and anticipates the cost of victim compensation payments will continue to rise. Decreased revenues were expected and budgeted for in the FY25 operating budget, but the agency anticipates additional revenue decreases in FY26. CVRC has previously used balances in the crime victims’ reparation fund to supplement reduced revenues but has largely depleted its fund balance, making such a practice unsustainable. Consequently, the agency has requested to reduce the use of fund balance by \$110 thousand, or 55 percent, compared to FY25.

The LFC recommendation partially supports the agency’s request for the victim compensation program, providing \$500 thousand, or 15.2 percent, in additional recurring general fund appropriations for “victim care and support” and mirroring the agency’s request for all other revenue sources.

Grant Administration. New Mexico’s existing victim services are often insufficient to meet its high need, and filling these gaps with effective services could help improve victim outcomes. For FY26, CVRC requested a \$2 million increase in funding for sexual assault services and \$1 million to replace cuts in federal VOCA funding. The \$2 million requested for sexual assault services included \$1 million to convert a nonrecurring GRO appropriation and an additional \$1 million to support ongoing operations and infrastructure of the statewide sexual assault helpline. The LFC recommendation maintains funding for the grant administration program at FY25 levels.

VICTIM COMPENSATION

The purpose of the victim compensation program is to provide financial assistance and information to victims of violent crime in New Mexico so they can receive services to restore their lives.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,528.2	3,282.8	4,532.8	3,782.8	15.2
Other Transfers	73.1	0.0	0.0	0.0	0.0
Federal Revenues	1,712.2	1,251.4	1,304.7	1,304.7	4.3
Other Revenues	718.1	456.0	486.0	486.0	6.6
Fund Balance	195.7	200.0	90.0	90.0	(55.0)
TOTAL SOURCES	\$5,227.3	\$5,190.2	\$6,413.5	\$5,663.5	9.1

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	1,544.7	1,856.3	1,849.4	1,849.4	(0.4)
Contractual services	51.7	67.2	67.2	67.2	0.0
Other	3,630.9	3,266.7	4,496.9	3,746.9	14.7
TOTAL USES	\$5,227.3	\$5,190.2	\$6,413.5	\$5,663.5	9.1
FTE					
Permanent	18.0	19.0	19.0	19.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	19.0	20.0	20.0	20.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Explanatory	Average compensation paid to individual victims using federal funding	\$1,407	\$1,410	N/A	N/A	N/A
Explanatory	Percent of victim compensation applications approved for federal funding	NEW	100%	N/A	N/A	N/A
Efficiency	Average number of days to process applications	34.0	37.0	45.0	45.0	45.0
Explanatory	Number of victims receiving direct advocacy	1,009.0	743.0	N/A	N/A	N/A
Outcome	Reimbursement rate for victim services providers	65%	65%	65%	65%	65%
Explanatory	Number of crime victims compensation applications received	4,044.0	4,114.0	N/A	N/A	N/A
Explanatory	Number of sexual assault service provider programs receiving state funding statewide	23.0	24.0	N/A	N/A	N/A
Explanatory	Number of incidents of intimate-partner violence that resulted in death reviewed by the homicide death review team	58.0	18.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors who accessed the civil legal services hotline	1,749.0	1,196.0	N/A	N/A	N/A
* Explanatory	Average compensation paid to individual victims using state funding	\$1,259	\$1,356	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors receiving civil legal services statewide	481.0	333.0	N/A	N/A	N/A
Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	8,076.0	10,213.0	N/A	N/A	N/A
Explanatory	Number of victims who received services through state-funded victim services provider programs statewide	9,186.0	8,010.0	N/A	N/A	N/A

GRANT ADMINISTRATION

The purpose of the grant administration program is to provide funding and training to nonprofit providers and public agencies so they can provide services to victims of crime.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,159.1	10,689.4	13,439.4	10,689.4	0.0
Other Transfers	5.7	0.0	0.0	0.0	0.0
Federal Revenues	11,715.5	12,643.1	12,780.1	12,780.1	1.1
Other Revenues	3.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$20,884.2	\$23,332.5	\$26,219.5	\$23,469.5	0.6
USES					
Personal Services and Employee Benefits	728.9	809.5	809.5	809.5	0.0
Contractual services	8,937.6	11,746.8	12,945.2	10,195.2	(13.2)
Other	11,217.7	10,776.2	12,464.8	12,464.8	15.7
TOTAL USES	\$20,884.2	\$23,332.5	\$26,219.5	\$23,469.5	0.6
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
Term	6.0	5.0	5.0	5.0	0.0
TOTAL FTE	9.0	8.0	8.0	8.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of crime victims accessing emergency assistance funding	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of incidents of intimate-partner violence that resulted in death reviewed by the homicide death review team	NEW	18.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors receiving civil legal services statewide	NEW	333.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors who accessed the civil legal services hotline	NEW	1,196.0	N/A	N/A	N/A
Explanatory	Number of sexual assault service provider programs receiving state funding statewide	NEW	24.0	N/A	N/A	N/A
Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	NEW	10,213.0	N/A	N/A	N/A
Explanatory	Number of victim advocates funded at law enforcement agencies	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of victims who received services through state-funded victim services provider programs statewide	NEW	8,010.0	N/A	N/A	N/A
* Efficiency	Percent of state-funded subgrantees that received site visits	0%	10%	40%	30%	30%
* Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	8,076.0	10,213.0	N/A	N/A	N/A
Efficiency	Percent of sexual assault service provider programs receiving compliance monitoring via desk audit	100%	100%	100%	100%	100%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Percent of federally funded subgrantees receiving compliance monitoring via desk audit	100%	100%	100%	100%	100%
Efficiency	Percent of federally funded subgrantees receiving site visits	0%	10%	40%	25%	25%
Outcome	Percent of subgrantees in compliance with federal quarterly performance measure reporting for providing effective services to crime victims	100%	100%	100%	100%	100%
Explanatory	Number of crime victim service provider programs that received federal funding statewide	109.0	80.0	N/A	N/A	N/A
Explanatory	Percent of victim compensation applications approved for federal funding	100%	100%	N/A	N/A	N/A
Efficiency	Percent of state-funded subgrantees receiving compliance monitoring via desk audit	100%	100%	100%	100%	100%

Statutory Authority

The Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978, creates the Department of Public Safety (DPS), a cabinet department. The creation of DPS in 1987 was intended to provide overall coordination and access for all law enforcement functions in the state. The act incorporates the State Police, Law Enforcement Academy, Alcohol Beverage Control Enforcement, and Civil Emergency Preparedness Division of the Department of Military Affairs. On July 1, 1998, the Motor Transportation Division, formerly part of the Taxation and Revenue Department, was transferred to DPS. Sections 9-28-1 through 9-28-7 NMSA 1978 remove the Emergency Management and Homeland Security Support Program and create the Homeland Security and Emergency Management Department.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	159,245.3	184,571.5	201,149.4	191,128.1	3.6
Other Transfers	14,542.0	7,110.6	7,293.5	7,293.5	2.6
Federal Revenues	15,501.9	17,024.5	12,695.0	12,695.0	(25.4)
Other Revenues	8,318.1	8,594.5	8,596.4	8,596.4	0.0
Fund Balance	0.0	3,782.1	4,395.8	4,395.8	16.2
TOTAL SOURCES	\$197,607.3	\$221,083.2	\$234,130.1	\$224,108.8	1.4
USES					
Personal Services and Employee Benefits	144,236.6	165,888.1	172,091.7	166,543.6	0.4
Contractual services	3,667.3	5,466.5	4,978.0	4,625.3	(15.4)
Other	40,059.2	49,728.6	57,060.4	52,939.9	6.5
TOTAL USES	\$187,963.1	\$221,083.2	\$234,130.1	\$224,108.8	1.4
FTE					
Permanent	1,283.0	1,188.0	1,229.0	1,211.0	1.9
Term	71.0	113.0	98.0	99.0	(12.4)
Temporary	10.0	55.3	55.3	55.3	0.0
TOTAL FTE	1,364.0	1,356.3	1,382.3	1,365.3	0.7

At A Glance

The Department of Public Safety (DPS) requests a total budget of \$234.1 million for FY26, with \$201.1 million from the general fund, representing a 9 percent increase over FY25. The agency's request includes \$11.2 million for the Law Enforcement Program, which houses the State Police (NMSP), and \$4.4 million for the Statewide Law Enforcement Support Program (SLES). DPS also seeks \$984 thousand for its Program Support program, which houses the agency's administrative support division (ASD).

The LFC recommendation provides a \$6.6 million, or 3.6 percent, increase in general fund appropriations over FY25, partially funding DPS's requests across divisions. The increase includes \$5.3 million for NMSP fleet improvements, \$703.2 thousand for SLES IT contractual services and a deputy chief information officer, and \$517.3 thousand for ASD's recruitment and retention grant support.

Budget Issues

For FY26, DPS requested \$11.2 million in new funding for NMSP to address core operational needs, with investments in personnel, equipment, and fleet maintenance, including \$1.6 million for officer step salary increases and \$1.2 million to upgrade body and in-car cameras. SLES requested \$4.4 million in additional funds to enhance services across its divisions, such as \$919.7 thousand for forensic scientist salary increases and \$546.5 thousand to address IT vacancies. Additionally, ASD requested \$984.4 thousand in new funding, primarily for administrative and media relations staff, and expanded legal staff to manage increased caseloads.

The LFC recommendation partially funds each division's requests and includes an increase in general fund appropriations totaling \$6.6 million, or 3.6 percent, over the agency's FY25 budget. The recommendation includes \$5.3 million for NMSP to improve its vehicle fleet, \$703.2 thousand for SLES' IT Division for contractual services and a permanent deputy chief information officer, and \$517.3 thousand for the agency's ASD to improve support for law enforcement recruitment and retention grants programs.

Agency Performance. DPS saw mixed results in FY24 across key performance metrics tied to its core law enforcement and operational goals. The department reported increases in DWI saturation patrols, achieving 3,030 patrols, exceeding the annual target of 3,000. DWI arrests rose 39 percent from FY23, with 2,277 arrests in FY24. In the commercial vehicle sector, DPS performed 122,768 safety inspections, surpassing the target of 90 thousand inspections, though out-of-service violations issued declined 10 percent to 15,087. DPS completed 94.9 percent of forensic cases, falling short of its 100 percent target, and saw a 40.1 percent vacancy rate among forensic staff, a 10 percent increase from FY23 at the close of the fiscal year. NMSP also reported lower-than-expected clearance rates for crimes solved for certain crime types, with 58 percent for crimes against persons and 40 percent for property crimes. Additionally, the Law Enforcement Academy graduated 75 percent of non-state police cadets (cadets from local law enforcement agencies), below its 100 percent goal. The 2024 General Appropriation Act (GAA) included targeted increases for State Police salaries and added funding to support technology integration, with specific appropriations for equipment upgrades and personnel investments across DPS divisions.

Crime Reporting. In FY24, DPS significantly expanded crime data reporting through the National Incident-Based Reporting System (NIBRS) required by the FBI, although it has not publicly reported this data. By year-end, 77.6 percent of New Mexico law enforcement agencies were submitting NIBRS data, up from 63.8 percent in FY23, covering 86 percent of the state's population. This increase has allowed the FBI to include New Mexico in its national crime data estimates after several years of exclusion, an essential step toward understanding state crime trends.

Accountability and Oversight. Independent oversight of law enforcement may help improve public confidence in police, encourage citizen reporting and cooperation with law enforcement, and ultimately make the state safer. In 2022, the Legislature enacted several statutory changes restructuring the state's law enforcement oversight to strengthen training standards and accountability. This legislation dissolved the Law Enforcement Academy Board, creating two entities: the Law Enforcement Standards and Training Council (LESTC), which sets training and certification standards, and the Law Enforcement Certification Board, responsible for officer certification and disciplinary actions. In FY24, LESTC and the Law Enforcement Certification Board made substantial progress on accountability and training standards. LESTC focused on creating administrative rules for law enforcement and dispatcher training, professional development, and performance standards, including setting new curriculum requirements. The certification board implemented a publicly accessible misconduct database, which reports disciplinary actions, including certification suspensions and revocations, and reduced the average time to resolve complaint cases from over 1,100 days to approximately 300.

New Mexico State Police. The Law Enforcement Program (NMSP) request included an additional \$11.2 million in general fund appropriations, for a total of \$163.9 million, a 7.3 percent increase from the previous year to address core operational needs, with significant investments in personnel, equipment, and fleet maintenance. Among these, NMSP seeks \$1.6 million for step increases for patrolmen, sergeants, and lieutenants to address existing compaction issues and enable eligible officers to advance within the pay structure. Another \$1.2 million increase would support department-wide upgrades for body and in-car cameras, replacing aging equipment and ensuring contract renewals for continued access to advanced technology. DPS also requests \$2 million to address inflation-related increases in fuel and vehicle maintenance costs, which previously relied on vacancy savings that are now limited because positions are filled.

The budget request includes \$500 thousand for maintenance on the Airbus H-145 helicopter, because the extended warranty expired in October 2024. Projected annual maintenance expenses are estimated at \$500 thousand moving forward. An additional \$275 thousand is proposed for recurring fleet hardware and software maintenance, supporting system reliability and public safety needs. To address pilot shortages, DPS requests \$364.8 thousand to add two civilian pilots to the Aircraft section, improving its capacity to handle annual mission demands.

The committee recommends continuing to increase the proportion of the agency fleet maintenance and management funding contained in the recurring budget. It provides approximately \$3.1 million for high-mileage vehicle replacement, \$2 million for fuel and vehicle maintenance, and \$275 thousand for fleet equipment and software maintenance. Overall, the committee recommends an increase of \$5.3 million, or 3.5 percent, over FY25 for the Law Enforcement Program.

In FY23, NMSP received a significant increase in general fund appropriations, totaling \$20 million, which supported a statewide employee compensation package and boosted officer pay by an average of 16 percent. DPS received another \$2.1 million in FY25 to increase state police officer pay, allowing the agency to properly place personnel in the correct pay rank step based on their years of service. This represented the final component of the agency's new state police pay plan and was expected to help improve officer retention. These changes were deemed necessary to combat unusually high retirement rates—a record 46 officers retired in FY22, more than double the retirements in FY21 and 140 percent more than the average of 19 retirements a year between FY16 and FY21. That number was reduced to 20 retirements in FY23, which was more in line with historic numbers but rose again to 28 retirements in FY24.

NMSP averaged a force of 636 officers in FY24, a 12 percent overall vacancy rate, and an 11.4 percent vacancy rate among positions supported by the general fund. After officers received substantial pay increases in FY23, the agency received \$2 million to expand its recruit and lateral schools. The agency was well-positioned to expand its force strength and projected it would end FY24 with 645 commissioned officers; however, it ended the year with the same number of officers it started with, calling into question the effectiveness of some of these investments or, at the very least, highlighting the pitfalls of relying on these projections to make claims about their effectiveness. NMSP had struggled to sustain its force after eliminating the practice of hiring “laterally” (hiring officers from other agencies) in late 2019. The agency had seen substantial improvements since resuming the practice, adding 16 officers in FY22 and 15 in FY23, but these numbers leveled off, with NMSP adding only nine lateral school graduates in FY24.

Statewide Law Enforcement Support. For FY26, SLES’ request includes targeted increases across its divisions, including the Law Enforcement Records Bureau (LERB), Forensic Laboratory Bureau, Information Technology Division, and Law Enforcement Academy. LERB’s budget request includes \$721 thousand to convert key positions from term to permanent status, \$192.3 thousand to enable competitive salary placements, and \$94.7 thousand to add an administrative support role. The Forensic Laboratory Bureau seeks \$919.7 thousand to cover salary increases identified in a recent study and an additional \$94.7 thousand for administrative support in the Las Cruces lab, aiming to manage growing workloads and backlogs in processing evidence. The Information Technology Division requests \$138.2 thousand to convert the deputy chief information officer role to a permanent position, \$546.5 thousand to close unfunded vacancies with competitive salaries, \$565 thousand for criminal justice information system (CJIS) cybersecurity licensing renewals, and \$225.6 thousand for Info-Tech memberships to support strategic IT functions. Meanwhile, the Law Enforcement Academy has requested \$95.6 thousand to establish a quartermaster position for inventory management and \$735.7 thousand to cover anticipated rate increases.

The committee recommendation partially supports the SLES request by including \$138.2 thousand to convert the IT Division’s deputy chief information officer to a permanently funded position in the agency’s base budget and \$565 thousand for the CJIS cybersecurity license.

SLES made notable advancements across several critical areas in FY24, particularly within the Forensic Laboratory Bureau, where strategic pay adjustments helped reduce the forensic scientist vacancy rate from 40 percent to 20 percent within six months. The bureau also relocated to a new 44,000-square-foot Santa Fe facility, enhancing operational capacity and enabling reaccreditation by the American Association for Laboratory Accreditation. This expanded facility allowed the bureau to address backlogs across forensic services and improve case-processing times while maintaining high-quality standards through recalibrated equipment and reaccreditation efforts. Additional initiatives included comprehensive forensic training for local and federal law enforcement and educational outreach to inspire future forensic scientists.

In the Law Enforcement Records Bureau, DPS processed over 13.6 thousand Inspection of Public Records Act (IPRA) requests, averaging a 10-day fulfillment time. The bureau also advanced the CJIS modernization project, completing process documentation, prioritizing critical components, and forming cross-functional teams to oversee the project’s implementation. Meanwhile, the Information Technology Division launched the computer-aided dispatch system, electronic warrant processing, and two internal reporting applications, alongside network upgrades for DPS and NMSP statewide. These technological advancements facilitated operational efficiency, as reflected in the completion of over 23.6 thousand Help Desk tickets, benefiting both internal DPS operations and external law enforcement agencies.

Law Enforcement Recruitment and Retention. In recent years, the Legislature has appropriated substantial funding for law enforcement recruitment and retention to address high vacancy and turnover rates across agencies. Investments included \$55 million in nonrecurring general fund appropriations in 2022 to establish two new programs to support recruitment and retention efforts. Of this amount, \$50 million was allocated to a Department of Finance and Administration program to distribute recruitment and retention stipends to local law enforcement agencies, with a focus on increasing investigative capacity. Additionally, \$5 million was directed to the law enforcement retention fund (LERF), managed by DPS, to provide retention differential payments equivalent to 5 percent of an officer’s salary at five-year service intervals. This fund, supplemented by residual balances from the law enforcement protection fund, is anticipated to provide ongoing support for recruitment and retention.

Program Support. For FY26, DPS’s Administrative Services Division (ASD) requests \$7.7 million in general fund appropriations, reflecting an increase of \$984.4 thousand, or 14.6 percent, over the prior year. This increase is primarily aimed at securing funding for critical support staff positions in ASD, including several intended to help oversee the \$57 million allocated by the Legislature in 2023 to help state and local law enforcement agencies with officer recruitment and retention. However, since the funding was structured over three years, DPS requests additional appropriations to ensure long-term support for roles including administrative and media relations staff essential to operations within DPS and the NMSP. The agency was successfully able to help DFA push funding to local law enforcement agencies and expects the workload associated with this funding to continue to grow, especially as more agencies apply for funding through LERF, which saw a 45 percent increase in the number of applications for the FY25 funding cycle. Notably, the number of certified law enforcement officers in the state has increased by 20 percent since 2020, according to data from the Law Enforcement Academy.

A substantial portion of the requested increase focuses on expanding the Office of Legal Affairs (OLA) to meet rising legal demands. OLA currently faces challenges managing an increasingly complex and high-volume caseload, which has placed considerable strain on existing legal staff. To address this, ASD’s budget includes \$313.7 thousand for two additional attorney positions within OLA and \$517.3 thousand to convert seven temporary positions to permanent status, with DPS required to match 50 percent of this cost in FY25 and 75 percent in FY26.

In FY24, ASD made notable improvements by working with legislators to amend the law enforcement retention fund statute to expand officer eligibility, implement a forensic scientist pay plan to address salary competitiveness, and roll out electronic workflows to improve processing times for procurement and travel requests. ASD also worked to reduce audit findings in the Finance Bureau and managed \$45 million in public safety grants through the Grants Management Bureau, supporting law enforcement needs statewide.

The committee recommendation builds on the success of previous investments in law enforcement recruitment and retention. It includes \$517.3 thousand for the agency’s ASD to add seven new FTE to support law enforcement recruitment and retention grant programs.

LAW ENFORCEMENT

The purpose of the law enforcement program is to provide the highest quality of law enforcement services to the public and ensure a safer state.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	132,252.4	152,686.8	163,856.9	158,022.9	3.5
Other Transfers	9,081.2	6,046.0	6,046.0	6,046.0	0.0
Federal Revenues	12,018.6	11,496.2	9,473.0	9,473.0	(17.6)
Other Revenues	2,558.6	2,437.0	2,437.0	2,437.0	0.0
Fund Balance	0.0	520.2	1,520.2	1,520.2	192.2
TOTAL SOURCES	\$155,910.8	\$173,186.2	\$183,333.1	\$177,499.1	2.5
USES					
Personal Services and Employee Benefits	122,868.9	136,757.8	139,517.0	136,757.8	0.0
Contractual services	1,937.2	2,343.9	2,120.5	2,120.5	(9.5)
Other	27,516.0	34,084.5	41,695.6	38,620.8	13.3
TOTAL USES	\$152,322.1	\$173,186.2	\$183,333.1	\$177,499.1	2.5
FTE					
Permanent	1,032.0	959.0	976.0	967.0	0.8
Term	35.0	54.0	46.0	46.0	(14.8)
Temporary	0.0	55.3	55.3	55.3	0.0
TOTAL FTE	1,067.0	1,068.3	1,077.3	1,068.3	0.0

Recommended Language

The internal service funds/interagency transfers appropriations to the law enforcement program of the department of public safety include ninety-four thousand five hundred dollars (\$94,500) from the weight distance tax identification permit fund. Any unexpended balance in the motor transportation bureau of the law enforcement program of the department of public safety remaining at the end of fiscal year 2026 from the appropriations made from the weight distance tax identification permit fund shall revert to the weight distance tax identification permit fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Explanatory	Number of proactive special investigations unit operations to reduce driving while intoxicated and alcohol-related crime	1,088.0	1,521.0	N/A	N/A	N/A
* Explanatory	Percent of total crime scenes processed for other law enforcement agencies	49%	31%	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against persons investigated by the criminal investigation bureau	0%	58%	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against property investigated by the criminal investigation bureau	0%	40%	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against society investigated by the criminal investigation bureau	0%	33%	N/A	N/A	N/A
Explanatory	Clearance rate of homicide cases investigated by the criminal investigation bureau	0%	77%	N/A	N/A	N/A
Explanatory	Number of cases investigated by the New Mexico state police	1,832.0	3,140.0	N/A	N/A	N/A
Explanatory	Number of commercial driver and vehicle out-of-service violations issued	16,831.0	15,087.0	N/A	N/A	N/A
Explanatory	Number of crisis intervention cases handled	283.0	327.0	N/A	N/A	N/A
Explanatory	Number of illegally possessed firearms seized as part of criminal investigations	90.0	70.0	N/A	N/A	N/A
Explanatory	Number of violent repeat offender arrests by the fugitive apprehension unit	230.0	401.0	N/A	N/A	N/A
Explanatory	Percent of total New Mexico state police special operations deployments for other law enforcement agencies	35.2%	38.0%	N/A	N/A	N/A
Output	Number of commercial vehicle enforcement community outreach events and trainings completed	0.0	13.0	NEW	25.0	25.0
* Explanatory	Graduation rate of the New Mexico state police recruit school	65.90%	54.00%	N/A	N/A	N/A
Output	Number of data-driven traffic-related enforcement projects	4,142.0	3,781.0	4,500.0	4,000.0	4,000.0
* Output	Number of driving-while-intoxicated saturation patrols conducted	2,588.0	3,030.0	3,000.0	3,000.0	3,000.0
Explanatory	Number of criminal investigations conducted by criminal investigation bureau agents	390.0	464.0	N/A	N/A	N/A
* Explanatory	Turnover rate of commissioned state police officers	7%	8%	N/A	N/A	N/A
* Explanatory	Number of drug-related investigations conducted by narcotics agents	458.0	536.0	N/A	N/A	N/A
* Explanatory	Vacancy rate of commissioned state police officers	12%	12%	N/A	N/A	N/A
Explanatory	Number of man-hours spent on governor-ordered special deployment operations	4,746.0	18,381.0	N/A	N/A	N/A
Explanatory	Number of governor-ordered special deployment operations conducted	3.0	7.0	N/A	N/A	N/A
* Output	Number of commercial motor vehicle safety inspections conducted	114,539.0	122,768.0	100,000.0	125,000.0	125,000.0
Explanatory	Number of New Mexico state police misdemeanor and felony arrests	6,340.0	7,044.0	N/A	N/A	N/A
Explanatory	Number of driving-while-intoxicated arrests	1,641.0	2,277.0	N/A	N/A	N/A
Explanatory	Vacancy rate of New Mexico state police transportation inspectors	6.90%	10.20%	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Vacancy rate of New Mexico state police dispatchers	36.00%	23.10%	N/A	N/A	N/A
Explanatory	Number of motor carrier safety trainings completed	41.0	25.0	N/A	N/A	N/A
Explanatory	Rate of commercial motor vehicles out of service compared to the current national level	69.70%	75.00%	N/A	N/A	N/A
Output	Number of concealed carry permits issued	N/A	N/A	N/A	N/A	N/A
Output	Number of community engagement projects in counties with populations less than one hundred thousand	198.0	121.0	200.0	150.0	150.0

STATEWIDE LAW ENFORCEMENT SUPPORT

The purpose of the statewide law enforcement support program is to promote a safe and secure environment for the state of New Mexico through intelligently led policing practices, vital scientific and technical support, current and relevant training and innovative leadership for the law enforcement community.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	21,111.5	25,155.1	29,578.5	25,858.3	2.8
Other Transfers	1,219.2	1,034.6	1,034.6	1,034.6	0.0
Federal Revenues	1,624.2	1,984.8	1,057.8	1,057.8	(46.7)
Other Revenues	5,544.6	6,157.5	6,159.4	6,159.4	0.0
Fund Balance	0.0	261.9	260.0	260.0	(0.7)
TOTAL SOURCES	\$29,499.5	\$34,593.9	\$38,090.3	\$34,370.1	(0.6)
USES					
Personal Services and Employee Benefits	16,439.2	22,575.7	25,256.1	22,713.9	0.6
Contractual services	1,469.9	2,693.4	2,508.5	2,155.8	(20.0)
Other	8,986.2	9,324.8	10,325.7	9,500.4	1.9
TOTAL USES	\$26,895.3	\$34,593.9	\$38,090.3	\$34,370.1	(0.6)
FTE					
Permanent	172.0	175.0	183.0	183.0	4.6
Term	30.0	50.0	44.0	44.0	(12.0)
TOTAL FTE	202.0	225.0	227.0	227.0	0.9

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of forensic evidence cases completed	129%	95%	100%	100%	100%
Explanatory	Average age of outstanding allegations of misconduct complaint cases at the close of the fiscal year, in days	\$0.0	230.8	N/A	N/A	N/A
Explanatory	Average time to adjudicate complaint cases, in days	\$0.0	300.3	N/A	N/A	N/A
Explanatory	Number of complaint cases adjudicated	74.0	54.0	N/A	N/A	N/A
Explanatory	Number of complaint cases received	97.0	111.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Number of crimes against persons reported in the national incident-based reporting system by participating law enforcement agencies statewide	18,815.0	23,752.0	N/A	N/A	N/A
Explanatory	Number of crimes against property reported in the national incident-based reporting system by participating law enforcement agencies statewide	44,272.0	49,459.0	N/A	N/A	N/A
Explanatory	Number of crimes against society reported in the national incident-based reporting system by participating law enforcement agencies statewide	12,530.0	10,303.0	N/A	N/A	N/A
Explanatory	Percent of information technology help requests received from other agencies	0%	24%	N/A	N/A	N/A
Explanatory	Percent of law enforcement agencies in compliance with reporting of mandated in-service law enforcement training	0%	32%	N/A	N/A	N/A
Explanatory	Percent of law enforcement agencies reporting to the national incident-based reporting system	56%	76%	N/A	N/A	N/A
* Explanatory	Number of expungements processed	399.0	383.0	N/A	N/A	N/A
Outcome	Number of certifications issued	565.0	535.0	600.0	600.0	600.0
* Outcome	Number of sexual assault examination kits not completed within one hundred eighty days of receipt of the kits by the forensic laboratory	0.0	259.0	0.0	0.0	0.0
Explanatory	Percent of non-state police cadets who graduated the law enforcement academy through certification by waiver	100.0%	98.1%	N/A	N/A	N/A
Explanatory	Vacancy rate of forensic scientists and forensic technicians	30%	40%	N/A	N/A	N/A
Explanatory	Percent of non-state police cadets who graduated the basic law enforcement academy	76.0%	75.2%	N/A	N/A	N/A
Explanatory	Percent of complaint cases reviewed and adjudicated annually by the New Mexico law enforcement certification board	76%	49%	N/A	N/A	N/A
Explanatory	Graduation rate of telecommunication students from the law enforcement academy	100.0%	98.8%	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to manage the agency’s financial resources, assist in attracting and retaining a quality workforce and provide sound legal advice and a clean, pleasant working environment.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,881.4	6,729.6	7,714.0	7,246.9	7.7
Other Transfers	4,241.6	30.0	212.9	212.9	609.7
Federal Revenues	1,859.1	3,543.5	2,164.2	2,164.2	(38.9)
Other Revenues	214.8	0.0	0.0	0.0	0.0
Fund Balance	0.0	3,000.0	2,615.6	2,615.6	(12.8)
TOTAL SOURCES	\$12,196.9	\$13,303.1	\$12,706.7	\$12,239.6	(8.0)
USES					
Personal Services and Employee Benefits	4,928.4	6,554.6	7,318.6	7,071.9	7.9
Contractual services	260.2	429.2	349.0	349.0	(18.7)
Other	3,557.1	6,319.3	5,039.1	4,818.7	(23.7)
TOTAL USES	\$8,745.7	\$13,303.1	\$12,706.7	\$12,239.6	(8.0)
FTE					
Permanent	79.0	54.0	70.0	61.0	13.0
Term	6.0	9.0	8.0	9.0	0.0
Temporary	10.0	0.0	0.0	0.0	0.0
TOTAL FTE	95.0	63.0	78.0	70.0	11.1

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of audit findings resolved from the prior fiscal year's annual external audit	40.00%	57.10%	80.00%	80.00%	80.00%
Output	Number of site visits made to sub-grantees	56.0	120.0	100.0	125.0	125.0

Statutory Authority

The Homeland Security and Emergency Management Department was created by Sections 9-28-1 through 9-28-7 NMSA 1978 (Homeland Security and Emergency Management Act) to consolidate and coordinate homeland security and emergency management functions for the state and to act as a conduit for federal assistance and cooperation. Pursuant to Laws 2020, Chapter 9, the State Fire Marshal’s Office moved from the Public Regulation Commission to the Homeland Security and Emergency Management Department effective July 1, 2021.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,444.9	4,009.9	5,638.2	4,131.9	3.0
Other Transfers	137.3	0.0	0.0	0.0	0.0
Federal Revenues	16,734.8	26,256.0	256,584.8	256,364.7	876.4
Other Revenues	133,159.1	108,685.4	157,384.5	157,384.5	44.8
Fund Balance	10,000.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$163,476.1	\$138,951.3	\$419,607.5	\$417,881.1	200.7
USES					
Personal Services and Employee Benefits	9,908.8	13,212.3	25,342.5	24,563.7	85.9
Contractual services	4,832.3	2,468.0	8,094.7	8,094.7	228.0
Other	124,041.1	123,271.0	386,170.3	385,222.7	212.5
TOTAL USES	\$138,782.2	\$138,951.3	\$419,607.5	\$417,881.1	200.7
FTE					
Permanent	100.0	87.0	90.0	87.0	0.0
Term	35.0	51.0	53.0	51.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	136.0	139.0	144.0	139.0	0.0

At A Glance

The Department of Homeland Security and Emergency Management (DHSEM) requested a \$280.7 million, or 202 percent, increase in overall funding for FY26, including an increase of \$1.6 million, or 40.6 percent, from the general fund. The agency request sought to significantly realign how it accounts for federal funding and included a \$440.1 thousand expansion to move funding for positions handling disaster funding to the general fund. The agency request included an increase of \$11.7 million, or 88 percent, in personnel funding, an increase of \$5.6 million, or 228 percent, in contractual services, and an increase in other costs of \$262.9 million, or 213 percent.

The LFC recommendation partially supports the agency’s request for general fund revenue, holding the budgets in most expenditure categories close to FY25 levels but increasing general fund appropriations for audit and accounting services and health insurance premium increases. The recommendation grows the agency’s general fund appropriation by \$122 thousand, or 3 percent, over FY25 and supports the agency’s request for increases in other revenue and federal revenue. While the agency’s overall budget grows 200.7 percent in the LFC recommendation, it is primarily due to the requested \$230 million increase in federal funding in the Homeland Security and Emergency Management Program and the requested \$48.7 million increase in other revenues in the State Fire Marshal’s Office (SFMO). To address longstanding audit issues, the agency also adjusted its accounting practices to better reflect federal and other revenues, shifting from mid-year adjustments to budgeting these revenues in the base budget.

Budget Issues

The Department of Homeland Security and Emergency Management (DHSEM) requested an overall budget increase of \$280.7 million, including an increase of \$1.6 million from the general fund and an expansion of 5 new FTE. The LFC recommendation largely supports the request for other revenue sources and federal revenues but grows general fund appropriations by 3 percent, or \$122 thousand.

Homeland Security and Emergency Management. The Homeland Security and Emergency Management Program is the only program within DHSEM regularly supported by general fund revenue. The agency requested an additional \$220.1 thousand in expansions to add 5 new FTE. The program made several significant adjustments on the category level, including increasing its personnel budget by \$11.9 million, or 169.5 percent, while growing the contractual services category by \$5.6 million and other costs by \$214.4 thousand. The anticipated increase in federal funding is primarily due to a change in how the agency plans to budget federal funding received for disaster management. Under current budgeting practices, the agency is largely unable to take advantage of federal funding available to it for disaster recovery and mitigation due to a lack of budget authority. The agency budget request attempts to rectify this by budgeting federal funding in the base budget rather than using the budget adjustment process to bring the revenues in mid-year.

The FY22 and FY23 audits of New Mexico's Department of Homeland Security and Emergency Management (DHSEM) highlighted several persistent financial weaknesses and internal control issues. The FY22 audit outlined recurring weaknesses across DHSEM's financial management and grant administration. DHSEM struggled with timely requests for federal grant reimbursements, leading to a deficit in its federal grants fund, which increased from a \$7.1 million deficit in FY21 to an \$11.2 million deficit in FY22. Many of these outstanding amounts were not promptly requested for reimbursement, and some deficits could not be clearly explained. The FY22 audit reported material weaknesses in DHSEM's ability to prepare accurate financial reports, including delayed or incomplete financial adjustments. This impacted the accuracy and timeliness of DHSEM's schedule of expenditures of federal awards (SEFA). DHSEM's high staff turnover was a recurring challenge, impacting internal controls, especially over federal grant compliance and financial reconciliations.

The agency's FY23 audit indicated DHSEM addressed some of the prior year's deficiencies, but critical issues remained. DHSEM made some headway in reducing the federal grants fund deficit, decreasing it from \$11.2 million to \$8.6 million. However, a material weakness persists over the accuracy of accounts receivable/payable and related balances. DHSEM implemented new SEFA preparation processes and monthly reviews to enhance accuracy. Despite these improvements, the audit noted significant issues remain in closing and reporting timely financial statements. DHSEM continued to miss timely federal drawdowns and faced issues with reimbursement delays. This was noted as a significant deficiency, reflecting the ongoing challenge in managing federal grants efficiently. While DHSEM made incremental improvements in FY23, particularly in reducing the federal grants fund deficit and enhancing SEFA preparation, fundamental weaknesses in grant management and financial reporting remain. Without more robust internal controls and consistent staffing, DHSEM is likely to encounter continued audit issues in future years. For this reason, the LFC recommendation increases contractual services funding for audit and compliance contracts by \$70 thousand to help improve agency financial controls and accountability. Also, the committee recommendation includes \$52 thousand in the personnel category to cover the projected health insurance premium increases in FY26.

State Fire Marshal's Office. One of the primary functions of the State Fire Marshal's Office (SFMO) is to provide support to local fire departments by distributing awards from the fire protection grant fund (FPGF), which distributes revenue received from the fire protection fund (FPF) to local agencies for training, equipment, and facilities. The FPF is funded by a 3 percent premium tax on auto and fire insurance. The fire protection fund statute (Article 53, NMSA 1978) outlines a process for projecting and distributing revenues from the fund primarily to local fire departments, with specific end-of-year protocols for any surplus funds. Each fiscal year, the State Fire Marshal distributes appropriated funds based on projected needs, covering operations and capital for eligible fire departments. According to the statute, any remaining balance in the fund as of June 30 must transfer to the general fund, underscoring legislative intent to revert unexpected or surplus revenues back to the state.

DHSEM may have contravened this statute. DHSEM attempted to retain and use surplus fire protection fund revenues by increasing projections and directing additional funds to the fire protection grant fund, a purpose not explicitly permitted by the law. In each of the last three fiscal years, DHSEM has submitted budget adjustment requests (BARs) late in the fiscal year to move additional FPF revenue, above what was projected, to the nonreverting FPGF, circumventing reversion to the general fund. LFC objected to these BARs, which added \$30 million, \$10 million, and \$12.2 million in FY22, FY23, and FY24, respectively, citing a pattern of adjustments that contradict statute. Such requests warrant legislative oversight to address potential statewide funding impacts. The statute's language does not authorize reallocating surplus funds to the grant fund post-projection; instead, per 2021 amendments to the statute governing the fire protection fund, any unprojected surpluses in the FPF at the end of each fiscal year are supposed to revert to the general fund, reflecting the Legislature's intent to have unexpected excess revenue to return to state coffers.

Expanded FPGF resources have enabled SFMO to provide local fire departments with \$33.8 million in FY24, funding equipment, apparatus, facility upgrades, and volunteer recruitment programs. Of this, \$17.5 million was allocated to fire apparatus purchases for 58 departments, while \$3.6 million funded self-contained breathing apparatuses for 24 departments, and \$3.5 million went toward facility improvements for 15 departments. The grants supported fire protection needs in 32 of 33 New Mexico counties.

The agency requested a \$48.7 million, or 40 percent, increase in other revenues for FY26, reflecting an attempt to budget funds from premium taxes in a manner consistent with more accurate projections from the beginning of the fiscal year rather than waiting until the end of the fiscal year to revise projections. The LFC recommendation supports this request and the corresponding increases in personnel and other cost categories.

Base Expansion

The agency’s request included five additional positions in the Homeland Security and Emergency Management (HSEM) program to support a dedicated team of financial staff working on disaster transactions. Ostensibly, this would improve agency financial controls and the timeliness and accuracy of reconciliations. However, the agency failed to provide the standard requested information relating to budget expansions, and therefore, the LFC recommendation does not support the request. In the agency’s FY25 budget, the committee recommendation supported all but one of the requested expansions for similar purposes, and the agency is still working to fill those positions. As of September 1, 2024, the agency had a funded vacancy rate of 19 percent.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	FTE Expansion (Disaster Unit)	P759	440.2	0.0
TOTAL			\$440.2	\$0.0

STATE FIRE MARSHAL'S OFFICE

The purpose of the state fire marshal’s office program is to provide services and resources to the appropriate entities to enhance their ability to protect the public from fire hazards.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	133,100.0	108,630.4	157,329.5	157,329.5	44.8
Fund Balance	10,000.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$143,100.0	\$108,630.4	\$157,329.5	\$157,329.5	44.8
USES					
Personal Services and Employee Benefits	4,227.1	6,180.2	6,390.9	6,390.9	3.4
Contractual services	269.3	705.1	705.1	705.1	0.0
Other	114,126.8	101,745.1	150,233.5	150,233.5	47.7
TOTAL USES	\$118,623.2	\$108,630.4	\$157,329.5	\$157,329.5	44.8
FTE					
Permanent	53.0	57.0	57.0	57.0	0.0
TOTAL FTE	53.0	57.0	57.0	57.0	0.0

Recommended Language

The other state funds appropriations to the state fire marshal’s office program of the department of homeland security and emergency management department include ten million two hundred ninety-one thousand four hundred dollars (\$10,291,400) from the fire protection fund. Any unexpended balance in the state fire marshal’s office program of the department of homeland security and emergency management department remaining at the end of fiscal year 2026 from appropriations made from the fire protection fund shall revert to the general fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Quality	Pass rate for state certification exams administered by the firefighter training academy bureau	76%	79%	84%	84%	84%
Output	Number of training contact hours delivered by the state fire marshal's office and firefighter training academy bureau	119,761.0	132,286.0	130,000.0	130,000.0	130,000.0
Output	Number of inspections of temporary fireworks sales locations completed	375.0	386.0	400.0	400.0	400.0
Quality	Percent compliance with national fire incident reporting system	94%	95%	95%	95%	95%
Output	Percent of fire departments inspected by the fire service support bureau	25%	80%	75%	75%	75%
Output	Number of fire investigations completed	162.0	164.0	212.0	212.0	212.0
* Outcome	Percent of local government recipients that receive their fire protection fund distributions on schedule	100%	100%	100%	100%	100%
Output	Number of inspections completed by the code enforcement bureau	2,435.0	3,651.0	1,000.0	100.0	3,000.0
Output	Percent of fire departments audited	100%	100%	100%	100%	100%
Outcome	Percent of state-owned and -leased buildings inspected	76%	70%	85%	85%	85%
* Outcome	Average statewide fire district insurance service office rating	5.0	5.0	4.0	4.0	5.0

HOMELAND SECURITY AND EMERGENCY MANAGEMENT DEPARTMENT PROGRAM

The purpose of the homeland security and emergency management program is to provide for and coordinate an integrated, statewide, comprehensive emergency management system for New Mexicans, including all agencies, branches and levels of government.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,444.9	4,009.9	5,638.2	4,131.9	3.0
Other Transfers	137.3	0.0	0.0	0.0	0.0
Federal Revenues	16,734.8	26,256.0	256,584.8	256,364.7	876.4
Other Revenues	59.2	55.0	55.0	55.0	0.0
TOTAL SOURCES	\$20,376.2	\$30,320.9	\$262,278.0	\$260,551.6	759.3
USES					
Personal Services and Employee Benefits	5,681.7	7,032.1	18,951.6	18,172.8	158.4
Contractual services	4,563.0	1,762.9	7,389.6	7,389.6	319.2
Other	9,914.3	21,525.9	235,936.8	234,989.2	991.7
TOTAL USES	\$20,159.0	\$30,320.9	\$262,278.0	\$260,551.6	759.3
FTE					
Permanent	47.0	30.0	33.0	30.0	0.0
Term	35.0	51.0	53.0	51.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	83.0	82.0	87.0	82.0	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Average number of days from receipt of invoice to receipt of funds by subrecipient	93.0	30.0	30.0	30.0	30.0
Outcome	Number of performance progress reports submitted in the biannual strategy implementation report system for open emergency management performance, state homeland security and nonprofit security grants	10.0	10.0	10.0	10.0	10.0
Outcome	Number of performance progress reports submitted in the calendar year for each open emergency management performance grant	6.0	14.0	6.0	6.0	6.0
Outcome	Number of performance progress reports submitted in the calendar year for open state homeland security, nonprofit security, operation stonegarden and emergency operations center grants	18.0	13.0	20.0	20.0	20.0
Outcome	Number of subrecipient monitoring visits conducted within the calendar year	24.0	19.0	30.0	30.0	30.0
Explanatory	Number of information and intelligence reports distributed from fusion center to nongovernment entities	145.0	130.0	N/A	N/A	N/A
Output	Number of critical infrastructure systems evaluated	16.0	0.0	10.0	10.0	10.0
Outcome	Percent of federal emergency management agency hazard mitigation plans approved	20.00%	100.00%	75.00%	75.00%	75.00%
Outcome	Percent of local jurisdictions' emergency communications data submitted and entered into the integrated public alerting and warning system	80.00%	75.00%	100.00%	100.00%	100.00%
Explanatory	Number of projects tied to governor's executive orders allocating emergency funding that are fully expended or reverted	5.0	11.0	N/A	N/A	N/A
Output	Number of training courses delivered for identified needs of local and state entities	102.0	97.0	70.0	70.0	70.0
Outcome	Percent of monthly emergency operations center readiness tests passed	100%	100%	100%	100%	100%
Explanatory	Number of information and intelligence reports distributed from fusion center to federal partners	145.0	1,614.0	N/A	N/A	N/A
* Outcome	Number of recommendations from federal grant monitoring visits older than six months unresolved at the close of the fiscal year	5.0	1.0	2.0	2.0	2.0
Outcome	Percent of emergency equipment able to be deployed	80%	89%	92%	92%	92%
Output	Number of homeland security exercise and evaluation program compliant exercises delivered or coordinated by the agency	10.0	10.0	10.0	10.0	10.0
Explanatory	Number of information and intelligence reports distributed from fusion center to state, local and tribal partners	145.0	1,614.0	N/A	N/A	N/A
Explanatory	Amount of unspent funds tied to governor's executive orders allocating emergency funding issued more than four years ago	\$3,184,000	\$23,302,881	N/A	N/A	N/A
Outcome	Percent of prior year audit findings resolved	50%	80%	87%	87%	87%

Transportation

Statutory Authority

Sections 67-1-1 through 67-16-14 NMSA 1978 codify laws pertaining to the Department of Transportation (NMDOT), the State Transportation Commission, and highways and transportation in general. Article V, Section 14, of the Constitution of New Mexico establishes the State Transportation Commission. Each of the six governor-appointed commissioners represents a highway district. The department is administered in accordance with the policies established by the commission and all applicable federal and state laws and regulations.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	17,500.0	9,800.0	10,800.0	10,800.0	10.2
Federal Revenues	531,885.3	558,360.4	579,407.8	579,407.8	3.8
Other Revenues	594,121.6	652,992.0	660,444.0	660,444.0	1.1
Fund Balance	71,141.3	60,634.6	644.5	53,644.5	(11.5)
TOTAL SOURCES	\$1,214,648.2	\$1,281,787.0	\$1,251,296.3	\$1,304,296.3	1.8
USES					
Personal Services and Employee Benefits	213,618.5	221,981.5	222,397.5	232,316.7	4.7
Contractual services	566,452.1	678,050.9	668,915.8	690,101.8	1.8
Other	352,116.1	381,754.6	359,983.0	381,877.8	0.0
TOTAL USES	\$1,132,186.7	\$1,281,787.0	\$1,251,296.3	\$1,304,296.3	1.8
FTE					
Permanent	2,588.0	2,562.0	2,562.0	2,562.0	0.0
Term	41.0	53.5	53.5	53.5	0.0
Temporary	43.0	0.0	0.0	0.0	0.0
TOTAL FTE	2,672.0	2,615.5	2,615.5	2,615.5	0.0

At A Glance

NMDOT requested \$1.251 billion in other state and federal fund for FY26, a decrease of \$30.5 million, or 2.4 percent, from FY25; however, the request does not include uncommitted balances in the state road fund, which are typically added to NMDOT’s operating budget during the legislative session. For state revenues, the agency requested an increase of 1 percent for the Project Design and Construction, which manages construction projects, 1.3 percent for Highway Operations, which is responsible for road maintenance across six transportation districts, and 2.2 percent for Program Support. The agency requested a decrease of 0.2 percent for the Modal Program, which manages traffic safety, transit, ports of entry, and transportation regulation. Notably, the agency requested an increase of only \$416 thousand, or 0.2 percent, for personnel costs, despite rising headcounts and salary and overtime costs.

The LFC recommendation of \$1.304 billion includes federal and state revenues based on July 2024 estimates from the department, reviewed by the consensus revenue estimating group, as well as \$53 million in uncommitted state road fund balances. The recommendation includes \$232.3 million for personnel costs, an increase of \$10.3 million, or 4.7 percent, from FY25. To allow for this increase, the LFC recommendation limited growth in administrative expenditures and reallocated funds from the Modal Program, which showed significant surpluses, to the Highway Operations Program, which has a majority of NMDOT’s payroll. The LFC’s recommendation for the use of uncommitted fund balance includes \$25 million for Project Design and Construction to support project development and \$28 million for the Highway Operations Program to support road maintenance projects, equipment purchases, and capital improvements to patrol yards statewide.

Budget Issues

NMDOT is responsible for construction and maintenance activities on the 28 thousand lane-mile state road network, which includes state and national highway systems. To perform these functions, NMDOT relies on revenue generated by the state road fund and federal revenues. State road fund dollars are primarily used for highway maintenance and agency operations, while most construction and debt service payments are from federal awards. Additionally, the department receives tax revenue earmarked for highway and driver safety, local government transit and road projects, and aviation projects.

State Road Fund. NMDOT forecasts state road fund revenue every January and July, budgeting projected revenue in the request. For FY26, NMDOT expects total road fund revenue of \$556.5 million, up \$6.4 million, or 1.2 percent, from budgeted FY25 levels. However, the bulk of the increase is expected to come from extraordinary income, such as interest on balances held in the state road fund, which accounts for nearly half of the projected growth. NMDOT's economists expect revenue from taxes and fees collected by the department to rise by only \$1.2 million, or 0.2 percent, for FY26. The largest source of revenue to the road fund are fuel taxes, generating an estimated \$245.9 million in FY25, down 1.5 percent from the amount estimated in the FY25 budget. However, this decrease is offset by a projected increase heavy commercial vehicles and vehicle registration fees. NMDOT projects 44 percent of total revenue from fuel taxes, 23 percent from fees on commercial trucking, and 29 percent from taxes on vehicle sales and registration fees.

The gasoline tax was once the single largest road fund revenue source and is now the second largest is projected at \$112.5 million, down from \$114.7 million in current year budget estimates. The 17 cent per gallon tax has not been changed since 1995 and grew only 3 percent between FY14 and FY24 while the road fund grew 43 percent. The slow revenue growth is attributable to increased vehicle fuel efficiency and adoption of hybrid and electric vehicles. NMDOT's economists expect gasoline tax revenue to continue to fall over the long term as this trend continues. The Environmental Improvement Board has adopted vehicle emission standards requiring 43 percent of new passenger vehicle sales to be zero-emission vehicles by 2026, rising to 82 percent by 2032. With increasing fuel efficiency impacting road funding across the country, some states have begun charging additional vehicle registration fees on electric and hybrid vehicles to account for lower gasoline tax collections, typically used to fund road maintenance.

Federal Revenue. For FY26, the department requested \$579.4 million in federal revenue, an increase of \$21 million, or 3.8 percent from FY25. This includes \$10.3 million, or 2 percent, for the Project Design and Construction Program and \$10.7 million, or 41 percent, for the federal mass transit fund of the Modal Program. Transit funds flow through the department to local transit operators. In the past, NMDOT's operating budgets have underestimated federal transit funding, and the department has needed to submit budget adjustment requests to distribute these revenues. Six requests totaling \$11.4 million were approved in FY24; increased budget authority could reduce the need for adjustments in the future. For road projects, use of federal funds requires a state match of between 8 percent and 20 percent, and state road fund is used to provide these matching funds.

In addition to federal formula allocations, the department occasionally receives competitive grant awards from the U.S. Department of Transportation. The department typically requests budget adjustment authority to allow for the budgeting of these funds, including the required match from the state road fund. For FY26, NMDOT requested \$85 million in adjustment authority, consistent with the level authorized for FY25.

The LFC recommendation supports the department's request for federal funds.

Local Road Funding. NMDOT provides funding for local road projects through the local government road fund and the transportation project fund. The local government road fund receives revenue from fuel taxes, leased vehicle gross receipts, and fees. For FY26, the department requested \$27.9 million from the local government road fund, a decrease of \$510 thousand. NMDOT is projecting reductions in fuel taxes and leased vehicle gross receipts of \$790 thousand, partially offset by a projected increase in interest income due to fund balance. August 2024 cash balances totaled \$46 million, with the department projecting uncommitted balances at \$25 million. Fund balances have been growing steadily; in October 2020, the fund held \$35 million, with only \$14 million uncommitted. Awards from the local government road fund follow a complex statutory formula, limiting the flexibility of these funds.

The transportation project fund receives revenue from the motor vehicle excise tax, which the department estimates at \$53 million for FY26, an increase of \$430 thousand. Projects are selected for funding based on recommendations put forward by municipal and regional planning organizations and tend to be more flexible than awards from the local government road fund. While the fund has a large cash balance—about \$75 million—essentially all those funds are committed to projects.

Fund Balance. The total amount of fund balance available is determined during the January revenue forecasting process. During the legislative session, the House Transportation Committee follows a consensus process to budget available fund balances to meet the priorities of NMDOT, the Legislature, and the executive. At time of budget submission, NMDOT projected unbudgeted fund state road fund balances totaled \$53.8 million. The agency typically does not request road fund balances at the time of budget submission, preferring to determine amounts during the legislative session.

For FY26, the Legislature appropriated \$59.8 million from state road fund balances, and an additional \$818 thousand from restricted fund balances. The department requested \$644 thousand in fund balance from the highway infrastructure fund to support debt service payments. The LFC recommendation supports the department's request from the highway infrastructure fund and includes an additional \$53 million from the state road fund for other purposes. This includes \$25 million for the Project Design and Construction Program to support additional projects. For Highway Operations, the LFC recommendation includes \$28 million in fund balance, with \$5 million for contract maintenance projects, \$15.5 million for supplies to support NMDOT-led maintenance projects, \$1 million to purchase new equipment for transportation districts, and \$6.5 million for improvements to patrol yards statewide. On a revenue basis, NMDOT requested an increase of \$8.5 million, or 1.3 percent, from state revenues, and \$21 million from federal revenues, or 3.8 percent. NMDOT projects uncommitted fund balance of \$53.8 million at the time of budget submission.

Personnel Spending. For several years the department had large surpluses in the personal services and employee benefits category, but increases in both headcount and salary have eliminated these surpluses and required the department to submit budget adjustments to make payroll. For FY25, the department increased the personnel category by \$5 million in the highway operations program, home to nearly two-thirds of personnel costs. Costs rose from \$190 million in FY23 to \$213 million in FY24. Analysis of year-to-date spending suggests the department may need to submit further adjustments to make payroll in FY25, with year-to-date spending tracking 6.4 percent above FY24 amounts for the same period. The agency's budget for personnel is 3.9 percent higher than FY24.

Costs have risen due to both rising headcount and larger salaries. State personnel records show the department had 113 more employees in November 2024 than it did at the start of FY24. Including overtime and benefits, total costs per employee for NMDOT are around \$100 thousand, so 113 additional employees adds about \$11.3 million in personnel costs. Additionally, the average salary for employees rose from \$61.7 thousand to \$66.4 thousand, an increase of 7.6 percent. NMDOT's budget included 3 percent for compensation.

For FY26, the agency requested \$222.4 million for personnel; however, LFC analysis suggests this may be too little to cover needed expenses in FY26. The LFC recommendation includes \$232.5 million for personnel costs, with an \$8.2 million increase for Highway Operations, a \$2.4 million increase for Project Design and Construction, and a \$940 thousand increase for Program Support. For the Modal Program, currently showing a large surplus, LFC recommends a \$1.2 million reduction to reallocate funds to Highway Operations.

Road Construction and Maintenance Projects. Road construction projects are funded through the department's Project Design and Construction Program, which accounts for \$793 million of the department's \$1.25 billion request. Of that, the department requested \$641 million for contracts or grants to complete projects, \$110.8 million for debt service payments, \$33.6 million for personnel to support project development, and \$7.9 million for other expenses. For project costs in the contractual services category, NMDOT requested a \$9.9 million, or 1.8 percent, reduction from the FY25 operating budget, largely due to the elimination of \$29.4 million in fund balance appropriated for FY25. The LFC recommendation includes \$664.7 million for projects and grants, an increase of \$9.3 million, or 1.4 percent, from the FY25 operating budget. Additionally, the LFC recommendation includes an increase of \$2.4 million in the program for department personnel, which the agency's request held flat. For other expenses in Project Design and Construction, the agency requested \$7.9 million and the LFC recommends \$7.1 million to prioritize available revenue to projects and meet payroll expenses.

Maintenance projects, including snow removal and other routine tasks, are housed within the department's Highway Operations Program. About half of the agency's request for the program—\$140.2 million of the \$300 million request—is for agency personnel, with an additional \$64 million for contract maintenance projects, \$43.9 million for supplies and transportation expense to support maintenance activities, \$15.8 million to maintain NMDOT property statewide, \$10 million for automotive purchases, and \$11.6 million for equipment purchases. The department's request of \$140.2 million for personnel costs is slightly below FY24 actual expenditures. For this reason, the LFC recommendation includes an \$8.7 million increase for personnel costs. The recommendation also includes additional funding for road maintenance projects, to purchase additional equipment, and to make capital improvements to patrol yards statewide.

Modal Program. The department requested \$106.3 million for the Modal Program, an increase of \$8.4 million, or 8.6 percent, from the FY25 operating budget. However, this request includes a \$10.7 million increase in federal transit revenues, a \$2 million reduction in state road fund revenue, a \$1 million increase in transfers from the weight distance tax identification permit fund—a fund that collects weight-distance taxes on commercial trucking—and a \$1.3 million reduction in other restricted revenue. The department requested a \$1 million increase in personnel costs, supported by the transfer revenue, while holding road fund dollars flat for personnel costs. However, projections show the Modal Program has a significant surplus for personnel costs, with at least \$4 million available in that program.

To account for shortfalls in the personal services and employee benefits category in the Highway Operations Program, the LFC recommendation reduces road fund revenue to the Modal Program by \$9.8 million to support needed personnel expense in other programs. The LFC recommendation of \$32.6 million remains \$4.9 million, or 17.5 percent, above actual expenditures in FY24.

For the Aviation Division, the agency requested a shift of \$6 million from the other category, which primarily funds grants to local airports, to the contractual services category to allow for capital improvements at state-owned airports. The LFC recommendation does not include the increase in contracts requested by the department, maintaining the current level of funding for grants to local airports.

Debt Service. The department currently has \$686 million in outstanding debt obligations, with annual debt service costs through FY30 of about \$110 million per year. Most of those payments—\$357 million over six years—are federally reimbursable. The state will have retired all debt by the end of FY31. NMDOT requested \$110.8 million in FY26 for debt service payments and the LFC recommendation supports the agency's request.

PROJECT DESIGN AND CONSTRUCTION

The purpose of the project design and construction program is to provide improvements and additions to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to highway planning, design and construction necessary for a complete system of highways in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	494,078.1	513,280.8	523,607.8	523,607.8	2.0
Other Revenues	247,391.3	266,894.2	269,460.2	269,460.2	1.0
Fund Balance	30,594.0	29,400.0	644.5	25,644.5	(12.8)
TOTAL SOURCES	\$772,063.4	\$809,575.0	\$793,712.5	\$818,712.5	1.1
USES					
Personal Services and Employee Benefits	30,680.8	33,640.3	33,640.3	36,077.6	7.2
Contractual services	490,045.7	567,878.7	558,455.7	583,455.7	2.7
Other	220,346.5	208,056.0	201,616.5	199,179.2	(4.3)
TOTAL USES	\$741,073.0	\$809,575.0	\$793,712.5	\$818,712.5	1.1
FTE					
Permanent	386.0	356.0	356.0	356.0	0.0
Term	6.0	14.0	14.0	14.0	0.0
Temporary	11.0	0.0	0.0	0.0	0.0
TOTAL FTE	403.0	370.0	370.0	370.0	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of projects in production let to bid as scheduled	98.00%	91.00%	75.00%	75.00%	75.00%
* Quality	Percent of final cost-over-bid amount, less gross receipts tax, on highway construction projects	2%	1%	3%	3%	3%
* Outcome	Percent of projects completed according to schedule	85%	74%	88%	88%	88%

HIGHWAY OPERATIONS

The highway operations program is responsible for maintaining and providing improvements to the state's highway infrastructure that serve the interest of the general public. The maintenance and improvements include those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system. Some examples include bridge maintenance and inspection, snow removal, chip sealing, erosion repair, right-of-way mowing and litter pick up, among numerous other activities.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	3,000.0	3,000.0	3,000.0	3,000.0	0.0
Other Revenues	261,812.3	293,110.5	296,964.6	304,789.9	4.0
Fund Balance	30,092.0	24,247.6	0.0	28,000.0	15.5
TOTAL SOURCES	\$294,904.3	\$320,358.1	\$299,964.6	\$335,789.9	4.8
USES					
Personal Services and Employee Benefits	140,463.9	140,173.5	140,173.5	148,346.5	5.8
Contractual services	49,586.9	69,809.2	66,709.7	72,451.1	3.8
Other	85,507.0	110,375.4	93,081.4	114,992.3	4.2
TOTAL USES	\$275,557.8	\$320,358.1	\$299,964.6	\$335,789.9	4.8
FTE					
Permanent	1,822.0	1,830.0	1,830.0	1,830.0	0.0
Term	17.0	18.7	18.7	18.7	0.0
Temporary	22.0	0.0	0.0	0.0	0.0
TOTAL FTE	1,861.0	1,848.7	1,848.7	1,848.7	0.0

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
* Output	Number of statewide pavement lane miles preserved	3,390.0	5,023.0	3,500.0	3,500.0	3,500.0
Outcome	Percent of non-interstate lane miles rated fair or better	84.00%	86.00%	80.00%	80.00%	80.00%
* Outcome	Percent of interstate lane miles rated fair or better	92%	90%	91%	91%	91%
* Outcome	Number of combined systemwide lane miles in poor condition	3,155.0	5,696.0	6,925.0	4,000.0	4,000.0
Outcome	Percent of national highway system lane miles rated fair or better	90%	86%	90%	90%	90%
Outcome	Percent of non-national highway system lane miles rated fair or better	84%	71%	80%	80%	80%
Outcome	Number of interstate miles in poor condition	331.0	422.0	300.0	300.0	300.0
Outcome	Number of non-interstate miles in poor condition	2,824.0	5,274.0	2,500.0	2,500.0	2,500.0
* Outcome	Percent of bridges in fair, or better, condition based on deck area	96%	96%	95%	95%	95%

MODAL

The purpose of the modal program is to provide federal grants management and oversight of programs with dedicated revenues, including transit and rail, traffic safety and aviation.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	17,500.0	9,800.0	10,800.0	10,800.0	10.2
Federal Revenues	34,807.1	42,079.6	52,800.0	52,800.0	25.5
Other Revenues	39,811.7	42,739.9	42,671.9	34,846.6	(18.5)
Fund Balance	1,786.3	3,280.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$93,905.1	\$97,899.5	\$106,271.9	\$98,446.6	0.6
USES					
Personal Services and Employee Benefits	10,918.0	16,576.5	17,576.5	15,362.2	(7.3)
Contractual services	24,070.4	35,834.8	40,300.3	31,028.3	(13.4)
Other	32,010.6	45,488.2	48,395.1	52,056.1	14.4
TOTAL USES	\$66,999.0	\$97,899.5	\$106,271.9	\$98,446.6	0.6
FTE					
Permanent	117.0	127.0	127.0	127.0	0.0
Term	15.0	16.0	16.0	16.0	0.0
Temporary	5.0	0.0	0.0	0.0	0.0
TOTAL FTE	137.0	143.0	143.0	143.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriation to the modal program of the New Mexico department of transportation includes ten million five hundred thousand dollars (\$10,500,000) from the weight distance tax identification permit fund.

PERFORMANCE MEASURES

		FY23	FY24	FY25	FY26	FY26
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of total regulated motor carriers inspected by staff	NEW	NEW	10%	10%	10%
Output	Number of total motor carrier inspections performed by staff	NEW	NEW	300.0	300.0	300.0
Outcome	Annual number of riders on park and ride	142,144.0	165,893.0	235,000.0	185,000.0	185,000.0
Outcome	Percent of airport runways in satisfactory or better condition	43%	47%	57%	57%	57%
Explanatory	Annual number of riders on the rail runner	544,106.0	593,671.0	N/A	N/A	N/A
* Outcome	Number of traffic fatalities	444.0	410.0	400.0	400.0	400.0
* Outcome	Number of alcohol-related traffic fatalities	119.0	88.0	140.0	140.0	140.0
Outcome	Number of traffic fatalities unrelated to alcohol	325.0	322.0	250.0	250.0	250.0
Outcome	Number of occupants not wearing seatbelts in motor vehicle fatalities	174.0	162.0	140.0	140.0	140.0
Outcome	Number of pedestrian fatalities	93.0	102.0	95.0	95.0	95.0

PROGRAM SUPPORT

The purpose of program support is to provide management and administration of financial and human resources, custody and maintenance of information and property and the management of construction and maintenance projects.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	45,106.2	50,247.4	51,347.3	51,347.3	2.2
Fund Balance	8,669.0	3,707.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$53,775.2	\$53,954.4	\$51,347.3	\$51,347.3	(4.8)
USES					
Personal Services and Employee Benefits	31,555.8	31,591.2	31,007.2	32,530.4	3.0
Contractual services	2,749.1	4,528.2	3,450.1	3,166.7	(30.1)
Other	14,252.0	17,835.0	16,890.0	15,650.2	(12.3)
TOTAL USES	\$48,556.9	\$53,954.4	\$51,347.3	\$51,347.3	(4.8)
FTE					
Permanent	263.0	249.0	249.0	249.0	0.0
Term	3.0	4.8	4.8	4.8	0.0
Temporary	5.0	0.0	0.0	0.0	0.0
TOTAL FTE	271.0	253.8	253.8	253.8	0.0

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Quality	Number of external audit findings	1.0	1.0	5.0	5.0	5.0
Efficiency	Percent of invoices paid within thirty days	92%	91%	90%	90%	90%
* Explanatory	Vacancy rate of all programs	20.00%	15.11%	N/A	N/A	N/A
Output	Number of employee injuries	31.0	58.0	75.0	75.0	75.0
Output	Number of employee injuries occurring in work zones	4.0	7.0	25.0	25.0	25.0

Other Education

Statutory Authority

Article XII, Section 6, of the New Mexico Constitution creates a cabinet department headed by a secretary of public education and creates an elected, advisory Public Education Commission. The secretary of public education is appointed by the governor and confirmed by the Senate. The secretary of public education has administrative and regulatory powers and duties, including all functions relating to the distribution of school funds and financial accounting for public schools.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	22,589.0	24,521.6	27,521.6	25,323.6	3.3
Other Transfers	1,014.4	245.0	91.8	91.8	(62.5)
Federal Revenues	51,785.3	33,954.0	33,954.0	34,563.5	1.8
Other Revenues	7,983.0	7,245.3	7,245.3	7,975.8	10.1
TOTAL SOURCES	\$83,371.7	\$65,965.9	\$68,812.7	\$67,954.7	3.0
USES					
Personal Services and Employee Benefits	31,240.2	34,371.6	37,060.4	36,783.3	7.0
Contractual services	41,127.3	25,750.0	25,096.8	25,096.8	(2.5)
Other	3,993.2	5,844.3	6,655.5	6,074.6	3.9
TOTAL USES	\$76,360.7	\$65,965.9	\$68,812.7	\$67,954.7	3.0
FTE					
Permanent	179.4	195.0	210.0	200.0	2.6
Term	43.6	160.0	160.0	160.0	0.0
TOTAL FTE	223.0	355.0	370.0	360.0	1.4

At A Glance

The Public Education Department (PED) requested \$68.8 million for FY26, a \$2.8 million, or 4.3 percent, increase from the FY25 operating budget. This request included a \$3 million, or 12.2 percent, increase in general fund appropriations for salaries, rent, and an expansion of 15 FTE for the Office of Special Education (SEO). LFC recommends \$68 million, a \$2 million, or 3 percent, increase over the prior year for rent and the expansion of 5 FTE. LFC's recommendation grows general fund appropriations by \$802 thousand, or 3.3 percent, budgets an additional \$730.5 thousand in state charter school set-aside funding for operations, and budgets an additional \$609.5 thousand in federal special education funds to support a 5 FTE expansion for SEO.

Budget Issues

For FY26, PED requested \$68.8 million, a \$2.8 million, or 4.3 percent, increase from the FY25 operating budget. The proposal was entirely a request to expand general fund appropriations to \$27.5 million, a \$3 million, or 12.2 percent, increase and further included the addition of 15 new FTE for SEO. The expansion was composed of 5 FTE for fiscal support and monitoring, 3 FTE for monitoring and compliance, 3 FTE for programming and technical support, 2 FTE for grant initiatives and evaluation, 1 FTE for data analysis, and 1 FTE for policy analysis. The expansion request comes alongside a \$4 million request for special education initiatives, which will require additional capacity for program oversight and grant administration.

Much of PED's staffing need stems from significant growth in state and federal funding as more staff are dedicated to overseeing new programs and activities. With federal pandemic aid expiring, the department anticipates nearly \$16.8 million in federal operating funds spent in FY24 will no longer be available by FY26. Despite this loss in federal revenues, PED still has nearly \$10 million in total federal operating grant revenue from existing awards that are not being budgeted, including \$3.1 million from available federal special education dollars under Subpart B of the Individuals with Disabilities Education Act (IDEA-B) award. Of the IDEA-B federal funds, PED can set aside about \$2 million for administrative overhead and \$845 thousand for complaint mediation. The remaining \$10 million must be used for state-directed activities. The committee recommends the use of \$609.5 thousand in federal IDEA-B funding to cover costs of 5 FTE in SEO focused on fiscal support, monitoring, compliance, and complaint mediation.

Alongside increased appropriations, the department has substantially grown staffing levels from 212 FTE in FY20 to over 300 FTE in FY25. While the department has reduced vacancies to 50 FTE, over 93 FTE within the agency are paid out of federal grant awards spread across four fiscal years. The agency's consistent practice of carrying over prior federal grant awards for current year operating costs, particularly after the expiration of large federal relief funds, is creating mounting pressure to backfill positions that are not fully funded with recurring revenue sources. At an unfunded vacancy rate of 15.4 percent, PED cannot sustainably increase its capacity. Rather than adding new staff, the department needs to fill or repurpose vacant positions. As of October 2024, agency vacancies totaled 50 FTE, distributed relatively equally across multiple divisions.

For FY26, LFC recommends an operating budget of \$68 million, a \$2 million, or 3 percent, increase from FY25 funding levels. The general fund recommendation is \$25.3 million, an \$802 thousand, or 3.3 percent, increase from the prior year. The LFC recommendation authorizes 360 FTE, partially supporting the agency's request to add 5 FTE for SEO using \$609.5 thousand from federal IDEA-B dollars. The recommendation leverages \$730.5 thousand in other state funds to support personnel, given growth in the state charter set-aside from the state equalization guarantee (SEG) distribution, and increases other costs by \$230.3 thousand to account for increased lease costs from Albuquerque and Las Cruces satellite offices.

Federal Relief Funds. The majority of PED's contractual and other category budgets are covered by federal funds, typically from recurring grant programs related to special education or state assessments. In response to the Covid-19 pandemic, Congress appropriated \$152.4 million to PED for education-related emergencies and \$7.6 million to administer federal elementary and secondary school relief (ESSER) funds. In recent years, PED has not fully budgeted available federal dollars for operations, with actual federal revenues reaching \$33.9 million in FY22, \$36.3 million in FY23, and \$51.8 million in FY24. The department's FY26 request for federal funds is flat with the FY25 budgeted level of \$34 million.

In FY24, the U.S. Department of Education (USDE) finalized a consolidated performance review of PED, finding the department only met 15 out of 83 requirements for oversight and administration of large federal education grant programs, including its federal entitlement programs and ESSER pandemic aid funds. USDE made eight recommended improvements and outlined 60 corrective actions for the department, including basic monitoring practices, establishing internal controls, and reviewing formulas and awards for accuracy.

Operations. The influx of federal aid, expansion of state initiatives, and high turnover in leadership have slowed PED operations. The department has delayed reporting on school accountability measures and fallen behind on other key functions, such as processing reimbursements. (See "Performance: Public Education Department," Volume I.) Coupled with new initiatives and reinstatement of federal and state accountability requirements, PED must quickly improve data collection and fiscal management capabilities to execute basic operating procedures.

Approximately \$19.9 million of PED's \$199.5 million nonrecurring appropriation request was focused on IT systems for the department. Given significant delays in data collection, validation, and reporting, the department needs substantial upgrades in system functionality, security, and operational processes. PED's main data system, the Student and Teacher Accountability Reporting System (STARS), is 16 years old and cannot meet increased needs for streamlined and connected data points. While STARS recently received an upgrade through Nova, a validation engine, the initial rollout caused widespread delays and data quality issues. Nova has begun to reduce data collection timelines; however, it is unclear whether the upgrade will alleviate reporting burdens on schools and the department. System modernization efforts have inched along in recent years due to turnover in the agency but remain a foundational component of PED's oversight functions.

Charter Schools. PED withholds 2 percent of each state-chartered charter school's state equalization guarantee (SEG) distribution, the amount the school receives through the funding formula, to provide administrative services and support. For FY25, PED projects \$6 million of SEG will be withheld to support charter schools but has only budgeted \$5 million in other state funds to support the charter schools division and Public Education Commission (PEC), which oversees state-authorized charter schools. As the unit value and enrollment in charter schools increase, the authorized withholding amount will subsequently increase. PED's FY26 request kept the budgeted amount of charter school withholding revenue in the operating budget flat at \$5 million, while the committee recommendation increases this other revenue to \$5.7 million.

Since FY10, annual audits have noted issues between PED and PEC-authorized charter schools regarding fiscal management, financial internal controls, and oversight. The FY23 audit for PED, state-authorized charter schools, and the Division of Vocational Rehabilitation contained 158 findings—40 more findings than in the FY22 audit. Most findings were reported in state-authorized charter schools, while PED's findings centered around material weaknesses in reconciliations, financial close, and reporting. Auditors noted misstatements of financial statements were largely due to a lack of management oversight, lack of communication between divisions, and lack of effective internal controls. Two charter schools received disclaimers of opinion, due to the auditors' inability to reconcile financial statements.

Base Expansion

PED's FY26 request included the expansion of 15 FTE for the Office of Special Education. The committee recommendation includes the expansion of 5 FTE for the Office of Special Education using federal funds related to Sections 611 and 619 of Subpart B of the Individuals with Disabilities Education Act.

BASE EXPANSION LISTING
FY 2025-2026

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Office of Special Education Expansion Request	P527	2,000.0	1,181.2
TOTAL			\$2,000.0	\$1,181.2

PUBLIC EDUCATION DEPARTMENT

The purpose of the public education department program is to provide a public education to all students. The secretary of public education is responsible to the governor for the operation of the department. It is the secretary’s duty to manage all operations of the department and to administer and enforce the laws with which the secretary of the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication and fiscal responsibility.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Number of local education agencies and charter schools with annual funding formula and program compliance audit findings	Discontinued	\$0.0	Discontinued	Discontinued	Discontinued
Outcome	Number of students with a high-speed internet connection	185,834.0	247,242.0	300,000.0	309,000.0	300,000.0
Outcome	Number of students with access to a digital device	264,461.0	278,054.0	300,000.0	309,000.0	300,000.0
Outcome	Percent of elementary teachers who have completed the science of reading training	NEW	91.4%	NEW	NEW	NEW
Outcome	Percent of students with a high-speed internet connection	60.0%	79.8%	100.0%	100.0%	100.0%
Outcome	Percent of students with a high-speed internet connection	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of students with access to a digital device	84.0%	89.7%	100.0%	100.0%	100.0%
Outcome	Percent of students with access to a digital device	N/A	N/A	N/A	N/A	N/A
Outcome	Average processing time for school district budget adjustment requests processed, in days	7.2	7.8	6.0	6.0	6.0
Outcome	Average number of days to process federal reimbursements to grantees after receipt of complete and verified invoices	38.0	35.0	22.0	22.0	22.0
* Outcome	Number of local education agencies and charter schools audited for funding formula components and program compliance annually	12.0	30.0	30.0	30.0	30.0
Outcome	Percent of public education special funds appropriated through section four of the General Appropriation Act that revert annually	16.00%	2.43%	1.00%	1.00%	1.00%
Outcome	Percent of public education special funds appropriated through section four of the General Appropriation Act to the public education department for the current fiscal year awarded by September 30 annually	95.56%	53.71%	95.00%	95.00%	95.00%

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Percent of teachers passing all strands of professional dossiers on the first submittal	68.00%	67.87%	N/A	N/A	N/A
Explanatory	Percent of eligible children served in state-funded prekindergarten	88.00%	59.22%	N/A	N/A	N/A
* Explanatory	Number of eligible children served in state-funded prekindergarten	6,622.0	12,777.0	N/A	N/A	N/A
Explanatory	Number of eligible children served in K-5 plus	4,345.0	Discontinued	N/A	N/A	N/A
Explanatory	Percent of students in K-5 plus meeting benchmark on early reading skills	31%	Discontinued	N/A	N/A	N/A

Statutory Authority

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of regional education cooperatives (REC) among local school boards or other state-supported educational institutions to provide education-related services. These services have grown to include technical assistance, staff development, cooperative purchasing, fiscal management, and the administration of federal programs, among others. The Public Education Department (PED) can approve the existence and operation of RECs, classified as individual state agencies administratively attached to PED and exempt from the provisions of the State Personnel Act. Each REC has a governing regional education coordinating council composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative. At present, PED has authorized 10 RECs statewide linking 68 districts school districts.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	1,350.0	1,350.0	1,500.0	11.1
Other Transfers	0.0	215.5	0.0	0.0	(100.0)
Federal Revenues	0.0	111,394.8	0.0	0.0	(100.0)
Other Revenues	0.0	108,158.6	0.0	0.0	(100.0)
TOTAL SOURCES	\$0.0	\$221,118.9	\$1,350.0	\$1,500.0	(99.3)
USES					
Northwest	0.0	111,011.3	135.0	150.0	(99.9)
Northeast	0.0	1,208.3	135.0	150.0	(87.6)
Lea county	0.0	10,250.0	135.0	150.0	(98.5)
Pecos valley	0.0	3,110.0	135.0	150.0	(95.2)
Southwest	0.0	26,523.0	135.0	150.0	(99.4)
Central	0.0	12,433.9	135.0	150.0	(98.8)
High plains	0.0	10,443.2	135.0	150.0	(98.6)
Clovis	0.0	3,635.0	135.0	150.0	(95.9)
Ruidoso	0.0	40,444.2	135.0	150.0	(99.6)
Four corners	0.0	2,060.0	135.0	150.0	(92.7)
TOTAL USES	\$0.0	\$221,118.9	\$1,350.0	\$1,500.0	(99.3)

At A Glance

RECs generate most of their revenue from federal grants and state-directed reimbursements and receive a general fund appropriation to alleviate cash flow issues. For FY26, PED requested \$1.35 million in general fund appropriations for RECs, flat with FY25 funding levels. The RECs requested \$5 million, nearly quadruple the current funding level. The committee recommendation is \$1.5 million, a \$150 thousand, or 11 percent, increase from FY25 funding levels.

Statutory Authority

The Public School Facilities Authority (PSFA) was created in 2003 to staff the Public School Capital Outlay Council (PSCOC) pursuant to the Public School Capital Outlay Act, Section 22-24-9 NMSA 1978. Under the direction of PSCOC, PSFA is responsible for providing support and oversight in administering construction grants, deficiency corrections, and statewide, standards-based programs; assisting school districts with the development and implementation of five-year master plans and preventive maintenance plans; and overseeing all state-funded public school construction. The director, versed in construction, architecture, or project management, is selected by the council.

The membership of the council consists of a representative from the Governor's Office, the secretary of the Department of Finance and Administration, the secretary of the Public Education Department, the president of the New Mexico School Boards Association, the director of the Construction Industries Division of the Regulation and Licensing Department, the president of the State Board of Education, and the directors of the Legislative Finance Committee, Legislative Council Service, and Legislative Education Study Committee.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	6,364.9	7,411.0	7,894.2	7,536.0	1.7
TOTAL SOURCES	\$6,364.9	\$7,411.0	\$7,894.2	\$7,536.0	1.7
USES					
Personal Services and Employee Benefits	5,553.9	5,938.1	6,396.3	6,063.1	2.1
Contractual services	141.7	200.0	225.0	200.0	0.0
Other	669.3	1,272.9	1,272.9	1,272.9	0.0
TOTAL USES	\$6,364.9	\$7,411.0	\$7,894.2	\$7,536.0	1.7
FTE					
Permanent	58.0	55.0	58.0	56.0	1.8
Temporary	0.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	58.0	56.0	58.0	56.0	0.0

At A Glance

PSFA's budget request for FY26 was \$7.9 million, a \$483 thousand, or 6.5 percent, increase from FY25 operating levels. The agency's FY26 request includes funding to add 2 FTE to address an anticipated increase in new projects and to enhance in-house expertise in energy-efficient design. The agency also requested a 3 percent increase to its personnel budget for performance-based salary adjustments for existing employees. For FY26, the committee recommendation supports funding for the addition of 1 FTE for new project administration. The agency has existing authority to award salary increases and did so as recently as FY24, according to past budget requests. It could do so again within its existing personnel budget, where it has consistently had vacancy savings.

Budget Issues

The public school capital outlay fund is a nonreverting fund that receives supplemental severance tax bond revenue, provides grants to schools, and funds PSFA's operating budget. Statutorily, PSFA's operational expenses for "core administrative functions" are limited to 5 percent of the available annual grant assistance authorized by PSCOC over the past three years.

Historic fluctuations in average annual grant assistance have created volatility in PSFA's operating budget. In FY20 and FY21, PSFA's budget authority decreased due to declining grant assistance trends. To meet statutory budget limitations and maintain staffing capacity, PSCOC transferred \$536 thousand in software costs for the construction and facility information management systems out of the operating budget and paid for these expenses through PSCOF. The committee recommendation for FY26 supports returning these costs to the agency's operating budget.

Substantial recent growth in grant assistance, new applications from school districts, rising PSCOF revenues, and increasing construction costs make it unlikely the agency will face budget restrictions in the near future. PSFA's FY26 request is within its 5 percent statutory limitation.

According to PSFA, the \$7.9 million request includes the cost of adding 2 FTE and implementing a performance-based compensation system. The new position supported by the committee recommendation is for a regional manager to bring project management workloads more in line with industry standards and in anticipation of an increase in construction projects over the next several years due to reductions in local match requirements for school districts implemented by the Legislature. The committee recommendation does not support an overall increase to the personnel budget for salaries because the agency has existing authority to adjust salaries beyond what is appropriated for all state employees. The agency has consistently had vacancy savings in its personnel category and could therefore make salary adjustments within its existing budget. In FY24, expenditures for personnel were 4 percent below what was budgeted and the agency will receive additional funds for personnel expenses through the statewide compensation package.

Since FY01, the state has awarded over \$3.2 billion for capital projects and lease assistance at school districts, charter schools, the New Mexico School for the Blind and Visually Impaired, and the New Mexico School for the Deaf. In December, the New Mexico Supreme Court issued an order sending the 1999 Zuni capital outlay adequacy lawsuit back to district court for re-evaluation. The 1999 lawsuit found the practice of locally funded school construction was unfair to property-poor districts, and it led to the creation of the public school capital outlay fund. The Supreme Court ruling resulted from the state's appeal of a 2015 ruling from the 11th Judicial Court that inequities still existed despite billions in state assistance since the ruling to improve school facilities and a significant improvement in the average condition of New Mexico schools. The justices determined the case to be moot because the funding system for school capital outlay that was ruled unconstitutional in the original 1999 case has changed so much it no longer exists.

Although PSFA's core agency mission is to ensure school facilities meet educational adequacy standards, the Legislature and PSCOC have added new programs in recent years, significantly expanding the scope of the agency's work. PSCOC has authorized awards for broadband deficiencies (2014), facility systems (2017), school security (2018), prekindergarten classrooms (2019), teacher housing (2019), outside-of-adequacy projects (2019), and building demolition (2021). Given the substantial increase in the number of non-standards-based projects, the Legislature should consider reducing undersubscribed supplemental programs or directly allocating PSCOF distributions to districts for maintenance and non-standard projects.

Fund Balances. Recent changes in PSCOC's formula increased the local share of capital project costs for most school districts, suppressing demand for funding from the council. Drastic drops in student enrollment, a policy of counting direct legislative capital appropriations to districts against the state's share of costs for projects funded through PSCOC, and increased construction and labor costs have also discouraged movement on school facility projects. Uncommitted balances in the PSCOF hovered around \$500 million throughout 2022.

In response, the Legislature passed legislation in 2023 temporarily reducing the share of capital project costs borne by local school districts by one-third from FY24 through FY26. The bill also reduced the local match by one-half for micro-districts with 200 or fewer students and for district prekindergarten projects, eliminated legislative offsets, and removed a component of the local-state match formula that included amounts spent on capital projects from operational Impact Aid as part of a district's revenue capacity. Additionally, the 2023 capital outlay bill appropriated \$142 million from the fund, including funding for career-technical education facilities, school security, prekindergarten facilities, school buses, and construction of tribal libraries.

The changes to the local-state match formula were intended to encourage more districts to seek support for projects from the PSCOF and to reduce its uncommitted balances. PSFA received significantly more pre-applications from districts in FY24 than in FY23, including applications for more than a dozen projects from Albuquerque Public Schools, which had not sought funding from PSCOC in years due to its high local match and legislative offsets. At the same time, revenues to the fund have continued to increase, with more than \$1.6 billion in total balances in the fund at the end of FY24.

Construction Costs. Requests for construction funding to PSCOC increased substantially on a per-square-foot basis in 2023, with some projects coming in at double the estimates made just a year earlier. This new wave of cost increases is more significant in New Mexico than in other markets. The cost of public school construction in New Mexico closely followed the Coldwell Banker Richard Ellis cost index, for example, until 2023. Had costs in the state continued to track with the index, the cost per square foot for a new public school would have been around \$437 in 2023. Instead, the first four school projects to request construction funding in 2023 averaged \$771 per square foot.

Cost increases no longer appear to be driven primarily by spikes in materials costs or supply chain disruptions, both of which stabilized in the wake of the Covid-19 pandemic. Instead, an extraordinarily busy construction market, a limited labor pool to meet demand, and other sources of uncertainty for contractors appear to be more significant factors. Increased state funding for capital projects is one source of the high demand. State and local spending on public construction in New Mexico increased by 33 percent from 2021 to 2022, the sixth highest increase among U.S. states, according to federal data. Private nonresidential construction spending in the state increased even more rapidly, with an 87 percent increase over the same period, the third highest increase among U.S. states.

Construction costs leveled off in 2024 but building schools remains much more expensive than in the past. Current cost per square foot estimates for standards-based projects in the PSCOC pipeline range from roughly \$400 to more than \$1,000. The cost increases have made it difficult for even the most well-funded school districts to meet their local match requirements, despite the temporary shift of the cost burden to the state. This has resulted in more requests for PSCOC to grant partial waivers of districts' local match. From FY16 to FY22, PSCOC granted only four waivers totaling less than \$20 million. In FY23 and FY24, it granted 11 waivers totaling roughly \$170 million.

PUBLIC SCHOOL FACILITIES

The purpose of the public school facilities oversight program is to oversee public school facilities in all eighty-nine school districts, ensuring correct and prudent planning, building and maintenance using state funds and ensuring adequacy of all facilities in accordance with public education department-approved educational programs.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Efficiency	Amount of state share funding awarded for construction projects in phase 2 in a fiscal year	N/A	N/A	N/A	N/A	N/A
Efficiency	Average number of months from project closeout to financial closeout	NEW	14.0	3.0	3.0	3.0
Explanatory	Number of applications received for school facility funding throughout the year	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of applications received for school facility funding throughout the year	NEW	53.0	N/A	N/A	N/A
Explanatory	Number of awards made for standards, systems, prekindergarten, facility master plans and lease assistance in the fiscal year	NEW	156.0	N/A	N/A	N/A
Explanatory	Number of projects awarded by the public schools capital outlay council that are managed by public school facilities authority regional project managers	28.0	160.0	N/A	N/A	N/A
Outcome	Number of current, up-to-date preventive maintenance plans	N/A	N/A	N/A	N/A	N/A
Outcome	Number of up-to-date preventive maintenance plans	69.0	71.0	89.0	89.0	89.0
Output	Number of assessments performed on public school facilities year round	178.0	160.0	190.0	190.0	190.0
Output	Number of assessments performed on public school facilities year round	N/A	N/A	N/A	N/A	N/A
Outcome	Average number of months from substantial completion to financial closeout	20.0	12.0	Discontinued	Discontinued	Discontinued
Explanatory	Number of change orders in current fiscal year	39.0	33.0	N/A	N/A	N/A
Explanatory	Average number of months between initial award to occupancy	36.0	46.0	N/A	N/A	N/A
Explanatory	Average number of months from initial award to commencement of construction	15.0	32.0	N/A	N/A	N/A
Explanatory	Average cost per square foot of new construction	\$632.60	\$617.00	N/A	N/A	N/A
* Explanatory	Statewide public school facility condition index measured on December 31 of prior calendar year	55.0	56.0	N/A	N/A	N/A
* Explanatory	Statewide public school facility maintenance assessment report score measured on December 31 of prior calendar year	72.0	77.0	N/A	N/A	N/A
Explanatory	Average megabits per second per student	1.0	1.0	N/A	N/A	N/A
Explanatory	Total annual dollar change from initial award state match estimate to actual award state match	\$41,000,000.0 0	\$176,706,844. 00	N/A	N/A	N/A
Explanatory	Average square foot per student of middle schools	263.0	260.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Average square foot per student of high schools	387.0	362.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, high schools	N/A	N/A	N/A	N/A	N/A
Explanatory	Average square foot per student of elementary schools	230.0	218.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, elementary schools	N/A	196.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, middle schools	N/A	141.0	N/A	N/A	N/A

Statutory Authority

In 1997, the Education Trust Board (ETB) was created pursuant to the Education Trust Act in Sections 21-21K-1 through 21-21K-7 NMSA 1978. As required by Internal Revenue Code 529, ETB is administered by the state of New Mexico. ETB is administratively attached to the Higher Education Department and administers the education trust fund, which includes all funds received pursuant to college investment agreements as part of the state’s qualified tuition program.

ETB is governed by a five-person board that includes the secretary of the Higher Education Department and appointees of the governor, the speaker of the House of Representatives, and the president pro tem of the Senate. The board authorizes rules and regulations governing the college savings plans, protects the integrity of the trust, and ensures proper use of tax benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	3,197.9	2,658.4	2,683.5	2,683.5	0.9
Fund Balance	0.0	706.7	587.5	587.5	(16.9)
TOTAL SOURCES	\$3,197.9	\$3,365.1	\$3,271.0	\$3,271.0	(2.8)
USES					
Personal Services and Employee Benefits	478.0	496.0	522.0	522.0	5.2
Contractual services	2,287.7	2,591.7	2,522.0	2,522.0	(2.7)
Other	154.7	277.4	227.0	227.0	(18.2)
TOTAL USES	\$2,920.4	\$3,365.1	\$3,271.0	\$3,271.0	(2.8)
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	3.0	3.0	3.0	3.0	0.0

At A Glance

The Education Trust Board (ETB) is supported through an administrative fee on the 529 college savings plans it administers and does not receive an appropriation of public funds. For FY26, the board requested a decrease of \$94.1 thousand, or 2.8 percent, under the FY25 operating budget. The majority of the decrease, \$70 thousand, is in the contractual services category for marketing and outreach. The agency requested a decrease of \$50 thousand for other operational costs. Additionally, there is a \$26 thousand increase for salaries and benefits in the personnel category. The agency reports a projected fund balance of \$10.2 million for administrative costs at the close of FY25. The LFC recommendation fully supports the request.

Budget Issues

The ETB budget is established through an annual budget adjustment request waiver based on the Higher Education Department’s budget authority and is not included in the General Appropriation Act. Given the board’s size, functions, revenue sources, and restricted uses and lack of policies and practices consistent with state agencies included in the General Appropriation Act, the committee recommends the board’s budget authority remain outside of the General Appropriation Act.

ETB offers two tax-advantaged 529 college savings plans to consumers nationwide, the Scholar’s Edge Plan, sold through financial advisers, and the Education Plan, which may be directly sold to individual consumers. ETB provides fiduciary oversight and regular reporting for both of these plans. ETB reports the Scholar’s Edge program has 74.1 thousand total accounts with total assets of \$1.6 billion, of which 11.5 thousand accounts valued at \$251.8 million belong to New Mexico residents. The Education Plan has nearly 30 thousand accounts with assets totaling \$695.6 million with 17.6 thousand of those accounts valued at \$434.3 million belonging to New Mexico residents.

Higher Education

Statutory Authority

Pursuant to Section 21-1-26 NMSA 1978, the Higher Education Department (HED) determines an adequate level of funding for higher education institutions and recommends the equitable distribution of available funds among them. Responsibilities of the department include implementing the Post-secondary Education Planning Act, the Postsecondary Education Articulation Act, the Student Loan Act, the Education Trust Act, degree program approval, and proprietary school licensing, for which it collects fees. Additionally, the department recommends institutional capital project priorities and administers state-funded financial aid programs. The department administers the adult basic education program. The department also provides financial oversight of the constitutionally created special schools: the New Mexico Military Institute, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired. Lastly, the department is charged with creating a statewide public plan for higher education needs and goals, studying enrollment capacity needs, developing a statement of statewide educational needs, and analyzing the financial impacts of proposed new and expanded degree programs.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	184,989.7	186,193.1	201,042.0	187,571.8	0.7
Other Transfers	81,968.6	62,093.3	75,083.3	54,083.3	(12.9)
Federal Revenues	13,154.2	12,187.4	12,187.4	12,187.4	0.0
Other Revenues	8,595.8	465.6	465.6	465.6	0.0
Fund Balance	24,832.7	10,000.0	10,000.0	32,000.0	220.0
TOTAL SOURCES	\$313,541.0	\$270,939.4	\$298,778.3	\$286,308.1	5.7
USES					
Personal Services and Employee Benefits	5,441.6	6,902.1	7,288.5	7,218.0	4.6
Contractual services	5,134.7	1,710.0	4,560.0	2,310.0	35.1
Other	266,823.9	262,327.3	286,929.8	276,780.1	5.5
TOTAL USES	\$277,400.2	\$270,939.4	\$298,778.3	\$286,308.1	5.7
FTE					
Permanent	41.0	39.3	47.3	43.3	10.2
Term	14.0	14.8	14.8	14.8	0.0
TOTAL FTE	55.0	54.1	62.1	58.1	7.4

At A Glance

The Higher Education Department (HED) requested a general fund increase of \$14.8 million, or 8 percent over the FY25 operating budget. The majority of the increase, \$13.4 million, would provide an 84 percent increase to the Policy Development Program focusing on basic needs, adult education, and tribal assistance centers. The \$1.4 million increase in student financial aid was split among four graduate student financial aid programs. The department did not request an increase for the Opportunity Scholarship Program because cost increases will be paid from the higher education endowment fund created in 2024.

The LFC recommendation includes an overall increase of \$1.4 million for the department, which includes additional spending and a reduction in two existing programs. Additional funding recommended includes \$1.25 million for adult education, \$700 thousand for student financial aid for certain medical programs, and \$316 thousand for HED operations. Additionally, the LFC recommends discontinuing \$887 thousand for two workforce training programs, which are duplicative of workforce training initiatives funded last year through the Government Results and Opportunity expendable trust (GRO).

Budget Issues

HED is composed of three programs: Policy Development and Institutional Financial Oversight, Student Financial Aid, and the Opportunity Scholarship. The department provides assistance and oversight to higher education institutions (HEI) and provides guidance on administration of the higher education funding formula. These oversight functions account for approximately \$6.5 million, or 3.5 percent, of the total HED operating budget. The rest of the funding is directed to educational programming and financial aid programs, with the vast majority, \$146 million from the general fund, for the opportunity scholarship.

Policy Development and Institutional Financial Oversight. With oversight responsibilities for 31 public institutions and over 100 thousand students, HED manages a \$186 million budget with 54 employees. For FY26, the department requested a general fund increase of \$13.4 million, or 84 percent. Of this amount, \$906.4 thousand was requested to support an additional four employees.

In addition to personnel funding, the department requested \$12.5 million for adult education, tribal assistance, and basic needs initiatives. Half of the amount, \$6.25 million, was for adult education. The department requested \$3 million for the adult education program, which assists learners with preparing for their high school equivalency degree test. This funding will be used to hire additional teachers and increase teacher salaries in the program to an average of \$25 per hour. The department requested \$2 million for the adult literacy program, which provides learners with basic literacy skills at centers statewide. Finally, \$1.25 million was requested for high school equivalency testing centers and to pay exam costs of \$147 per exam.

HED also requested \$4 million to be distributed statewide for student basic needs and \$2.25 million for tribal assistance centers created by enactment of Laws 2023, Chapter 72. HED requested that existing appropriations of \$761.1 thousand for the high skills program, and \$126.1 thousand for the adult basic education workforce training be repurposed and moved into HED operations funding, bringing the total increase to \$1.8 million.

The LFC general fund recommendation includes an additional \$1.25 million for adult education, including \$500 thousand for the adult literacy program to support training and outreach efforts, \$500 thousand for the adult education program to support costs of the 348 teachers currently employed, and \$250 thousand for adult diploma tests and other program-related costs. The LFC recommendation includes an additional \$1 million from the federal temporary assistance for needy families (TANF) block grant for adult education.

The LFC recommendation increases the operations budget by \$315.9 thousand for additional staff costs and HED operations. The recommendation aligns with the HED request by discontinuing funding for the high skills and adult education workforce programs and repurposing it. These programs overlap with the three-year, \$60 million appropriation to comprehensive and community colleges for noncredit workforce training.

The LFC does not recommend recurring funding for the tribal assistance centers. The law creating the centers (Laws 2023, Chapter 72) was passed without an appropriation and there was no appropriation included for this purpose in the General Appropriation Act. The 2023 General Appropriation Act did include a \$2.5 million appropriation for an endowment for Native American studies faculty, but language in this appropriation was vetoed to allow the funds to be used for the technical assistance centers. The Public Education Department oversees the Indian education fund which may make awards for the furtherance of the purposes of the Indian Education Act. Some of the duties of the technical assistance centers are eligible for award of funds from this source.

The LFC does not recommend additional funding for a basic needs initiative. The Legislature provided an additional \$6 million in recurring appropriations over the past two years directly to higher education institutions for student support and recommended an additional \$3 million for FY26. Additionally, the significant increases in student financial aid through the opportunity scholarship have made significant progress in reducing the student cost of college.

Student Financial Aid. The department requested an increase of \$1.4 million, or 6 percent, split between financial aid for graduate students and for medical training programs. An increase of \$511.7 thousand is requested for the graduate scholarship program, which provides up to \$7,200 per year for groups underrepresented in graduate education to pursue a graduate degree in any field excluding medical degrees. The department requested an additional \$230.8 thousand for the minority doctoral loan program, which pays off student debt for faculty from underrepresented communities hired to tenure-track faculty positions.

The department also requested \$500 thousand for a dental residency program at the University of New Mexico and \$230 thousand to expand the loan-for-service program to include podiatry. New Mexico participates in the Western Interstate Commission on Higher Education (WICHE), which allows New Mexico students to enroll at selected out-of-state graduate or professional programs not offered at New Mexico public universities. Current fields include dentistry, veterinary medicine, and optometry.

The LFC recommendation includes additional funding for the dental residency and WICHE programs but does not include additional funding for graduate scholarship programs. The Legislature appropriated \$10 million per year in 2023 and 2024 to support graduate education in science, technology, engineering, and mathematics programs in addition to including student financial aid as an eligible use of newly created endowment funds. These investments in graduate student aid come in addition to massive investments to reduce the cost of undergraduate education and provide New Mexico residents with access to affordable higher education.

HED requested an increase of \$10 million in anticipated lottery scholarship revenue from lottery ticket sales to reflect prior-year actual receipts. Lottery revenue totaled \$50 million in FY23 and \$51 million in FY24. The LFC recommendation fully funds the requested lottery revenue increase.

Opportunity Scholarship. The Legislature created the higher education endowment fund and capitalized it with nearly \$1 billion. This fund will spin off approximately \$50 million per year. The intent is for the fund revenue to fill the gap between the recurring appropriations for the program, \$146 million per year, and the actual program cost of \$160 million per year. This endowment fund should fully fund the scholarship programs through FY30. For this reason, neither HED nor the committee recommend an increase.

**BASE EXPANSION LISTING
FY 2025-2026**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Operational increase	P505	906.4	0.0
10	UNM Dental Residency Program	P506	500.0	500.0
10	WICHE Program	P506	200.0	200.0
2	Tribal Education Technical Assistance Centers	P505	2,250.0	0.0
3	Adult Education Increase	P505	3,000.0	0.0
4	Adult Literacy Increase	P505	2,000.0	0.0
5	Student Success and Basic Needs	P505	4,000.0	0.0
6	High School Equivalency Tests	P505	1,250.0	0.0
7	Minority Doctoral Loan Repayment	P506	230.8	0.0
8	Graduate Scholarship Fund	P506	511.7	0.0
TOTAL			\$14,848.9	\$700.0

OPPORTUNITY SCHOLARSHIP

The purpose of the opportunity scholarship program is to provide tuition and fee assistance for New Mexico higher education to students so New Mexicans may benefit from postsecondary education and training beyond high school.

**BUDGET SUMMARY
(dollars in thousands)**

	FY24	FY25	FY26		
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	146,000.0	146,000.0	146,000.0	146,000.0	0.0
Other Transfers	0.0	16,000.0	22,000.0	0.0	(100.0)
Other Revenues	1,141.4	0.0	0.0	0.0	0.0
Fund Balance	0.0	0.0	0.0	22,000.0	0.0
TOTAL SOURCES	\$147,141.4	\$162,000.0	\$168,000.0	\$168,000.0	3.7
USES					
Other	146,000.0	162,000.0	168,000.0	168,000.0	3.7
TOTAL USES	\$146,000.0	\$162,000.0	\$168,000.0	\$168,000.0	3.7

Recommended Language

The other state funds appropriation to the opportunity scholarship program of the higher education department is from the higher education program fund. The higher education department shall provide a written report summarizing the opportunity scholarship's finances, student participation and sustainability to the department of finance and administration and the legislative finance committee by November 1, 2025. Any unexpended balances remaining at the end of fiscal year 2026 from appropriations made from the general fund shall revert to the general fund.

Institutions receiving a distribution from the opportunity scholarship program shall obtain from all enrolled in-state students a free application for federal student aid or other institutional income verification form or an attestation from the enrolled student recognizing they may be eligible for additional financial assistance but they choose to forgo consideration for such aid.

POLICY DEVELOPMENT AND INSTITUTION FINANCIAL OVERSIGHT

The purpose of the policy development and institutional financial oversight program is to provide a continuous process of statewide planning and oversight within the department's statutory authority for the state higher education system and to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

BUDGET SUMMARY
(dollars in thousands)

	FY24	FY25	FY26		Percent Inc (Decr)
	2023-2024	2024-2025	2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	14,910.2	15,994.3	29,400.7	16,673.0	4.2
Other Transfers	4,847.6	3,043.3	3,043.3	4,043.3	32.9
Federal Revenues	12,864.4	11,787.4	11,787.4	11,787.4	0.0
Other Revenues	1,096.5	465.6	465.6	465.6	0.0
TOTAL SOURCES	\$33,718.7	\$31,290.6	\$44,697.0	\$32,969.3	5.4
USES					
Personal Services and Employee Benefits	5,441.6	6,902.1	7,288.5	7,218.0	4.6
Contractual services	5,119.2	1,640.0	4,490.0	2,240.0	36.6
Other	20,193.8	22,748.5	32,918.5	23,511.3	3.4
TOTAL USES	\$30,754.6	\$31,290.6	\$44,697.0	\$32,969.3	5.4
FTE					
Permanent	41.0	39.3	47.3	43.3	10.2
Term	14.0	14.8	14.8	14.8	0.0
TOTAL FTE	55.0	54.1	62.1	58.1	7.4

Recommended Language

The internal service funds/interagency transfers appropriations to the policy development and institutional financial oversight program of the higher education department include three million dollars (\$3,000,000) from the federal temporary assistance for needy families block grant for adult education and one million dollars (\$1,000,000) for integrated education and training programs, including integrated basic education and skills training programs.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the other category includes seven million three hundred twenty-eight thousand dollars (\$7,328,000) to provide adults with education services and materials and access to high school equivalency tests, one million two hundred fifty thousand dollars (\$1,250,000) for an adult literacy program, six hundred thousand dollars (\$600,000) to the tribal college dual-credit program fund, five hundred thousand dollars (\$500,000) for high school equivalency degree preparation and exam costs and eighty-four thousand five hundred dollars (\$84,500) for English-learner teacher preparation.

Any unexpended balances in the policy development and institutional financial oversight program of the higher education department remaining at the end of fiscal year 2026 from appropriations made from the general fund shall revert to the general fund.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Percent of unemployed adult education students obtaining employment two quarters after exit	39%	41%	23%	45%	45%
* Outcome	Percent of adult education high school equivalency test-takers who earn a high school equivalency credential	19%	78%	26%	75%	75%
Outcome	Percent of fiscal watch program quarterly reports from institutions submitted to the department of finance and administration and the legislative finance committee	100.00%	100.00%	100.00%	100.00%	100.00%
Efficiency	Agency performance rate on annual loss prevention and control audit conducted by the general services department	100.00%	100.00%	100.00%	100.00%	100.00%
* Outcome	Percent of high school equivalency graduates entering postsecondary degree or certificate programs	26%	30%	31%	32%	32%
Explanatory	Percentage of first time, full time, degree seeking students, from the most recently available cohort, at state-funded universities who graduated within four-years of their initial enrollment	28.10%	42.50%	N/A	N/A	N/A
Explanatory	Percentage of first time, full time, degree seeking students, from the most recently available cohort, at state-funded community colleges who graduated within two-years of their initial enrollment	21.50%	29.35%	N/A	N/A	N/A
Output	Number of certificates issued for new and existing private post-secondary schools by type of state authorization	91.0	85.0	85.0	85.0	85.0
Output	Number of current state authorized and exempted private post-secondary schools by school type	148.0	165.0	100.0	100.0	100.0

STUDENT FINANCIAL AID

The purpose of the student financial aid program is to provide access, affordability and opportunities for success in higher education to students and their families so all New Mexicans may benefit from postsecondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	FY24 2023-2024	FY25 2024-2025	FY26 2025-2026		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	24,079.5	24,198.8	25,641.3	24,898.8	2.9
Other Transfers	77,121.0	43,050.0	50,040.0	50,040.0	16.2
Federal Revenues	289.8	400.0	400.0	400.0	0.0
Other Revenues	6,357.9	0.0	0.0	0.0	0.0
Fund Balance	24,832.7	10,000.0	10,000.0	10,000.0	0.0
TOTAL SOURCES	\$132,680.9	\$77,648.8	\$86,081.3	\$85,338.8	9.9
USES					
Contractual services	15.5	70.0	70.0	70.0	0.0
Other	100,630.2	77,578.8	86,011.3	85,268.8	9.9
TOTAL USES	\$100,645.7	\$77,648.8	\$86,081.3	\$85,338.8	9.9

Recommended Language

The other state funds appropriation to the student financial aid program of the higher education department in the other category includes five million dollars (\$5,000,000) from the teacher preparation affordability scholarship fund and five million dollars (\$5,000,000) from the teacher loan repayment fund.

The general fund appropriation to the student financial aid program of the higher education department in the other category includes two million four hundred twenty thousand dollars (\$2,420,000) for the western interstate commission for higher education loan-for-service program.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Explanatory	Percent of eligible state loan-for-service applicants receiving funds	41.00%	56.00%	N/A	N/A	N/A
Explanatory	Percent of eligible state loan repayment applicants receiving funds	64.00%	73.00%	N/A	N/A	N/A

FY26 Higher Education General Fund Spending Summary
(in thousands)

Instruction and General Funding	FY25 Base	HED Rec.	LFC Rec.	LFC Over/(Under) HED	LFC Over/(Under) FY25 Opbud
FY24 Funding Formula Base, HEIs	842,870.80	842,870.8	842,870.8		
Percent "New Money", Formula		3%	2.5%		
Amount "New Money", Formula		25,286.1	21,071.8	(4,214.3)	
I&G Distribution by Formula Component					
Workload (Student Credit Hours)		4,804.4	4,003.6	(800.8)	
Certificates and Degrees		15,424.5	12,853.8	(2,570.7)	
Mission-Differentiated Measures		5,057.2	4,214.4	(842.8)	
Total Outcome Funding		25,286.1	21,071.8	(4,214.3)	21,071.8
Targeted Investments					
Student Support			3,000.0	3,000.0	3,000.0
Grad. Asst. Comp.			750.0	750.0	750.0
Total I&G Base Funding, HEI		868,156.9	867,692.60	(464.3)	24,821.8
Non-Formula Institutions Base		101,606.6	101,606.6		
Health Sciences Center I&G (2.5%)	89,430.5	2,682.9	2,235.8	(447.1)	2,235.8
Special Schools I&G (3%)	12,176.1	365.3	365.3	-	365.3
I&G Base Funding, Non-Formula	101,606.6	104,654.8	104,207.7	(447.1)	2,601.1
Targeted Investments					
Medical Faculty Compensation		-	2,000.0	2,000.0	2,000.0
Total I&G Base Funding, Non-Formula		104,654.8	106,207.7	1,552.9	4,601.1
Grand Total I&G	944,477.4	972,811.7	973,900.3	1,088.6	29,422.9
Dollar Change from Prior Year		28,334.3	29,422.9	1,088.6	
Percent Change from Prior Year		3.0%	3.1%		
Other Categorical					
Athletics	28,321.8	28,321.8	28,321.8	-	-
Educational Television	4,088.7	4,088.7	4,088.7	-	-
Tribal Education	1,862.1	1,860.1	2,074.5	214.4	212.4
Teacher Education	1,400.0	1,625.0	1,400.0	(225.0)	-
Teacher Education, Early	2,727.0	2,840.2	2,765.9		
Student Services	689.9	882.0	689.9	(192.1)	-
Health Care Workforce	24,693.0	25,521.2	24,926.7	(594.5)	233.7
Agriculture	55,657.3	57,570.9	57,568.2	(2.7)	1,910.9
Center of Excellence	3,125.6	4,500.0	3,125.6	(1,374.4)	-
Other RPSP	98,040.4	116,919.4	101,135.1	(15,784.3)	3,094.7
Other Categorical Subtotal	220,605.8	244,129.3	226,096.4	(18,032.9)	5,490.6
Dollar Change from Prior Year		23,523.5	5,490.6		
Percent Change from Prior Year		10.7%	2.5%		
Total GAA Section 4 Institutions	1,165,083.2	1,216,941.00	1,199,996.70	(35,980.9)	34,913.5
Higher Education Department					
Operating Budget and Flow-Throughs	15,994.3	30,130.7	16,673.0	(13,457.7)	678.7
Student Financial Aid	24,198.8	25,641.3	24,898.8	(742.5)	700.0
Opportunity Scholarship	146,000.0	146,000.0	146,000.0	-	-
Total	186,193.1	201,772.0	187,571.8	(14,200.2)	1,378.7
Total Higher Education	1,351,276.3	1,418,713.0	1,387,568.5	(31,144.5)	36,292.2
Dollar Change from Prior Year		67,436.7	36,292.2		
Percent change from Prior Year		5.0%	2.69%		

Institution / Program <i>(Detail listed primarily in HB2 order)</i>	FY25 Opbud	HED Rec FY26	LFC Rec. FY26	LFC Over/(Under) FY25
1 SUMMARY BY INSTITUTION				
2 University of New Mexico (952)	308,833.5	325,387.5	317,738.3	8,904.8
3 UNM Health Sciences Center (952)	160,991.1	169,894.0	166,008.5	5,017.4
4 New Mexico State University (954)	287,766.1	297,239.0	298,058.9	10,292.8
5 New Mexico Highlands University (956)	44,436	45,645.1	45,379	942.9
6 Western New Mexico University (958)	34,242	35,792.6	35,381	1,138.9
7 Eastern New Mexico University (960)	67,456.5	70,137.4	69,720.4	2,263.9
8 New Mexico Institute of Mining & Technology (962)	53,588.6	58,352.4	55,315.3	1,726.7
9 Northern New Mexico College (964)	15,383.7	16,444.7	15,730.7	347.0
10 Santa Fe Community College (966)	19,796.1	20,249.1	20,050.6	254.5
11 Central New Mexico Community College (968)	81,296.8	83,486.5	83,171.8	1,875.0
12 Luna Community College (970)	10,068.4	10,156.5	10,174.7	106.3
13 Mesalands Community College (972)	5,440.1	6,406.9	5,768.3	328.2
14 New Mexico Junior College (974)	9,023.8	9,366.7	9,201.2	177.4
15 Southeast New Mexico College (975)	5,653.2	5,752.5	5,747.8	94.6
16 San Juan College (976)	33,707.5	34,405.8	34,350.9	643.4
17 Clovis Community College (977)	13,208.3	13,442.9	13,418.4	210.1
18 Universities and Community Colleges (HEI)	1,150,891.5	1,202,159.6	1,185,215.4	34,323.9
19 New Mexico Military Institute (978)	5,350.5	5,460.4	5,460.4	109.9
20 New Mexico School for the Deaf (980)	6,015.9	6,414.2	6,414.2	398.3
21 NM School for the Blind & Visually Impaired (979)	2,825.3	2,906.7	2,906.7	81.4
22 Subtotal - Special Schools	14,191.7	14,781.3	14,781.3	589.6
23 Subtotal - University, Community Colleges, Special Sc	1,165,083.2	1,216,940.9	1,199,996.7	34,913.5
24 New Mexico Higher Education Department (950)	186,193.1	201,772.0	187,571.8	1,378.7
25 TOTAL GENERAL FUND	1,351,276.3	1,418,712.9	1,387,568.5	36,292.2
26				
27 SUMMARY BY MAJOR FUNCTION				
28 University I&G	590,407.1	610,154.4	610,088.8	19,681.7
29 University-Branch I&G	87,164.4	88,852.8	88,833.4	1,669.0
30 Community College I&G	165,299.3	169,149.6	168,738.8	3,439.5
31 Subtotal Formula Institutions (HEIs)				
32 UNM/HSC I&G	89,430.5	92,113.4	93,697.9	4,267.4
33 Special schools I&G	12,176.1	12,541.4	12,541.4	365.3
34 Grand Total Instruction and General	944,477.4	972,811.6	973,900.3	29,422.9
35 Categorical Funding				
36 Athletics (Including NMMI)	28,321.8	28,321.8	28,321.8	-
37 Educational Television	4,088.7	4,088.7	4,088.7	-
38 Teacher Pipeline Initiative	1,400.0	1,625.0	1,400.0	-
39 Tribal Education Initiative	1,862.1	1,860.1	2,074.5	212.4
40 Agriculture	55,657.3	57,570.9	57,568.2	1,910.9
41 Other Non-RPSP	10,043.8	11,843.8	10,543.8	500.0
42 Subtotal Categorical	101,373.7	105,310.3	103,997.0	2,623.3
43 Research and Public Service Projects				
44 Nurse Expansion	14,831.9	15,463.7	14,884.2	52.3
45 Nurse Other	9,128.6	9,250.0	9,250.0	121.4
46 Dental	732.5	807.5	792.5	60.0
47 Centers of Excellence	3,125.6	4,500.0	3,125.6	-
48 Education programs - early childhood and teacher education	2,727.0	2,840.2	2,765.9	38.9
49 Student Service Programs	689.9	882.0	689.9	-
50 Other RPSP	86,316.1	103,170.8	88,686.5	2,370.4
51 Special School RPSP	1,680.5	1,904.8	1,904.8	224.3
52 Subtotal Research and Public Service Projects	119,232.1	138,819.0	122,099.4	2,867.3
53 Subtotal Categorical and RPSP	220,605.8	244,129.3	226,096.4	5,490.6
54 Grand Total HEI	1,165,083.2	1,216,940.9	1,199,996.7	34,913.5
55 HED Operations	6,318.6	8,112.2	6,634.5	315.9
56 Financial Aid/Other	33,874.5	47,659.8	34,937.3	1,062.8
57 Opportunity Scholarship	146,000.0	146,000.0	146,000.0	-
58 Total HED	186,193.1	201,772.0	187,571.8	1,378.7
59 Grand Total Higher Education	1,351,276.3	1,418,712.9	1,387,568.5	36,292.2

	Institution / Program <i>(Detail listed primarily in HB2 order)</i>	FY25 Opbud	HED Rec FY26	LFC Rec. FY26	LFC Over/(Under) FY25
UNIVERSITY OF NEW MEXICO					
4	Main Campus I&G	264,831.4	273,051.3	272,924.9	8,093.5
5	Athletics	8,467.9	8,467.9	8,467.9	-
6	Educational television	1,325.0	1,325.0	1,325.0	-
7	Main Campus- Tribal education initiatives	1,060.1	1,060.1	1,272.5	212.4
8	Main Campus -Teacher pipeline initiatives	100.0	275.0	100.0	-
9	Gallup Branch - I&G	11,155.4	11,351.5	11,355.7	200.3
10	Gallup Branch - Tribal education initiatives	102.0	100.0	102.0	-
11	Los Alamos Branch - I&G	2,417.8	2,465.8	2,460.9	43.1
12	Valencia Branch - I&G	7,262.6	7,396.7	7,390.4	127.8
13	Taos Branch - I&G	4,930.3	5,035.6	5,036.4	106.1
14	Research and Public Service Projects				
15	Judicial selection	53.4	53.4	175.0	121.6
16	Southwest research center	831.7	831.7	831.7	-
17	Resource geographic information system	68.4	68.4	68.4	-
18	Southwest Indian law clinic	211.9	211.9	211.9	-
19	Geospatial and population studies/BBER	400.3	400.3	400.3	-
20	Manufacturing engineering program	551.9	551.9	551.9	-
21	Wildlife law education	97.8	97.8	97.8	-
22	Community-based education	559.6	559.6	559.6	-
23	Corrine Wolfe children's law center	167.8	167.8	167.8	-
24	Mock trial program and high school forensics	411.6	411.6	411.6	-
25	Utton transboundary resources center	440.7	440.7	440.7	-
26	Gallup Branch - nurse expansion	803.5	803.5	803.5	-
27	Valencia Brach - nurse expansion	427.2	480.0	427.2	-
28	Taos Branch - nurse expansion	884.6	884.6	884.6	-
29	University of New Mexico press	467.5	467.5	467.5	-
30	New Mexico bioscience authority	325.2	750.0	325.2	-
31	Natural heritage New Mexico database	52.3	52.3	52.3	-
32	Border justice initiative	188.2	188.2	188.2	-
33	Wild friends program	77.4	77.4	77.4	-
34	School of public administration	100.0	100.0	100.0	-
35	Teacher education at branch colleges	60.0	60.0	60.0	-
36	<i>Office of Substance Use Disorders (SUD) (New)</i>	-	4,000.0	-	-
37	<i>Quantum NM (New)</i>	-	2,900.0	-	-
38	<i>UNM-Gallup Com. Health Worker (New)</i>	-	100.0	-	-
39	<i>UNM-LA Early Childhood (New)</i>	-	200.0	-	-
40	Total UNM RPSPs	7,181.0	14,858.6	7,302.6	121.6
41	TOTAL UNIVERSITY OF NEW MEXICO	308,833.5	325,387.5	317,738.3	8,904.8
42					
UNM HEALTH SCIENCES CENTER (HSC)					
44	<i>Health Science Center I&G</i>	89,430.5	92,113.4	93,697.9	4,267.4
45	Research and Public Service Projects				
46	ENLACE	976.3	1,250.0	976.3	-
47	Graduate medical education/residencies	2,444.1	2,434.6	2,444.1	-
48	Office of medical investigator	10,624.8	14,000.0	11,374.8	750.0
49	Native American suicide prevention	96.6	96.6	96.6	-
50	Children's psychiatric hospital	11,356.4	11,356.4	11,356.4	-
51	Carrie Tingley hospital	9,011.3	9,011.3	9,011.3	-
52	Newborn intensive care	3,523.0	3,523.0	3,523.0	-
53	Pediatric oncology	1,622.7	1,622.7	1,622.7	-
54	Poison and drug information center	2,685.9	2,766.5	2,685.9	-
55	Cancer center	8,159.4	8,159.4	8,159.4	-
56	Genomics, biocomputing and environmental health rese	937.4	937.4	937.4	-
57	Trauma specialty education	250.0	250.0	250.0	-
58	Pediatrics specialty education	250.0	250.0	250.0	-
59	Native American health center	329.5	329.5	329.5	-
60	Nurse expansion	951.6	951.6	951.6	-
61	Graduate nurse education	4,824.2	4,824.2	4,824.2	-
62	Child abuse evaluation center	160.0	160.0	160.0	-

Institution / Program <i>(Detail listed primarily in HB2 order)</i>	FY25 Opbud	HED Rec FY26	LFC Rec. FY26	LFC Over/(Under) FY25
63 Hepatitis community health outcomes	9,949.9	9,949.9	9,949.9	-
64 Comprehensive movement disorders clinic	423.7	423.7	423.7	-
65 Office of the medical investigator grief services	330.8	330.8	330.8	-
66 Physician assistant program and nurse practitioners	653.0	653.0	653.0	-
67 Special Needs Dental	500.0	500.0	500.0	-
68 Undergraduate nursing education	1,500.0	1,500.0	1,500.0	-
69 <i>Population Health (New)</i>	-	2,500.0	-	-
70 Total UNM-HSC RPSPs	71,560.6	77,780.6	72,310.6	750.0
71 TOTAL UNM HEALTH SCIENCE CENTER	160,991.1	169,894.0	166,008.5	5,017.4
72 TOTAL UNIVERSITY OF NEW MEXICO	469,824.6	495,281.5	483,746.8	13,922.2
73				
74 NEW MEXICO STATE UNIVERSITY				
75 Main Campus I&G	164,341.5	170,205.4	170,475.1	6,133.6
76 Athletics	7,816.2	7,816.2	7,816.2	-
77 Educational television	1,478.1	1,478.1	1,478.1	-
78 Tribal education initiatives	300.0	300.0	300.0	-
79 Teacher pipeline initiatives	250.0	250.0	250.0	-
80 Alamogordo Branch - I&G	8,922.9	8,989.0	9,003.6	80.7
81 Dona Ana Branch - I&G	30,138.2	30,877.9	30,838.8	700.6
82 Grants Branch - I&G	4,409.0	4,470.2	4,476.0	67.0
83 Tribal education initiatives - Grants Branch	100.0	100.0	100.0	-
84 Department of agriculture	17,433.2	18,200.0	18,043.4	610.2
85 Agricultural experiment station	20,735.1	21,357.2	21,460.8	725.7
86 Cooperative extension service	17,489.0	18,013.7	18,064.0	575.0
87 Research and Public Service Projects				
88 Nurse expansion	2,081.2	2,081.2	2,081.2	-
89 Autism program	1,140.7	1,140.7	1,140.7	-
90 Sunspot solar observatory consortium	402.0	402.0	402.0	-
91 STEM alliance for minority participation	382.0	382.0	382.0	-
92 Mental health nurse practitioner	1,315.0	1,315.0	1,315.0	-
93 Water resource research institute	1,256.8	1,256.8	1,256.8	-
94 Indian resources development	284.3	284.3	284.3	-
95 Manufacturing sector development program	687.2	687.2	687.2	-
96 Arrowhead center for business development	397.1	397.1	397.1	-
97 Alliance teaching and learning advancement	221.9	221.9	221.9	-
98 College assistance migrant program	307.9	500.0	307.9	-
99 Dona Ana branch - dental hygiene program	557.5	557.5	557.5	-
100 Dona Ana branch - nurse expansion	928.9	928.9	928.9	-
101 Sustainable agriculture center of excellence	513.7	750.0	513.7	-
102 Anna age eight institute	2,133.9	2,133.9	2,133.9	-
103 New Mexico produced water consortium	1,242.8	1,242.8	2,242.8	1,000.0
104 Nurse anesthesiology	500.0	500.0	500.0	-
105 <i>NMSU-Alamo. Nurse Expansion (New)</i>	-	400.0	400.0	400.0
106 Subtotal RPSPs	14,352.9	15,181.3	15,752.9	1,400.0
107 TOTAL NEW MEXICO STATE UNIVERSITY	287,766.1	297,239.0	298,058.9	10,292.8
108				
109 NEW MEXICO HIGHLANDS UNIVERSITY				
110 Instruction and general purposes	38,763.2	39,813.9	39,706.1	942.9
111 Athletics	3,233.5	3,233.5	3,233.5	-
112 Tribal education initiatives	200.0	200.0	200.0	-
113 Teacher pipeline initiatives	250.0	250.0	250.0	-
114 Research and Public Service Projects				
115 Advanced placement and international baccalaureate test a	203.8	203.8	203.8	-
116 Nurse expansion	300.5	300.5	300.5	-
117 Native American social work institute	239.1	239.1	239.1	-
118 Forest and watershed institute	540.8	450.0	540.8	-
119 Acequia and land grant education	46.9	46.5	46.9	-
120 Doctor of nurse practitioner expansion	157.8	157.8	157.8	-
121 Center for excellence in social work	500.0	750.0	500.0	-
122 Subtotal RPSPs	1,988.9	2,147.7	1,988.9	-
123 TOTAL NEW MEXICO HIGHLANDS UNIVERSITY	44,435.6	45,645.1	45,378.5	942.9

	Institution / Program <i>(Detail listed primarily in HB2 order)</i>	FY25 Opbud	HED Rec FY26	LFC Rec. FY26	LFC Over/(Under) FY25
124					
125	WESTERN NEW MEXICO UNIVERSITY				
126	Instruction and general purposes	27,690.2	28,863.9	28,829.1	1,138.9
127	Athletics	3,149.3	3,149.3	3,149.3	-
128	Teacher pipeline initiatives	250.0	250.0	250.0	-
129	Research and Public Service Projects				
130	Nurse expansion	1,550.3	1,677.0	1,550.3	-
131	Truth or Consequences and Deming - nurse expansion	282.0	282.0	282.0	-
132	Web-based teacher licensure	117.8	117.8	117.8	-
133	Early childhood center	702.6	702.6	702.6	-
134	Early childhood center of excellence	500.0	750.0	500.0	-
135	Subtotal RPSPs	3,152.7	3,529.4	3,152.7	-
136	TOTAL WESTERN NEW MEXICO UNIVERSITY	34,242.2	35,792.6	35,381.1	1,138.9
137					
138	EASTERN NEW MEXICO UNIVERSITY				
139	Main Campus I&G	43,361.8	45,158.4	45,160.9	1,799.1
140	Athletics	3,411.7	3,411.7	3,411.7	-
141	Educational television	1,285.6	1,285.6	1,285.6	-
142	Teacher pipeline initiatives	250.0	275.0	250.0	-
143	Roswell Branch - I&G	15,402.5	15,681.3	15,683.9	281.4
144	Ruidoso Branch - I&G	2,525.7	2,584.8	2,587.7	62.0
145	Research and Public Service Projects				
146	Nurse expansion	323.7	323.7	323.7	-
147	Blackwater draw site and museum	93.3	93.3	93.3	-
148	Roswell Branch - nurse expansion	350.0	600.0	350.0	-
149	Teacher education preparation program	182.4	182.4	182.4	-
150	Greyhound promise	91.2	91.2	91.2	-
151	Nursing program	178.6	300.0	300.0	121.4
152	<i>Literacy assessment (New)</i>	-	150.0	-	-
153	Subtotal RPSPs	1,219.2	1,740.6	1,340.6	121.4
154	TOTAL EASTERN NEW MEXICO UNIVERSITY	67,456.5	70,137.4	69,720.4	2,263.9
155					
156	NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY				
157	Instruction and general purposes	38,028.4	39,328.9	39,255.1	1,226.7
158	Teacher pipeline initiatives	50.0	50.0	50.0	-
159	Bureau of mine safety	383.0	383.0	383.0	-
160	Bureau of geology and mineral resources	5,979.5	7,779.5	6,479.5	500.0
161	Petroleum recovery research center	2,170.5	2,170.5	2,170.5	-
162	Geophysical research center	1,510.8	1,510.8	1,510.8	-
163	Research and Public Service Projects				
164	Energetic materials research center	1,042.4	1,042.4	1,042.4	-
165	Science and engineering fair	212.4	212.4	212.4	-
166	Institute for complex additive systems analysis	1,224.9	1,724.9	1,224.9	-
167	Cave and karst research	422.3	422.3	422.3	-
168	Homeland security center	640.9	640.9	640.9	-
169	Cybersecurity center of excellence	536.7	750.0	536.7	-
170	Rural economic development	32.8	32.8	32.8	-
171	Chemical engineering student assistantships	199.3	199.3	199.3	-
172	New Mexico mathematics, engineering and science achieve	1,154.7	1,254.7	1,154.7	-
173	<i>STEM student support (New)</i>	-	850.0	-	-
174	Subtotal RPSPs	5,466.4	7,129.7	5,466.4	1,726.7
175	TOTAL NEW MEXICO INSTITUTE OF MINING AND TECH	53,588.6	58,352.4	55,315.3	3,453.4
176					
177	NORTHERN NEW MEXICO COLLEGE				
178	Instruction and general purposes	13,390.6	13,732.6	13,737.6	347.0

Institution / Program <i>(Detail listed primarily in HB2 order)</i>	FY25 Opbud	HED Rec FY26	LFC Rec. FY26	LFC Over/(Under) FY25
179 Athletics	570.9	570.9	570.9	-
180 Teacher pipeline initiatives	250.0	275.0	250.0	-
181 Research and Public Service Projects				
182 Science, technology, engineering, arts and math initiative	125.2	125.2	125.2	-
183 Nurse expansion	947.0	947.0	947.0	-
184 Demonstration farm	50.0	50.0	50.0	-
185 Arts, cultural engagement and sustainable agriculture	50.0	50.0	50.0	-
186 Career and Technical Education (New)	-	694.0	-	-
187 Subtotal RSPs	1,172.2	1,866.2	1,172.2	-
188 TOTAL NORTHERN NEW MEXICO COLLEGE	15,383.7	16,444.7	15,730.7	347.0
189				
190 SANTA FE COMMUNITY COLLEGE				
191 Instruction and general purposes	14,072.3	14,351.0	14,326.8	254.5
192 Research and Public Service Projects				
193 Nurse expansion	439.4	491.7	491.7	52.3
194 First born, home visiting and technical assistance	450.9	450.9	450.9	-
195 Teacher education expansion	136.8	250.0	175.7	38.9
196 Small business development centers	4,605.5	4,705.5	4,605.5	-
197 EMS mental health resiliency pilot	91.2	-	-	(91.2)
198 Subtotal RSPs	5,723.8	5,898.1	5,723.8	0.0
199 TOTAL SANTA FE COMMUNITY COLLEGE	19,796.1	20,249.1	20,050.6	254.5
200				
201 CENTRAL NEW MEXICO COMMUNITY COLLEGE				
202 Instruction and general purposes	79,826.8	82,016.5	81,701.8	1,875.0
203 Research and Public Service Projects				
204 Nurse expansion	1,400.0	1,400.0	1,400.0	-
205 Workforce development	70.0	70.0	70.0	-
206 Subtotal RSPs	1,470.0	1,470.0	1,470.0	-
207 TOTAL CENTRAL NEW MEXICO COMMUNITY COLLEGE	81,296.8	83,486.5	83,171.8	1,875.0
208				
209 LUNA COMMUNITY COLLEGE				
210 Instruction and general purposes	9,046.9	9,135.0	9,153.2	106.3
211 Athletics	512.5	512.5	512.5	-
212 Research and Public Service Projects				
213 Nurse expansion	509.0	509.0	509.0	-
214 Subtotal RSPs	509.0	509.0	509.0	-
215 TOTAL LUNA COMMUNITY COLLEGE	10,068.4	10,156.5	10,174.7	106.3
216				
217 MESALANDS COMMUNITY COLLEGE				
218 Instruction and general purposes	5,105.7	5,189.4	5,183.9	78.2
219 Athletics	217.5	217.5	217.5	-
220 Research and Public Service Projects				
221 Wind training center	116.9	450.0	116.9	-
222 Nursing Program (New)	-	550.0	250.0	250.0
223 Subtotal RSPs	116.9	1,000.0	366.9	250.0
224 TOTAL MESALANDS COMMUNITY COLLEGE	5,440.1	6,406.9	5,768.3	328.2
225				
226 NEW MEXICO JUNIOR COLLEGE				
227 Instruction and general purposes	7,634.7	7,827.6	7,812.1	177.4
228 Athletics	607.2	607.2	607.2	-
229 Research and Public Service Projects				
230 Nurse expansion	781.9	931.9	781.9	-
231 Subtotal RSPs	781.9	931.9	781.9	-
232 TOTAL NEW MEXICO JUNIOR COLLEGE	9,023.8	9,366.7	9,201.2	177.4
233				
234 SOUTHEAST NEW MEXICO COMMUNITY COLLEGE				
235 Instruction and general purposes	5,254.6	5,353.9	5,349.2	94.6
236 Research and Public Service Projects				
237 Nurse expansion	398.6	398.6	398.6	-
238 TOTAL SOUTHEAST NEW MEXICO COMMUNITY COLLEGE	5,653.2	5,752.5	5,747.8	94.6
239				

	Institution / Program <i>(Detail listed primarily in HB2 order)</i>	FY25 Opbud	HED Rec FY26	LFC Rec. FY26	LFC Over/(Under) FY25
240	SAN JUAN COLLEGE				
241	Instruction and general purposes	31,506.5	32,189.8	32,149.9	643.4
242	Tribal education initiatives	100.0	100.0	100.0	-
243	Research and Public Service Projects				
244	Nurse expansion	1,116.0	1,116.0	1,116.0	-
245	Dental hygiene program	175.0	250.0	235.0	60.0
246	Renewable energy center of excellence	750.0	750.0	750.0	-
247	Health center	60.0	-	-	(60.0)
248	Subtotal RPSPs	2,101.0	2,116.0	2,101.0	-
249	TOTAL SAN JUAN COLLEGE	33,707.5	34,405.8	34,350.9	643.4
250					
251	CLOVIS COMMUNITY COLLEGE				
252	Instruction and general purposes	12,851.8	13,086.4	13,061.9	210.1
253	Research and Public Service Projects				
254	Nurse expansion	356.5	356.5	356.5	-
255	Subtotal RPSPs	356.5	356.5	356.5	-
256	TOTAL CLOVIS COMMUNITY COLLEGE	13,208.3	13,442.9	13,418.4	210.1
257					
258	NEW MEXICO MILITARY INSTITUTE				
259	Instruction and general purposes	3,661.7	3,771.6	3,771.6	109.9
260	Athletics	335.1	335.1	335.1	-
261	Research and Public Service Projects				
262	Knowles legislative scholarship program	1,353.7	1,353.7	1,353.7	-
263	TOTAL NEW MEXICO MILITARY INSTITUTE	5,350.5	5,460.4	5,460.4	109.9
264					
265	NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED				
266	Instruction and general purposes	2,714.2	2,795.6	2,795.6	81.4
267	Research and Public Service Projects				
268	Low vision clinic programs	111.1	111.1	111.1	-
269	Subtotal RPSPs	111.1	111.1	111.1	-
270	TOTAL NEW MEXICO SCHOOL FOR THE BLIND AND VI	2,825.3	2,906.7	2,906.7	81.4
271					
272	NEW MEXICO SCHOOL FOR THE DEAF				
273	Instruction and general purposes	5,800.2	5,974.2	5,974.2	174.0
274	Research and Public Service Projects				
275	Statewide outreach services	215.7	300.0	300.0	84.3
276	Teleaudiology Screening (New)	-	140.0	140.0	140.0
277	Subtotal RPSPs	215.7	440.0	440.0	224.3
278	TOTAL NEW MEXICO SCHOOL FOR THE DEAF	6,015.9	6,414.2	6,414.2	398.3

At A Glance

The Legislature recognizes the importance of higher education to the economic well-being of New Mexicans. The state's per-student funding ranks second in the nation and lawmakers have provided near-universal access to tuition-free higher education in the state through the lottery and opportunity scholarships. While the creation of the opportunity scholarship led to the first enrollment increases in the past decade, institutions continue to struggle with retention and graduation rates that hover at or near the bottom of national rankings.

For FY26, The LFC recommendation increases the proportion of funding formula dollars tied to performance, includes additional funding for student support, and makes changes to financial aid award practices to directly address the state's persistently low retention and graduation rates. The recommendation increases overall spending by 2.7 percent over the FY25 operating budget.

Budget Issues

Higher education institutions (HEI) have a significant role in preparing New Mexicans for successful careers and helping nontraditional students to gain the skills necessary for promotion or salary increases. Investments in higher education are critical for the state to improve living standards and increase earned income. However, despite generous per-student spending, graduation and retention rates remain low while nationwide trends suggest younger Americans are questioning the value of a college degree as never before. The reluctance of students to commit to a four-year program has coincided with increased interest in technical training. The Legislature has recognized this trend and prioritized investments in student support as well as for noncredit job training. The FY26 recommendation continues to build on these investments while making alterations to the funding formula to further reward improvements in institutional performance.

State Support. The State Higher Education Executive Officers Association reports New Mexico had the second-highest rate of state support in the nation in FY23, behind only Illinois. The amount of state support, nearly \$22 thousand per student, is nearly twice the national average of \$11 thousand. While spending for higher education in New Mexico stagnated over the past decade, the low growth occurred at a time when enrollment was falling, resulting in increasing appropriations per student throughout this period. Additionally, the state made a significant investment in tuition-free college with the creation of the opportunity scholarship at a cost of nearly \$150 million.

For FY25, state spending on higher education accounted for 13 percent of the general fund budget. Recurring appropriations to HEIs include three components: (1) annual appropriations to the instruction and general (I&G) funding formula; (2) direct appropriations to research and public service projects (RPSP); and (3) targeted investments, including compensation for faculty and staff and student support.

The I&G base makes up the largest single portion of HEI budgets and receives the majority of state general fund appropriations. "New money", or appropriations over the prior year, is appropriated to HEIs through the funding formula, which provides an allocation based primarily on an institution's share of credit hours delivered and number of degrees awarded. The formula also includes an institutional performance premium to provide larger increases based on performance relative to prior years. Because the funding formula is a base-plus mechanism that serves to grow, but not to reduce, the base budget, it does not make adjustments to reflect enrollment declines, which can lead to funding disparities among institutions. The University of New Mexico Health Sciences Center and special schools do not receive funding through the formula and their budget increases are calculated separately.

RPSPs are line-item spending items contained in the budgets of the individual higher education institutions. These items are typically either statewide research-related projects, such as centers of excellence; areas of particular legislative interest, such as nursing and healthcare programs; and public service programs like a children's hospital. However, a number of other direct appropriations for instruction and general purposes had been made over the years, diluting the purpose of RPSPs. During the 2024 legislative session 57 of these I&G RPSPs were rolled into the normal operating budget. For FY26, LFC will continue prioritizing new resources on base I&G appropriations.

The Legislature has made targeted I&G appropriations outside of the funding formula for the past three years. These appropriations are based on the proportion of total I&G funding received by each institution. For FY26, LFC recommends an additional \$3 million for student support services to improve retention and graduation rates, \$2 million for medical faculty salary increases, and \$750 thousand for graduate assistant pay increases.

FY26 I&G Recommendation. Changes are made to the funding formula each year by a workgroup that includes Higher Education Department and HEI staff, as well as LFC and Department of Finance and Administration staff. Last year, LFC staff and partners in the funding formula working group reached consensus on two changes to the formula-increasing the amount of new funding dedicated to institutional performance from 10 percent to 20 percent and creating four performance funding qualification tiers to recognize various levels of institutional performance improvement.

A special appropriation of \$200 thousand for a study of the instruction and general funding formula and RPSPs was made in 2024 and a draft version of the study is anticipated in December 2024, with a final version in January 2025. Because the study is ongoing, HED and the HEIs did not recommend changes to the funding formula.

While the LFC recognizes the importance of study completion, the significant recent investments in both I&G funding and additional financial aid spending justify continued focus on increasing the weight of performance-improvement funding mechanisms. For FY26, the LFC recommendation increases the proportion of funding formula awards directed to institutional performance measures from 20 percent to 50 percent.

For FY26, LFC recommends an I&G increase of \$21.1 million, or 2.5 percent. LFC also recommends a nonformula adjustment of \$3 million to institutions statewide for student support services, which can include a broad array of services, including basic needs, mental health counseling, academic advising, and tutoring. This funding has been included in each of the past two years and the FY26 recommendation would bring total spending to \$9 million for this purpose. HED recommended increasing the I&G base by \$25.3 million, 3 percent, and did not recommend any targeted increases.

Health Sciences Center. The UNM Health Sciences Center is funded outside of the funding formula and is not subject to the same performance incentives as other HEIs. Overall, the Health Sciences Center brings in \$3.1 billion in revenue for clinical services at its hospitals, but it also receives state I&G funding for the medical school and colleges of pharmacy, nursing, and public health. The LFC recommendation for I&G at the Health Sciences Center includes a \$2.3 million, or 2.5 percent, base increase, and \$2 million for medical faculty compensation, bringing the total I&G increase to \$4.3 million, or 4.8 percent. LFC recommends an increase of \$750 thousand in RPSP funding, bringing the total increase to \$5 million, or 3.1 percent. HED recommended a \$2.7 million, or 3 percent, increase for the Health Sciences Center, as well as \$6.2 million in RPSP funding, which have brought the total increase to \$8.9 million, or 5.5 percent.

Research and Public Service Projects. LFC recommends a \$5.5 million increase and creates two new RPSPs for nursing programs at Mesalands Community College and NMSU Alamogordo. HED recommends a \$24 million increase to provide increases to 44 RPSPs, including 11 new RPSPs. The \$18 million difference between the two recommendations is largely attributable to five RPSPs that HED recommended at levels higher than LFC: \$4 million for creation of a substance use disorder center at UNM, \$2.9 million for a new quantum computing center at UNM, a \$2.9 million increase for the Office of the Medical Investigator, \$2.5 million for a new college of population health at UNM, and \$1.3 million for aquifer mapping at New Mexico Tech.

LFC recommends an additional \$1 million for a water treatment program at NMSU, \$750 thousand for salary increases and additional staff at the Office of the Medical Investigator, \$650 thousand for two new nursing programs, and \$500 thousand to hire additional staff for the aquifer mapping project at New Mexico Tech. The LFC recommendation did not include additional revenue for the college of population health because this is an instruction and general function. The LFC recommendation did not include additional funding for the substance abuse program at UNM because this is a direct service program that may be eligible to receive funding through existing healthcare programs.

Tuition and Fees. The amount of tuition and fee revenue varies considerably by type of institution. Four-year institutions receive around 30 percent of their total I&G revenue from tuition and fees, while two-year institutions receive about 10 percent from this source. Therefore, enrollment changes have a larger impact on the finances of four-year research and comprehensive institutions than they have on two-year colleges. Tuition and fees are set by the governing boards of the various institutions, and increases do not require approval of a statewide entity. Over the past five years, four-year institutions have raised their tuition and fees by an average of 3.8 percent per year, while two-year institutions have increased tuition and fees by 2.1 percent per year.

New Mexico's relatively rich financial aid package, including the lottery and opportunity scholarships, currently pays 53 percent of tuition and fees assessed to students. However, the scholarship programs do not guarantee full payment of tuition and fees, so any of the amount of tuition costs over the appropriated scholarship amounts will fall on the student. This preserves appropriations authority but confuses policy; New Mexico students are promised tuition-free higher education, but whether this promise can be kept changes based on availability of funding and HEI tuition policy.

Recurring revenues have not been sufficient to pay the costs of the financial aid programs; the lottery scholarship incurs costs of roughly \$70 million per year and receives lottery revenue of approximately \$45 million, while the opportunity scholarship costs around \$160 million and has recurring revenue of \$146 million. To bridge this gap, the Legislature created the \$1 billion higher education trust fund to cover full costs of the tuition programs through FY31, assuming moderate enrollment and tuition growth. However, if enrollment or tuition increase rapidly, the trust fund income may be insufficient to meet demand. Institutions, therefore, will be challenged to limit tuition increases to ensure program solvency.

A 2023 evaluation found that New Mexico students are leaving up to \$27 million in federal student financial aid on the table as a result of students not completing the free application for federal financial aid (FAFSA). In addition, certain state financial aid programs are awarded based on income and students who do not complete a FAFSA, or other income verification form, would be ineligible for these programs. The Legislature recognizes that financial barriers, especially for the lowest-income students, still exist despite the creation of the opportunity and lottery scholarships. To ensure New Mexico students receive the maximum amount of potential aid, LFC recommends language in the HED budget stating students must proactively opt-out of consideration for aid rather than requiring them to opt-in for consideration.

Other Revenue. Two-year colleges receive about half of their I&G revenue through local property tax revenue. Statute allows two-year institutions to impose a property tax worth up to \$5 for every \$1,000 of property value. While a number of institutions use the full levy, many do not and, therefore, have unused access to additional funding from local, rather than state, sources. The amount of revenue received from these sources may vary significantly by institution. For example, local property tax at New Mexico Junior College in Hobbs accounted for \$13.5 million in FY24, approximately \$81 thousand per full-time student, and Southeast New Mexico College in Carlsbad received \$42.3 million, or \$75 thousand per student. The statewide average property tax revenue per student, excluding these two institutions, was approximately \$5,400 per student in FY23.

Four-year institutions do not receive property tax revenue, but they do receive a distribution from the land grant permanent fund, accounting for approximately 3 percent of their revenue. Four-year institutions also receive significant revenue from non-state sources through grant-funded research activities.

Persistence and Completion. Compared to the national average, students in New Mexico are more likely to begin college but less likely to complete a degree. Despite high college-going rates, the proportion of the workforce with a bachelor's degree ranks 40th in the nation, highlighting challenges in student retention; since 2016, New Mexico's freshman retention rate has ranked 50th in the nation, and New Mexico's graduation rate has ranked 49th or 48th for the past five years.

For FY26, LFC recommends targets for graduation within 150 percent of normal time be set at 60 percent for research institutions, 50 percent for comprehensive colleges, and 35 percent for two-year colleges. The national graduation rate within 150 of normal time is 59.2 percent for public four-year institutions and 31.2 percent at two-year schools. New Mexico four-year colleges report a graduation rate of 47.1 percent while two-year colleges report a 26.2 percent rate.

The LFC recommendation increases the proportion of funding formula dollars tied to performance, includes additional funding for student support, and makes changes to financial aid award practices to directly address the state's persistently low retention and graduation rates.

Special Schools. The special schools are the New Mexico Military Institute (NMMI), New Mexico School for the Deaf (NMSD), and New Mexico School for the Blind and Visually Impaired (NMBVI). These special schools receive funding from the general fund, land grant permanent fund, land maintenance fund, and some investments with the State Investment Council. Distributions from the land grant permanent fund and land maintenance fund comprise 75 percent to 80 percent of each school's revenues.

For FY26, the LFC recommends a base increase of 3 percent while HED recommends a 5 percent increase.

Recommended Language

For the Higher Education Subsection: On approval of the higher education department, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this subsection whose other state funds exceed amounts specified, with the exception of the policy development and institutional financial oversight program of the higher education department. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees, in writing, of the justification for the approval.

On approval of the higher education department and in consultation with the legislative finance committee, the state budget division of the department of finance and administration may reduce general fund appropriations, up to three percent, to institutions whose lower level common courses are not completely transferrable or accepted among public colleges and universities in New Mexico.

The department of finance and administration shall, as directed by the secretary of higher education, withhold from an educational institution or program that the higher education department places under an enhanced fiscal oversight program a portion, up to ten percent, of the institution's or program's general fund allotments. On written notice by the secretary of higher education that the institution or program has made sufficient progress toward satisfying the requirements imposed by the higher education department under the enhanced fiscal oversight program, the department of finance and administration shall release the withheld allotments. Money withheld in accordance with this provision and not released at the end of fiscal year 2026 shall revert to the general fund. The secretary of the department of finance and administration shall advise the legislature through its officers and appropriate committees, in writing, of the status of all withheld allotments.

Except as otherwise provided, any unexpended balances remaining at the end of fiscal year 2026 shall not revert to the general fund.

For the University of New Mexico Health Sciences Center: The internal service funds/interagency transfers appropriation to the health sciences center research and public service projects of the university of New Mexico includes one million eight hundred thousand dollars (\$1,800,000) from the opioid crisis recovery fund from monies from settlements, judgments, verdicts and other court orders relating to claims regarding the manufacturing, marketing, distribution or sale of opioids.

For the New Mexico Department of Agriculture: The other state funds appropriation to the New Mexico department of agriculture of the New Mexico state university includes three million three hundred ninety thousand nine hundred dollars (\$3,390,900) from the land of enchantment legacy fund. The New Mexico department of agriculture is responsible for administering this funding and determining awardees.

University of New Mexico
Performance Measures Summary LFC

95200

9521 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	25,701	31,941	25,000	32,000	32,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	2,741	3,581	2,800	3,600	3,600
* Output	Number of credit hours completed	543,983	540,632	544,000	540,000	540,000
* Output	Number of unduplicated degree awards in the most recent academic year	4,916	4,894	5,000	5,000	5,000
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	52%	50%	60%	50%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	71%	75%	80%	75%	80%

9522 Gallup Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	3,131	3,161	3,100	3,200	3,200
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	238	44	240	200	200
* Output	Number of credit hours completed	26,240	27,536	30,000	30,000	30,000
* Output	Number of unduplicated awards conferred in the most recent academic year	243	310	250	300	300
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	61%	46%	60%	50%	60%
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	19%	56%	35%	60%	35%

9523 Los Alamos Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	1,887	2,619	2,150	2,215	2,215
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	160	136	165	169	169
* Output	Number of credit hours completed	9,037	11,119	9,308	9,587	9,587
* Output	Number of unduplicated awards conferred in the most recent academic year	86	94	89	91	91
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	11.0%	24.0%	35.0%	36.0%	35.0%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	50%	70%	60%	62%	60%

9524 Valencia Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	3,655	4,278	3,878	4,539	4,539
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	152	206	173	219	219
* Output	Number of credit hours completed	21,920	24,946	24,400	26,465	26,465
* Output	Number of unduplicated awards conferred in the most recent academic year	134	125	160	133	133
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	22%	20%	35%	21%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	67%	58%	60%	61%	60%

9525 Taos Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	2,252	2,042	2,100	2,100	2,100
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	85	98	100	100	100
* Output	Number of credit hours completed	13,231	15,236	14,422	15,500	15,500
* Output	Number of unduplicated awards conferred in the most recent academic year	120	209	165	220	220
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	46%	46%	60%	60%	60%
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	14%	15%	35%	20%	35%

9527 Health Sciences Center

Purpose: The purpose of the institution and general program of the university of New Mexico health sciences center is to provide educational, clinical and research support for the advancement of the health of all New Mexicans.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Outcome	Percent of nursing graduates passing the requisite licensure exam on first attempt	87%	93%	80%	80%	80%
* Output	Percent of university of New Mexico-trained primary care residents practicing in New Mexico three years after completing residency	44.0%	51.0%	39.0%	39.0%	39.0%
* Output	American nurses credentialing center family nurse practitioner certification exam first attempt pass rate	90.2%	100.0%	85.0%	85.0%	85.0%
* Output	First-time pass rate on the North American pharmacist licensure examination by doctor of pharmacy graduates	82.0%	67.6%	80.0%	80.0%	80.0%

New Mexico State University **95400**
Performance Measures Summary LFC

9541 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	16,343	16,984	16,350	17,000	17,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,275	1,421	1,500	1,500	1,500
* Output	Number of credit hours completed	349,767	367,121	360,000	370,000	370,000
* Output	Number of unduplicated degree awards in the most recent academic year	3,102	3,144	3,500	3,250	3,250
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	51%	52%	60%	60%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	73%	75%	80%	80%	80%

9542 Alamogordo Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	1,603	1,593	1,650	1,650	1,650
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	86	128	90	130	130
* Output	Number of credit hours completed	14,247	15,737	14,700	16,275	16,275
* Output	Number of unduplicated awards conferred in the most recent academic year	81	88	85	90	90
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	25%	20%	35%	20%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	52%	54%	60%	60%	60%

9544 Dona Ana Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	8,697	8,879	8,960	9,200	9,200
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,208	927	1,250	966	966
* Output	Number of credit hours completed	110,541	117,173	112,000	119,600	119,600
* Output	Number of unduplicated awards conferred in the most recent academic year	1,092	1,098	1,150	1,150	1,150
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	0%	0%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	65%	61%	60%	65%	60%

9545 Grants Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	1,368	1,296	1,200	1,200	1,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	141	211	125	150	150
* Output	Number of credit hours completed	10,026	7,050	9,000	8,000	8,000
* Output	Number of unduplicated awards conferred in the most recent academic year	83	92	75	75	75
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	30.0%	31.0%	25.0%	25.0%	35.0%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	52%	67%	60%	60%	60%

New Mexico Highlands University
Performance Measures Summary LFC

95600

9561 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	6,519	6,650	6,550	6,400	6,700
* Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount	214	189	200	110	110
* Output	Number of credit hours completed	60,736	59,885	61,000	60,000	60,000
* Output	Number of unduplicated degree awards in the most recent academic year	808	791	820	800	800
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	25%	26%	50%	28%	50%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	63%	57%	70%	54%	70%

Western New Mexico University
Performance Measures Summary LFC

95800

9581 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	4,185	4,464	4,200	4,300	4,500
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	190	282	200	250	250
* Output	Number of credit hours completed	65,573	69,724	63,000	67,000	67,000
* Output	Number of unduplicated degree awards in the most recent academic year	770	961	800	850	850
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	25%	24%	50%	25%	50%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62%	54%	70%	55%	70%

Eastern New Mexico University
Performance Measures Summary LFC

96000

9601 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	6,873	7,224	7,100	7,400	7,400
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	366	396	385	415	415
* Output	Number of credit hours completed	98,763	106,869	100,500	108,000	108,000
* Output	Number of unduplicated degree awards in the most recent academic year	1,283	1,316	1,350	1,350	1,350
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	37%	34%	50%	40%	50%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62%	62%	70%	65%	70%

9602 Roswell Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	2,901	2,942	2,700	2,750	2,750
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	488	372	500	350	350
* Output	Number of credit hours completed	39,548	37,017	35,000	35,000	35,000
* Output	Number of unduplicated awards conferred in the most recent academic year	484	512	450	450	450
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	36.0%	32.0%	35.0%	34.0%	35.0%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	55%	47%	60%	50%	60%

9603 Ruidoso Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	942	1,172	1,000	1,300	1,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	87	130	90	150	150
* Output	Number of credit hours completed	9,445	11,743	9,500	12,500	12,500
* Output	Number of unduplicated awards conferred in the most recent academic year	84	104	100	115	115
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	16.7%	15.4%	35.0%	35.0%	35.0%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	50%	50%	60%	60%	60%

New Mexico Institute of Mining and Technology

96200

Performance Measures Summary LFC

9621 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	1,974	2,051	1,700	1,600	2,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	243	178	225	165	165
* Output	Number of credit hours completed	42,450	41,194	44,000	38,000	38,000
* Output	Number of unduplicated awards conferred in the most recent academic year	333	334	360	300	300
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	56%	57%	60%	60%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	77%	77%	80%	80%	80%

Northern New Mexico College

96400

Performance Measures Summary LFC

9641 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	1,592	1,696	1,600	1,600	1,700
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	156	166	156	231	231
* Output	Number of credit hours completed	19,960	23,409	19,960	23,700	23,700
* Output	Number of unduplicated awards conferred in the most recent academic year	213	211	213	213	213
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	40%	33%	50%	40%	50%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	113%	56%	70%	65%	70%
* Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$24,748	\$24,748	Discont	Discont	Discont

Santa Fe Community College

96600

Performance Measures Summary LFC

9661 Santa Fe Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	5,984	6,288	5,800	5,800	6,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	136	174	169	169	169
* Output	Number of credit hours completed	46,033	49,356	53,400	53,400	53,400
* Output	Number of unduplicated awards conferred in the most recent academic year	587	500	574	500	500
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	19%	25%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	58%	55%	60%	60%	60%

Central New Mexico Community College

96800

Performance Measures Summary LFC

9681 Central New Mexico Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	28,981	27,944	32,500	32,500	32,500
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,405	1,326	2,100	2,100	2,100
* Output	Number of credit hours completed	304,445	305,519	340,000	320,000	320,000
* Output	Number of unduplicated awards conferred in the most recent academic year	7,484	5,147	7,500	7,500	7,500
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	28%	29%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62%	65%	60%	65%	60%

Luna Community College

97000

Performance Measures Summary LFC

9701 Luna Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	1,176	1,069	1,536	1,536	1,536
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	56	95	120	120	120
* Output	Number of credit hours completed	13,507	13,197	14,000	14,000	14,000
* Output	Number of unduplicated awards conferred in the most recent academic year	119	87	160	160	160
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	19%	30%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	71%	32%	60%	60%	60%

Mesalands Community College

97200

Performance Measures Summary LFC

9721 Mesalands Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	1,150	840	1,250	1,000	1,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	149	168	160	180	180
* Output	Number of credit hours completed	10,323	5,765	11,000	7,000	7,000
* Output	Number of unduplicated awards conferred in the most recent academic year	298	299	300	350	350
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	39%	40%	35%	50%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62%	54%	60%	60%	60%

New Mexico Junior College

97400

Performance Measures Summary LFC

9741 New Mexico Junior College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	2,759	2,743	3,250	3,250	3,250
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	616	612	600	650	650
* Output	Number of credit hours completed	42,307	38,156	45,000	45,000	45,000
* Output	Number of unduplicated awards conferred in the most recent academic year	340	348	375	375	375
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	29%	30%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	48%	55%	60%	60%	60%

Southeast New Mexico College

97500

Performance Measures Summary LFC

9751 Main Campus

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	2,528	2,143	2,200	2,200	2,200
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	88	58	150	100	100
* Output	Number of credit hours completed	19,780	18,462	16,750	17,000	17,000
* Output	Number of unduplicated awards conferred in the most recent academic year	111	109	160	160	160
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	29.0%	24.0%	35.0%	30.0%	35.0%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	57%	49%	60%	60%	60%

San Juan College

97600

Performance Measures Summary LFC

9761 San Juan College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	8,796	8,827	8,700	8,900	8,900
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	249	210	300	300	300
* Output	Number of credit hours completed	109,014	108,336	108,000	109,000	109,000
* Output	Number of unduplicated awards conferred in the most recent academic year	1,416	1,484	1,200	1,300	1,300
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	28%	38%	35%	38%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	69%	69%	60%	70%	60%

Clovis Community College

97700

Performance Measures Summary LFC

9771 Main Campus

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of students enrolled, by headcount	3,500	3,209	3,500	3,300	3,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	135	98	130	100	100
* Output	Number of credit hours completed	33,773	32,986	34,750	34,750	34,750
* Output	Number of unduplicated awards conferred in the most recent academic year	395	453	450	450	450
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	41%	41%	35%	40%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	63%	57%	60%	60%	60%

New Mexico Military Institute

97800

Performance Measures Summary LFC

9781 Main Campus

Purpose: The purpose of the New Mexico military institute program is to provide college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Percent of third Friday high school seniors and junior college sophomore students graduating with a high school diploma or associate degree	75.4%	76.0%	75.0%	77.5%	77.5%

New Mexico School for the Blind and Visually Impaired

97900

Performance Measures Summary LFC

9791 Main Campus

Purpose: The purpose of the New Mexico school for the blind and visually impaired program is to provide the training, support and resources necessary to prepare blind and visually impaired children of New Mexico to participate fully in their families, communities and workforce and to lead independent, productive lives.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Output	Number of New Mexico teachers who complete a personnel preparation program to become a teacher of the visually impaired	9	5	10	10	10

New Mexico School for the Deaf

98000

Performance Measures Summary LFC

9801 Main Campus

Purpose: The purpose of the New Mexico school for the deaf program is to provide a school-based comprehensive, fully accessible and language-rich learning environment for its students who are deaf and hard-of-hearing and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
* Outcome	Rate of transition to postsecondary education, vocational-technical training school, junior colleges, work training or employment for graduates based on a three-year rolling average	80%	90%	100%	100%	100%
* Outcome	Percent of first-year signers who demonstrate improvement in American sign language based on fall or spring assessments	100%	100%	100%	100%	100%

Public School Support

Public School Support

	FY25 Opbud	PED Request	LFC Recommendation	
1 PROGRAM COST				1
2 Prior Year Program Cost OpBud	3,976,002.1	4,171,971.2	4,171,971.2	2
3 UNIT CHANGES				3
4 Adding Family Income Index Units ¹			300,522.5	4
5 Removing Title I Poverty Units ¹			(163,229.9)	5
6 Removing Student Mobility Units ¹			(99,298.0)	6
7 Adding English Learner Exit Units ¹			3,317.2	7
8 Increasing 6th Grade Membership Factor to 1.1475 ¹			15,190.5	8
9 Subtotal: Net Proposed Formula Changes¹			56,502.3	9
10 Increased FY25 K-12 Plus Units		60,000.0	49,731.7	10
11 Other FY25 Net Unit Changes		-	(12,996.5)	11
12 Subtotal: Net FY25 Unit Adjustments		60,000.0	36,735.2	12
13 Other Projected FY26 Net Unit Changes	(19,915.3)		(22,215.1)	13
14 UNIT VALUE CHANGES				14
15 Salary Increase (FY25: 3%, LFC: 4%)	94,154.4		135,129.6	15
16 Three-Tier Minimum Salary Increase (LFC: \$55k, \$65k, \$75k) ¹			4,380.5	16
17 K-12 Plus	60,000.0			17
18 Instructional Materials		5,000.0		18
19 Insurance	25,666.7	38,462.7	38,364.4	19
20 Fixed Costs	6,063.3	4,997.8	1,934.7	20
21 Additional Education Reforms	30,000.0	-	-	21
22 Subtotal Current Year Program Cost Base	4,171,971.2	4,280,431.7	4,422,802.8	22
23 \$ Change from OpBud	195,969.1	108,460.5	250,831.6	23
24 % Change from OpBud	4.9%	2.6%	6.0%	24
25 STATE EQUALIZATION GUARANTEE (SEG)				25
26 Less: Other State Funds	(1,500.0)	(2,000.0)	(1,500.0)	26
27 Subtotal Current Year SEG Base	4,170,471.2	4,278,431.7	4,421,302.8	27
28 \$ Change from OpBud	201,469.1	107,960.5	250,831.6	28
29 % Change from OpBud	5.1%	2.6%	6.0%	29
30 CATEGORICAL APPROPRIATIONS				30
31 TRANSPORTATION DISTRIBUTION				31
32 Maintenance and Operations	104,839.5	116,554.8	118,683.7	32
33 Fuel	13,843.3	13,201.2	13,201.2	33
34 Rental Fees	9,097.7	5,894.1	5,894.1	34
35 Salary Increase (FY25: 3%, LFC: 4%)	1,488.6		2,340.8	35
36 Insurance	594.7		888.9	36
37 Replacing Population Density with Rurality Factor	3,929.5	-	-	37
38 Subtotal Current Year Transportation Base	133,793.3	135,650.1	141,008.7	38
39 \$ Change from OpBud	6,971.5	1,856.8	7,215.4	39
40 % Change from OpBud	5.5%	1.4%	5.4%	40
41 OTHER CATEGORICAL APPROPRIATIONS				41
42 OUT-OF-STATE TUITION	393.0	600.0	393.0	42
43 EMERGENCY SUPPLEMENTAL	1,000.0	1,500.0	1,000.0	43
44 STANDARDS-BASED ASSESSMENTS	10,000.0	14,800.0	12,770.0	44
45 INDIAN EDUCATION FUND	20,000.0	50,000.0	20,000.0	45
46 UNIVERSAL SCHOOL MEALS	-	50,700.0	-	46
47 Subtotal Current Year Categorical Appropriations	165,186.3	253,250.1	175,171.7	47
48 \$ Change from OpBud	8,002.5	88,063.8	9,985.4	48
49 % Change from OpBud	5.1%	53.3%	6.0%	49
50 SUBTOTAL PUBLIC SCHOOL SUPPORT	4,335,657.5	4,531,681.8	4,596,474.5	50
51 \$ Change from OpBud	209,471.6	196,024.3	260,817.0	51
52 % Change from OpBud	5.1%	4.5%	6.0%	52

Public School Support

	FY25 Opbud	PED Request	LFC Recommendation	
53	RELATED REQUESTS: RECURRING			53
54	1,350.0	1,350.0	1,500.0	54
55	14,000.0	17,600.0	14,000.0	55
56	5,000.0	5,000.0	5,000.0	56
57	4,000.0	5,000.0	4,000.0	57
58	750.0	750.0	750.0	58
59	1,250.0	1,610.0	1,250.0	59
60	41,000.0		42,201.0	60
61		12,400.0		61
62		20,000.0		62
63		2,300.0		63
64		7,000.0		64
65		8,000.0		65
66		3,700.0		66
67	-	5,000.0	-	67
68	67,350.0	89,710.0	68,701.0	68
69	\$ 41,403.4	22,360.0	1,351.0	69
70	159.6%	33.2%	2.0%	70
71	PUBLIC EDUCATION DEPARTMENT			71
72	23,589.1	24,521.6	24,521.6	72
73	932.5	3,000.0	802.0	73
74	24,521.6	27,521.6	25,323.6	74
75	4.0%	12.2%	3.3%	75
76	Total			76
77	4,175,721.6	4,427,529.1	4,427,529.1	77
78	251,807.5	221,384.3	262,970.0	78
79	4,427,529.1	4,648,913.4	4,690,499.1	79
80	6.0%	5.0%	5.9%	80

SECTIONS 5, 6, 7, AND OTHER NONRECURRING APPROPRIATIONS

81	General Fund			81
82	200.0			82
83	2,300.0			83
84	15,000.0		15,000.0	84
85	20,000.0		15,000.0	85
86	5,000.0	9,500.0		86
87	6,000.0	4,000.0		87
88		3,320.5		88
89	1,100.0			89
90	30,000.0	30,000.0	30,000.0	90
91	2,500.0	5,000.0		91
92	500.0			92
93	500.0			93
94	500.0			94
95	5,000.0			95
96	19,904.8	7,848.0	7,848.0	96
97		3,054.0	3,054.0	97
98		5,000.0		98
99	500.0		500.0	99
100	20,000.0	20,000.0	15,000.0	100
101	5,000.0		5,000.0	101

Public School Support

	FY25 Opbud	PED Request	LFC Recommendation	
102				102
	3,171.2			
103	2,305.0			103
104		3,900.0		104
105		1,720.0		105
106		2,250.0		106
107		12,000.0	12,000.0	107
108		27,262.4	40,000.0	108
109	1,000.0		1,000.0	109
110		200.5	200.5	110
111		2,280.0	2,280.0	111
112		1,000.0		112
113		455.3	230.3	113
114		15.5		114
115		(258.7)		115
116		40,000.0	40,000.0	116
117		500.0		117
118		500.0		118
119	250.0			119
120		10,000.0		120
121		10,000.0		121
122			6,000.0	122
123	-	-	150,000.0	123
124	140,481.0	199,547.5	343,112.8	124

OTHER STATE AND FEDERAL FUNDS

125	Public Education Reform Fund			125
126	Family Income Index Support	10,000.0		126
127	Community School and Family Engagement Initiatives	2,000.0		127
128	Early Literacy and Reading Support (FY25: Secondary Literacy)	2,500.0		128
129	Career Technical Education	40,000.0	14,237.6	129
130	Fund Clean-Up (K3PF, RMF, SLAF)		15.5	130
131	Learning Management System	-	3,700.0	131
132	Subtotal Current Year Base	54,500.0	14,237.6	132
133	Other State Funds and Inter-Agency Transfers			133
134	National Board Certification Scholarship Fund	500.0	500.0	134
135	Wellness Rooms Pilot (OCRF)	200.0		135
136	School Safety Summits (PSCOF)	200.0		136
137	Pre-Kindergarten Classrooms (PSCOF)	5,000.0		137
138	School Bus Replacement (PSCOF, EMTF)	29,166.6		138
139	School Bus Cameras (STB)	547.5		139
140	Alternative School Bus Fueling or Charging Infrastructure (PSCOF)	1,500.0	1,500.0	140
141	HED Structured Literacy Institute Building (PSCOF)	30,000.0		141
142	Security, CTE, and Maintenance SB-9 Distribution (PSCOF)		50,000.0	142
143	Learning Management System (ELF)	1,000.0		143
144	Community School and Family Engagement Initiatives (CSF)	6,000.0		144
145	GRADS - Teen Parent Interventions (TANF)	500.0	500.0	145
146	Las Vegas City School District Memorial MS Renovation (PSCOF)	1,500.0		146
147	Grow Your Own Teachers Fund		300.0	147
148	Sufficiency Lawsuit Fees (Consumer Settlement Fund)		500.0	148
149	Fund Clean-Up (FYRF, TPF, ISIF, SNIF, ETDCE, CSSF, KPF) to PERF		258.7	149
150	Online Licensure Portal (ELF)	-	4,000.0	150
151	Subtotal Current Year Base	76,114.1	5,500.0	151

Public School Support

	FY25 Opbud	PED Request	LFC Recommendation	
SECTION 9 APPROPRIATIONS				
152	Government Results and Opportunity Expendable Trust Fund			152
153	Special Education Differentials	15,000.0		153
154	Educator Clinical Practice	60,000.0		154
155	Albuquerque District Turnaround Projects	4,000.0		155
156	Albuquerque Middle Schools Before and After School Programs	160.0		156
157	Las Cruces District Aviation CTE Programs	200.0		157
158	Las Cruces District Anna, Age 8 Initiatives	320.0		158
159	Las Cruces District Family Support Center	400.0		159
160	Cobre and Silver Districts Operational Costs	160.0		160
161	Hobbs District Operational Costs	160.0		161
162	Hobbs and Lovington Districts CTE Programs	160.0		162
163	Hobbs, Lovington, and Carlsbad High Schools CTE Programs	200.0		163
164	Gallup District STEM Programs	160.0		164
165	Aztec District WBL and Postsecondary Career Readiness	160.0		165
166	ASK Academy Charter Middle School Student Support Programs	160.0		166
167	Rio Rancho District Math Programs	400.0		167
168	Student Friendship Programs with Students with Disabilities	160.0		168
169	Structured Literacy Tutoring	200.0		169
170	Secondary Educator Literacy ^{1,2,3}		15,500.0	170
171	Elementary Math Achievement ^{1,2,3}		38,440.0	171
172	Innovative Staffing Strategies ^{1,2,3}		19,840.0	172
173	Indigenous Education Initiatives ^{1,2,3}		15,500.0	173
174	School Improvement and Transformation ^{1,2,3}		29,450.0	174
175	Support for Attendance for Success ^{1,2,3}		30,900.0	175
176	Subtotal Current Year Base	82,000.0	149,630.0	176

Footnotes

1. Contingent on enactment of legislation
2. Includes appropriation from the public education reform fund
3. Appropriation authorized for three years until FY28

Public School Support

Statutory Authority

Article XII, Section 1, of the New Mexico Constitution provides that a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22, NMSA 1978. Constitutional amendments passed in 2003 restructured state education administration from one directed by an elected board to an executive agency under the governor.

At A Glance

PED's FY26 general fund request for public schools totaled \$4.65 billion, a \$221.4 million, or 5 percent, increase from FY25 appropriations—excluding school personnel compensation increases. The committee's general fund recommendation for public schools totaled \$4.69 billion, an increase of \$263 million, or 5.9 percent. The committee's recommendation includes a \$137.5 million for a 4 percent salary increase for school personnel. The department's request and committee's recommendation both increased the state equalization guarantee (SEG) distribution, the amounts school districts and charter schools receive through a formula, to cover additional K-12 Plus units and increased insurance costs.

The department further requested \$139 million for 13 recurring special initiatives and \$199.5 million for 25 nonrecurring pilot programs. The committee recommendation includes \$67.2 million for six special initiatives, \$193.1 million for 17 nonrecurring pilot programs, and \$150 million for six multi-year studies through the public education reform fund—contingent on legislation.

Budget Issues

For FY26, PED requested \$4.28 billion for the SEG distribution, a \$108 million or 2.6 percent increase. The LFC recommendation for SEG totaled \$4.42 billion, a \$250.8 million or 6 percent increase. Both the request and recommendation increase appropriations for K-12 Plus extended school year units and insurance costs. The LFC recommendation further provides a 4 percent salary increase for school personnel and raises teacher and principal minimum salary levels by \$5,000.

In FY19, the 1st Judicial District Court found, in the *Martinez-Yazzie* education sufficiency lawsuit, that New Mexico failed to provide a sufficient education for at-risk children and ordered the state to immediately provide an education system that would ensure all students had the same opportunity to be college, career, and civics ready. The court did not order specific remedies, noting the legislative and executive branches held the primary responsibility of developing a funding and accountability framework to meet constitutional requirements. However, the court found key deficiencies, such as the lack of K-3 Plus, extended learning time (ELT) programs, prekindergarten programs, reading interventions, and high-quality teachers were creating achievement gaps for at-risk students and ordered the state to take immediate action.

In FY21, plaintiffs in the *Martinez-Yazzie* lawsuit filed a motion for further relief in response to school closures during the Covid-19 pandemic, and the court subsequently ordered the state to immediately provide effective access to technology and the means for remote learning. In FY24, plaintiffs again filed a motion calling for the development of a state remedial plan led by the Legislative Education Study Committee (LESC). The court has not yet ruled on the new FY24 motion.

Unit Changes. Preliminary student counts in the funding formula for FY25 fell to 300.4 thousand students, a decrease of 5,079 students, or 1.7 percent, from FY24. The decrease reflects a continued prepandemic trend of declining student enrollment due to lower birth rates and smaller incoming kindergarten cohorts. The committee recommendation includes a net decrease of \$22.2 million to partly account for estimated unit losses due to declining student membership statewide in FY26, equivalent to a loss of 3,386 students, or 88 percent of predicted enrollment declines. (See "Public Education Funding Formula: Student Membership and Program Unit History and Budget Assumptions," Volume 3.) The partial credit mostly corrects for errors in the predicted net unit adjustment of \$19.9 million applied to the SEG in FY25.

While the Legislature reduced the FY25 SEG appropriation by \$19.9 million in anticipation of an overall reduction in program units, net program units increased by 5,885 units instead. Despite substantial drops in student enrollment and general program unit losses, the formula still generated net growth in overall program units primarily because of increased counts of student participation in K-12 Plus programs, growth in the number of students identified for special education and related ancillary FTE, and changes to the U.S. Census Bureau's calculations of district rurality. Coupled with the preliminary unit value increase, the net impact on the SEG was an additional cost of \$36.7 million. PED's request included \$60 million for K-12 Plus units to offset this adjustment on a recurring basis, while the committee recommendation includes \$36.7 million for all unit adjustments. Both the request and recommendation include a nonrecurring \$40 million appropriation to the state-support reserve fund to maintain the unit value for the unanticipated new units in FY25.

Public School Support

Formula Reforms. Pursuant to House Memorial 51 from the 2023 legislative session, LESC concluded a review of the funding formula and recommended replacing the existing at-risk index with a new poverty index and separating English learner factors from the index at a net cost of \$41.3 million. Separately, LESC recommended raising the basic membership weight for sixth grade from 1.045 to 1.3 and raising the weight for seventh through 12th grade from 1.25 to 1.3 at a cost of \$95.3 million. The committee recommendation includes \$56.5 million for the SEG distribution to support the replacement of the at-risk index and an increase in the sixth grade membership factor to 1.1475, contingent on enactment of legislation. These changes will more equitably distribute program units to school districts and charter schools using school-level poverty data, provide funding for required monitoring of students who exit English learner status, and eliminate a factor that inaccurately measured mobility, as noted in prior LFC and LESC reports.

The committee recommendation does not include funding for secondary membership weight increases, with the exception of sixth grade. Raising the factor would substantially increase the share of SEG attributable to secondary enrollment, which will face sharper declines within three years once the largest cohort of ninth graders graduate or exit. Additionally, the substantial boost in membership units reduces the share of SEG attributable to other programs with more accountability, such as bilingual multicultural education programs, K-12 Plus programs, and special education. However, the replacement of the at-risk index will shift funding away from districts and charters serving high-income students and based on LESC projections will have a larger negative fiscal impact on smaller districts and charters.

Unit Value Changes. The unit value, a weighted revenue per pupil metric, is computed by dividing the program cost by funded units. PED initially sets a unit value in April based on the following year's appropriations and then adjusts the unit value eight months later in January. Any funds added to SEG that do not generate units will increase the unit value, which are discussed here.

Calendar Reform and Instructional Time. The court, in the *Martinez-Yazzie* lawsuit, acknowledged high-quality extended school year programs could help close the achievement gap. Research and previous LFC studies have found extended school years can improve student outcomes, with the costs of implementation being one of the largest barriers.

PED's analysis suggests 61 percent of FY25 district and charter calendars will provide at least 180 classroom days, a shift the department attributes to a newly promulgated rule requiring at least 180 days of instruction for schools that fail to meet reading performance targets. In FY24, The New Mexico School Superintendents Association, in conjunction with 53 school boards and four charter school governing boards, sued PED, and the 5th Judicial District Court issued a temporary restraining order and preliminary injunction of PED's 180-day rule. In FY25, parties began discussing a potential resolution; however, the departure of the previous PED secretary ended mediation. The case is still pending but may drastically change K-12 Plus participation rates depending on the court's ruling. PED's request included \$60 million for K-12 Plus units in the SEG distribution. The committee recommendation includes a \$49.7 million recurring appropriation to account for unanticipated FY25 K-12 Plus program units in the SEG distribution and a \$15 million nonrecurring appropriation to address any unanticipated growth in K-12 Plus programs for FY26.

Compensation. Despite persistent teacher vacancies across the state, recent counts of new teacher graduates and enrollers at educator preparation programs suggest the pool of candidates has increased alongside educator raises and will continue to grow for the next three years. As student enrollment decreases and the number of teacher candidates increases, districts and charters can strategically raise compensation levels to increase the competitiveness of the candidate pool and simultaneously right-size staffing levels. Coupled with more robust preparation and innovative staffing models, the state can build a new generation of teachers that is more prepared to teach and extend the reach of its most effective teachers in classrooms today.

Significant increases in teacher pay during FY23 raised minimum salaries for level 1, 2, and 3-A teachers to \$50 thousand, \$60 thousand, and \$70 thousand, respectively. Large school districts have since raised minimum salary levels for teachers well above the statewide requirement using additional local revenue and funding generated from longer school calendars. Except for Santa Fe, which only has 182 contract days and a \$50 thousand minimum salary for level 1 teachers, the 20 largest school districts had significantly higher teacher salary minimums and slightly more contract days in FY25, ranging from a low of \$53.3 thousand for a level 1 teacher in Artesia for 184 contract days to a high of \$65.7 thousand in Carlsbad for 187 days.

Continued growth in insurance costs will consume a larger share of employee take-home pay if salaries do not keep pace. To mitigate this growing cost pressure, the committee recommendation includes \$137.5 million to provide an average 4 percent salary increase for all personnel. Additionally, the recommendation raises the minimum salary level for level 1, 2, and 3 licensees by \$5,000 each, which will maintain New Mexico's competitiveness in teacher and principal pay regionally.

Public School Support

Insurance and Benefits. The Public School Insurance Authority (NMPSIA) provides self-insured group insurance coverage for all school districts, except for Albuquerque Public Schools (APS), and all charter schools. PED's FY26 request included \$38.5 million for insurance, mostly covering the costs of rate increases recommended by NMPSIA. For FY26, NMPSIA requested a 10.25 percent increase in educator health insurance rates, or \$22.1 million, and APS requested a 12.5 percent increase, or \$13 million. Additionally, NMPSIA requested a 16.9 percent rate increase, or \$17.7 million, for risk premiums, while APS requested \$8 million for risk premiums. Altogether, the requests from NMPSIA and APS total \$60.8 million. The committee recommendation for insurance is \$39.3 million, which covers a 10 percent increase in healthcare premiums, in line with across-the-board insurance rate increases for state employees, and an 8.5 percent increase in risk premiums. The halving of the risk premium assumes NMPSIA will apply local premium increases related to the costs of high-dollar sexual misconduct claims to liable school districts and charter schools with a history of these claims. (See "NMPSIA: Agency 342.")

Instructional Materials. In FY20, the Legislature moved instructional material funding from categorical appropriations to the SEG distribution so schools could have full flexibility over purchasing and developing culturally and linguistically relevant materials. In FY22, school spending on textbooks reached \$38 million, likely due to increased demand for online textbooks and digital platforms during school closures. In FY23, PED's budget system recorded instructional material expenditures made from the SEG appropriation at \$19.4 million and recorded \$29.7 million in FY24. However, reported spending on instructional materials between FY22 and FY24 by the 20 largest school districts, or 60 percent of enrollment, suggests instructional material purchases are significantly higher than recorded in the PED's budget system. The 20 largest districts reported \$39.2 million in expenditures for FY23 and \$38.1 million for FY24. While FY24 expenditures are still pending, PED reports total SEG material expenditures by all districts in FY23 reached \$46.6 million.

Significant variation in instructional material purchases from the state's approved materials list suggests many district material purchases are still driven by the adoption cycle from the instructional materials fund that is no longer enforced. Instructional material purchases from the adoption list in the 20 largest school districts decreased from 57 percent in FY22 to 27 percent in FY24, indicating more districts are purchasing materials not approved by the state's instructional materials review process in the prior year. PED reports 46 percent of instructional materials purchased in FY23 were rated as high-quality core materials. During the pandemic, school districts and charter schools used over \$110 million in federal pandemic aid to purchase instructional materials, supplies, and educational technology.

With nonrecurring federal pandemic aid set to expire in FY25 and large educational technology purchases resulting from one-time appropriations, school districts and charter schools will need to begin using cash reserves to support instructional materials. Schools carried over unrestricted cash balances of \$656.5 million from FY24, growing statewide balances by \$33.4 million, or 5.4 percent, from the prior year. On average, this cash represented 16 percent of SEG.

Currently, schools receive \$55 million for instructional materials through the SEG and must report to PED how their proportion of the SEG is spent for this purpose. For FY26, the PED request expanded the SEG appropriation for instructional materials to \$60 million, a \$5 million increase from the prior year. The committee recommends keeping the earmark for SEG instructional materials flat at \$55 million.

Fixed Costs. PED's request included \$5 million for fixed costs, while the committee recommendation includes \$1.9 million, which accounts for a 0.85 percent increase in actual fixed cost increases for FY26.

Categorical Public School Support. Categorical appropriations, distributed to public schools formulaically but restricted to specific uses, include funding for transportation, supplemental distributions, Indian education, and standards-based assessments. PED's FY26 categorical general fund request totals \$253.2 million, an increase of \$88.1 million, or 53 percent. The committee recommendation for categorical appropriations totaled \$175.2 million, an increase of \$10 million, or 6 percent. Major differences included PED's addition of a \$50.7 million universal school meals appropriation and \$30 million increase for the Indian education fund—a 24 percent increase for school meals and 150 percent increase for Indian education. The committee recommendation is primarily driven by a \$7.2 million, or 5.4 percent, increase in transportation funding.

Transportation. The largest categorical appropriation covers the costs of transporting students to and from school. For FY26, PED's general fund request for transportation totaled \$135.7 million, an increase of \$1.9 million, or 1.4 percent. The committee's general fund recommendation was \$141 million, a \$7.2 million, or 5.4 percent, increase that includes a 4 percent salary increase for transportation personnel and increases base operating costs by \$7.8 million to account for changes in the population density factor and the addition of new charter school transportation systems.

In FY25, the state changed the school transportation formula, replacing a population density factor with a geographic rurality factor. Changes to transportation allocations were extreme, with half of districts and charters allocations changing as high as a 163 percent increase and as low as a 40 percent decrease. A 2024 LFC progress report on school transportation found formula allocations increased by 38 percent between FY18 and FY24, while bus ridership and bus mileage decreased by 24 percent and 12 percent, respectively. Costs of bus driver salaries and diesel fuel prices increased by 39 percent and 37 percent, respectively, between FY18 and FY23. Additionally, reported demand for bus drivers was in line with workforce data showing an average turnover rate of 31 percent for school bus drivers each year.

Public School Support

Despite major fluctuations in transportation funding for FY25, the formula adjustment increased allocations for the state's most densely populated school districts. Given the recency of transportation allocation changes and increased balances in the emergency transportation fund, the LFC report suggested PED monitor expenditures from the new methodology and leverage the emergency fund to address immediate transportation needs. Additionally, the report recommended PED publicize transportation efficiency benchmarks to qualify for emergency aid and include transportation spending from SEG within the regression model for the formula, an omission that contributed to inaccurate transportation allocations.

Indian Education Fund. The *Martinez-Yazzie* court ruling drew attention to the low educational outcomes of Native American students, flagging significant gaps in proficiency and graduation rates. Despite recent gains in high school graduation rates for Native American students, overall academic performance remains lower than most other student subgroups year-over-year. The court also noted the state's failure to develop government-to-government relationships needed to achieve the statutory goals stated in the Indian Education Act (IEA) and argued the lack of culturally relevant instructional materials and curricula for Native American students violated the IEA and state constitution.

Balances in the Indian education fund have supported several recurring, multiyear programs; however, the effects of these programs on improving educational outcomes for Native American students remains unclear and reversions remain high. A 2021 LFC evaluation of Indian Education Act implementation found a history of poor coordination between PED and tribal governments, lack of targeted outcomes for Indian education fund recipients, and challenges with spending down grant awards. In FY25, PED requested a budget adjustment to use \$4 million in unspent Indian education funds to pay for tribal library capital outlay projects. For FY26, PED's request more than doubled the Indian education fund appropriation to \$50 million, a \$30 million increase from the prior year. The committee recommends \$20 million for the Indian education fund, flat with the prior year, but earmarks \$4.6 million for monthly distributions to tribal education departments.

Standards-Based Assessments. In FY24, PED reports spending \$14.2 million for federal and state assessments of students. For FY25, PED estimates the total cost of federal and state assessments will be \$15.7 million. The department typically uses \$4.3 million from federal funds to help cover the cost of federally required assessments beyond the \$10 million state appropriation. The increased cost for FY25 is primarily due to unspent carry-over funds and contract amendments dating as far back as FY22. For FY26, PED requested \$14.8 million in general fund appropriations for standards-based assessments, an increase of \$4.8 million, or 48 percent, from FY25 funding levels. The committee recommends \$12.8 million for standards-based assessments, an increase of \$2.8 million, or 28 percent, and requires PED to report quarterly on interim test score data.

Universal School Meals. For FY26, PED requested \$50.7 million in recurring categorical appropriations for universal school meals, \$10.9 million for prior year shortfalls, and \$5 million for potential FY26 cost overruns. The recurring request and overrun projection grow the program by \$14.7 million, or 36 percent, from the prior year, despite limited evidence to suggest meal counts have increased substantially. According to the Department of Finance and Administration, school breakfasts and lunches served in August 2024 reached 3.4 million meals, a 1 percent increase year-over-year from August 2023. And while public schools served 32 million breakfasts and lunches in FY24, a 5 percent overall increase from the 30.5 million meals served in FY23, meal counts in the second half of FY24 were 2.5 percent lower than the second half of FY23, showing mixed growth in meal participation rates. Student meal participation rates may continue to grow in FY26 from growing awareness of the universal meals initiative; however, declining student enrollment and high absenteeism rates will likely place downward pressure on this trend. As such, the committee recommendation maintains universal school meals as a recurring special program and increases funding to \$42.2 million—an expansion of \$1.2 million, or 2.9 percent. Additionally, LFC recommends supporting the \$10.9 million nonrecurring appropriation for prior year shortfalls.

Department Special Program Appropriations. The court found some PED special program appropriations could be worthwhile, pointing to promising results from prekindergarten, extended school year, K-3 Plus, and educator professional development programs. However, the court noted the appropriations had limited impact and were subject to volatile budget adjustments each year, creating uncertainty for districts and inconsistency in measuring program effectiveness. The proliferation of special programs could divert resources away from school funding, which the court indicated was not a suitable remedy for statewide deficiencies.

PED's FY26 general fund request for recurring special programs totaled \$89.7 million, an increase of \$22.4 million, or 33.2 percent, from FY25 funding levels. The increase is obscured by the transfer of universal school meals to a categorical appropriation, which would have resulted in an increase of \$140.4 million, or 108.5 percent. The committee recommendation for special programs is \$68.7 million, an increase of \$1.4 million, or 2 percent. Unlike the department, the committee recommendation maintains universal school meals as a recurring special program. The department's request included new appropriations for out-of-school time programs; science, technology, engineering, and math initiatives; New Mexico-grown fruits and vegetables; initiatives for minority and bilingual populations; community schools; school safety; and a learning management system. The department's request further increased appropriations for early literacy initiatives and test waivers for advanced placement and international baccalaureate exams.

The committee recommendation increases appropriations for universal school meals and regional education cooperatives by \$1.2 million and \$150 thousand, respectively, and keeps all other special programs flat with FY25 funding levels. The committee recommends funding new initiatives, like the math program, through the government results and opportunity (GRO) fund and providing nonrecurring appropriations for other pilot initiatives.

Public School Support

Nonrecurring Appropriations. PED's general fund request for FY26 nonrecurring special, supplemental, deficiency, and IT appropriations totaled \$199.5 million for 25 different pilot programs and requests. PED's request largely maintained prior-year pilot programs but included \$85 million for 15 new items, including \$40 million for the state-support reserve fund, \$12 million for a statewide student information system, and \$10 million for school improvement and transformation. Notably, the department recommendation braided \$14.2 million from the public education reform fund with a \$27.3 million general fund appropriation for career and technical education (CTE) programs.

The committee's recommendation for nonrecurring appropriations totals \$343.1 million, including a \$150 million transfer to the public education reform fund to pilot multiyear programs like the GRO fund but focused on education initiatives. The reform fund pilots will be contingent on enactment of legislation requiring evaluation plans and performance outcomes for the initiatives. The committee recommendation focuses on six education initiatives, including three existing programs related to secondary educator literacy training, attendance interventions, and indigenous education initiatives. The programs will receive funding for a three-year period to ensure the incorporation of effective programs into the budget does not exceed 1 percent of recurring education costs each year. The committee recommendation also includes \$193.1 million for 17 nonrecurring items, including \$40 million for the state-support reserve fund, \$40 million for CTE programs, and \$30 million for the summer reading program.

Federal Funds. For FY26, PED requested, and the committee recommendation includes, authority to budget \$579.5 million for federal flow-through grants, flat with FY25 funding levels.

RECOMMENDED LANGUAGE

Except as otherwise provided, unexpended balances of appropriations made in this subsection shall not revert at the end of fiscal year 2026.

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

The rate of distribution of the state equalization guarantee distribution shall be based on a program unit value determined by the secretary of public education. The secretary of public education shall establish a preliminary unit value to establish budgets for the 2025-2026 school year and then, on verification of the number of units statewide for fiscal year 2026 but no later than January 31, 2026, the secretary of public education may adjust the program unit value. In setting the preliminary unit value and the final unit value in January, the public education department shall consult with the department of finance and administration, legislative finance committee and legislative education study committee.

The general fund appropriation to the state equalization guarantee distribution includes fifty-six million five hundred two thousand three hundred dollars (\$56,502,300) contingent on enactment of legislation in the first session of the fifty-seventh legislature amending the Public School Finance Act to replace at-risk program units with program units based on the family income index, program units for students identified as English learners and program units for students who have exited English learner status and increasing the sixth grade formula factor to one and one thousand four hundred seventy-five ten-thousandths.

The general fund appropriation to the state equalization guarantee distribution includes sufficient funding to provide all affected employees an hourly salary of at least fifteen dollars (\$15.00).

The general fund appropriation to the state equalization guarantee distribution includes one hundred thirty-five million one hundred twenty-nine thousand six hundred dollars (\$135,129,600) to provide a four percent salary increase to all public school personnel.

For fiscal year 2026, if the program cost made available is insufficient to meet the level of state support required by the special education maintenance of effort requirements of Part B of the federal Individuals with Disabilities Education Act, the public education department shall reduce the program cost and state equalization guarantee distribution appropriation in an amount sufficient to cover the projected shortfall and distribute that amount to school districts and charter schools in proportion to each school district's and charter school's share of the total statewide program cost to meet the level of support required by Part B of the federal Individuals with Disabilities Education Act for fiscal year 2026. The public education department shall reset the final unit value and recalculate each school district's and charter school's program cost for fiscal year 2026.

The general fund appropriation to the state equalization guarantee distribution includes fifty-five million dollars (\$55,000,000) for school districts and charter schools to purchase culturally and linguistically appropriate instructional materials for eligible students, including dual-credit instructional materials and educational technology.

Public School Support

The general fund appropriation to the state equalization guarantee distribution includes fifty-nine million dollars (\$59,000,000) for school districts and charter schools to meet teacher mentorship requirements pursuant to Section 22-10A-9 NMSA 1978, create an educational plan pursuant to Section 22-8-6 NMSA 1978, provide scientifically based literacy programs pursuant to Section 22-13-29 NMSA 1978 and Section 22-13-32 NMSA 1978, provide career technical education programs pursuant to Section 22-1-12 NMSA 1978 and implement the community school framework pursuant to Section 22-32-6 NMSA 1978.

The public education department shall monitor and review the operating budgets of school districts and charter schools to ensure the school district or charter school is prioritizing available funds to those functions most likely to improve student outcomes. If a school district or charter school submits a fiscal year 2026 operating budget that, in the opinion of the secretary of public education, fails to prioritize funds as described in this paragraph, the secretary of public education shall, prior to approving the school district's or charter school's fiscal year 2026 budget, direct the school district or charter school to revise its submitted budget or shall make such revisions as required to meet the requirements of this paragraph.

The general fund appropriation to the public school fund shall be reduced by the amounts transferred to the public school fund from the current school fund and from federal Mineral Leasing Act receipts otherwise unappropriated.

The other state funds appropriation to the state equalization guarantee distribution includes balances received by the public education department pursuant to Section 66-5-44 NMSA 1978.

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2026 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the transportation distribution includes two million three hundred forty thousand eight hundred dollars (\$2,340,800) to provide a four percent salary increase to all public school transportation personnel.

The secretary of public education shall not distribute any emergency supplemental funds to a school district or charter school that is not in compliance with the Audit Act or that has cash and invested reserves, other resources or any combination thereof equaling five percent or more of their operating budget.

Any unexpended balances in the supplemental distribution of the public education department remaining at the end of fiscal year 2026 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the Indian education fund includes four million six hundred thousand dollars (\$4,600,000) to support tribal education departments. The public education department shall enter into agreements with tribal education departments for the purposes of disbursing funds. The public education department shall issue monthly distributions from the Indian education fund to New Mexico tribal education departments.

The general fund appropriation for standards-based assessments includes two million seven hundred seventy thousand dollars (\$2,770,000) contingent on quarterly reporting of interim assessment results to the department of finance and administration, legislative finance committee and legislative education study committee.

Any unexpended balances in the standards-based assessments appropriation remaining at the end of fiscal year 2026 from appropriations made from the general fund shall revert to the general fund.

The purpose of the public education department program is to provide a public education to all students. The secretary of public education is responsible to the governor for the operation of the department. It is the secretary's duty to manage all operations of the department and to administer and enforce the laws with which the secretary of the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication and fiscal responsibility.

The public education department shall not make an award to a school district or charter school that does not submit an approved educational plan pursuant to Section 22-8-6 NMSA 1978 or an approved teacher mentorship program pursuant to Section 22-10A-9 NMSA 1978.

The internal service funds/interagency transfers appropriation to the graduation, reality and dual-role skills program of the public education department is from the federal temporary assistance for needy families block grant to New Mexico.

The other state funds appropriation to the public education department for national board certification assistance is from the national board certification scholarship fund.

Public School Support

The public education department may distribute awards from the advanced placement and international baccalaureate test assistance appropriation to public schools and secondary schools funded by the bureau of Indian education of the United States department of the interior that offer international baccalaureate programs to provide the international baccalaureate program tests free of charge to New Mexico students.

Any unexpended balances in special appropriations to the public education department remaining at the end of fiscal year 2026 from appropriations made from the general fund shall revert to the general fund.

PUBLIC SCHOOL SUPPORT

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Outcome	Eighth-grade math achievement gap between economically disadvantaged students and all other students, in percentage points	21.2%	14.6%	5.0%	5.0%	5.0%
* Outcome	Fourth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	26.6%	19.0%	5.0%	5.0%	5.0%
* Outcome	Fourth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of additional instructional hours generated per pupil through the K-12 plus program	75.0	62.0	N/A	N/A	N/A
Explanatory	Number of eligible children served in kindergarten-five-plus	Discontinued	TBD	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-five-plus	Discontinued	0.0%	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-twelve plus	NEW	66.7%	N/A	N/A	N/A
Explanatory	Percent of funds generated by the at-risk index budgeted to provide at-risk services	Discontinued	83.2%	N/A	N/A	N/A
Explanatory	Percent of students in K-5 plus meeting benchmark on early reading skills	Discontinued	TBD	N/A	N/A	N/A
Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in science	23.9%	25.9%	39.0%	39.0%	39.0%
Outcome	Percent of economically disadvantaged fifth-grade students who achieve proficiency or above on the standards-based assessment in science	NEW	24.6%	39.0%	39.0%	39.0%
Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in science	25.3%	N/A	Discontinued	Discontinued	Discontinued
Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in science	29.6%	35.4%	39.0%	40.0%	40.0%
Outcome	Percent of fifth-grade Native American students who achieve proficiency or above on standards-based assessment in science	NEW	21.3%	39.0%	39.0%	39.0%
Outcome	Percent of fifth-grade students who achieve proficiency or above on the standards-based assessment in science	NEW	34.2%	39.0%	39.0%	39.0%

Public School Support

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in math	13.4%	15.7%	39.0%	39.0%	39.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in reading	19.4%	29.1%	39.0%	39.0%	39.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in science	17.1%	Discontinued	Discontinued	Discontinued	Discontinued
Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in science	31.4%	N/A	Discontinued	Discontinued	Discontinued
Outcome	Percent of minor behavioral infractions resulting in expulsion	0.0%	0.0%	5.0%	5.0%	5.0%
Outcome	Percent of minor behavioral infractions resulting in out-of-school suspension	37.6%	0.0%	5.0%	5.0%	5.0%
Outcome	Percent of recent New Mexico high school graduates who graduate with a workforce certification or industry-recognized credential	7.4%	25.9%	11.0%	11.0%	30.0%
Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at four-year schools	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	35%	42%	39%	47%	47%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	25%	26%	39%	39%	39%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	34%	41%	39%	46%	46%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	20%	19%	39%	39%	39%
Outcome	Percent of third-grade students who achieve proficiency or above on standards-based assessments in reading	32.00%	33.00%	39.00%	39.00%	39.00%
Outcome	Percent of third-grade students who achieve proficiency or above on standards-based assessments in mathematics	22.80%	24.00%	39.00%	39.00%	39.00%
Outcome	Truancy rate among students in elementary, middle and high school	N/A	N/A	N/A	N/A	N/A
Quality	Current five-year cohort graduation rate using shared accountability	81.70%	79.80%	86.00%	86.00%	86.00%
* Quality	Current four-year cohort graduation rate using shared accountability	77%	77%	81%	81%	81%
* Explanatory	Percent of dollars budgeted by districts with fewer than 750 members for instructional support, budget categories 1000, 2100 and 2200	62%	72%	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by districts with 750 members or greater for instructional support, budget categories 1000, 2100 and 2200	72%	72%	N/A	N/A	N/A

Public School Support

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
* Explanatory	Percent of dollars budgeted by charter schools for instructional support, budget categories 1000, 2100 and 2200	68%	69%	N/A	N/A	N/A
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	15%	10%	39%	39%	39%
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	28%	31%	39%	39%	39%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	30%	32%	39%	39%	39%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	19%	16%	39%	39%	39%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year schools	33%	40%	29%	29%	29%
Outcome	Change in percent of students scoring proficient on early reading benchmark at the beginning of year to end of year in kindergarten through third grade	6.9	8.8	20.0	20.0	20.0
Outcome	Percent of third-grade Native American students who achieve proficiency or above on standards-based assessment in reading	16.30%	22.00%	39.00%	39.00%	39.00%
Outcome	Current four-year cohort graduation rate for Native American students using shared accountability	71.50%	74.70%	80.00%	0.00%	0.00%
Explanatory	Number of certified teacher vacancies	690.0	751.0	N/A	N/A	N/A
* Explanatory	Percent of funds generated by the at-risk index associated with at-risk services	24%	83%	N/A	N/A	N/A
Outcome	Math achievement gap for third grade economically disadvantaged students	24.2	15.7	5.0	5.0	5.0
Outcome	Percent of elementary school students exiting English language learner status	3.90%	4.90%	10.00%	10.00%	10.00%
Explanatory	Average state spending per pupil	\$13,993.00	\$17,288.32	N/A	N/A	N/A
Outcome	Reading achievement gap for third grade economically disadvantaged students	27.2	17.5	5.0	5.0	5.0
Explanatory	Average federal spending per pupil	\$2,837.00	\$3,819.24	N/A	N/A	N/A
Outcome	Percent of middle school students exiting English language learner status	1.40%	3.00%	10.00%	10.00%	10.00%
Outcome	Math achievement gap for eleventh grade economically disadvantaged students	17.5	9.4	5.0	5.0	5.0
Outcome	Percent of New Mexico high school graduates who enroll in and complete a post-secondary pathway	0.20%	TBD	Discontinued	Discontinued	Discontinued
Outcome	Math achievement gap for eighth grade economically disadvantaged students	21.2	14.6	5.0	5.0	5.0
Outcome	Percent of high school students exiting English language learner status	2.30%	3.30%	10.00%	10.00%	10.00%
Outcome	Additional instructional hours generated per pupil through extended learning time programs	74.7	62.0	Discontinued	Discontinued	Discontinued
Explanatory	Average local spending per pupil	\$192.00	\$825.56	N/A	N/A	N/A

Public School Support

PERFORMANCE MEASURES

		FY23 Actual	FY24 Actual	FY25 Budget	FY26 Request	FY26 Recomm
Outcome	Reading achievement gap for eleventh grade economically disadvantaged students	24.7	16.5	5.0	5.0	5.0
Outcome	Reading achievement gap for eighth grade economically disadvantaged students	22.7	17.3	5.0	5.0	5.0
* Outcome	Chronic absenteeism rate among students in middle school	41%	28%	10%	10%	10%
Outcome	Math achievement gap for fifth grade economically disadvantaged students	26.2	18.5	5.0	5.0	5.0
Outcome	Reading achievement gap for fifth grade economically disadvantaged students	27.0	16.6	5.0	5.0	5.0
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on math assessments	30%	N/A	Discontinued	Discontinued	Discontinued
* Outcome	Chronic absenteeism rate among students in high school	43%	31%	10%	10%	10%
* Outcome	Chronic absenteeism rate among students in elementary school	38%	34%	10%	10%	10%

Quasi

Statutory Authority

The New Mexico Finance Authority Act, Chapter 6, Article 21, NMSA 1978, authorizes the New Mexico Finance Authority (NMFA) as a governmental instrumentality for the purpose of coordinating and facilitating the planning and affordable financing of state and local capital projects for qualified entities in New Mexico. As a nongovernmental entity, NMFA can use financing mechanisms to leverage and maximize the state's capital investments in state and local projects. The financial and program activities of NMFA are governed by an 11-member board: four executive department heads, the executive directors of New Mexico Counties and New Mexico Municipal League, and five members appointed by the governor. NMFA administers 20 programs managed through rules, policies, and public and private partnerships. NMFA develops its own budget approved by its board of directors and does not require legislative approval. However, the New Mexico Finance Authority Legislative Oversight Committee is legislatively authorized to monitor and oversee the operations of the authority.

Total Assets

NMFA oversees approximately \$3 billion in total assets, consisting principally of invested cash and loans receivable. Sources of funds for invested cash include bond proceeds, pledged revenues for servicing long-term debt, administrative fees, federal grant revenues, and investment interest income. The revenue forecast for FY25 is approximately \$528.4 million. Budgeted nonoperational expenditures, which include bond and loan interest, bond issuance, and grants to others, total \$187 million.

Budget Issues

NMFA does not receive appropriations from the state's general fund for operations but does receive 75 percent of the state's governmental gross receipts tax (GGRT) revenues to support the public project revolving fund (PPRF). NMFA's projected general operating budget for FY25 totals \$23.4 million, a 37 percent increase over FY24 actuals. Approximately 25 percent of the NMFA's anticipated operational costs are related to the public project revolving fund (PPRF), a percentage that has declined over the years as NMFA has taken on new programs. The next largest sources of operational costs are related to the Water Trust Board (10 percent), drinking water state revolving fund (12 percent), and opportunity enterprise program (7 percent). NMFA's FY25 budget includes four new full-time employees and \$1.2 million in nonrecurring costs for setting up new programs and internal management systems. The FY25 budget also anticipates \$6.4 million in capital expenditures related to the renovation of NMFA's new building, which it expects to occupy in early 2025.

As an instrumentality of the state, NMFA is subject to the State Audit Act. NMFA's audit was completed and submitted to the State Auditor before the November 1 deadline. NMFA's governing board and staff continue to be actively engaged in strengthening the fiscal oversight and compliance with laws and rules governing their audits and financial activities.

Public Financing Programs

NMFA's most significant infrastructure loan program is the PPRF, capitalized from an annual distribution equal to 75 percent of the net revenue of the state's GGRT—\$38.1 million in FY24, about 8 percent higher than the average distribution over the last three years. The NMFA Act provides that up to 35 percent of the GGRT distribution may be allocated to other programs by the Legislature. The number of identified funds is currently seven, three of which are administered by the Environment Department, three by NMFA, and one by the Cultural Affairs Department. NMFA leverages GGRT capital in the PPRF, makes loans, and replenishes the PPRF by issuing bonds. The fund has evolved into a broad financier for state and local government entities. This allows the PPRF to attain higher bond ratings, lower costs of issuance, and offer a variety of program enhancements to its borrowers. The funds accrued from GGRT collections and loan repayments to the PPRF not needed to pay debt service on bonds are placed in interest-bearing reserve accounts. The cash balance for loans from the PPRF varies month to month, from under \$5 million when the PPRF \$100 million line-of-credit may be used to as much as \$70 million, depending on the bond issuance schedule. PPRF bonds either reimburse NMFA for loans already made or allow loans of \$10 million or more to be funded and closed simultaneously with PPRF bonds. Since the PPRF's inception, NMFA has made approximately 2,200 PPRF loans totaling \$4.8 billion. In FY24, PPRF loans were made to 84 projects totaling \$275 million. The fund supports a diverse client base in all 33 New Mexico counties, with the top borrowers including education institutions, municipalities, counties, and state government. The health of the fund is strong: Based on estimates provided by NMFA, loan revenues will exceed debt service by \$300 million over the next 30 years and net GGRT could add another \$700 million to the fund if the trends stay on course.

The Water Project Finance Act provides a revenue source to provide grants and loans to qualified entities for planning and financing of regional and statewide water projects authorized by the Legislature. The annual funding available for water projects comes from distributions from the water trust fund (WTF), approximately \$3.6 million annually, and a net 8.1 percent of senior severance tax bond capacity. During the 2024 Session, the Legislature authorized expenditures from the water project fund (WPF) for 65 projects statewide, and the State Board of Finance issued the severance tax notes in June. Additionally, the Legislature appropriated an additional \$50 million to the water project fund in 2024 to close the gap between available funds and applications for funding and

\$18 million to address cost-overruns for previously funded projects. As of June, the Water Trust Board and NMFA had awarded funding to 44 new projects for 2024 totaling \$135.9 million and had awarded \$1.2 million of the 2024 cost overrun funding. The board kept \$30.5 million of its 2024 funds available for a second round of awards to projects that were highly ranked but did not meet regulatory requirements for funding, such as audit or environmental compliance. In August, the board awarded the remaining funds to 10 projects. Funding to 2024 projects totaled about \$167 million. The board also set aside \$3.5 million in 2024 revenues to implement a new technical assistance program authorized by House Bill 211. The Water Trust Board and NMFA will use these funds to establish a project management team to facilitate regionalization of small water systems and to provide direct technical assistance to small systems by handling the procurement and execution of planning and design documents for water system improvements. The program will cover the cost of those documents as well.

Strong state revenues have significantly increased annual distributions to earmarked funds. Even so, demand for Water Trust Board funding has far outpaced available funds the last two cycles. This fall, the Water Trust Board received 84 applications for the 2025 cycle totaling more than \$250 million. The Board of Finance's December bonding capacity estimate projects a \$161.1 million distribution to the water project fund. The LFC budget recommendation supports an appropriation to close this funding gap.

The drinking water state revolving loan fund is capitalized through a state match and federal grants that recently averaged \$11 million annually. Base federal capitalization grants were \$7 million in FY22 and about \$5 million in FY23, while supplemental grants were \$18 million and \$21 million respectively. For FY24, NMFA applied for both base DWSRF funding (\$4.6 million) and funding from the Infrastructure Investment and Jobs Act general supplemental (\$23 million) and emerging contaminants programs (\$15.3 million for two years of awards), with a total federal funding request of \$42.9 million. In FY22, NMFA lowered the base rate for public drinking water systems seeking financial assistance from the DWSRF from one percent for public drinking water systems to 0.01 percent. Disadvantaged communities qualify for interest-free loans, and in FY23, the cap on the amount of loan money that the DWSRF could provide interest-free was removed. Disadvantaged communities may also qualify for principal forgiveness, and an FY23 policy change expanded the definition of "disadvantaged" so 85 percent of census tracts in the state now qualify. In FY24, NMFA added the new federal lead service line replacement and emerging contaminants programs to its DWSRF loan program. To date, NMFA has made 206 loans totaling \$333.4 million. In FY24, NMFA closed 14 new loans totaling \$92.2 million. This represented a significant increase in loan volumes over the previous year, when 12 loans were closed totaling \$24.8 million. Ten of the FY24 loans included some level of principal forgiveness—effectively grant funding—totaling \$7.6 million.

The colonias infrastructure fund is capitalized by a 4.5 percent earmark on annual senior severance tax bond capacity. In June, the NMFA Board approved awards to 31 new projects totaling \$42.5 million, leaving approximately \$20 million of the 2024 cycle funds available. The colonias infrastructure board postponed decisions on seven projects due to regulatory compliance issues and was due to reconsider those applicants for the remaining funds this fall. As of June 2024, colonias infrastructure awards between 2020 and 2024 had a remaining balance of \$139.5 million. A colonia is defined as a rural community with a population of 25 thousand or less within 150 miles of the U.S.-Mexico border.

The local government planning fund provides grants of up to \$50 thousand to local governments, tribal entities, and political subdivisions for planning documents for public infrastructure projects. Grant eligibility is determined by the project type and limitations in the applicant's financial capacity to cover the cost of planning on its own. In FY24, NMFA closed 17 awards from the fund totaling \$812 thousand, a similar level of activity to the previous year. The awards were mostly for planning documents for water projects, which are required before seeking funding from the Water Trust Board. NMFA has recently used the local government planning fund to develop a pipeline of projects for its other programs.

Private Financing Programs

Passage of House Bill 7 during the 2022 Session created the opportunity enterprise revolving fund to increase economic activity by providing financing for new or existing commercial facilities to attract new businesses to the state and to support the expansion of existing businesses, and the General Appropriation Act included a \$70 million special appropriation to the new fund.

Passage of House Bill 195 during the 2024 session expanded the purpose of the Opportunity Enterprise Act to include housing development and the General Appropriation Act included an additional \$50 million appropriation for commercial development and a \$125 million appropriation for housing development to the opportunity enterprise revolving fund and the new housing development revolving fund. The funds are governed by the Opportunity Enterprise and Housing Development Review Board in partnership with the Economic Development Department and administered by NMFA.

The housing funding is available for infrastructure for affordable housing and for construction of workforce housing. NMFA made \$30 million available in the first round of applications, which closed on October 16. Both for-profit and nonprofit developers may

apply for loans of up to \$15 million, with interest rates set at 60 percent of the *Wall Street Journal* prime rate. Applicants are required to show they are unable to finance or complete financing for projects through other sources. NMFA and the board score applications based on community need, funding efficiency, applicant need and readiness, and supportive land use practices.

In 2024, the Opportunity Enterprise and Housing Development Review Board awarded the first loans to commercial development projects since the program's inception. Both projects are associated with the film industry, with \$11.9 million awarded to Midtown Santa Fe Productions and \$6.9 million to Film Yard LLC in Albuquerque. The latest commercial development application cycle closed on October 16.

The Venture Capital Investment Act and venture capital investment fund were created during the 2022 session. The purpose of the fund is to make investments in new, emerging, or expanding businesses in New Mexico that create jobs. The investments are required to be made in New Mexico businesses in early stages of development whose enterprises enhance the state's economic development objectives or in venture private equity funds. The General Appropriation Act in 2022 included a \$35 million special appropriation to the fund and a \$15 million appropriation in 2023. Additionally, through a memorandum of agreement, NMFA is currently managing an estimated \$15 million in federal private equity venture capital funds on behalf of the Economic Development Department. NMFA is charged with adopting rules to guide investments from the fund and authorized to make the investments. NMFA chose an investment advisor for the program in 2023 and the NMFA Board has since approved investments in seven funds. The focus of the funds varies and includes investments in early-stage Native-owned companies, early-stage medical and biological technology companies, food and agriculture, and women-led businesses.

In 2023, legislation was enacted making operating capital an eligible use of the primary care capital fund, behavioral health capital fund, and child care facility revolving loan fund. The primary care and behavioral health capital funds provide support loans for nonprofit and publicly owned clinics, while the childcare fund can be tapped by both public and private providers. NMFA asked the Legislature in 2024 to recapitalize these funds, which have not been active in recent years due to a lack of funds. The requests were for \$25 million each for the primary care and behavioral health funds and \$10 million for the childcare fund. NMFA reports a new demand for financing from clinics that lease their spaces but wish to own to control both costs and facility needs. The childcare fund received a \$1.8 million appropriation but neither the primary care nor behavioral health funds were recapitalized. The NMFA Oversight Committee endorsed legislation making appropriations to these funds totaling \$60 million for consideration in the 2025 session.

Since 2008, a subsidiary of NMFA, Finance New Mexico, LLC, has been awarded \$346 million in federal tax credits for economic and community development projects. The subsidiary lends to private for-profit and nonprofit businesses to spur job creation and community development activities in low-income areas of the state. The tax credit allows investors to offset federal income tax liabilities equal to 39 percent of every dollar invested in a low-income community enterprise over seven years. To date, Finance New Mexico has funded 39 projects utilizing \$321 million in allocations and a small loan pool of \$15 million that funds projects that range in size from \$500 thousand to \$4 million. All available funding has been awarded. Last year, Finance New Mexico became one of 102 community development entities nationwide to receive new allocations from the federal New Markets Tax Credit. A total of 197 entities applied for allocations, with the requests totaling \$14.8 billion for \$5 billion in available funding. Finance New Mexico received \$25 million. Its application was supported by NMFA's New Markets Tax Credit team. An application for additional allocations this year was unsuccessful.

In fall 2022, the Economic Development Department (EDD) received an award of up to \$74.5 million of federal State Small Business Credit Initiative (SSBCI) funding for two of the six eligible federal programs: collateral support and equity/venture capital. NMFA entered into a memorandum of agreement with EDD to administer approximately \$65 million of the funding initially approved for venture capital. EDD and NMFA are awaiting the U.S. Department of Treasury's approval to amend the federal allocation agreement to allow NMFA to reallocate an estimated \$50 million to two additional programs: loan participation, which NMFA used during the first round of SSBCI funding in 2011, and a capital access program. The capital access program supports the establishment of loan loss reserves for eligible lenders whereby the federal funds match the contributions made by the lender and borrower for certain enrolled loans. The funds accruing in the loan loss reserve are available to help cover the shortfall of collateral in the event of a foreclosure and liquidation. Unused funds revert to NMFA at the end of the program.

New Mexico Finance Authority

New Mexico Finance Authority Budget FY23 to FY25

	Actual FY 2023	Approved FY 2024	Actual FY 2024	Approved FY 2025
Revenues				
Interest income from loans	\$ 50,401,598	\$ 49,227,029	\$ 52,885,394	\$ 58,221,027
Appropriation revenue	169,671,017	54,000,000	233,628,887	306,514,633
Transfers from State and Other Agencies	-			
Grant Revenue	78,582,340	142,956,360	97,383,209	117,857,000
Interest income from investments	12,710,883	5,100,000	26,336,530	22,821,120
Administrative fees revenue	3,147,009	4,653,099	6,498,152	23,006,731
Total Revenues	314,512,847	255,936,488	416,732,172	528,420,511
Operating Expenses				
Salaries and benefits	8,465,869	10,645,420	10,140,607	12,553,492
Contractual services	3,808,914	6,884,375	5,131,451	7,778,604
Other operating costs	1,543,191	2,249,769	1,874,457	3,073,001
Total Operating Expenses	13,817,974	19,779,564	17,146,515	23,405,097
Non-Operating Expenses				
Bond interest expense	58,734,184	58,129,660	63,226,169	65,268,804
Bond issuance costs	1,135,857	1,800,000	1,458,170	1,350,000
Loan financing pass-through	1,997,079	20,000,000	7,895,276	10,000,000
Grant Expense	72,623,125	83,301,360	81,097,848	93,431,848
Other Expense (GASB 87 & 96 principal)	-	-	-	-
Interest expense - Loan and LOC	643,449	3,061,446	643,449	4,180,498
Transfers to State and Other Agencies	8,316,747	9,100,000	14,681,988	6,480,000
Capital Expenditures	4,636,425	5,137,695	3,894,150	6,354,666
Total Non-Operating Expenses	148,086,866	180,530,161	172,897,050	187,065,816
Total Expenses	\$ 161,904,840	\$ 200,309,725	\$ 190,043,565	\$ 210,470,913
Revenue Over Expenses	\$ 152,608,007	\$ 55,626,763	\$ 226,688,607	\$ 317,949,598

Source: NMFA

STATUTORY AUTHORITY:

In 1975, the New Mexico Mortgage Finance Authority (MFA) was created pursuant to the Mortgage Finance Authority Act, in Sections 58-18-4 through 58-18-27 NMSA 1978, as a public body but separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors to make such private funds available to finance the acquisition, construction, rehabilitation, and improvement of residential housing for people and families of low or moderate income within the state.

MFA is governed by a seven-member board, including the lieutenant governor, state treasurer, and attorney general. MFA develops its own budget approved by the board of directors and does not require legislative approval. The MFA Legislative Oversight Committee approves rules and regulations formulated by MFA and is empowered to monitor and oversee the operations of MFA. The Land Title Trust Fund Advisory Committee advises MFA on the use of monies generated by the land title trust fund to address affordable housing. The New Mexico Housing Trust Fund Advisory Committee advises MFA on the use of state-appropriated housing trust fund monies. The Low-Income Housing Tax Credit Allocation Review Committee reviews staff tax credit award recommendations, hears appeals to the awards, and makes final recommendations to the MFA Board.

MANAGED GROSS ASSETS:

MFA manages over \$7.4 billion gross assets, consisting primarily of invested cash, mortgage-backed securities, a sub-serviced loan portfolio and related mortgage servicing rights, mortgage loans receivable, federal grant programs, low-income housing tax credit (LIHTC) properties, and U.S. Housing and Urban Development (HUD) rental housing properties. As an instrumentality of the state, MFA is subject to the State Audit Act.

BUDGET ISSUES:

MFA is not a state agency and does not receive an annual recurring appropriation for operations. Instead, the state mandates MFA generate its own funding to maintain operations and carry out its duties. The primary program funding resources available to MFA are private activity bond volume cap and federal housing programs, including low income housing tax credits, U.S. Department of Energy weatherization program funding, U. S. Department of Housing and Urban Development project-based Section 8 contract administration funding, HOME Investment Partnership, National Housing Trust Fund, and state Low-Income Home Energy Assistance Program. MFA also provides affordable loan funding through the housing opportunity fund, an internal revolving loan fund, and through partnerships with Wells Fargo Bank, the Small Business Investment Corporation, and the U.S. Department of Agriculture Rural Development. In FY25, the New Mexico housing trust fund received its largest deposit of \$84.6 million: \$50 million direct appropriation through the 2024 General Appropriation Act and \$34.6 million in severance tax bond proceeds. The New Mexico housing trust fund is projected to receive \$46.3 million in FY26 from severance tax bond proceeds.

MFA operates on a federal fiscal year basis, with FY25 ending September 30, 2025. MFA's operating budget for FY25 estimates revenue at \$36.7 million, flat compared to last year's budget. The MFA operating budget totaling \$34.4 million for FY25, a 2 percent decrease over FY24. Budgeted expenditures will cover 4 percent salary increases for staff and a 16 percent increase for benefit expenses. MFA's projected excess revenue for FY25 is \$2.4 million.

New Mexico Mortgage Finance Authority

	FY24 2023-2024 Budget	FY24 2023-2024 Actuals (Unaudited)	FY25 2024-2025 Budget (Board Approved Sept. 18, 2024)	FY26 2025-2026 Budget (Projected)
SOURCES:				
Interest on Loans	\$ 10,118,418	\$ 10,131,198	\$ 9,897,930	\$ 9,670,033
Housing Program Income	1,764,177	1,803,783	2,422,045	2,837,134
Administrative Fee Income	10,552,359	11,706,370	9,816,267	9,560,559
Loan & Commitment Fees	418,542	474,896	449,400	449,400
Interest on Cash/Investments	3,577,794	3,520,211	3,925,900	3,862,714
Risk Sharing/Guaranty/RTC fees	50,338	160,540	248,048	204,294
Loan Servicing Income	10,137,304	10,450,449	9,956,770	9,875,375
Other Operating Income	-	-	-	-
TOTAL OPERATING REVENUE	36,618,931	38,247,446	36,716,360	36,459,509
TOTAL NON-OPERATING REVENUE	60,235	1,844,582	100	100
TOTAL REVENUE	\$ 36,679,166	\$ 40,092,028	\$ 36,716,460	\$ 36,459,609
USES:				
Compensation (Salaries & Benefits)	\$ 13,451,302	\$ 11,862,622	\$ 12,789,072	\$ 13,592,519
Travel & Public Information	831,460	597,624	918,813	1,036,517
Office Expenses	2,325,571	1,950,131	1,855,245	1,855,245
Other Operating Expenses	10,666,083	10,425,729	10,697,329	10,976,004
Interest Expense	4,011,679	3,775,806	3,984,372	4,164,615
TOTAL OPERATING EXPENSES	31,286,095	28,611,911	30,244,831	31,624,899
TOTAL NON-OPERATING EXPENSES	239,542	366,442	253,775	268,854
(T&TA, Program Development, Capacity Building)				
TOTAL NON-CASH EXPENSES	3,396,718	3,535,751	3,673,574	3,535,146
EXPENSED ASSETS	173,350	268,215	174,250	175,155
TOTAL EXPENSES	\$ 35,095,705	\$ 32,782,319	\$ 34,346,430	\$ 35,604,053
EXCESS REVENUE OVER EXPENSES	\$ 1,583,461	\$ 7,309,709	\$ 2,370,030	\$ 855,556
CAPITAL OUTLAY BUDGET	\$ 9,187,745	\$ 8,856,854	\$ 5,016,744	\$ 105,000
TOTAL FTE POSITIONS	136.88	107.93	122.40	122.40

PERFORMANCE MEASURES

	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Projected
Average financial assets	\$1,631,850,000	\$1,803,009,000	\$ 2,215,715,000	\$ 22,718,705,000
Average assets under management	\$5,744,078,000	\$ 6,396,024,000	\$ 7,432,931,000	\$ 7,797,588,825
Funds disbursed through:				
Federal and state programs	\$65,738,000	\$89,676,000	\$ 83,659,000	\$ 151,475,000
MFA programs	\$14,740,000	\$10,204,000	\$ 13,739,000	\$ 13,130,000
General fund non-operating	\$233,000	\$160,000	\$ 366,000	\$ 253,775
Single-family first mortgage Loans:				
Number of units purchased	1,559	1,844	1,991	1,800
Dollar of loans purchased	\$301,646,000	\$ 375,874,000	\$ 463,679,000	\$ 447,120,000
Multi-family loans and bonds closed and tax credits allocated:				
Number of units	1,149	935	1,697	1,064
Dollar of loans and subsidies	\$70,040,000	\$ 114,034,000	\$ 46,314,000	\$ 91,773,000
Housing programs:				
Homeless persons served	5,061	4,476	5,409	5,165
Single family homeowner rehab (units)	742	816	880	1,085

STATUTORY AUTHORITY:

The New Mexico Lottery Act, Sections 6-24-1 through 6-24-34 NMSA 1978, created the New Mexico Lottery Authority (NMLA) to establish and provide a fair and honest state lottery for entertainment of the public and to provide tuition assistance for undergraduates attending New Mexico postsecondary institutions. The authority is governed by a seven-member board, appointed by the governor with the advice and consent of the Senate. The act requires the board to appoint a chief executive officer.

The New Mexico Lottery Act requires NMLA to present its budget to the Department of Finance and Administration and to the Legislative Finance Committee (LFC) by December 1. The lottery is not a state agency, but the act provides that LFC has oversight over the operations of NMLA. The act also requires LFC to periodically review and evaluate NMLA accomplishments and operations. LFC is authorized to conduct an independent audit or investigation of the lottery or NMLA.

AT A GLANCE:

NMLA is not a state agency and does not receive an annual recurring appropriation for operations. Instead, the state mandates NMLA generate its own funding to maintain operations and to carry out its duties. NMLA reported FY24 gross revenues of \$170.3 million, a \$1.7 million, or 1 percent, increase compared to FY23. For FY24, NMLA operating expenses totaled \$4.4 million, significantly lower than the FY25 operating budget of \$5.6 million. The difference between FY24 actual expenditures and the FY25 budget is mostly personnel; the authority has a budget of \$3.9 million for salaries but reports \$3.2 million in personnel spending in FY24.

Statute mandates 30 percent of gross revenue raised by the lottery be transferred to the lottery tuition fund. Transfers to the legislative lottery scholarship fund for FY24 totaled approximately \$51.1 million, a \$525 thousand, or 1 percent, increase compared with FY23. The FY24 budget assumed a \$45.5 million transfer to the lottery tuition fund. The excess revenue to the fund will be held and used to provide scholarships in future years.

New Mexico Lottery

	2024 Annual Budget	2024 Income Statement	**	2025 Annual Budget
OPERATING REVENUES				
Instant ticket sales	\$ 83,403,500	\$ 89,560,751		\$ 87,403,500
Powerball sales	25,874,500	38,482,929		27,874,500
Mega Millions sales	13,999,500	22,213,456		16,499,500
Roadrunner Cash sales	6,499,500	7,180,365		6,999,500
Lotto America sales	3,799,500	5,016,396		4,199,500
Pick 3 Plus sales	4,999,500	4,175,914		4,999,500
Pick 4 Plus Sales	1,899,500	1,948,777		1,999,500
Fast Play sales	1,249,500	1,658,620		1,699,500
Net ticket sales	<u>141,725,000</u>	<u>170,237,208</u>		<u>151,675,000</u>
Retailer fees	10,000	13,025		10,000
Bad debts	(24,000)	-		(24,000)
Total operating revenues	<u>141,711,000</u>	<u>170,250,233</u>		<u>151,661,000</u>
NON-OPERATING REVENUES				
Interest income	25,000	34,888		25,000
Other income	-	281		-
Total non-operating revenues	<u>25,000</u>	<u>35,169</u>		<u>25,000</u>
GROSS REVENUES	<u>141,736,000</u>	<u>170,285,402</u>		<u>151,686,000</u>
GAME EXPENSES				
Prize expense	74,750,000	93,553,105		80,139,000
Retailer commissions	9,392,000	10,887,326		9,956,000
On-line vendor fees	4,951,000	5,709,685		5,104,000
Advertising	2,100,000	1,979,017		2,100,000
Ticket vendor fees	1,561,000	1,995,726		2,250,000
Shipping and postage	574,000	485,203		577,000
Responsible gaming	70,000	70,000		70,000
Retailer equipment	214,000	34,560		216,000
Promotions	143,000	79,066		137,000
Game membership	70,000	-		70,000
Total game expenses	<u>93,825,000</u>	<u>114,793,688</u>		<u>100,619,000</u>
OPERATING EXPENSES				
Salaries, wages and benefits	3,730,000	3,211,691		3,892,000
Utilities and maintenance	339,000	285,828		343,000
Depreciation and amortization	330,000	316,322		373,000
Leases and insurance	191,000	166,555		194,000
Professional fees	402,000	199,343		332,000
Other	403,000	227,750		431,000
Operational reserve fund	-	10		-
Total operating expenses	<u>5,395,000</u>	<u>4,407,499</u>		<u>5,565,000</u>
OPERATING INCOME	<u>42,491,000</u>	<u>51,049,046</u>		<u>45,477,000</u>
NON-OPERATING EXPENSE				
Interest expense	2,000	156		2,000
Other expense	-	-		-
Total non-operating expenses	<u>2,000</u>	<u>156</u>		<u>2,000</u>
NET INCOME	<u>42,514,000</u>	<u>51,084,059</u>		<u>45,500,000</u>
Total Transfer to Lottery Tuition fund	<u>\$ 42,514,000</u>	<u>\$ 51,084,059</u>		<u>\$ 45,500,000</u>
Gross Revenue Percentage Return	<u>30.00%</u>	<u>30.00%</u>		<u>30.00%</u>

** - FY 2024 Financial Audit not Final

HIGHLIGHTS:

State agencies, the judiciary, higher education institutions, and special and tribal schools requested roughly \$1.7 billion for more than 160 capital projects. The LFC framework was developed based on reviewing five-year infrastructure capital improvement plans, attending monthly meetings with major agencies, testimony presented during interim meetings, interim site visits, progress of existing projects, and additional information requested from agencies. The projects were assessed to determine the health and safety of occupants of the facilities, the long-term investment and preservation of state assets, the impact on operating costs or savings, programmatic needs, and the capacity to efficiently expend funds and complete projects. The LFC framework for 2025 proposes \$524.6 million in total funding, including \$275.1 million from the general fund, \$164.5 million from severance tax bonds, and \$85 million from other state funds. The following summarizes projects within the framework listed in Volume 3:

Administrative Office of the Courts. The Administrative Office of the Courts requested a total of \$92.9 million, including funding for new magistrate courts in Santa Fe and Cibola counties and for state match for county funds for district court improvements. *The LFC framework supports \$10 million to construct and improve magistrate courts statewide.*

Aging and Long-Term Services Department. The Aging and Long-Term Services Department and area agencies on aging recommended funding for 106 capital projects totaling \$33.5 million for senior centers statewide. ALTSD also requested an additional \$3 million for emergency funding for capital projects and \$20 million for senior housing. *The LFC framework supports \$7.5 million for statewide senior center projects and \$1 million for emergency needs.*

Corrections Department. The department requested \$69.9 million for security, fire, and life safety projects; general improvements, repairs, and renovations; water, sewer, and electrical upgrades; and roads and parking lots at facilities statewide. The department operates two privately owned and eight publicly owned prisons housing approximately 5,650 inmates. *The LFC framework supports \$10 million to address the most critical infrastructure repairs and maintenance needs at state prisons.*

Cultural Affairs Department. The department requested \$43.7 million for health, life, and safety upgrades, as well as for the preservation and maintenance of museums and monuments statewide and revenue generation initiatives. The department is responsible for over 191 buildings with over 1.3 million square feet and art and artifacts valued at over \$1 billion. To provide more stable funding for upgrades and repairs to these facilities, the Legislature created the cultural affairs facilities infrastructure fund (Laws 2022, Chapter 15), which provides a \$5 million annual distribution to the department from the public project revolving fund (PPRF). *The LFC framework supports \$5 million to address priority infrastructure needs identified by the department at museums and monuments statewide.*

Department of Finance and Administration. The department requested capital funds for only the second time, with five requests totaling \$51 million. The requests included \$5 million for historic restoration of the Bataan Building, \$20 million for emergency local capital projects statewide, \$20 million for an office building in Albuquerque, and \$5 million for completion of the Mora County courthouse. *The LFC framework supports \$10 million for emergency capital projects, \$5 million for the Mora County courthouse, and \$1 million for a new capital planning and project management system. Additionally, a \$24 million appropriation from the capital development program fund is included in the framework to support project completion grants to supplement existing capital outlay appropriations for local governments.*

Department of Health. The department requested an additional \$120 million to build a new forensic unit at the state Behavioral Health Institute in Las Vegas, which would supplement more than \$100 million in prior appropriations for the project. The department requested an additional \$28.5 million for small projects and equipment purchases at its facilities statewide. *The LFC framework supports \$40 million for the new forensic unit and \$5 million for statewide projects.*

Department of Information Technology. The Department of Information Technology (DoIT) requested \$60 million to continue modernizing the public safety radio communications system statewide. The department estimates upgrading the system to the P25 federal standard will cost a total of \$190 million, with just over \$100 million funded to date. In addition, the department requested \$5 million to complete a remodeling project at the John F. Simms building in Santa Fe and \$2.5 million for access control and surveillance improvements at multiple DoIT facilities. *The LFC framework supports \$20 million for the public safety radio communications modernization, \$5 million for the Simms building, and \$2.5 million for access control and surveillance.*

Capital Outlay

Department of Public Safety. The Department of Public Safety requested \$66.9 million for five projects, including \$20 million to purchase two patrol helicopters, \$7 million to complete construction of a reality-based training facility in Santa Fe to benefit law enforcement agencies statewide, \$17.9 million for vehicle replacement, and \$5 million for renovation of the department's headquarters. *The LFC capital framework supports \$10 million to purchase one helicopter, \$7 million for the reality-based training center, \$7 million for small projects at department facilities statewide, and \$5 million for renovations to the department's headquarters in Santa Fe.*

Energy, Minerals and Natural Resources Department. The department requested a total of \$239.5 million, the largest request of any agency. The request includes \$100 million for the land of enchantment legacy fund, \$70 million for a reforestation center in Mora County, \$20 million for restoration of state parks, and \$10 million for watershed restoration. *The LFC framework would provide \$73 million in total funding, including \$40 million for improvements to state parks, \$10 million for watershed restoration and community wildfire prevention, \$8 million for a wildfire response facility, and \$5 million for facilities to support New Mexico-based hotshot crews.*

General Services Department. The General Services Department (GSD) requested \$30 million to address deficiencies at state-owned facilities, \$100 million for construction of the executive office building, and \$10 million for emergency projects. The Facilities Management Division is responsible for the repairs, maintenance, and oversight of more than 900 state-owned buildings with more than 7.1 million square feet of space throughout the state. *The LFC framework proposes \$10 million for statewide deficiencies and \$2 million to complete facility condition assessments of state-owned facilities statewide.*

Public School Facilities Authority. In 2023, the Legislature provided a \$100 million distribution from the public school capital outlay fund to school districts, consisting of flexible funding for school security, prekindergarten and career and technical education facilities, and general maintenance. *The LFC framework supports a similar \$50 million distribution to school districts from the public school capital outlay fund for school security, career and technical education, and maintenance.*

Higher Education Department and Special Schools. The Higher Education Department (HED) heard capital requests from higher education institutions at hearings attended by LFC staff. The criteria used to evaluate requests included programmatic use of facilities, student enrollment trends, funding from other sources, progress of existing appropriations, and space utilization for instructional and general needs. In total, secondary institutions, special schools, and tribal institutions requested \$431.7 million for demolition and new projects and to supplement prior appropriations. *The LFC framework proposes funding for 26 higher education and special schools totaling \$153.1 million. Major projects included in the recommendation include \$40 million for a new humanities and social science complex at the University of New Mexico, \$30 million for planning and design of a new School of Medicine at the University of New Mexico Health Sciences Center, \$10 million for demolition of Cole Village at New Mexico State University, \$7 million for water system improvements at New Mexico State University, and \$4.5 million to complete an expansion to the new biomedical building at New Mexico State University.*

