Volume 1

New Mexico Legislative Finance Committee

Report to the Fifty-Sixth Legislature, Second Session

LEGISLATING FOR RESULTS: POLICY AND PERFORMANCE ANALYSIS

January 2024 for the 2025 Fiscal Year

State of New Mexico
LEGISLATIVE FINANCE COMMITTEE

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Honorable Members
Fifty-Sixth Legislature, Second Session
State Capitol
Santa Fe, New Mexico 87501

Dear Fellow Legislators:

Pursuant to Section 2-5-4 NMSA 1978, the fiscal year 2025 budget recommendation of the Legislative Finance Committee is provided to you.

Late 2023 news of a mild slowing of revenues after two years of record-setting income was a reminder that the FY24-25 budget needs to both meaningfully invest in programs that help New Mexicans and protect the state for the years after the revenue boom ends. While FY25 revenues are projected to be $13 billion, making $3.5 billion available for new spending, the strength in the oil and gas industry that has supported the revenue growth will end, perhaps suddenly with an unpredicted change in the market, but inevitably as the world shifts from the use of fossil fuels.

The committee opted to restrain spending in the upcoming budget year and proposes a budget that spends $10.1 billion from the general fund, $566 million, or 5.9 percent, more than the current year. Additional spending is accommodated through the use of funds from endowments, including the early childhood trust fund and the land of enchantment legacy fund for natural resources agencies. Further, the recommendation continues the effort to build up reserves and creates multiple "expendable trusts," pools of money that would provide multiyear appropriations.

The committee recommendation prioritizes essential growth in services that improve the lives of New Mexicans. This includes maintaining services in the Medicaid Program in the face of declining federal support. Education remains a high priority and public school support continues to grow under the recommendation, primarily for salaries. Child well-being is strongly supported through use of the early childhood trust fund revenue for prekindergarten and the Home Visiting Program supports for families with newborns, and key prevention and intervention programs in the child welfare system are supported nonrecurring, multiyear appropriations. Workforce development would also be supported by nonrecurring, multiyear appropriations. Public safety, particularly forensic science and other support positions in law enforcement, is also a focus of the recommendation, as is adequate personnel in the criminal justice system.

Recognizing state agencies continue to experience high vacancies, the recommendation includes an employee compensation package with an across-the-board increase and funding for targeted salary adjustments. In addition, the recommendation leaves room for tax reform and relief and sets a reserve target of 30 percent, a level that protects the state in case of a financial downturn.

I would like to thank the membership of the Legislative Finance Committee for their hard work on behalf of the people of New Mexico and the LFC staff for its reliable diligence. Together, we have shaped a budget that is dedicated to fiscal responsibility, strategic investment, and the well-being of all New Mexicans.

Sincerely,

Senator George Munoz
Chairman

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LEGISLATIVE FINANCE COMMITTEE
TO THE
FIFTY-SIXTH LEGISLATURE, SECOND SESSION

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LEGISLATING FOR RESULTS: POLICY AND PERFORMANCE ANALYSIS

JANUARY 2024
FOR
FISCAL YEAR 2025

SENATOR GEORGE MUÑOZ
CHAIRMAN

REPRESENTATIVE NATHAN SMALL
VICE CHAIRMAN

CHARLES SALLEE
DIRECTOR

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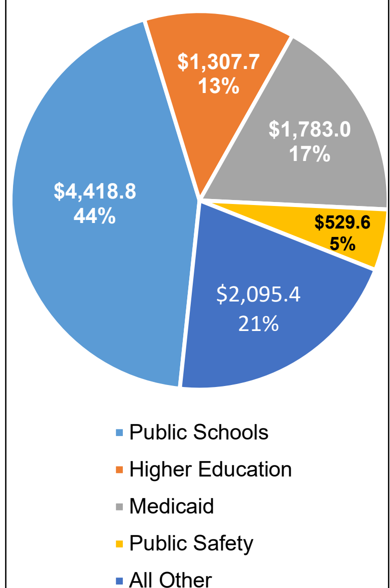
A slowdown in revenue growth after two years of record-setting numbers is validating both a committee decision to restrain spending in the upcoming budget year and ongoing efforts to set aside some of the financial windfall for the future. The recommendation for the 2024-2025 fiscal year includes $10.1 billion from the general fund, a 5.9 percent increase over FY24 appropriations. Additional growth is accommodated through funds available from recurring and nonrecurring funding outside of the general fund, including the early childhood education and care trust fund, the land of enchantment legacy fund for natural resource agencies, and rural healthcare grants fund.

FY25 Recurring General Fund Recommendation $10.134 billion



Source: LFC files. Public Schools include Public PreK

The Legislative Finance Committee recommendation for the FY25 state budget prioritizes essential growth in programs and services that result in better outcomes and improved quality of life for New Mexicans. This includes maintaining services in the Medicaid Program in the face of declining federal support. Education remains the committee's highest priority and biggest policy challenge, and public school support continues to grow under the recommendation, primarily for salaries, even as enrollment declines. Child well-being is strongly supported through use of the early childhood trust fund revenue for prekindergarten and the Home Visiting Program supports for families with newborns and the use of nonrecurring, multiyear appropriations for prevention and early interventions for families in the child welfare system. Workforce development would also be supported by nonrecurring, multiyear appropriations. Public safety, particularly forensic science and other support positions in law enforcement, is also a focus of the recommendation, as is adequate personnel in the criminal justice system.

Recognizing state agencies continue to experience high vacancies, the recommendation includes an employee compensation package with an across-the-board increase and funding for targeted salary adjustments. In addition, the recommendation leaves room for tax reform and relief and sets a reserve target of 30 percent, a level that protects the state in case of a financial downturn.

LFC Online: Understanding Government Finances

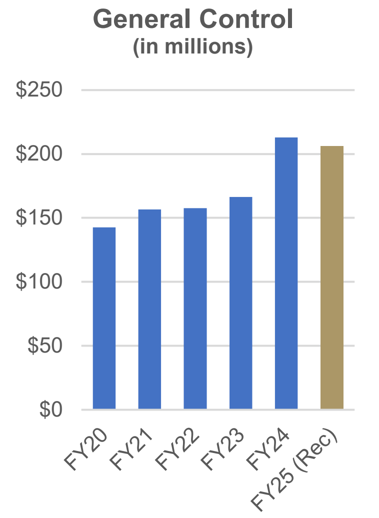
[Finance Facts: Consensus Revenue Estimate]

Budget Development and Priorities

Budget Development

Developing a budget for FY25 was complicated by still-substantial revenue expansion masking the need to start slowing spending growth in anticipation of less plentiful years. New Mexico's strength in revenues is overwhelmingly driven by a strong energy market that is at risk both from a sudden and unpredicted collapse in prices and the inevitable slower decline related to the rise of renewable energy. For FY25, recurring general fund revenues are expected to grow to $13.05 billion. "New money," or projected recurring revenue for the coming fiscal year less current year recurring appropriations, is estimated at $3.48 billion, 36.4

percent more than the FY24 operating budget. Notably, however, the December forecast for FY25 was slightly weaker than the August forecast.

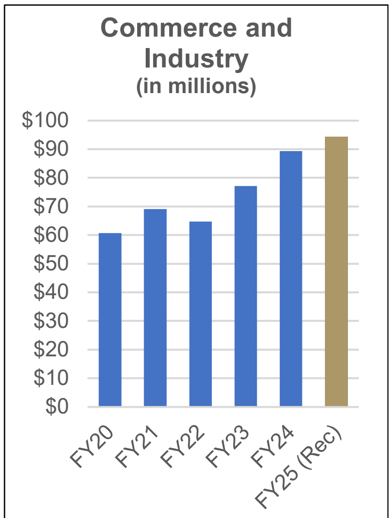


Source: LFC Files

Long-term revenue forecasts also signal the need for slower, responsible growth in the budgets given the declining potential revenue from oil and gas. Significant reversions from state agencies and record fund balances in public school schools also reflect a need for revisiting growth in budgets.

The December 2023 revenue estimates show ending reserve balances for FY23 are estimated at $4.04 billion, or 48 percent of recurring appropriations; FY24 ending reserve balances are estimated at $5.06 billion prior to any legislative action during the 2024 session, an amount equal to 53.3 percent of appropriations, substantially above the 30 percent target. With hundreds of millions of one-time dollars available from the reserves, the recommendation continues efforts to create and grow endowments before expanding agency recurring base budgets, including a new endowment for higher education that, along with existing endowments for early childhood and public education, completes a "cradle to career" system of investments. In addition, efforts to "re-fund" future year's spending needs include "expendable trusts" that provide appropriations over multiple years, like those being used to support child welfare and workforce development services. Further, these large surpluses allow for additional one-time investment in healthcare—particularly in rural areas—higher education, quality of life and natural resource projects, and investments to leverage new federal funding opportunities.

Recommendation



Source: LFC Files

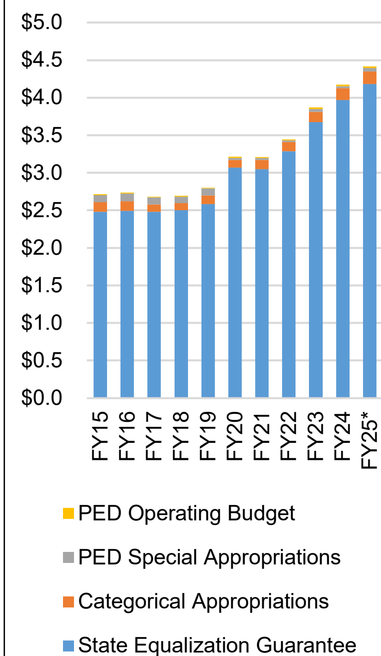
Agencies requested $10.9 billion from the general fund for recurring spending. The LFC general fund recommendation for FY25 is $10.1 billion, up $566 million, or 5.9 percent, from FY24 appropriations and includes a 4 percent compensation package for public schools, higher education, and state agencies. The recommendation leaves $200 available for potential changes to the tax code and additional amounts for the full Legislature to consider other spending or savings. Potential options include changes to personal income tax brackets, which have become increasingly flat, and reevaluating and prioritizing changes made during the 2023 legislative session but vetoed by the governor.

Early Childhood

Early Childhood Education and Care Department. The LFC recommendation increases general fund appropriations for FY25 by $19.6 million, or 6 percent, including $17.6 million for prekindergarten to expand services and $2 million for quality support to providers. The LFC recommendation from the early care and education trust fund includes $80 million for childcare assistance, $12.8 million transfer to the Health Care Authority for Medicaid (including incentives and rate increases for Medicaid home visiting services, infant health services, doula services, and lactation support), a $6 million increase for prekindergarten quality supports, and $1.2 million for personnel and IT. The FY25 LFC recommendation increased the distribution from the trust fund to $250 million contingent on legislation increasing the fund distribution. In total, the LFC recommendation amounted to $782.8 million in all funds for early childhood services.

Children, Youth and Families Department. The LFC recommendation for the CYFD budget includes $20.1 million in multiyear, nonrecurring special appropriations to CYFD for evidence-based strategies for child welfare system improvement: workforce development, prevention and early intervention, and accountability and compliance. These programs should be piloted and evaluated, and many of these multiyear investments could be covered by federal funds in the future if implemented appropriately. The multiyear funding combined with the recommendation's $17.8 million in federal funding from the Temporary Assistance for Needy Families (TANF) block grant reduces the need for additional general fund. The TANF money supports investments in evidence-based child maltreatment prevention programs, as well as continues support for youth transitioning from foster care and supportive housing for families at risk of involvement with Child Protective Services. The recommendation also includes a $2.5 million, or 1 percent, increase in general fund revenue, following several years of significant operating budget growth, and total funding of $386.8 million in the operating budget.

Public Education General Fund History
(in billions)



*LFC Recommendation

Source: LFC Files

Education

Public Education. The committee's recommendation for recurring general fund appropriations for public education totals $4.42 billion, a $243 million, or 5.8 percent, increase from FY24 levels. The recommendation further includes $243 million in nonrecurring, education-related appropriations, including $52 million from the public education reform fund, to address issues highlighted in the *Martinez* and *Yazzie* education sufficiency lawsuit.

Most of the public education funding recommendation is attributable to the formula-based state equalization guarantee distribution (SEG) to school districts and charter schools, which totals $4.18 billion, a $213 million, or 5.4 percent, increase from the prior year. Unlike prior years where significant changes to the funding formula and expansion of multiple school improvement initiatives drove substantial increases in funding, the FY25 recommendation focuses on maintaining school operations and reprioritizing resources to promising practices.

To further address findings in the *Martinez* and *Yazzie* lawsuit relating to quality educators and responsive instruction, the recommendation sets aside $152 million in the government accountability expendable trust fund to pilot educator clinical practice programs, hard-to-staff stipends (particularly for special education vacancies), career technical education programs, and science, technology, engineering, arts, and math initiatives over a four-year period.

LFC Online: Understanding Government Finances

[Finance Facts: General Appropriation Act]

Higher Education. For FY25, the committee recommendation provides a $38.2 million, or 3 percent, increase for higher education institutions and the Higher Education Department, bringing total general fund appropriations to $1.3 billion. The increase includes funding formula base increase of 1.5 percent, or $11.8 million, for higher education institutions, $3 million to be distributed among all institutions for student support services including mental health supports, and $7 million to provide faculty raises. Special schools—the New Mexico School for the Blind and Visually Impaired, the New Mexico School for the Deaf, and the New Mexico Military Institute—received a base increase of 5 percent.

The committee recommendation includes an additional $7.5 million for various research and public service projects including $3.5 million for nursing and healthcare, $2.5 million for agricultural programs, and $2 million for water treatment and aquifer mapping. The committee recommendation also identified over 50 research and public service projects with appropriations totaling approximately $10 million for inclusion in the instruction and general base.

For more info:

General Fund Recommendation Summary
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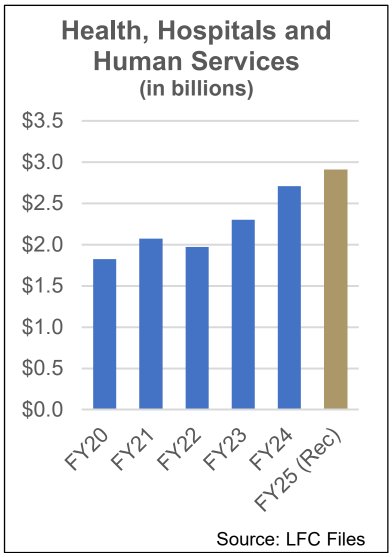
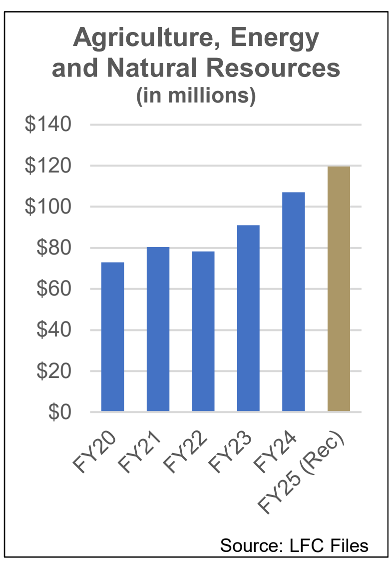
LFC recommends significant nonrecurring appropriations including $80 million for student financial aid for high-demand workforce training certificate programs and apprenticeships to be spent over four years, $15 million for medical provider loan for service, $10 million for social work endowments at higher education institutions, and $10 million for financial aid for New Mexico resident graduate science, technological, engineering and math (STEM) students.



Health and Human Services

Human Services Department. The $12 billion LFC recommendation is a 14.3 percent increase above the FY24 operating budget and prioritizes stabilizing rural physical and behavioral health services, continues the move toward funding more evidence-based services, and seeks to leverage as much Medicaid and other revenue sources as possible. With the Medicaid budget growing 70 percent since 2019, including significant rate increases, and little performance data indicating improved outcomes, LFC's recommendation only partially supports the requested rate increases. With the new Medicaid managed care system, Turquoise Care, set to take effect in FY25, LFC will be looking for improvements in access to care, better oversight of managed care contracts, and more preventive services provided when evaluating the need for further rate adjustments. In the nonrecurring recommendation and elsewhere, the committee supports efforts to expand access.

Department of Health. The $195.7 million general fund recommendation for the department reflects the transfer of the Developmental Disabilities Supports and Health Certification, Licensing, and Oversight programs to the Health Care Authority (HCA) but not the agency's request to combine Public Health, Epidemiology and Response, Laboratory Services, and Medical Cannabis Programs into the Public Health Program. The recommendation general fund appropriation represents a 5.78 percent increase in the general fund appropriation over FY24. A significant portion of the increased general fund request was for operating costs at state facilities. In recent years, the department has struggled with low census and, therefore, low revenue generation and increasingly high operating costs. The use of contracted staff and overtime has increased the cost to operate state facilities and resulted in $7 million deficiency requests. DOH must focus on cost controls while increasing revenues for state facilities to become financially viable. LFC recommendation also replaced reduced Tobacco Settlement revenues with general fund to secure program continuity.

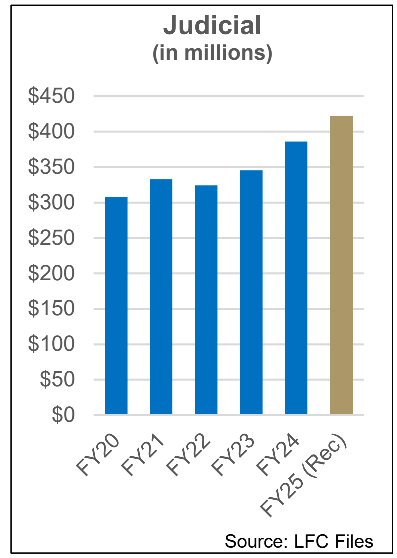


Natural Resources

Environment Department. The committee recommends a total budget of $198.8 million for the Environment Department for FY25, which includes an increase of $1.3 million, or 5 percent, from the general fund to cover agency lease costs previously funded through a special appropriation. The recommendation also shifts resources within the agency's administrative services division to reflect prior year spending and align the budget with actual expenditures. Despite these reallocations, the committee recommendation increases funding from all sources by $9.1 million, or 4.8 percent, over FY24.

Energy, Minerals and Natural Resources Department. LFC recommends a total budget of $39.2 million for the Department of Energy, Minerals and Natural Resources, a $3.8 million increase, or 10.6 percent, from FY24. The recommendation supports recruitment and retention of wildland firefighters and park rangers, staffing a hotshot crew for wildfire response that was authorized in FY24, and supplementing other state and federal revenues where they are declining. Of the recommendation, $363.3 thousand requested will support the salary increase for a new wildland firefighter job classification approved by the State Personnel Office and $110 thousand for building lease costs.

Office of the State Engineer. For FY25, the committee recommends a total budget of $32.9 million for the Department of State Engineer/Interstate Steam Commission, a $2.2 million increase, or a 7.2 percent increase from FY24. The recommendation maintains OSE's FY24 funding levels in the base budget and adds $2.2 million for increased staffing across the agency for the Water Resource Allocation Program, the Interstate Stream Compact Compliance Program, and the Litigation and Adjudication Program.



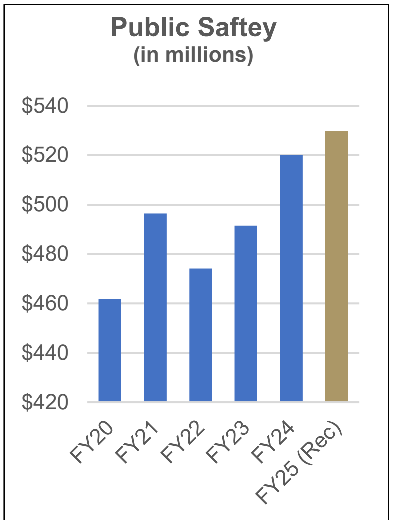
Judiciary

The Legislature recognizes judicial partners requests for funds to address issues regarding recruitment and retention, providing safety for its employees, and for continuing to provide adequate justice to New Mexicans. LFC recommends a general fund increase for judicial branch agencies of $16.8 million. For district courts and the Bernalillo County Metropolitan Court, the recommendation includes a general fund increase of $5.5 million, or 3.3 percent, compared with FY24 operating budget. The recommendation includes $2.5 million for judicial specialists, attorneys, and staff. It also includes $419.2 thousand for security and safety, and $825.8 thousand for pretrial services. LFC recommends a general fund increase of $4.1 million, or 9.6 percent, for the Administrative Office of the Courts. The request includes $1 million for Pretrial personnel, $1.2 million for Magistrate court leases, and $979.7 thousand to replace court fees.

LFC recommends a general fund increase for statewide district attorneys of $3.9 million, or 4 percent, compared with FY24 operating budget. The recommendation includes $2.8 million for new attorney positions and $340.8 thousand for contract attorney positions. LFC recommends a general fund increase of $3.9 million, or 5.4 percent, compared with FY24 operating budget, for the Public Defender Department. The recommendation includes $425.6 thousand for contract social workers and investigators. The recommendation also includes $1 million for 10 new attorneys.

Public Safety

Department of Public Safety. The committee recommends a total budget of $205.2 million for the Department of Public Safety for FY25, a $2.9 million increase from FY24, including a $4.9 million, or 3 percent, increase in general fund revenue. This recommendation supports building costs for ammunition, tasers and digital evidence storage into the agency's base budget. However, it recognizes challenges in filling existing positions and partially supports requested expansions with $2 million in key areas, adding 12 expansion FTE and equipment in the forensics lab, IT, and administrative services.



Source: LFC Files

Corrections Department. The committee recommends an $11.4 million, or 3.3 percent, decrease in the Corrections Department's general fund revenue for FY25, aligning program budgets with prior year expenditures. This includes reallocating vacancy savings to support per-diem rate increases for private prisons and other recidivism reduction programming. The recommendation supports the department's request for peer support workers in the reentry program and other funding increases aimed at supplementing programming in prisons but aims to address the issue of high vacancy rates and cost savings from lower prison populations. The committee also supports requested expansions aimed at improving the health of people in prison through the reallocation of surplus funding.

Compensation

State agencies report continued difficulty in attracting and retaining a highly qualified public workforce. The LFC recommendation includes a total of $223.4 million in general fund revenue for public employee compensation, sufficient for an average 4 percent increase in employee pay, with additional funds to shore up the state's employee health insurance plans. The compensation package is split into two pieces, with a 2 percent cost-of-living adjustment for all state employees who have completed their probationary period and an additional 2 percent of payroll available for state agencies to award salary increases to "appropriately place" state employees in the pay schedule based on state personnel rules. This amount includes $127.5 million for public schools, $43.5 million for state agencies, and $44.2 million for higher education institutions.

The recommendation includes increased funding for healthcare costs and to resolve outstanding deficits in the employee group benefits fund. The recommendation includes $69.8 million from the general fund to cover prior-year deficits and a total of $80.4 million to cover ongoing costs related to shortfalls in premium revenue. Additionally, state agency budgets include a 9.2 percent premium rate increase for FY25.

LFC Online: Understanding Government Finances

Finance Facts: General Fund Reserves

Roads

The Department of Transportation (NMDOT), mainly funded with state road fund revenues for highway maintenance and federal funds for road construction, reports stagnation of the agency's primary revenue source, taxes on gasoline and diesel fuel. NMDOT projects essentially flat revenue into the state road fund and a modest increase in federal funds for FY25. However, the department will realize savings from reduced debt service payments, freeing up funds for road maintenance or construction projects. The LFC recommendation of $1.236 billion supports the agency's request for federal and state road fund revenue, with an additional $25 million in state road fund balance for road maintenance projects and other expenses and $40 million from the general fund for major road infrastructure projects.

Deficiency, Special, and Supplemental Appropriations

The recommendation for special, supplemental, and deficiency appropriations totals $945 million, of which $891 million is from the general fund. Investments include $120 million for rural healthcare providers to increase access to healthcare, $50 million for regional recreation centers, $45.9 million to eliminate projected deficits in the patient's compensation fund, $25 million to support broadband implementation, and $20 million to assists local entities in applying for federal grants.

The recommendation includes $300 million from the general fund to a new government accountability and improvement trust fund, a source for funding long-term pilot projects with nonrecurring revenue. Divided evenly over four years, the appropriations offer a chance to invest in new ideas while emphasizing the need for these new programs to incorporate evidence-based practices and continuous performance monitoring and improvements. Investments from this fund include programs for child wellbeing, to support public education, and for workforce development.

For more info:
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The recommendation also includes $123.5 million in supplemental and deficiency appropriations for state agencies to cover agency deficit spending in FY23 and to resolve projected deficits in fiscal year 2024. Most of this amount, $95.2 million from the general fund, is to the General Services Department for shortfalls in the employee group health benefits fund. Other agencies with deficiency requests include the department of health ($9 million), the Homeland Security and Emergency Management Department ($1.2 million), and the Children, Youth and Families Department ($1.2 million).

Fund Transfers and Reserves. The recommendation also contains $1.2 billion in fund transfers intended for future spending, including $663 million to the government accountability and improvement trust, $300 million to fully capitalize the conservation legacy permanent fund, benefiting the state natural resources agencies, $100 million to the water trust fund and $25 million each for the behavioral health capital fund and the primary care capital fund. Fund transfers also include $50 million to the affordable housing trust fund of the Mortgage Finance Authority to acquire and build housing for people with behavioral health needs or victims of domestic violence. To improve the state's balance sheet, the recommendation moves the tobacco settlement permanent fund out of general fund reserves because it artificially inflates the state's reserve position and is not an easily accessible source of funding in the case of economic downturn or volatility in energy revenue. After all spending, transfers, and tax changes, the committee recommendation maintains a 30 percent reserve level.

Information Technology. The LFC recommendation for IT funding totals $52.2 million from all funding sources for 29 projects. The recommendation includes $28.2 million in general fund revenues, $13.6 million in other state funds, and $10.4 million in federal funds. Included in the recommendation is $3.7 million in general fund revenues for the Higher Education Department's continuation of their longitudinal data system, with an associated federal funding match of $864 thousand; $2.3 million for the Department of Workforce Solution's new unemployment insurance system, with a requested federal match of $8.9 million; and $4 million for the Department of Public Safety to continue its criminal justice information system modernizations.

In addition to newly requested funding amounts, a total of 12 agencies submitted 32 requests to reauthorize prior-year appropriations through FY25. Originally, those appropriations totaled $270.8 million and reported balances requested to be reauthorized total $134.9 million, or roughly 64 percent.

Capital Outlay and Infrastructure

Capital outlay requests from state agencies, judicial entities, higher education institutions, and special schools totaled roughly $1.8 billion. Despite historic revenues, the state continues to face challenges to completing projects including capacity limitations, rising construction costs and insufficient planning and coordination of funding sources. At the end of FY23, outstanding capital balances totaled an estimated $5.2 billion across roughly 5,000 projects.

The LFC capital outlay framework for consideration by the full Legislature includes approximately $410 million authorized from the general fund, $90 million from other state funds, and $269 million from general obligation bonds. Given the state's strong financial position, the recommendation does not assume issuing more severance tax bond debt, except for statutory earmarks and supplemental bonds for public schools.

Major state agency projects in the framework include $40 million for a new forensic unit at the Behavioral Health Institute in Las Vegas, $26 million for public safety radio communication infrastructure statewide, $13 million for improvements to state parks, $13.5 million for improvements to the state fairgrounds, $10 million for emergency local infrastructure projects and $10 million for facilities to accommodate New Mexico-based hotshot crews. The general fund framework also includes $63 million for higher education projects, including $56.2 million in supplementary funding for previously funded projects experiencing cost escalations. Major projects in the general obligation bond framework include $30.4 million for senior center projects statewide, $19 million for public, public school, academic, and tribal libraries, $55 million for a new humanities complex at the University of New Mexico, $20 million for critical infrastructure at New Mexico State University, $8.5 million for Kelly Hall at the New Mexico Institute of Mining and Technology, $15 million to complete the Comprehensive Cancer Center at the University of New Mexico Health Sciences Center, $10 million for the FUSE Makerspace at Central New Mexico Community College, and $5.3 million for expansion of the aircraft maintenance technology lab at Eastern New Mexico University's Roswell branch campus.

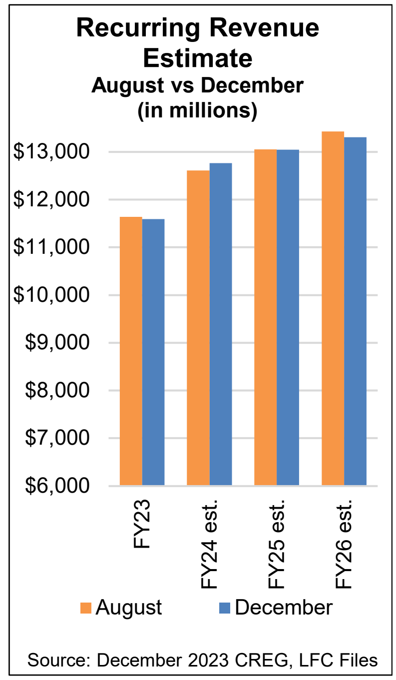
Evidence- and Research-Based Funding Requests Act

For the FY25 budget-making process, LFC and the Department of Finance and Administration, in response to 2019 amendments to the Accountability in Government Act, designated six programs across three agencies to collect and report on initiatives being implemented to assess to what degree programs are using evidence-based approaches. In 2019, the Accountability in Government Act was amended to bring more information on funding of programs with rigorous evidence of effectiveness into the state's performance-based budgeting process. As a result of the law, state statute now also provides definitions of evidence-based, research-based, and promising programs. One of the agencies has shifted services to using programs that work, such as Protective Services within the Children, Youth and Families Department requiring contractors to use programs designated as at least promising for their community-based prevention intervention and reunification programming. Additionally, when looking at Corrections, according to the department, currently all programmatic funding for Reentry and Inmate Management and Control divisions within the Corrections Department goes to programs that are evidence- or research- based.

Following nearly 20 percent revenue growth in FY22, revenue growth in FY23 continued at a similarly robust pace. However, the pace of revenue growth is expected to slow to around 10 percent in FY24, and about 2 percent in FY25 and FY26 before returning to more typical growth of 3 percent in FY27 and beyond. The slowdown is the result of legislative changes to the tax code, falling inflation, a weaker employment market, depleted consumer savings, softening oil prices, and slowing oil production.

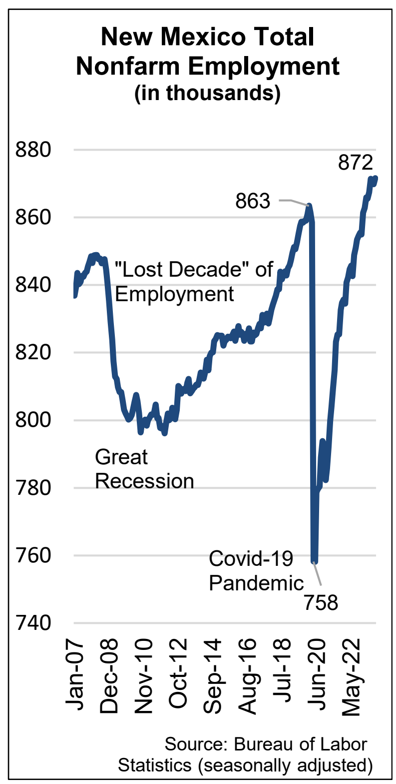
For more info:

General Fund Consensus Revenue Estimate Page 184



Recurring revenues for FY23 are estimated at $11.59 billion, up $1.914 billion, or 19.8 percent, from FY22. The state's historic revenues have grown at a record pace propped up by booming oil and gas, durable consumer spending, inflation, strong demand for employment, and robust wage growth, leading to strong growth in gross receipts and income tax collections. Additionally, high oil and gas revenues were supported by global supply-side constraints raising prices and encouraging production expansion. Finally, oil and gas revenue strength has been pushing severance tax and federal royalty collections high above their five-year averages, resulting in large transfers to the early childhood trust fund and boosting the amount reaching the severance tax permanent fund in the forecast horizon.

After distribution of personal income tax rebates at a cost of $695 million and nonrecurring legislative expenditures of $2.01 billion, FY23 total revenues are estimated to be $434 million more than FY23 appropriations. General fund revenues, outside of those from the federal American Rescue Plan Act, exceeded non-ARPA general fund appropriations by $829 million, which will be transferred to the operating reserve and the tax stabilization reserve fund. Ending reserve balances for FY24 are estimated at $5.1 billion, or 53.3 percent of FY24 recurring spending, prior to legislative action in the 2024 session. Because reserves are expected to exceed 25 percent of recurring appropriations in FY24, excess oil and gas school tax collections, estimated at about $672.4 million, will flow into the early childhood trust fund. Excess federal oil and gas royalty payments above the five-year average, estimated at about $1.02 billion in FY24, will also flow into the early childhood trust fund.



Fiscal year 2025 recurring revenues are estimated at $12.768 billion. "New money," or projected recurring revenue for the coming fiscal year less current year recurring appropriations, is estimated at $3.479 billion for FY25, or 36.4 percent more than from the FY24 recurring budget.

Economic Forecast

U.S. Economy

The U.S. economy defied recession fears in 2023 and made substantial progress. Real gross domestic product (GDP), the inflation-adjusted value of all goods and

For more info:

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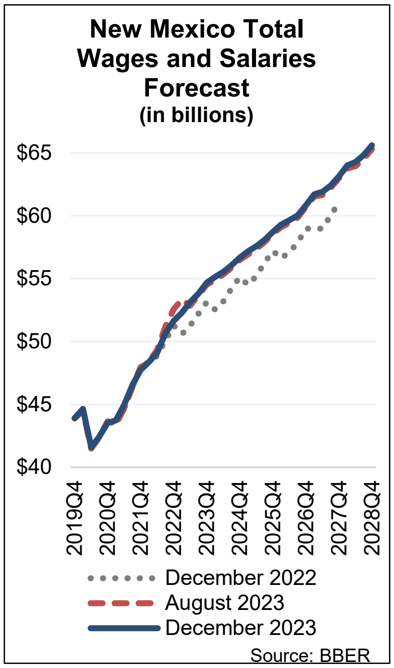
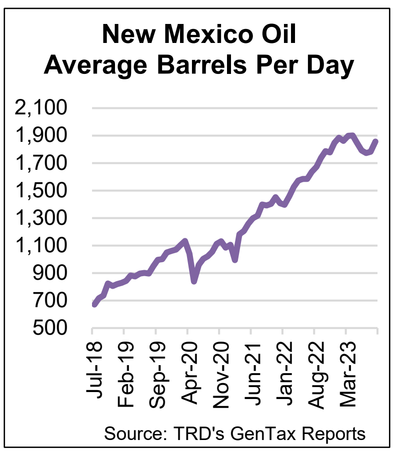
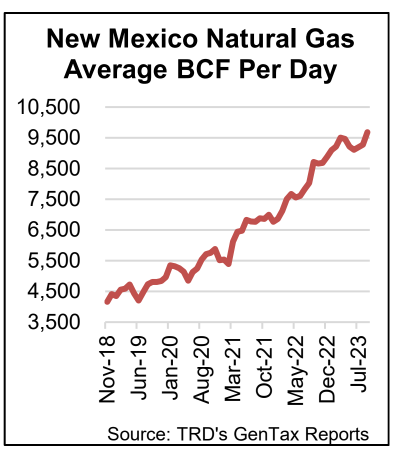






services, increased 5.2 percent at an annualized rate in the third quarter of 2023, according to the U.S. Bureau of Economic Analysis. This was up from 2.1 percent in the second quarter and was the strongest quarter for economic growth since 2021. Other strong economic indicators, such as job growth, low unemployment, and slowing of inflation, suggest the Federal Reserve, despite implementing sharp increases in interest rates, may be on track to achieve a "soft landing," where inflation continues to cool without the economy tipping into recession. S&P Global is expecting GDP growth of 2.4 percent through FY24 and 2.1 percent in FY25 as inflation moderates slightly above 2 percent and interest rates remain higher than in the previous decade.

In 2021, inflation surged worldwide as demand recovered faster than the supply of commodities and production was suppressed, first by labor disrupted by the pandemic, then by the war in Ukraine and China's lockdown measures. Since, supply chain pressures have eased, and the labor market has shown signs of rebalancing. S&P Global expects tight monetary policy will suppress demand in the U.S. labor market and in investment activity, reversing the direction of inflation. Forecasters predict interest rates will peak at 5.6 percent in mid-2024 and fall to a sustained 2.6 percent by the end of 2026.

New Mexico Economy

The state's economic outlook is similarly tied to inflation, monetary policy, and other broader economic mechanisms. After reaching the last employment peak in January 2020, employment contracted by 12.2 percent because of the pandemic. In that period, the leisure and hospitality sector experienced the largest losses of any industry, losing over 38 percent of jobs. The sector is now 1.2 percent above the prepandemic level, according to the U.S. Bureau of Labor Statistics. Retail and wholesale trade, other hard-hit industries, are experiencing divergent recoveries. Retail trade has regained more than all its lost jobs, while wholesale trade is still 7 percent below prior levels. Jobs in the financial activities industry are still 5 percent below prepandemic levels. Jobs in the mining industry reached within 1 percent of prepandemic levels for the first time in September 2023. September 2023 data from the Bureau of Labor Statistics indicates total nonfarm employment is up 7,700 thousand jobs, or 0.9 percent, from the prepandemic peak.

New Mexico's labor force participation rate is 57.2 percent, significantly lower than the national rate of 62.7 and still 1.5 percentage points below prepandemic levels. Labor force participation is projected to grow by 0.6 percent in 2024, 0.4 percent in 2024, and then at an average rate of 0.36 percent per year in the following years.

While employment had a longer road to recovery, total wages and salaries in New Mexico reached prepandemic levels in the last quarter of 2020. Wages and salaries experienced 9.8 percent growth in FY22 and 8.4 percent growth in FY23. The University of New Mexico Bureau of Business and Economic Research (BBER) expects to see average growth of 3.7 percent in FY25 through FY27 after an expected 5.5 percent growth in FY24. Total personal income growth in New Mexico reached record heights during the pandemic. Driven by inflationary pressures and a competitive labor market, personal income expanded in 2022 by 7.5 percent and by 2.1 percent in 2023. Growth in personal income in FY24 is expected to be 4.3 percent and rise to 4.6 percent starting in FY25.

Energy Markets

LFC Online: Understanding Government Finances

Finance Facts: Consensus Revenue Estimate

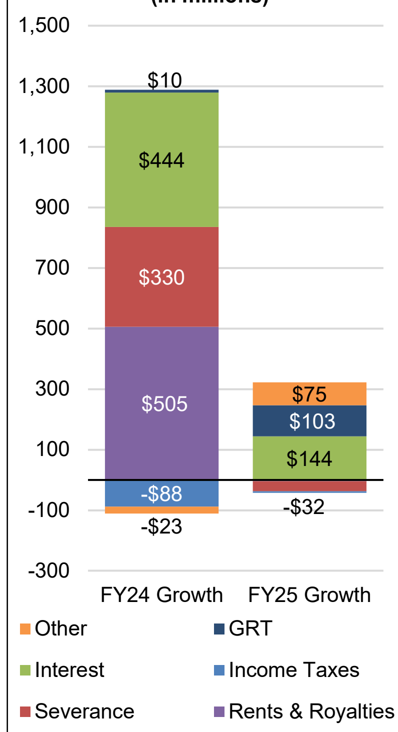
After the pandemic, global oil consumption surged, the Russian invasion of Ukraine disrupted global oil supply, and OPEC constraints boosted prices and supported New Mexico's oil expansion. Now, global economic activity is cooling and larger supply increases from non-OPEC countries have combined to increase downward pressure on prices.

Despite this, New Mexico's production continued to reach record levels each month until May 2023. Over the last year, the industry has undergone significant consolidation and has continued to practice capital discipline leading to lower growth expectations as profits are passed on to shareholders instead of being reinvested in new production. Furthermore, producers may be prioritizing less productive land to extend the life of production on current land holdings so that more productive land can be used when prices drop. Because each well has a steep oil production decline curve, New Mexico's minimum number of rigs needed to maintain current production levels may already be nearing 100 active rigs a week, leading to a slowdown in production growth.

The state produced 657.76 million barrels of oil in FY23, a 23.7 percent increase from total FY22 production but a slowdown from 30 percent growth in FY22. At current levels of daily oil production, the state would produce 672.6 million barrels of oil in FY24. In FY24, the consensus estimate expects oil production will grow 1.8 percent from current levels, resulting in 685 million barrels.

New Mexico's natural gas production has hit a speed bump as well. In March 2023, the state produced a record of 9.5 billion cubic feet (bcf) of natural gas per day, but production slowed to 9.1 bcf per day until September. New Mexico produced 3.24 trillion cubic feet of natural gas in FY23, an increase of 24 percent from FY22. The consensus forecast estimates natural gas production will average 8.97 bcf/day in FY24 and 9.1 bcf/day in FY25, a nearly 6 percent decrease from the August estimate. The reduced estimate reflects the volatile nature of associated gas production and limited pipeline capacity for the removal and delivery of gas produced in the Permian Basin.

Change in Recurring General Fund Revenue Year-Over-Year
(in millions)



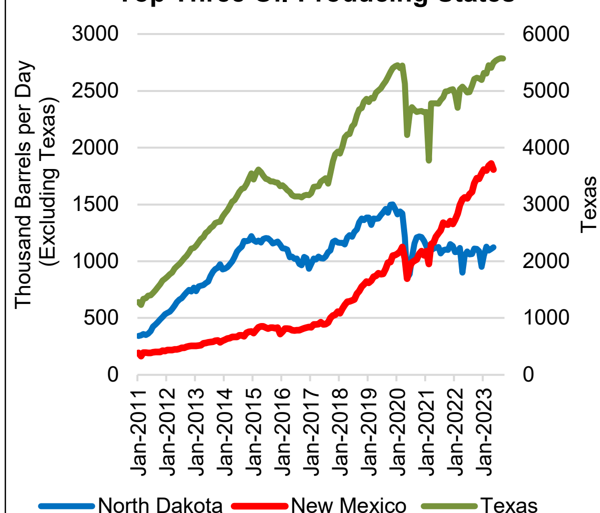
Source: December 2023 CREG

Revenue Forecast

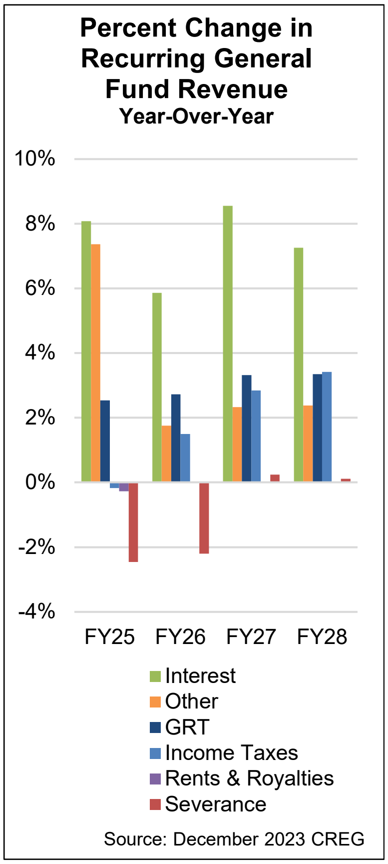
Oil and gas production in New Mexico grew significantly in FY22 and FY23, but slowing production and lower prices are expected to generate significantly less federal mineral leasing and severance tax revenues in FY24 and slightly decreasing or flat revenues in FY25 and beyond. However, record high FY23 revenues are causing the five-year average mechanisms to lose efficacy and result in shrinking distributions to the early childhood trust fund.

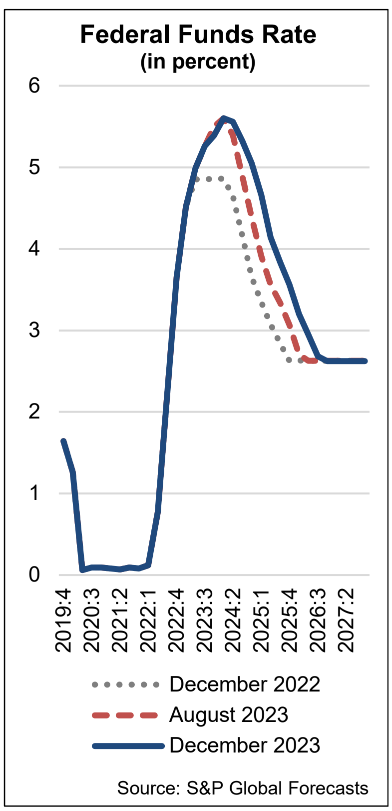
To address these issues, the Legislature passed and the governor signed Senate Bill 26 (Laws 2023, Chapter 22), which caps the amount of oil- and gas-related revenues reaching the general fund from the oil and gas emergency school tax and federal mineral leasing payments, the two largest sources of oil and gas revenues.

Top Three Oil-Producing States



Source: EIA





Revenues collected above the cap but below the five-year moving average will be distributed to the severance tax permanent fund (STPF) beginning in FY25. Because of this new mechanism, an estimated $2.04 billion in school tax and $2.73 billion in federal royalty distributions is estimated to reach the severance tax permanent fund from FY25 to FY28. Because the new distributions to the permanent fund are only those revenues below the five-year average, the early childhood trust fund, which receives revenue above the five-year average, is not affected and will also continue to grow. These distributions are an inherent buffer for the consensus forecast because declines in severance tax and federal royalty revenue collections first reduce transfers to reserves or the trust fund, then reduce transfers to the severance tax permanent fund before any reductions are made to the general fund.

Data from TRD shows matched taxable gross receipts (MTGR)—a better indicator of overall economic activity in the state than other tax data because it matches taxable gross receipts to tax payments—were up 9.1 percent in the first quarter of FY24, a marked slowdown compared with 14.6 percent in FY23, and 21.7 percent growth in FY22. The largest source of FY24 MTGR growth is construction activity followed by professional, scientific, and technical services, a reversal from FY23's growth derived from mining and retail trade. Strong collections have been the result of higher spending in the mining sector, record public investments in construction, high consumer savings, strong wage and consumption growth, and relatively high inflation. However, falling inflation, slower mining activity, and depleted consumer savings are beginning to translate into lower expectations for revenue collection growth. Gross receipts tax revenue is expected to remain flat in FY24 because of legislative changes and slowing activity.

Personal income tax (PIT) collections continue to grow year-over-year but are lagging prior expectations. Preliminary data show personal income tax revenues grew at an annual rate of 8 percent in FY23 to $2.51 billion, $187.1 million above FY22. While the cause of some of the year-over-year growth in income tax collections is unclear, some growth is attributable to inflation, stimulus and other relief, strong capital gains, and labor-market-fueled spikes in wages and salaries, especially in high-wage jobs. Of the increase from FY22, about 36 percent is attributable to increased receipts associated with oil and gas and pass-through entity withholdings, which are both volatile and influenced by oil and gas activity.

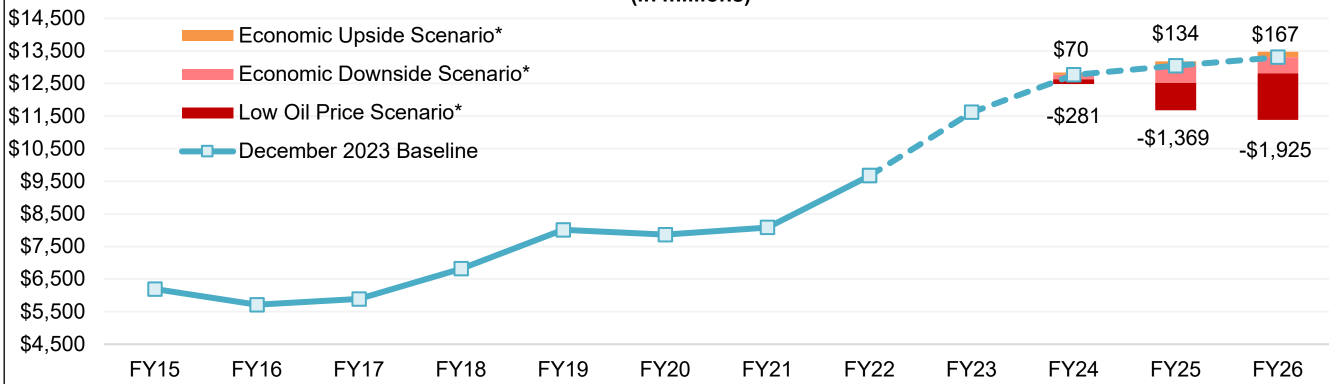
Underlying PIT revenues are expected to grow along with wages and salaries, albeit from a lower FY23 level than previously forecasted. In the 2019 through 2023 legislative sessions, significant changes were made to the personal income tax, primarily through targeted credits, deductions, and exemptions, contributing to an expected year-over-year decrease of 1.3 percent in FY24 even though underlying economic activity is positive. PIT revenues in FY24 and FY25 are projected at $2.48 billion and $2.54 billion, respectively. Due in part to a slowing wage outlook and to expanding tax expenditures, PIT revenues fall below the 10-year trend, and growth returns to historical rates between 2 and 4 percent.

The state's investments have grown significantly and the distributions from those investments to the general fund are expected to grow rapidly. The record strength of oil and gas production and high prices resulted in contributions of $2.8 billion to the land grant permanent funds (LGPF) in FY23, which receives royalty

Stress-Testing the Revenue Forecast

The December 2023 consensus revenue estimates included a sensitivity analysis of select general fund revenues—including severance taxes, federal mineral leasing payments, personal income taxes, and gross receipts taxes—to three scenarios: an optimistic scenario with stronger economic growth, a pessimistic scenario with a weaker economic recovery, and a low oil price scenario. While the revenue forecast inherently faces risk, stress testing helps the Legislature prepare by looking at alternative outcomes.

General Fund Revenue Sensitivity Analysis
(in millions)

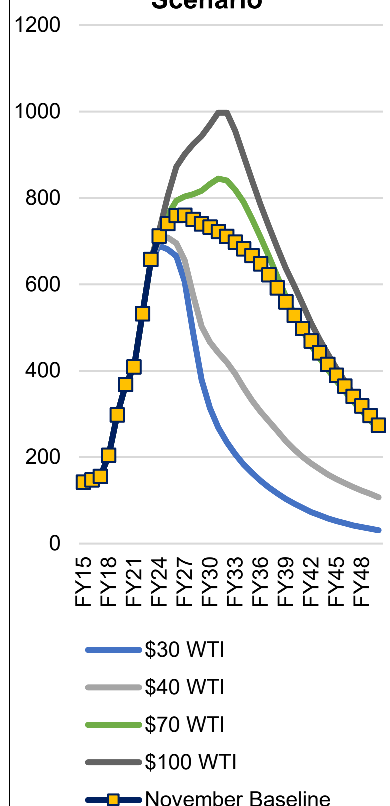


*Scenarios are informed by Moody's Analytics' alternative scenarios published November 2023. The upside scenario is designed so that there is a 10% probability that the economy will perform better and a 90% probability that it will perform worse. The downside scenario is designed so that there is a 90% probability that the economy will perform better and a 10% probability that it will perform worse. The low oil price scenario is designed to reflect the impact on the economy under the assumption of lower oil prices. More discussion can be found in attachment 12.

Source: December 2023 CREG

payments for oil and gas production on state lands. The severance tax permanent fund also grew from large severance tax contributions of over $1.368 billion from the severance tax bonding fund in FY23. Large contributions combined with investment earnings are driving expectations for distributions from the state's investments by an average of $151.6 million a year. From FY24 to FY28, the estimated growth in the general fund for these sources is 12.7 percent, well over the long-term historical general fund growth of about 4.5 percent. These distributions are the most stable revenue source in the general fund and are growing at the fastest rate of all major general fund revenues, powering general fund growth through the forecast period.

NM Oil Production by West Texas Intermediate Price Scenario



Source: NM State Investment Office; Rystad Energy UCube

Risks to the Forecast

Energy Volatility. New Mexico's dependence on the energy sector makes oil market volatility the largest, most significant downside risk to the general fund forecast. A significant downside remains not only in falling severance and royalty revenues, but also through gross receipts tax and income taxes. Forecasters note higher input prices have driven breakeven prices significantly higher from an average oil price of $29.60/bbl to $37.60/bbl. The rising breakeven price increases the risk of production declines as oil prices need not fall as far before generating production declines.

Short-Term Surpluses and Long-Term Deficits. As the state entered a short- to medium-term revenue surge, the Legislature initiated long-term revenue and budget planning in accordance with national best practices. In July 2023, the consensus revenue estimating group found long-term revenues would be sufficient to keep up with the current budgetary trends depending on the rate of recurring spending in the near-term. The estimate highlights oil and gas strength as driving current revenues while later becoming a drag on revenue growth as demand wanes.

The resulting long-term forecast underlines the importance of using current revenue strength to bolster the state's long-term financial stability by looking for opportunities to turn the excess of current revenue into future revenue. The state can do so through investments in the economy that generate long-term tax benefits and by using permanent funds, trust funds, and endowments.

Of the financial mechanisms, the highest return and benefit to the state's future revenue stability is through increased distributions or one-time payments into the state's permanent funds, which grow the general fund faster and reduce New Mexicans' tax liability. Investments made in the 2023 legislative session, including the legislation that sends excess revenue from the oil and gas emergency school tax and federal mineral leasing payments to the severance tax permanent fund, are the largest contributors toward stabilizing the state's future revenues and delaying future recurring deficits.

Recession. Fresh economic data has reinforced optimism the federal reserve can achieve a soft landing, where inflation eases without the United States suffering a recession. However, the risk of a recession remains. Economists now estimate the risk of a recession at 48 percent, according to the most recent survey of business and academic economists polled by the *Wall Street Journal* in October 2023. A recession would dampen wages and salaries and consumer spending, posing serious downside risks to both income tax and GRT collections.

Propped up by booming oil and gas, durable consumer spending, inflation, strong demand for employment, and robust wage growth, the state's revenues have been growing at a record pace. However, the pace of revenue growth is expected to moderate in FY24 and beyond, slowing to prepandemic levels as targeted tax changes return excess revenue to New Mexicans and the economy stabilizes at lower growth rates.

In the 2024 session, the Legislature's focus is first on a sustainable recurring budget in light of slowing revenues. New Mexico's tax revenues have outpaced the state's budget and spending capacity, resulting in larger reserves and more opportunities to convert the nonrecurring excess revenue into recurring future revenue. The state can do so through investments in the economy that generate long-term tax benefits and by using permanent funds, trust funds, and endowments. In doing so, the state can support the programming that benefits New Mexicans for generations to come.

New Mexico's Shifting Outlook

Inflation is slowing and interest rates are rising, good signs for the economy, while wage and employment growth is returning to prepandemic trends. Further, falling oil prices and slowing oil production contribute to a flattening of the revenue forecast, albeit at high levels that provide significant opportunity to address outstanding needs and make investments in the future. The short-term outlook for revenues remains positive, with high oil production still supporting state spending and reducing New Mexican's tax burdens at the current service levels.

Fiscal Stability and Managing Revenue Volatility

At the core of New Mexico's fiscal instability has been the significant reliance on volatile revenues from the extractives industry. Severance taxes and federal royalty payments made up about 18.8 percent of general fund revenues in FY23 and are expected to climb to nearly 24 percent in FY24. When including gross receipts taxes from Eddy and Lea counties and out-of-state receipts, also highly dependent on oil and gas activity, revenue dependent on the extractives industry made up 33 percent of general fund revenue in FY23 and is expected to climb to 37 percent in FY24 as oil and gas production surges in New Mexico.

Lawmakers have chosen to manage revenue volatility through longstanding permanent funds, newly created tax stabilization mechanisms, consistent fiscal responsibility, and responsible reserve targets. As the state experiences a short- to medium-term revenue surge, the Legislature has initiated long-term revenue and budget planning in accordance with national best practices. In July 2023, the consensus revenue estimating group found long-term revenues would be sufficient to keep up with the current budgetary trends depending on the rate of

For more info:

Taxation and Revenue Department Performance
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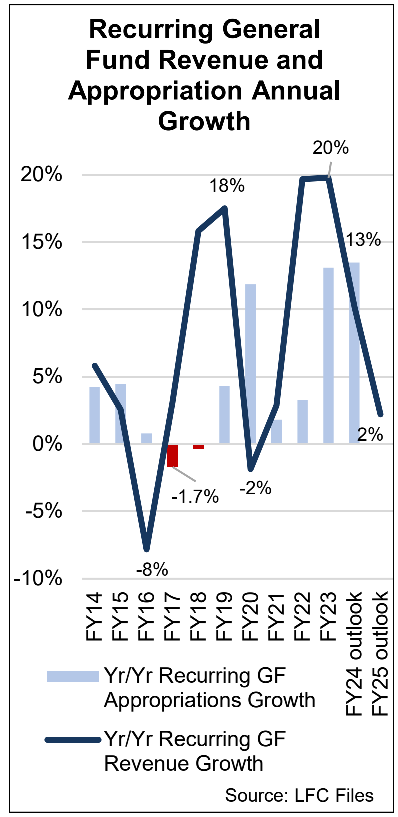
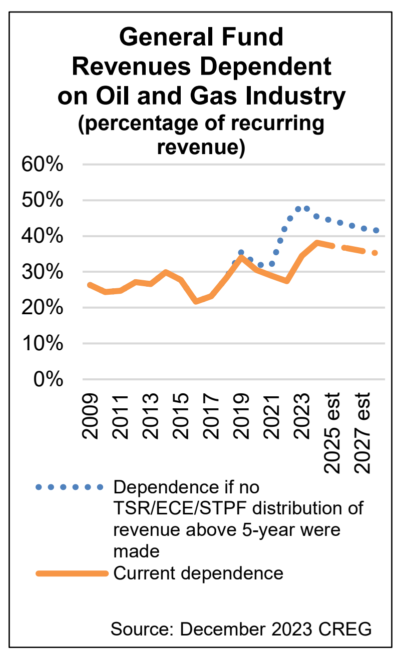
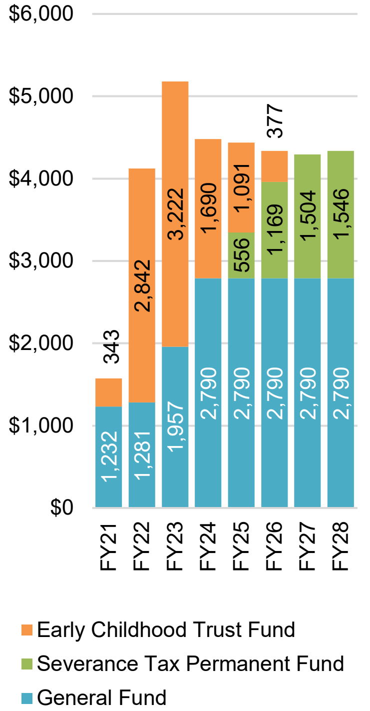




Distribution of Federal Mineral Leasing Payments and Oil and Gas Emergency School Tax
(in millions)



Source: December 2023 CREG

recurring spending in the near-term. The estimate highlights oil and gas strength as driving current revenues while later becoming a drag on revenue growth as global demand wanes. However, economic growth has already downshifted and now has the potential to grow slower than previously forecasted, raising the need to constrain recurring spending growth.

One of the state's long-standing measures for managing general fund revenue volatility is through distributions from the land grant and severance tax permanent funds, depositories for extraction taxes and other one-time revenue from depletable resources. These distributions are the most stable and reliable revenue streams to the general fund and provide an intergenerational revenue stream that allows current resource extraction to benefit future New Mexicans. Combined, the permanent funds account for nearly 10 percent of general fund revenues annually with sustainable and stable annual growth rates of nearly 13 percent, far exceeding the growth rate of other general fund revenues. Without the permanent funds, taxes would have to be 10 percent more, on average, to support the spending levels of the last several years.

More recently, the Legislature has implemented revenue stabilization mechanisms to further insulate the general fund from swings in the energy industry. First, new distributions of severance tax revenues and federal mineral leasing revenues were created so collections in excess of the five-year moving average were directed to the tax stabilization reserve fund or early childhood trust fund. As the efficacy of those mechanisms faded, the Legislature bolstered the insulating mechanisms to include all emergency oil and gas school tax and federal mineral leasing windfall revenues in excess of $2.8 billion but below the five-year averages to the severance tax permanent fund. Those mechanisms provide new sources of funding for early childhood programs and the general fund while reducing the general fund's dependence on oil and gas revenues.

In addition to setting aside oil- and gas-related revenues for permanent funds or establishing stabilization mechanisms, the Legislature has also constrained budgetary volatility by spending less than total recurring revenues when revenues are above trend. Lawmakers have effectively used significant portions of revenue surpluses to fund a variety of capital outlay and infrastructure projects, build general fund reserves, supplant other state funds, and create new budget stabilization funds.

LFC Online: Understanding Government Finances

[Finance Facts: Oil and Natural Gas Revenue]

The Legislature has also implemented best practices of budget planning with the development of a long-term revenue estimate and budget outlook. In July 2022, the Legislative Finance Committee began its first-ever annual hearing on long-term revenue planning, further advancing long-term stability. In July 2023, the long-term forecast included more in-depth budget planning and spending forecasting to help lawmakers discern sustainable levels of budget growth.

Finally, the Legislature continues to utilize stress tests of revenue estimates to inform reserve targets. During the pandemic, general fund reserves were used to prevent steep budget cuts, highlighting the success of stress testing. As the state continues to rely on surging volatile revenues, current stress tests indicate a need to maintain general fund reserve levels around 30 percent in FY24.

Challenges in Capital Outlay Funding. Debt capacity for New Mexico has soared with the strength in oil and gas revenues, but taking advantage of that capacity could negatively impact the state's bond ratings. The state could reduce debt capacity by adhering to national debt ratios to demonstrate prudent fiscal management, instill investor confidence, and reduce the risk of default from an excess of debt repayment per person. Savings could be used to support emergency debt coverage, cash finance projects that should not use long-term debt, and provide an eventual replacement revenue source or supplement to severance taxes for capital programs. This would reduce long-term pressure on the general fund by preventing capital needs from weighing on the operating budget when general fund revenues face similar headwinds from declining oil and gas production.

Recent Tax Changes and Outstanding Issues

Effective tax policy should generate enough revenue to fund government operations while avoiding overburdening individuals or harming business activity with high tax rates or perverse incentives that create inefficiencies. Noncompetitive gross receipts tax rates (GRT), an outdated personal income tax bracket structure, and tax revenue volatility exemplify shortcomings of New Mexico's tax system. While the state has recently made large strides toward equity and efficiency, significant outstanding tax issues remain.

Tax Changes

Laws 2023, Chapter 211, the signed version of the omnibus tax package contained in House Bill 547 of the 2023 legislative session, was significantly pared back from the version passed by the Legislature. The governor vetoed $280 million in recurring tax cuts in FY24, $520 million in FY25, $755 million in FY26, and $901 million in FY27, significantly reducing the overall cost—and impact—of the package. After the vetoes, the tax package contained only four tax changes: an expansion of the child tax credit for the lowest three income levels, a $500 one-time income tax rebate, a healthcare practitioner gross receipts tax (GRT) deduction for copays and deductibles, and an expansion of the film tax credit.

Gross Receipts Tax Reform and Opportunities

New Mexico lawmakers implemented several tax changes in the last five years, many of which were included as part of broad tax packages in the 2019 session (Chapter 270, House Bill 6) and the 2022 session (Chapter 47, House Bill 163). Those efforts included base-broadening measures to bring previously untaxed goods and services into the state's tax base, sweeping rate reductions, simplification in filing for medical providers, and equity and fairness improvements in the tax code.

GRT Rates. For the first time in 40 years, the Legislature in 2022 voted to reduce the statewide gross receipts tax rate (GRT) from 5.125 percent to 4.875 percent over two years. Despite the reduction, the average gross receipts tax rate customers will pay when including municipal tax is likely to remain above 7.5 percent, around the median combined rate of neighboring states, as local governments raise rates and maintain large local GRT increments. Notably, New Mexico's state GRT rate is relatively low compared with other states, ranking 35th as of the latest rate reduction, but the combined state and local average rate is the 16th highest in the nation because the average local rate imposed is the 10th largest in the

The 2023 Tax Package

Prior to the governor's vetoes, House Bill 547 would have cut up to an estimated $1.138 billion in recurring revenues and $673 million in nonrecurring revenues in a series of tax changes, including

- $500 million GRT rate cuts by FY27
- $678 million for income tax rebates
- $150 million for income tax rate and bracket restructure
- $7 million in revenue gains to create a flat corporate income tax
- $35 million in revenue gains to limit the capital gains deduction
- $128 million expanding the child tax credit and the low-income comprehensive tax rebate
- $67 million for targeted expenditures for healthcare and childcare
- $25 million for targeted expenditures for environmental initiatives
- $76 million for film industry incentives
- $174 million to redistribute motor vehicle excise taxes to road funds
- $26 million to raise liquor tax rates and redistribute receipts to alcohol harms alleviation fund

LFC TAX POLICY PRINCIPLES

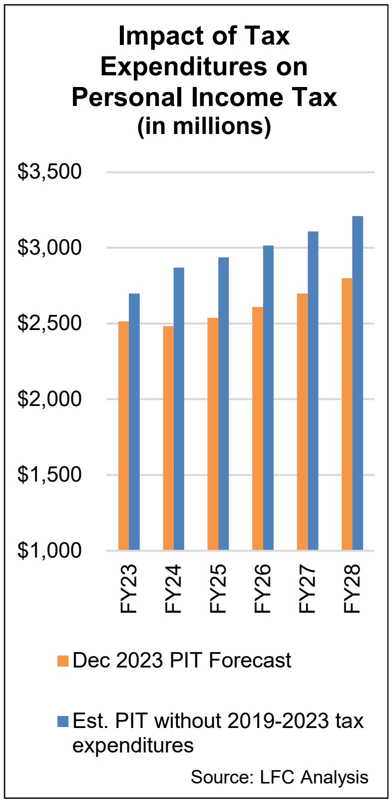
Adequacy:
Revenue should be adequate to fund needed government services.

Efficiency:
Tax base should be as broad as possible and avoid excess reliance on one tax.

Equity:
Different taxpayers should be treated fairly.

Simplicity:
Collection should be simple and easily understood.

Accountability:
Preferences should be easy to monitor and evaluate.

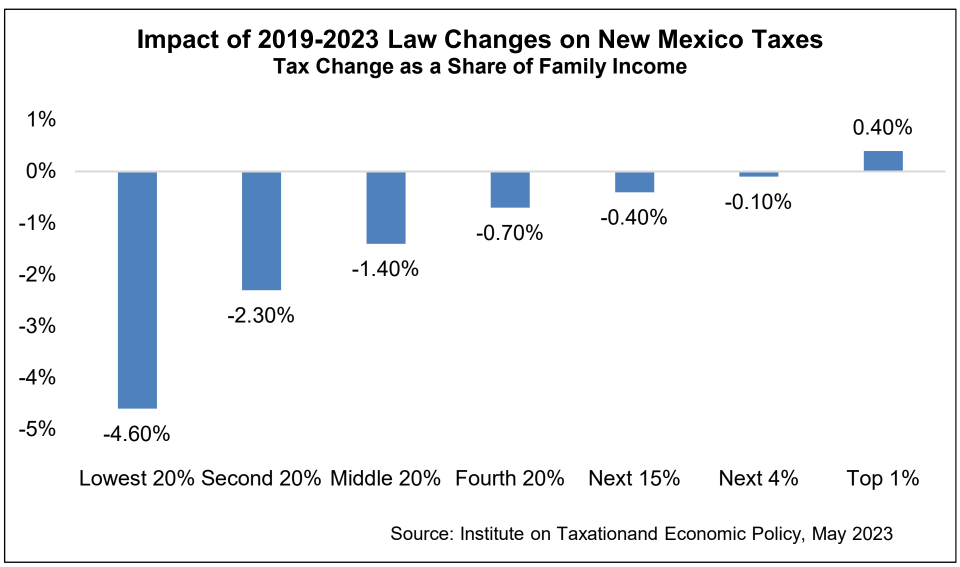


nation. Further reducing the GRT rate presents an opportunity to increase New Mexico's competitiveness and build on the reductions already enacted: however, new strategies are needed to ensure reductions at the state level are passed on to New Mexicans and translate to a more competitive business environment.

Income Tax Reform and Opportunities

Since 2019, the Legislature has passed legislation that created or expanded multiple personal income tax (PIT) and corporate income tax (CIT) exemptions, credits, and rebates with the aim to increase progressivity and provide temporary and permanent relief to low- and middle-income New Mexicans. Since 2019, tax packages included $448 million of income tax relief in FY24. The most significant changes in the package were the PIT exemption for social security income up to $75 thousand, enacting a child tax credit for most families with children, and expanding the working families tax credit and the low-income comprehensive tax rebate. Recognizing surplus state revenues, the Legislature also passed one-time tax rebates totaling nearly $1.8 billion across three years, providing inflation and pandemic relief to low- and middle-income residents.

Over the last four years, the income tax has become significantly more progressive, especially in the lower half of the income distribution, augmenting existing state income support programs for the lowest-income residents (see LFC report Stacking of Income Supports). However, several significant issues remain. While the state has increased its income tax progressivity, it has done so by providing credits, deductions, and exemptions to targeted populations. This piecemeal approach clouds the actual income tax burden across taxpayers.



Over time, as incomes rose with inflation and piecemeal legislation eliminated some brackets, the income tax bracket structure has been rendered effectively flat. A large portion of the tax base, 44 percent, falls into the second-highest tax bracket at a rate of 4.9 percent, while only 11 percent of taxpayers are in the second and third brackets. Additionally, the income ranges of the brackets are extremely compact at the bottom. Three brackets apply to taxpayers with annual incomes up to $16 thousand, while the fourth bracket applies to those earning $16 thousand to $210 thousand. Expanding the income range and rates of the lower brackets to be more gradual and include more taxpayers is needed to better reflect the statewide distribution of income and provide tax relief to low- and middle-income New Mexicans.

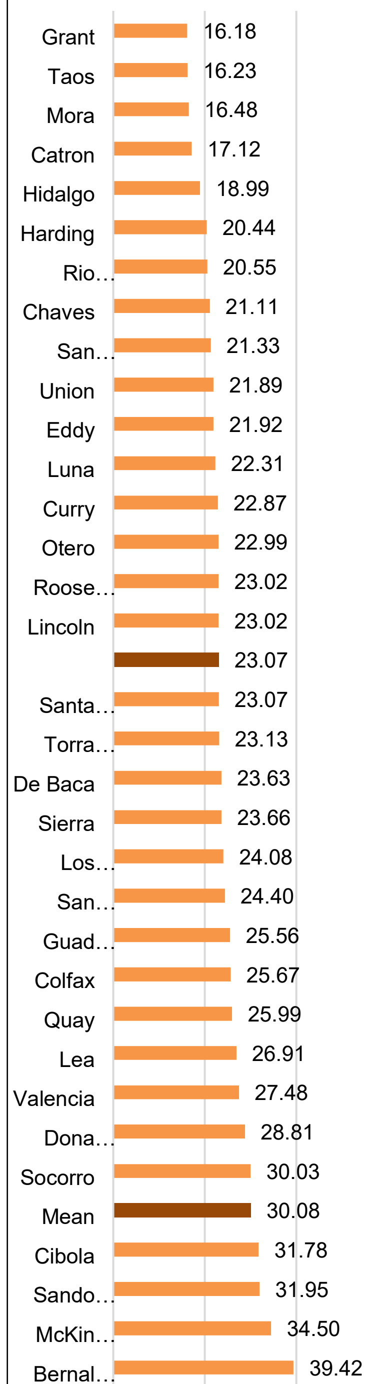
Twenty-six states have cut their income tax rates since 2021, with five moving to a flat tax. New Mexico has competitive neighbors; Arizona has the lowest flat PIT rate in the country and Texas does not have income tax at all. Colorado has a 4.4 percent flat income tax, lower than the top three New Mexico PIT brackets. New Mexico's top rate of 5.9 percent is the 24th highest in the country, slipping 11 spots since 2020 as other states have cut rates. While the top rate only applies to about 3 percent of taxpayers, a noncompetitive top rate and low national rankings could deter high-earning companies and individuals from the state.

Additional Tax Issues

Various tax credits, deductions, and exemptions have narrowed the tax base and encouraged high tax rates. While revenues are currently at record highs and the erosion of the tax base is not an immediate concern, any shocks to the state's main revenue streams, namely oil and gas revenues, GRT, and income taxes, could jeopardize future budget levels. Narrowing the tax base, especially with piecemeal tax breaks, often results in inequities in taxation across demographics or income levels and creates uneven playing fields for businesses providing the same products or services. Tax reform should include a comprehensive review and consideration of eliminating, capping, or adding sunsets to existing tax expenditures to broaden the tax base and reduce tax rates.

Aspects of the property tax also remain a concern, specifically regarding the lack of transparency and data on the property tax. As a nondisclosure state, property sale prices are not recorded or made available as public record. Obscuring sale prices makes assessing value more difficult, increases tax avoidance, and can cause inequities in property assessments and effective tax rates. The state should consider legislation to become a full disclosure state, require reporting of property residency status, and require publication of additional debt metrics that other states use.

Weighted Average Residential Property Tax Rates by County in Mills



Source: DFA

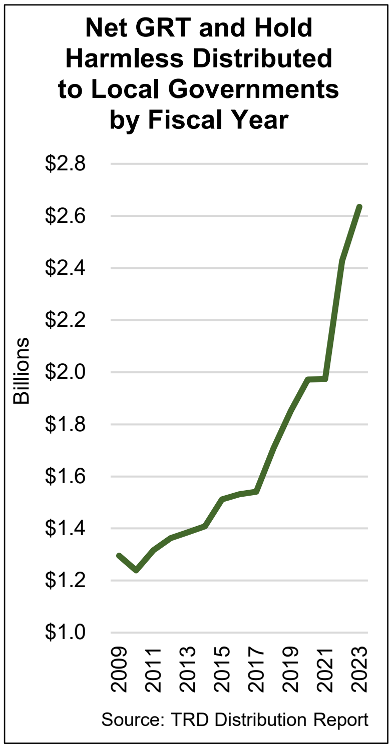
Local Government Revenues and Finance

Local governments in New Mexico rely on state and local revenue sources to support their operations, including gross receipts taxes and dedicated state funds, which have grown significantly. Major expenditure categories for local governments include public safety, general control, and health and human services. However, comparing complete revenues and expenditures across localities remains challenging due to the absence of detailed data.

Gross Receipts and Compensating Taxes

Across New Mexico, the gross receipts tax (GRT) rate varies from 4.875 percent to 8.938 percent. The total rate combines rates imposed by the state, counties, and municipalities. Businesses pay the total GRT to the state, which then distributes the county and municipal portions.

In addition to gross receipts taxes levied by local governments, municipalities receive a share of the state's GRT collections. The so-called "municipal



distribution," established in statute as 1.225 percent of the taxable gross receipts, is currently equal to 25.1 percent of the state's GRT collections in that municipality's boundaries. Because the municipal distribution is a fixed rate, the share of GRT revenue that municipalities receive grows as the state GRT rate falls.

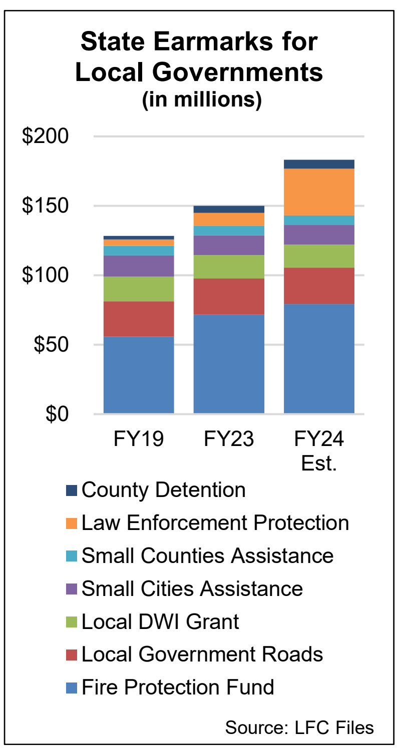
Furthermore, destination-based sourcing, which bases the tax rate on the location where the goods or service will be used rather than the location where they were created, has significantly boosted local GRT revenues on net since it was implemented on July 1, 2021. By including more economic activity in the municipal and county tax base, local GRT distributions have grown $661.4 million, or 33.5 percent, in two years. Of the total $2.6 billion in local GRT distributed in FY23, $690 million was from the state's share of GRT collections in municipalities, growing 37.6 percent since the change in sourcing.

While the Legislature lowered the state GRT rate in recent years, 20 local governments have higher GRT rates today. As the state's first GRT reduction took effect July 1, 2022, some municipalities and one county raised rates between 0.025 percent and 0.6875 percent.

In addition to more activity sourced to local governments, the change to destination sourcing allowed for and created new distributions of the state compensating tax to local governments. The compensating tax, or a use tax that applies on some transactions when the GRT does not apply, is now subject to local increments and provides new revenues to local governments. In FY23, local compensating tax distributions totaled $5.1 million to counties and $5.29 million to municipalities.

Funds Dedicated for Local Governments

Local governments have also benefited from several dedicated state funds, totaling $150 million in FY23. The fire protection fund, local government road fund, and the DWI grant fund represent some of the larger distributions to local governments. Over time, distributions from the county detention fund have roughly doubled, as well as distributions from the law enforcement protection fund (LEPF) and the fire protection fund (for cities). Distributions for small counties assistance have remained flat while distributions from local DWI and fire protection fund (for counties) have declined since FY19.



Capital Outlay

Local governments also receive state funding for capital outlay projects. In 2021 and 2022, local projects funded via capital outlay totaled $289 million and $394.7 million respectively. New capital appropriations in 2023 for local entities totaled around $570.3 million. At the end of FY23, the number of active local capital outlay projects had surpassed 4,100, with a combined outstanding balance of $1.3 billion. This represents an increase of more than 200 percent compared to the end of FY20, with an additional 2,500 active projects and $884 million in balances.

Earmarks from severance tax bonds also provide significant and rapidly growing funds for local entities and uses; 20.5 percent of severance tax bonding (STB) capacity is now earmarked for water, colonias, tribes, or housing projects. Those funds have grown from $35 million in 2019 to $308 million in FY23.

Additionally, the Legislature has created new grant programs to support local projects and to build capacity at the local level for capital improvements. In FY23 and FY24, the Legislature appropriated a total of $85 million to the Department of Finance and Administration (DFA) for the recreation and quality of life grant program and a total of $3.5 million for capacity building grants to local entities. A $10 million FY24 appropriation went to DFA to provide local match assistance for federal grants.

Local Government Expenditures

Little data is available on municipal- or county-level expenditures and revenues at the detail level. However, the Department of Finance and Administration (DFA) hosts local government finance data in its local government budget management system, providing information about total general fund for local government revenues, expenditures, and cash balances. For FY22, the most recent general fund data available is only able to show municipal expenditures statewide totaled $1.6 billion and county expenditures totaled $916 million.

Comparisons with Other States

Data collected by the U.S. Census Bureau show total state and local direct expenditures by type for every state including New Mexico. The Census Bureau reports New Mexico's state and local expenditures have grown 23 percent from 2017 to 2021, with the largest increases occurring for operations and other costs at around 24 percent growth. Of that total growth, New Mexico's state expenditures grew by nearly 30 percent, while the local expenses grew by 12 percent. Capital outlay expenses have grown nearly 13 percent over that time, but nearly all of that growth is coming from the state. The same can be said of assistance and subsidies, which have no local share.

As state spending has grown faster than local spending, constituent services are increasingly provided by the state rather than local governments. This trend is an outlier among states; the national average share of expenditures is closer to equal for state and local governments. New Mexico's state share was over two-thirds of total direct expenditures (66 percent), compared to just one-third from the local share (34 percent). Since 2017, the state share has increased from 62 percent to 66 percent, while the local share decreased proportionally.

State and Local Share of Direct Expenditures
New Mexico vs. National Average
(in thousands)

	New Mexico				National Average			
	2017		2021		2017		2021	
Expenditure Type	State Share	Local Share	State Share	Local Share	State Share	Local Share	State Share	Local Share
Operations	62%	38%	66%	34%	50%	50%	48%	52%
Capital outlay	35%	65%	41%	59%	42%	58%	36%	64%
Assistance and Subsidies	100%	0%	100%	0%	95%	5%	84%	16%
Other	65%	35%	68%	32%	80%	20%	49%	51%
TOTAL EXPENDITURES	**62%**	**38%**	**66%**	**34%**	**55%**	**45%**	**55%**	**45%**

Source: 2017 & 2021 Census of Governments, U.S. Census Bureau

Other State Support to Local Governments:

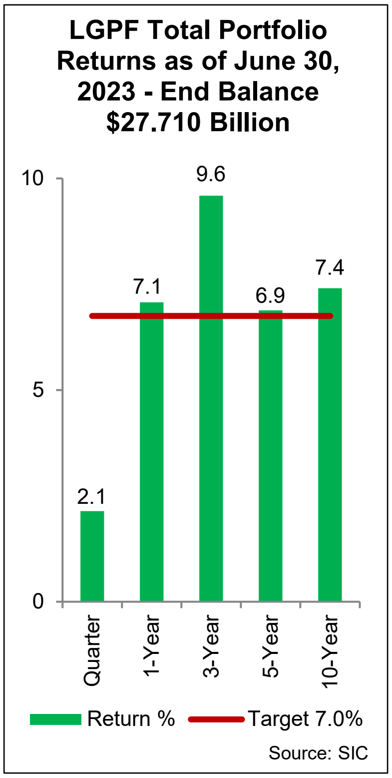
NM Finance Authority:
- Drinking Water Revolving Fund
- Local Government Planning Fund
- Water Trust Board Project Fund
- Colonias Infrastructure Fund

Economic Development Depart.:
- Outdoor Equity Fund
- Outdoor Recreation Trails+ Grant
- New Mexico MainStreet Program
- Local Economic Assistance & Development Support

Environment Department:
- Clean Water State Revolving Fund
- Solid Waste Facility Grant Fund
- Rural Infrastructure Fund

Depart. Of Finance and Admin.:
- Enhanced 911 Program
- Board of Finance Emergency Fund
- Law enforcement recruitment & retention funding
- Recreation & Quality of Life Grant
- Federal Grant Matching Assist.

Transportation and Other:
- Municipal Arterial Program
- Cooperative Agreement Program
- Transportation Projects Fund
- Traffic Safety Program
- Broadband Access & Expansion Fund (DoIT)

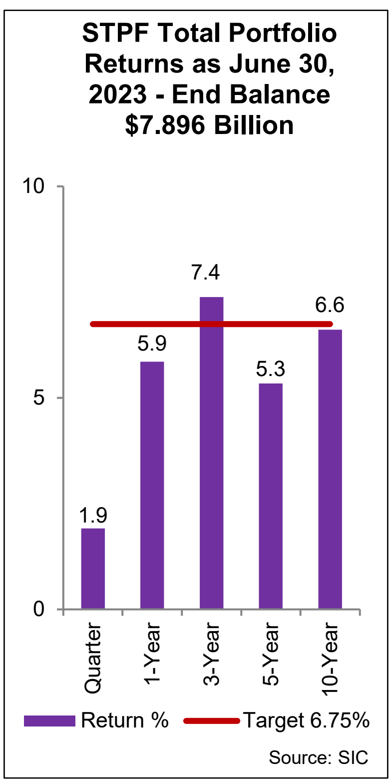


Markets performed well in FY23 as the Federal Reserve slowed the pace of rate increases, inflation eased, and consumer activity buoyed the economy. State investments gained value in FY23, but a risk-averse strategy meant that they generally performed worse than peer funds in the one-year period amid strong markets.

Market performance in FY23 was markedly different from that of the second half of FY22, when the Federal Reserve's rate increases sparked concerns about recession and markets pulled back. Compared to peer funds, New Mexico's investments fared better in FY22. That trend reversed in FY23, with most state investments faring worse relative to peer funds. Buoyed by transfers of windfall oil and gas revenues, gains were still strong in FY23, and total state investment fund balances grew by 14.3 percent year-over-year, the second highest increase in the last 10 fiscal years.

Performance Overview

The ending value of the state's primary investment holdings in FY23—comprising the two pension funds managed by the Educational Retirement Board (ERB) and the Public Employees Retirement Association (PERA), the early childhood trust fund (ECTF), and the land grant and severance tax permanent funds managed by the State Investment Council (SIC)—grew by $9 billion, or 14.3 percent, to end the fiscal year at $71.9 billion. Over the last five years, the state's combined investment holdings grew by $20.7 billion, or 40.5 percent.



Asset Values for Year Ending June 30, 2023
(in millions of dollars)

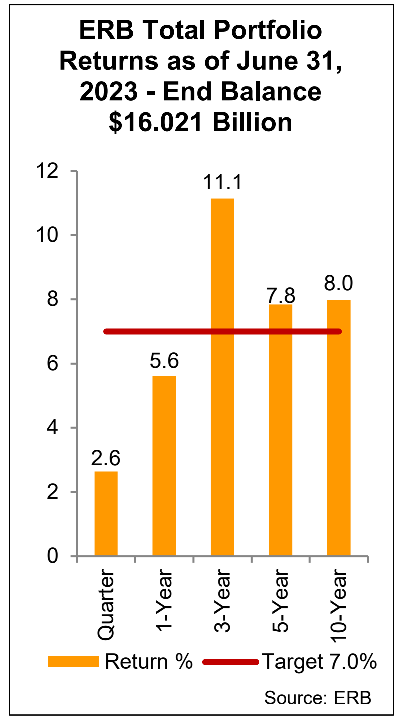
Annual	ERB	PERA	LGPF	STPF	ECECF	Total
Asset Value	$16,020.8	$16,657.8	$27,799.6	$7,896.0	$3,569.5	$71,943.7
Value Change	$509.6	$28.9	$3,689.6	$1,852.2	$2,921.2	$9,001.5
Percent Change (year-over-year)	3.3%	0.2%	15.3%	30.6%	450.6%	14.3%

Note: Percent change includes investment returns, contributions, and distributions.
Source: Investment Agency Reports

Returns for the permanent funds are mixed. The LGPF exceeded its target of 7 percent in the one-, three-, and 10-year periods. The STPF only exceeded its target of 6.75 percent in the three-year period, although the 10-year return of 6.61 percent nearly met the target. The ECTF—which does not have a long-term return target—has seen rapid growth as the result of transfers of windfall oil and gas revenues.

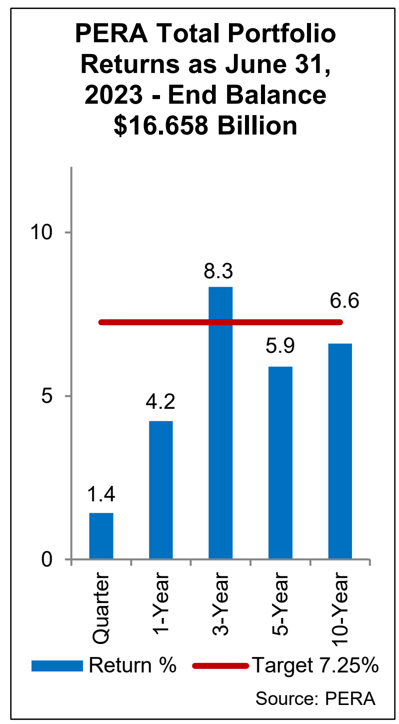
The Severance Tax Bonding Act authorizes various economically targeted investment strategies for the STPF that permit a below-market rate of return for investments intended to stimulate the economy of New Mexico. While many legislative authorizations are currently inactive, if all targeted investment allocations in statute were fully implemented by SIC, it would result in more than three-quarters of the STPF being placed in below-market investment strategies. The below-market returns on economically targeted investments contribute to poor STPF performance.

Neither pension fund met its long-term target of 7.25 percent (PERA) and 7 percent (ERB) for the one-year period. While ERB exceeded targets in the five- and 10-year periods, PERA's returns fell short. Both pension funds met their targets for the three-year period. Overall, ERB performed best of all funds in nearly all periods, except for the one-year period where it was outperformed by the LGPF and STPF.

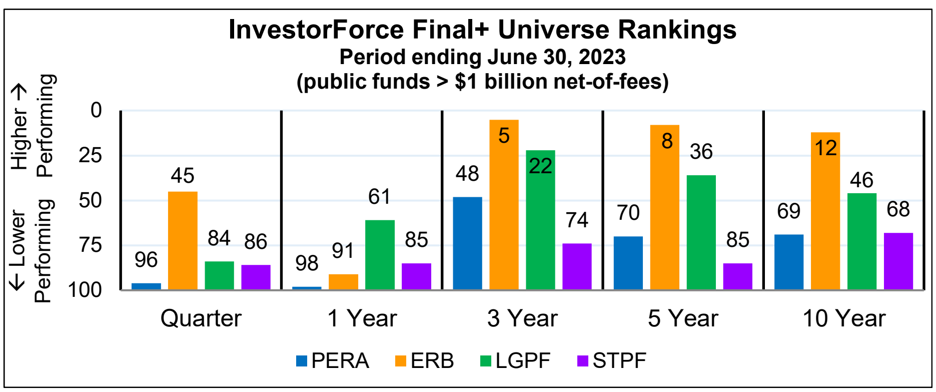


Performance Relative to Peers

The state's risk-averse investments generally performed worse than peer funds in the one-year period amid strong markets. When compared with peer funds greater than $1 billion on a net-of-fee basis, ERB performed in the top 10 for the three-year, and five-year periods and was 12th for the 10-year period. The LGPF ranked above the median in the three-year, five-year, and 10-year periods. PERA's one-year performance was in the bottom 10 of comparison funds in the quarter and one-year, but it ranked higher in the longer-term periods.



Because New Mexico investment agencies have all prioritized policies of risk mitigation, the state's investments tend to perform well relative to peers during periods of market decline. For example, during falling equity markets in the last quarter of FY22, the state's investment funds performed well when compared with peer funds, all ranking in the highest performing quartile for the quarter and year.



However, lower risk positions tend to perform poorly relative to peers during periods of market upswings. In the last quarter of FY23, the state's investments were nearly all in the lowest performing quartile for the quarter and year. The ERB and the LGPF performed slightly better, although they were both near the median, a significant decline for those funds relative to longer-term performance.

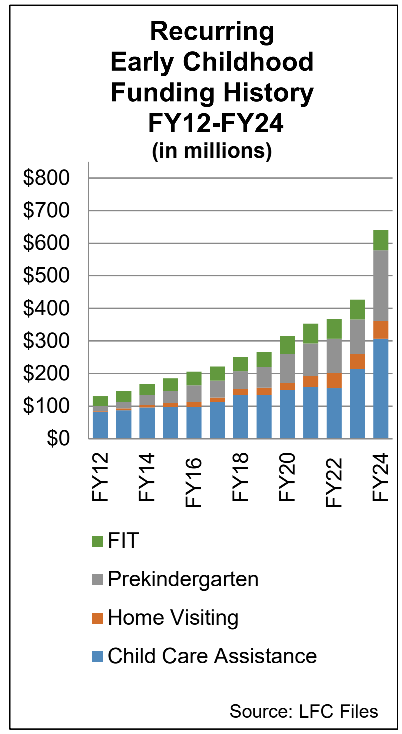
LFC Online: Understanding Government Finances

Finance Facts: Investment Funds

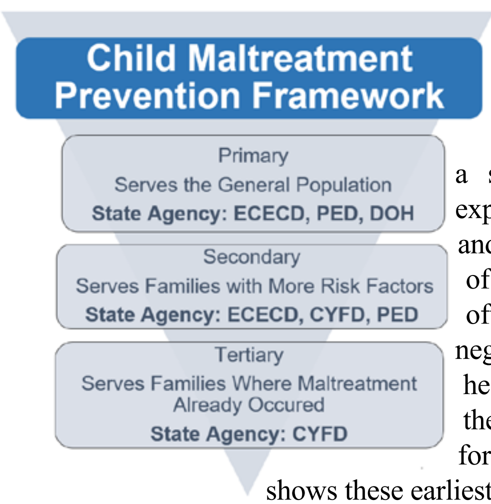
Asset Allocations

Less than 40 percent of New Mexico's assets are invested in public equities, like the stock market. Four of the state's five investment funds are invested in fixed income assets at an allocation rate above 15 percent. ERB is the exception, with most assets (69 percent) in alternative invetments, such as real estate, real assets, and private equity.

The primary objective of New Mexico's child well-being system is to mitigate adverse childhood experiences—emotional and physical abuse or neglect, substance abuse within the household, parental incarceration, and other potentially traumatic events—that can negatively impact a child's development and elevate the long-term risk of substance abuse, behavioral health issues, and low economic and educational attainment, and other unfavorable life outcomes. Recognizing that secure, stable, and nurturing environments are essential to enhance child well-being the Legislature has provided historic funding for programs to support families and improve the long-term outcomes of children. However, implementation of the high-quality services must follow. While New Mexico revenues can currently support funding these programs, out-year revenue projections are less optimistic. The New Mexico early childhood system must meet the challenge of helping families now, while growing state spending at a responsible rate.



Source: LFC Files



The original study on adverse childhood experiences, conducted by the U.S. Center for Disease Control and Prevention in the mid-1990s, found a strong relationship between adverse experiences and a child's development and long-term risks. Reducing the number of adverse experiences– at risk families often have more than one– can break the negative generational cycle and improve health and well-being. Similarly, because the basic architecture of a child's brain forms in the first few years of life, research shows these earliest years may present the most significant opportunity to remediate developmental delays and address the cognitive and social delays that can result from less stimulating emotional and physical environments, as well as the severely diminished neurological development that can result from unstable and stressful environments.

For more info:
Early Childhood Education and Care Department Performance
Page 104

Early Childhood Care and Education

Early Childhood Funding

Funding for the New Mexico early care and education system increased almost five-fold from \$136 million in FY12 to \$651.8 million in FY24. This does not include federal Head Start and Early Head Start funding of \$78 million. General

LFC Online: Understanding Government Finances

Finance Facts: Early Childhood Services

fund appropriations provide a significant portion of early childhood spending. In addition, the early childhood care and education fund (often called the early childhood trust fund or ECTF) was created in the 2020 regular session and endowed with $300 million. Revenues to the fund from excess federal mineral leasing, excess oil and gas school tax, and investment gains have led to a projected $10 billion fund balance and $445.8 million in annual distributions by FY27. In November 2022, voters approved an amendment to the state's constitution, will increase the distribution from the land grant permanent fund to potentially provide $157.6 million revenue to early childhood programs in FY25.

Home Visiting

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 FY24, the ECECD has contracts to support 6,601 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 2022 birth data from the Department of Health, New Mexico has approximately 88 thousand children under the age of 3, and as reported by the Human Services Department, over 72 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.

Medicaid-Matched Funding for 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. Notably, not only has funding for Medicaid-funded home visiting fallen behind, but the evaluation also found overall enrollment lagged increased appropriations. Between FY17 and FY22, funding increased by 216 percent, but family enrollment only saw a 53 percent increase during this period, primarily because Medicaid-funded home visiting did not meet its enrollment targets. The underutilization of Medicaid-funded home visiting services may be attributed to inadequate reimbursement rates and restrictions on the types of home-visiting approaches eligible for federal

Home Visiting is an intensive parent education program shown to effectively reduce child abuse and improve health. This voluntary program provides family support and basic parenting skills critical to improving childhood outcomes during pregnancy and through the first few years of a child's life.

Prekindergarten is an educational program for 3- and 4-year-olds shown to significantly improve math and reading proficiency for low-income participants.

Childcare Assistance is a subsidy program for families with children between the ages of 3 weeks and 13 years whose families make less than 400 percent of the federal poverty level (FPL), or $120 thousand for a family of four.

A Closer Look Home Visiting Implementation

A program evaluation on the implementation and outcomes of the Home Visiting Program found the parent education and family supports services likely reduce child maltreatment and improve parenting, but participants often drop out and effectiveness may depend on the home visiting model used.

In addition, while New Mexico has committed to steadily increasing funding for home visiting with adoption of the Home Visiting Accountability Act, enrollment has not kept pace, growing only 53 percent since FY17 while funding increased 216 percent.

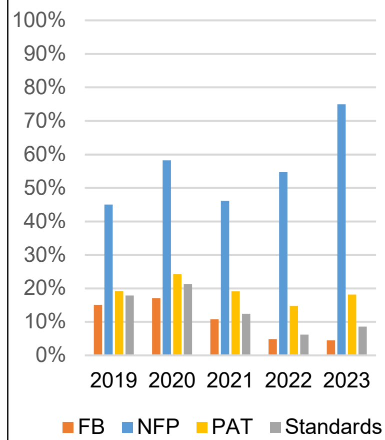
The program administered by the Early Childhood Education and Care Department holds promise to improve New Mexico's lower-than-national-average maternal and child health outcomes, but results depend on the home-visiting model implemented, fidelity of implementation, and length of participation.

Medicaid funding. State investments in home visiting have consistently risen for over a decade. Considering the average Medicaid matching rate of $3 in federal revenue for every $1 of state revenue, policy makers should prioritize maximizing federal Medicaid funding to sustain the growth of home visiting programs rather than investing additional state revenues through existing appropriations.

Home Visiting Quality and Outcomes

Home visiting stands as a key preventive investment 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 home visiting promises positive returns on investment, these returns are contingent on the implementation of the chosen program, and families successfully completing the service. The potential returns on investment for home visiting programs can range from $1 to $14 for every dollar spent, contingent on the specific program employed and the population being served.

Families Completing Home Visiting by Model



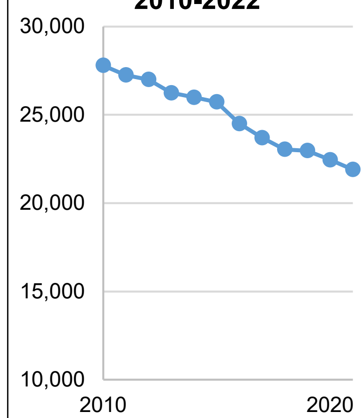
Note: Data for 2023 does not cover a full year, only data for families who discharged from home visiting were included for enrollment length. Completion is determined by home visitor. See chart 29 on page 33 for reasons why families leave home visiting before completing the program.

Source: LFC Analysis of ECECD data

In 2021, LFC staff conducted cost-benefit analyses on home visiting programs that were either currently funded or eligible for state funding, assuming these programs were executed as intended. The projected returns on investment varied from $14 for every dollar spent for Triple P to $1 for Early Head Start. This variability in returns is primarily driven by program costs and the extent of their impact on children and families. Notably, the Nurse-Family Partnership (NFP) exhibits one of the most substantial potential returns on investment. However, it is presently only offered by two providers and accounted for less than 10 percent of all contracted slots statewide in FY22.

To maximize the benefits of home visiting, it is crucial that families successfully complete the program, in 2023, only 7 percent of families exiting the Home Visiting Program did so after completing it. This figure falls well below national averages, which typically hover around 50 percent. Implementing incentives to enhance recruitment and retention may be imperative in improving family participation in these programs.

New Mexico Births 2010-2022



Source: DOH

Prekindergarten and Early Prekindergarten

New Mexico PreK, an early education program for 3- and 4-year-olds, currently serves approximately 17.5 thousand children. Despite certain obstacles to expansion, New Mexico has made substantial strides in ensuring sufficient funding is in place to guarantee all 4-year-olds have access to some form of early education through programs such as Childcare Assistance, New Mexico PreK, or the federal Head Start program. In fact, New Mexico ranks 10th in spending on prekindergarten and 10th for providing access to 3-year-olds, along with a 13th position in access for 4-year-olds, according to the National Institute for Early Education Research (NIEER). During the 2023 legislative session, the Legislature, in a historic investment, provided over $100 million to expand prekindergarten for 3-year-olds and 4-year-olds, increased the number of hours in a day for wraparound care, and added days for prekindergarten services.

Research conducted by LFC staff has demonstrated participation in prekindergarten programs is associated with a 10 percent increase in college enrollment rates. This evidence is supported by a wealth of research and consistent findings from LFC evaluations, which showNew Mexico prekindergarten programs consistently enhance math and reading proficiency among low-income 4-year-olds, reduce special education and retention rates, and mitigate the adverse effects of school changes during the academic year.

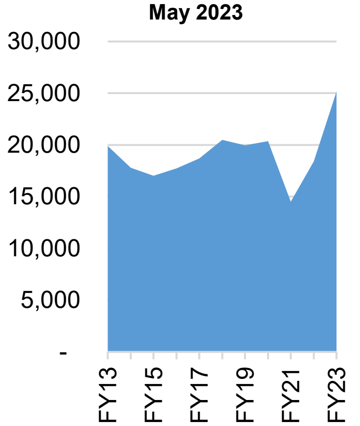
2023 Federal Poverty Levels

Household Size	100%	200%	300%	400%
1	$14,580	$29,160	$43,740	$58,320
2	$19,720	$39,440	$59,160	$78,880
3	$24,860	$49,720	$74,580	$99,440
4	$30,000	$60,000	$90,000	$120,000
5	$35,140	$70,280	$105,420	$140,560
6	$40,280	$80,560	$120,840	$161,120

Source: HHS

Although data consistently underline the positive influence of prekindergarten programs on test scores for kindergarten participants, a 2020 LFC program evaluation found the New Mexico prekindergarten program lacked effective quality metrics. LFC recommended ECECD begin implementing a valid and reliable tool to evaluate teacher-child interactions because the quality of classroom interactions can significantly impact student performance. In FY25, the department is seeking funding to re-introduce the classroom assessment scoring system (CLASS), a validated tool that assesses prekindergarten quality across three domains: emotional support, classroom organization, and instructional support.

Childcare Assistance Enrollment by Fiscal Year
May 2023



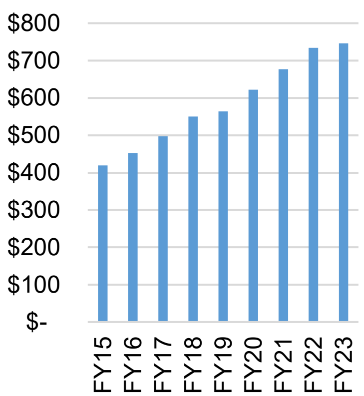
Source: ECECD

Childcare Assistance Spending

Childcare Assistance, a program that subsidizes childcare by directly paying providers all or part of the costs for each qualifying child, receives the largest share of early childhood funding, although it has not been shown to improve long-term education outcomes for children. New Mexico has steadily increased reimbursement rates for providers, and the cost per child has increased by about 65 percent over the last eight years.

ECECD announced expanded income eligibility for families in July 2021 that raised the family income limit to 400 percent of the federal poverty level (FPL), up from 200 percent. Childcare Assistance subsidizes childcare costs for families with children between the ages of 6 weeks and 13 years with incomes up to $120 thousand for a family of four. The department also created subsidies for parents and other caregivers who work or attend training or education programs. In addition, the department raised rates again in 2023, an average of 20 percent, and restructured the family co-payment scale. These executive policy changes have an estimated cost of $37 million annually.

Childcare Assistance Average Monthly Cost per Child
May 2023



Source: ECECD

In addition to expanded eligibility, ECECD switched to a cost-based model—it previously used a market-rate survey—for determining its reimbursement rates for childcare providers, effectively increasing the provider rates. The cost estimation model sets rates based on costs reported by childcare providers in the delivery of service, based on the type of care, age of the child, and state licensing and quality requirements. Childcare Assistance rates may influence the state's private pay market, and ECECD should ensure rates are affordable for families ineligible for assistance.

New Mexico continues to have higher maximum reimbursement rates than the majority of states. A 2019 LFC evaluation found New Mexico was paying more for higher quality care than the federally recommended 75 percent of the market rate and had rates higher than 80 percent of states. At the close of FY23, the average cost per child rose to $746, or 2 percent above the previous fiscal year, resulting in an estimated cost of approximately $8.9 million annually for every additional 1,000 children enrolled.

A Closer Look Early Childhood Accountability

Early childhood services can lead to positive outcomes, and investments have increased over 50 percent since FY23; however, LFC's *2023 **Accountability Report: Early Childhood*** found challenges with program implementation and oversight remain.

For example, home visiting services can lead to positive benefits for families; however, the full expected benefits are likely not realized for most families because only 7 percent completed the program in FY23, down from the 11 percent that completed in FY22. Additionally, oversight of prekindergarten quality can be difficult as both the Early Childhood Education and Care Department (ECECD) and the Public Education Department (PED) have different educational requirements for teachers and report different information on classroom quality.

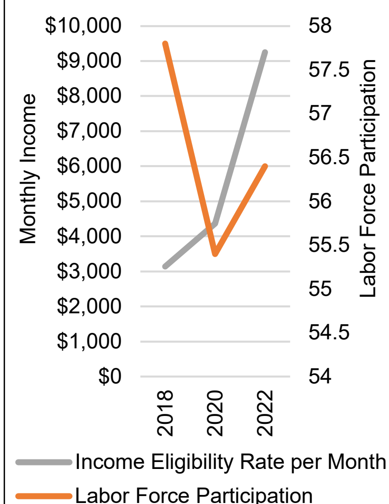
Child safety is one of the most important issues facing the state, and, when examining population-level health and safety metrics, infant mortality and abuse and neglect deaths have improved; however, substance use and repeat maltreatment remain high, with New Mexico consistently ranking among the top six states for repeat maltreatment occurring within 12 months of an initial allegation.

Births in New Mexico have been declining much faster than originally anticipated and as births continue to decline, the number of children needing early childhood services will also decline. Enrollment in Head Start has declined by 45 percent since FY12.

Childcare Assistance enrollment has greatly surpassed prepandemic levels, reaching nearly 27 thousand children at the end of the fiscal year. ECECD projects the Childcare Assistance program will continue to grow given expanded eligibility and the low co-payments. Prepandemic levels were ranged closer to 21 thousand.

Workforce Participation. LFC analysis does not show expanded eligibility in childcare assistance resulted in increased workforce participation at the population level in New Mexico. Research, both in the United States and internationally shows that childcare assistance increases labor force participation. As childcare assistance income eligibility increased from 2018 (200 percent of FPL) to 2022 (400 percent of FPL) in New Mexico, labor force participation did not increase. Specifically, labor force participation went from 57.8 percent to 56.4 percent. The decrease in labor force participation is likely due in part to the impacts of Covid-19 pandemic. Similarly, labor force participation rates in Mississippi, which uses 85 percent of the state median income to approximate eligibility did not increase either as childcare assistance income eligibility increased. While increasing eligibility limits in New Mexico to 400 percent of the federal poverty level likely did not impact the labor force participation rates–as these families were likely already participating in the labor force–families may have benefited in other ways.

Labor Force Participation and Childcare Assistance Income Eligibility



Source: LFC Files

Infant and Toddler Service Capacity. Childcare and prekindergarten services for 3- and 4-year-olds are readily available but options are significantly reduced for children under the age of 3,, with infant childcare being the scarcest. According to LFC analysis, in 2018, infant and toddler care for children from birth to age 2 was only available through 7,000 slots provided by Childcare Assistance and Early Head Start. Families with children 2 years old and younger tend to rely more on parental support and early intervention services, such as paraprofessional home visits, the federally funded Women, Infants and Children nutrition program, and the Families, Infant, Toddlers intervention program, which caters to children with developmental disabilities and specific medical conditions. Given these circumstances, a comprehensive assessment of early care options for families with young children should become a focal point for the Early Childhood Education

LFC Online: Understanding Government Finances

Finance Facts: Childcare Assistance and Licensing

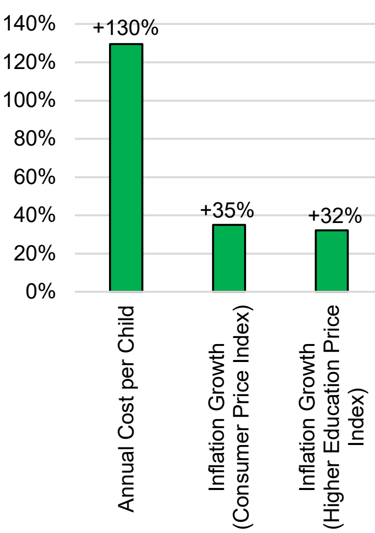
For more info:

Children, Youth and Families Department Performance Page 107

and Care Department. With this in mind, the department has requested $43 million in FY25 to enhance the availability of infant and toddler care.

Workforce. According to the National Conference of State Legislatures (NCSL), children under the age of 5 across the nation spend over 30 hours per week in the care of nonparental caregivers, including center- and home-based childcare, prekindergarten, and informal arrangements. Research suggests young children enrolled in high-quality early learning programs can experience improved outcomes. Early childhood professionals play a pivotal role in ensuring quality care and improving child outcomes. Consequently, having a well-trained and stable workforce is essential for the effective functioning of an early childhood system. However, certain studies have indicated that low wages and a lack of education can result in workforce turnover.

Comparison of Cost Growth 2011 to 2023



Source: LFC Files

Previous programs by the executive to decrease workforce turnover have included pay incentives. In October 2022, ECECD announced it would also provide a grant-based pay incentive of $3 an hour per worker to licensed childcare providers, regardless of current income, position type, or if the provider accepts childcare assistance. The department estimates the cost of the grants to be $77 million annually and launched the program using one-time federal American Rescue Plan Act (ARPA) funding. Performance outcome goals are unclear, and the grant conflicts with the anti-donation clause in the state constitution that prohibits state spending on private interests in most cases.

Many states are focusing on improving early childhood professional credentials and wages by reevaluating wage and workforce structures and establishing workforce registries. ECECD is currently developing an early childhood workforce registry, the Professional Development Information System (PDIS), set to launch in early 2024. This system will track the wages, training, and credentials of its contractor and grantee workforce. Nationally, numerous states have either implemented or are in the process of creating early childhood workforce registries, enabling workers to monitor their professional development and plan future training.

Implementing a workforce registry in New Mexico would provide accurate, up-to-date information that can inform policies and funding dedicated to

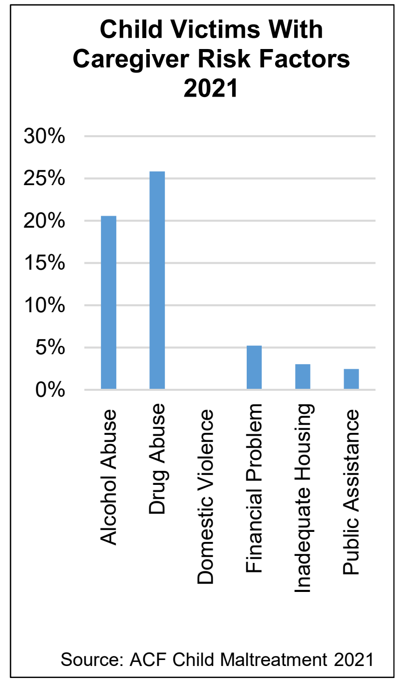
A Closer Look Juvenile Justice Facilities

In the seven years since LFC last looked at juvenile justice in New Mexico, the outcomes for youth released into the community have improved and fewer justice-involved youth have gone on to commit new offenses. However, reintegration centers remain underutilized and both the centers and secure facilities appear to be overstaffed, according to June 2023 LFC publication ***Progress Report: Juvenile Justice Facilities***.

The youth population in New Mexico and the proportion of that population who interact with juvenile justice facilities are declining. The decline corresponds with and is likely at least partly the result of the Children, Youth and Families Department's implementation of the Cambiar model of juvenile justice over the last 15 years. The approach emphasizes more rehabilitative, evidence-based practices to reduce recidivism and other improve outcomes for youth over placement in a secure facility.

However, despite CYFD's closure of two secure facilities and two reintegration centers, facility staffing levels are not keeping pace with decreasing workloads, and per-client costs continue to rise even as the number of juveniles in the system declines.

workforce support, as well as lay the groundwork for future workforce lattice systems. Workforce lattices assist early childhood professionals with aligning education and credentials with wage increases based on additional professional development and qualifications. Several states have effectively integrated registries with their state's lattice systems, facilitating comprehensive and mandatory certification requirements while promoting high-quality training in fields like child development.

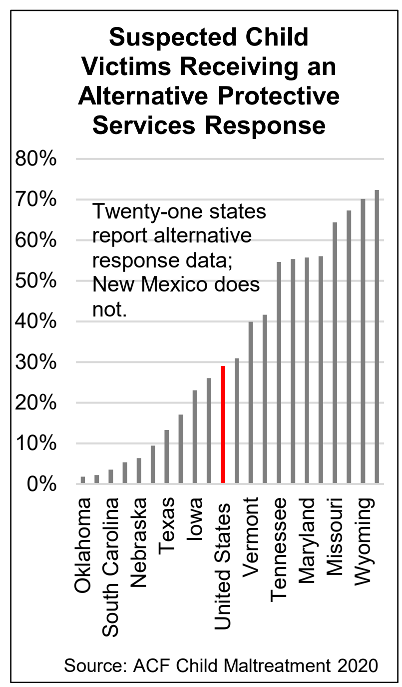


New Mexico has already established standards for early childhood education programs that encourage ongoing professional development and credentials. However, professionals need support to attain bachelor's degrees in early childhood education. Moving forward, a continued focus on key system supports, such as the adoption of a state early childhood workforce lattice, is crucial.

Furthermore, fostering collaboration between higher education institutions and early childhood education centers is essential. This collaboration can facilitate research, knowledge-sharing, and mentorship programs to ensure the latest research and evidence-based practices are integrated into early childhood education curricula. Promoting diversity and cultural inclusivity in early childhood education should be a priority, involving the development of curricula that reflect the experiences and backgrounds of a diverse student population and providing training for teachers in inclusive practices.

Support for ongoing research and evaluation of early childhood education policies and programs is also necessary. This will help inform evidence-based decision-making, identify effective strategies, and drive continuous improvement in the field of curriculum planning and teaching methodologies.

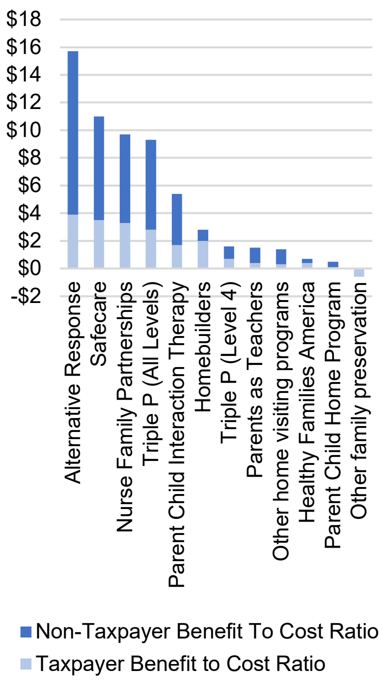
Family Preservation



New Mexico is consistently among the poorest performing states when it comes to repeat child maltreatment. High poverty rates, substance use, domestic violence, unmet mental health needs, unstable housing, and other complex family needs have all been cited by CYFD as obstacles to reducing maltreatment to a rate closer to the national average. Over the long-term, child maltreatment causes physical, psychological, and behavioral consequences leading to increased costs to the child welfare, behavioral health, and physical healthcare systems. The federal Centers for Disease Control and Prevention estimate the lifetime cost of nonfatal child maltreatment at $831 thousand.

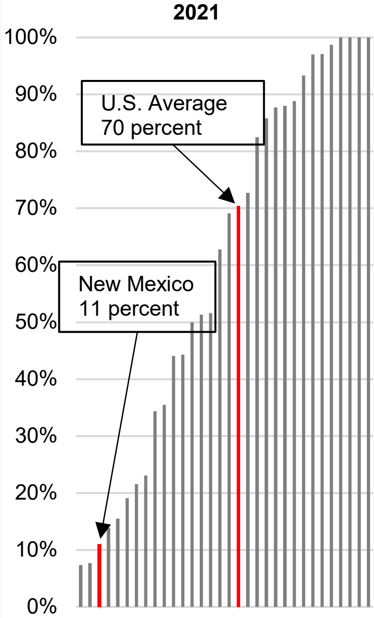
Within the child maltreatment prevention framework, secondary prevention strategies, such as plans of safe care and family support services, and tertiary prevention strategies, such as intensive family preservation and behavioral health services for families, are fundamental to improve child well-being, falling squarely within the purview of CYFD. The state has been slow to adopt prevention and early intervention services within the child-welfare system and will need a greater sense of urgency if the state is to tackle repeat maltreatment and help families better care for children safely. Yet, the Juvenile Justice Services (JJS) division within CYFD demonstrates the ability to implement evidence-based initiatives and improve outcomes for children.

Total Benefit-to-Cost Ratio by Program



Source: LFC

Infants Born with Substance Exposure With a Plan of Safe Care 2021



Source: ACF Child Maltreatment 2021

Prevention

Many cases of maltreatment are predictable and can be prevented using evidence-based prevention strategies. Leading drivers of child maltreatment in New Mexico include parental substance use, poverty, domestic violence, parental history of trauma, and other behavioral health issues. In New Mexico, the two leading risk factors by far are caregiver alcohol and drug use. The federal government and much of the rest of the country is moving in the direction of increasing prevention and working to avoid family separations, which can result in costly and traumatic placements in the child-welfare system.

Since FY19, CYFD preventive services and early intervention expenditures have grown nearly tenfold. Overall, however, prevention services accounted for roughly 5 percent of spending in Protective Services in FY23. Most of the increase in prevention services spending comes from increased general fund allotments and federal grants. In FY24, funding for prevention increased 14.1 percent and included a $15.9 million Temporary Assistance for Needy Families (TANF) transfer from the Human Services Department. While the increase is a welcomed step forward, prevention remains roughly 7 percent of the total Protective Services budget in FY24.

The state has several opportunities to continue expanding prevention, including by continuing to reinvest savings from reduced foster care caseloads into prevention services, as LFC recommended in the last two budget cycles. The department also recently submitted its Families First Prevention Services Act plan for reducing child maltreatment to the federal government, an opportunity to receive federal funds for evidence-based in-home services for families. If approved, New Mexico would be able to access federal support for programs that prevent the trauma of unnecessary separation of children from their families through evidence-based interventions. However, the state was slow to submit its plan, and the state's plan has not been approved by the Administration of Children and Families (ACF), which requires states implement evidence-based programs identified in the federal Prevention Services Clearinghouse. At least 52 other states and tribal governments submitted their plans before New Mexico, with 47 plans approved by the federal government as of November 2023.

CYFD's plan outlined leveraging existing in-home services, intensive family support services, and home-visiting programs to begin using federal Families First funding and outlines the actions and resources needed to expand, build, and strengthen the capacity to carry out child maltreatment prevention work across the state. Planned behavioral health program expansions include high-fidelity wraparound services, family peer support services, infant mental health, and multisystemic therapy. However, many of these programs are already covered by Medicaid. The department also selected several programs from the federal Families First evidence-based program clearinghouse to begin implementing, including Healthy Families America, Child First, Safe Care, Family Spirit, and Motivational Interviewing. CYFD has also chosen to continue Family Connections (its homegrown alternative response model) and proposes using a portion of the Title IV-E implementation funding to evaluate the Family Connections model to develop a research basis for including this program in the federal Families First Clearinghouse. However, it is unclear whether the department will be able to draw federal funding for this program.

A Closer Look Outcomes of Comprehensive Addiction and Recovery Act

In 2019, New Mexico—which has a higher rate of newborns exposed to drugs than the national average—enacted legislation to coincide with the federal Comprehensive Addiction and Recovery Act (CARA), requiring healthcare providers that observe newborn drug exposure or fetal alcohol spectrum disorder to develop a plan of care before discharge. New Mexico's CARA law takes a public health approach by treating drug and alcohol use during pregnancy as a disorder needing treatment services rather than as a reason for reporting suspected child maltreatment to the state Children, Youth and Families Department (CYFD) and as a result, CYFD's removal of infants from families has dipped below the national rate.

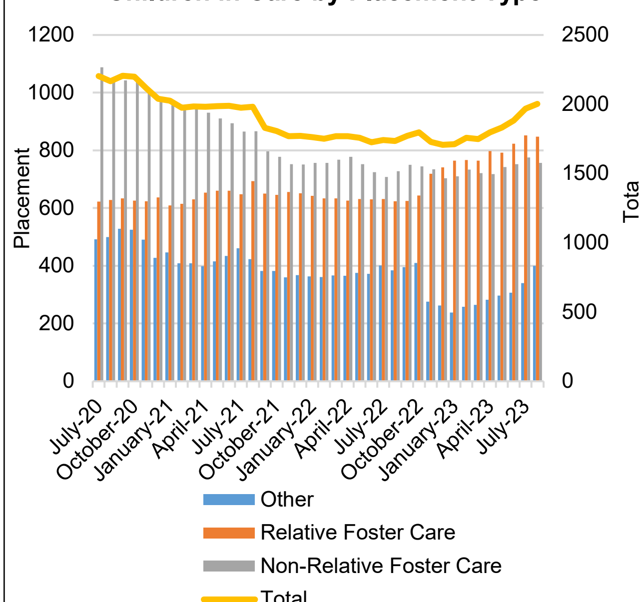
A **2023 LFC program evaluation on CARA** found substantive gaps in implementation and that CARA is not meeting its intended purposes of keeping substance-exposed newborns safe and directing families to treatment. New Mexico hospitals are under-identifying substance-exposed newborns by up to 40 percent, and two out of three families with plans of care are not directed to or accepting substance abuse treatment services. Even when families accept services, the state does not regularly track family follow-through with treatment and services.

Alternative Response. Despite a 16:1 return on investment for alternative response, according to national research, the state has not fully implemented an alternative response program. The use of alternative response is widespread nationally, with 21 states in 2021 reporting data to the federal government. New Mexico did not report this data for the Family Outreach and Community Engagement (FORCE) program, which started in 2021 and is now called Family Outreach. Alternative response is meant to prevent child maltreatment and avoid costly and more traumatic interactions with the child welfare system. However, the state's program is not strictly an alternative response program because the department, when developing the program, did not adopt a nationally recognized evidence-based best practice. As a result, New Mexico might not experience the nearly $16 return on investment experienced in other states.

In FY21, CYFD began piloting FORCE in four New Mexico counties, McKinley, Rio Arriba, Sandoval, and Valencia, representing 16 percent of the population, in FY21. In FY24, CYFD issued a request for application for provider to implement the program in Bernalillo, Dona Ana, Colfax, Curry, DeBaca, Guadalupe, Harding, Quay and Roosevelt counties and reports plans to expand the programs statewide. CYFD's approach has focused on families at the lowest risk who will not receive an investigation. The department also is only implementing one level of the differential response program and could expand it to include higher risk families.

Evidence-Based Home Visiting The state introduced four new home visiting models in FY24: Healthy Families America, Child First, Safe Care Augmented, and Family Connects. Not to be confused with a plan of safe care and formerly known as Project 12-Ways, SafeCare is an evidence-based parent-training curriculum for parents who are at-risk or have been reported for child maltreatment and has a benefit to cost ratio over $10. As part of the implementation of differential response, CYFD could set up a program of coordination with ECECD to offer evidence-based home visiting, like SafeCare, as part of the department's in-home services. The Legislature appropriated $1 million to establish a SafeCare unit at CYFD in FY24.

Children in Care by Placement Type



Source: CYFD

Comprehensive Addiction and Recovery Act (CARA). By far, the two leading caregiver risk factors for child maltreatment are alcohol and drug use and the state ranks high in drug and alcohol-related deaths. Screening for caregiver risk factors, then taking action is a key intervention opportunity. To receive federal Child Abuse Prevention and Treatment Act funding, the federal government requires states to implement policies ensuring the safety of infants born and identified as being affected by substance abuse or withdrawal symptoms. Because of this, New Mexico enacted legislation and now requires a plan of safe care before discharging infants to the caregivers of newborns. Targeting prevention services at families with alcohol and drug use, while not punishing them, is likely to have a substantial impact.

Appropriate Placements

Previous LFC reports have highlighted that CYFD is likely over-removing children. A 2020 LFC report found New Mexico's rate of short-term placement in foster care, a stay of less than 30 days, was 40.9 percent, compared to a national average rate of 8.7 percent. During federal fiscal year 2023, CYFD reported a total of 1,221 removals, up from 1,033 removals in federal fiscal year 2022. In FFY23, 394 (29.6 percent) were short stays. The 2020 LFC report noted systemic factors likely contribute to the high rate of short stays, including high caseloads. In addition, New Mexico could increase the use of in-home services, such as counseling and parental support education, to reduce short-term and other unnecessary foster case placements.

Since 2017, the number of children in foster care in New Mexico had been steadily declining. However, this trend reversed in FY23. In August 2023, 2,003 youth were in foster care, an increase of 15 percent over August 2022. Of these youth, 42 percent were placed in relative care, 38 percent were placed in non-relative foster care, and 20 percent were placed in other settings.

Workforce and Capacity

As with early childhood care and education, chronic workforce shortages plague New Mexico's child welfare system, with high demand for social workers, caseworkers, and investigators. Much of the workforce shortage is due to poor recruitment and retention because working in the child welfare system is stressful, exposure to trauma is common, and the job is emotionally taxing. Additionally, many people recruited into the system have a skills mismatch and leave due to a lack of training. A 2020 LFC report found CYFD regions with the highest caseloads also had the highest rates of short-term placement in foster care.

A recent CYFD workforce development plan and survey noted Protective Services staff ranked workload, self-care, and compensation as the most pressing challenges facing staff. Another highly ranked challenge was related to organizational factors, with many respondents feeling that rules, policies, and procedures are not interpreted and applied consistently. The plan also reported the expense of onboarding a new employee of between $12.8 thousand and $25.7 thousand. The LFC has requested educational and licensing status of protective services workers but has not received it.

Protective Services Caseload Estimates August 2023

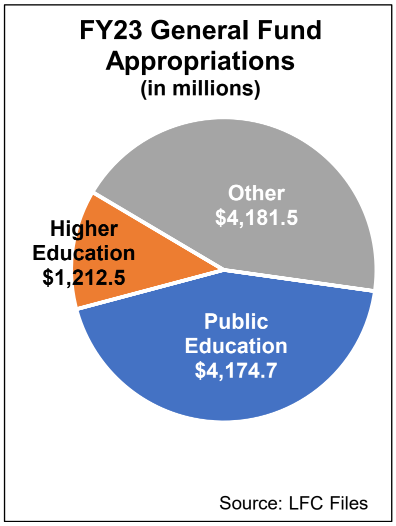
	Benchmark	Average Caseload as of August 2023
Investigations	12 Active Cases	10
Permanency Planning	15 Children	20
Placement	25 Licensed Families	20
In-Home Services	8 Active Families	No Estimate

Source: CYFD August 2023 Desktop Report

The National Child Welfare Workforce Institute says the components of a healthy child welfare workforce include manageable workloads, competitive salaries and benefits, positive organizational cultures, access to education and professional development opportunities, effective leadership, strong community partnerships, and inclusivity. The CYFD workforce development plan would address many of these issues. For FY24, the Legislature included funding for the department to address some of its workforce challenges, including funding for salary adjustments to ensure the salary structure is internally aligned and funding to fill at least 60 full-time positions in the Protective Services and Behavioral Health Services programs. In addition, the Legislature funded a nonrecurring $3 million appropriation to support the CYFD workforce development plan, including secondary trauma, self-care support, training and professional development, local recruitment campaigns, recruitment incentives for licensed social work graduates in New Mexico and other states to work in protective services, caseload improvement and cross-training, evidence-based core competency model development, and mentorship and leadership program development. A previous LFC LegisStat recommended targeted recruitment of out-of-state social workers as well. CYFD has not developed a comprehensive plan for this appropriation and reported these funds were primarily used for a recruitment fair in FY24. Lessthan $100 thousand had been spent as of November 2023. Additionally, for FY23 the Legislature appropriated $50 million to higher education institutions to increase the pipeline for social work graduates.

For investigations, CYFD set a goal to not exceed more than 12 active cases per worker by 2023. In 2022, the department estimated an additional 64 FTE would be needed to reach this goal. As of August 2023, child protective services caseloads in investigations and placement met agency targets, while caseloads in permanency planning exceeded the targets. The agency would need to fill roughly 25 additional planned permanency worker positions to meet the caseload targets. As of free 2023, the agency had 50 vacancies among permanency planning caseworkers and a total of more than 580 vacant positions in the department. Further, caseload standards do not take into account differences in the complexity of cases.

Education



For more info:
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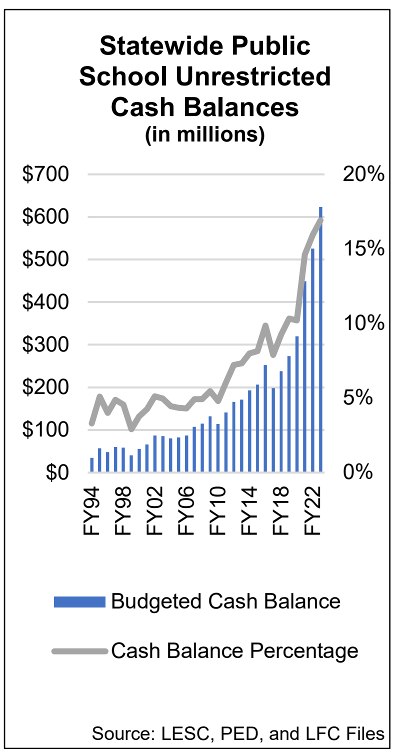


The state's unprecedented oil and gas revenue surge gives New Mexico a unique opportunity to continue the historic investments in both public school and higher education. However, additional appropriations alone are unlikely to improve student outcomes. New Mexico already ranks high in funding per student but is routinely among the poorest performers in the nation in terms of kindergarten-12th grade academic achievement and graduation rates at high schools and colleges. With slower revenue growth and a shrinking student population on the horizon, state, local, and institutional leaders should shift the focus from creating new initiatives to reprioritizing resources toward the most effective practices and implementing programs with fidelity moving forward.

Education Finance

New Mexico finances a larger share of its education system than other states and has made substantial investments in recent years. The Legislature allocates $5.4 billion, or 56 percent of general fund appropriations, to education annually, and the state is the largest funding source for public schools and higher education institutions. According to the U.S. Census Bureau's 2021 *Annual Survey of School System Finances*, New Mexico ranked 35th in the nation for K-12 revenue per pupil and fourth for the level of state responsibility of funding to public schools. According to the State Higher Education Executive Officers Association annual report of higher education financing for FY22, New Mexico ranked fourth in the nation for state and local appropriations per full-time student. When federal, state, and local appropriations and tuition are accounted for, New Mexico ranks sixth in the nation and had the fastest revenue growth per full-time equivalent student in the country between FY12 and FY22. Yet, student achievement and attainment outcomes are among the worst in the nation.

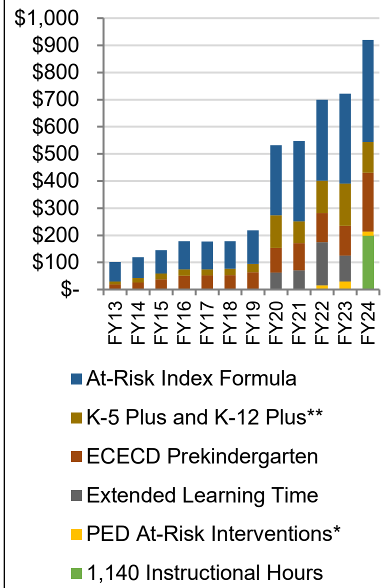
Like state operational reserves, school and college reserve balances have grown substantially in recent years. Statewide, unrestricted public school cash balances as of June 30, 2023, grew to $623 million, or 17 percent of operating program cost. The new balance is an increase of $97.5 million from the previous year. Higher education institutions statewide report a $38 million increase in instruction and general (I&G) fund balance held by institutions at the end of FY23. The increase brings total I&G reserves to $285 million, or approximately 28 percent of annual I&G spending. Four-year institutions saw a 4 percent increase in I&G balances while two-year institutions experienced a 1.3 percent reduction. Unrestricted balances totaled $1.4 billion when including research, grants, capital outlay, and institution-generated revenue. This is an increase of $210 million over the past year.

Part of the recent growth in school cash balances can be attributed to the one-time infusion of $1.5 billion in federal pandemic relief funds. The federal reimbursement process has encouraged schools to build larger reserves, increasing their ability to float the costs of larger purchases. Coupled with school districts citing delays in processing reimbursements at the Public Education Department (PED), mid-year adjustments to formula funds, and vacancy savings from high staff turnover rates, balances at schools continue to grow.

While growth in cash balances allow public schools and higher education institutions to make targeted educational investments reflecting the needs of individual communities, unused funds signal inefficiencies and conservatism in a system that needs rapid improvement. School districts and higher education institutions have local budgetary control and can prioritize initiatives like educator salary increases and investments in behavioral health services without the need to seek specific authorization from the Legislature. However, schools and institutions continue to express a need for additional resources to accomplish major reforms each year.

Federal pandemic relief is set to expire in FY25, with some exceptions to extend spending deadlines. School officials note the impending fiscal cliff may force some districts to eliminate staff hired during the pandemic to support academic and social emotional recovery, while other districts will have no ongoing obligations after federal funds expire. This mismatch between state appropriations, federal appropriations, and local spending decisions is one example of how the state struggles with uniform and sufficient implementation of programs, despite being the primary financier of schools in New Mexico. Given federal recurring revenues have yet to catch up to New Mexico's recent surge in educational investments, the state should only consider supplementing federal investments aligned with state efforts to improve student outcomes rather than simply backfilling nonrecurring revenue streams.

At-Risk Student Program Funding
(in millions)



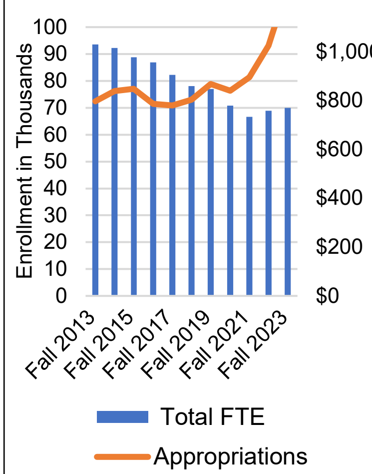
*Includes family income index
**Includes tribal and rural extended learning
Source: LFC Files

Enrollment and Efficiency

Enrollment in elementary and secondary schools has fallen 8 percent in New Mexico in the last eight years—a decrease of 26.4 thousand students. Public school membership counts dropped to 305.6 thousand students in FY24, a decrease of 2,597 students, or 0.8 percent, from FY23. The trend of declining enrollment is likely to accelerate due to lower birth rates, as reflected in consistently shrinking kindergarten cohorts. Pandemic disruptions and school closures further exacerbated enrollment declines and total student counts have not recovered back to prepandemic levels.

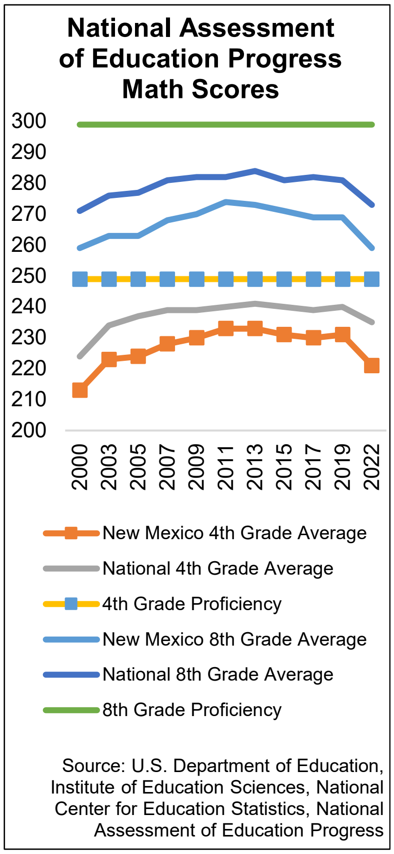
Declining enrollment will present both challenges and opportunities for school districts and higher education institutions across the state. A smaller student population may reduce average class loads and allow schools to focus more resources on individual student needs. However, gains from this decline will be highly dependent on staffing patterns and the quality of educators, with marginal benefit to older grade levels or small districts. The distribution of enrollment across the state will also be a major factor in outcomes, as students increasingly move to more urban areas and charter schools.

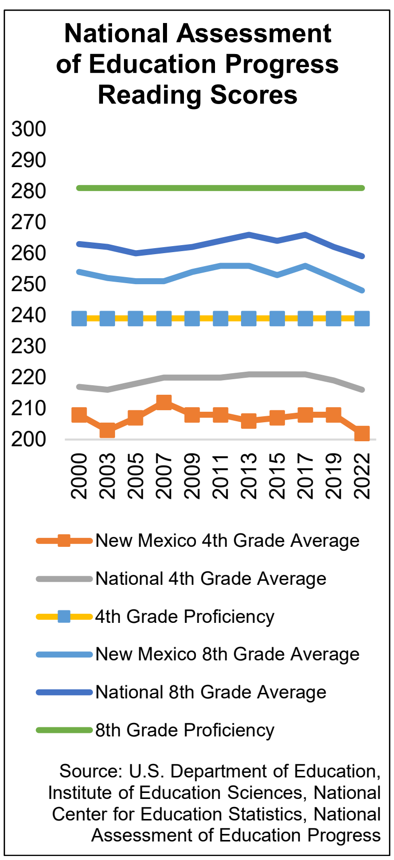
Higher Education Enrollment and Appropriations
(dollars in millions)



Source: LFC Files

Research suggests smaller class sizes in public schools are particularly expensive but have a positive effect on student achievement for younger students. In smaller





New Mexico districts the student-teacher ratio can be as low as 8:1, but some teachers and schools indicate classroom loads can grow to above-average sizes, which can expand student access to quality teachers but may also lead to teacher burnout. To ensure class loads are optimally improving instruction without negatively affecting working conditions, the state should monitor class loads, train school leaders on effective staffing strategies, and establish flexible policies that give students and teachers the best instructional modalities.

The falling K-12 student population may reverse recent enrollment increases seen in the higher education system, although the extent to which tuition-free college may induce a larger proportion of graduating seniors, as well as nontraditional adult students, to seek out higher education is unknown. It will be critical for higher education institutions to leverage online programming and articulation agreements allowing students to easily transfer courses from one institution to another to avoid duplication of services and increased cost.

Falling enrollment and increasing online course delivery reduced the need for physical space at colleges and universities. However, between 2006 and 2020, the gross square footage dedicated to instruction and general purposes increased from 18.3 million square feet to 21.6 million square feet, or 17.5 percent. Though the funding formula once included awards for building renewal and replacement based on the square footage of higher education institutions, direct funding for this purpose was removed when the formula changed from an output- to an outcome-based model. The change removed some of the incentive to expand campus footprints but did not cause institutions to reduce existing facility footprints.

Recognizing the reduced needs for physical space, the Higher Education Department (HED) created capital outlay funding guidelines disallowing net increases in square footage on campuses. For example, if an institution were to request a new facility, the HED guidelines would require demolition of other facilities to accommodate the new one.

Moving forward, colleges and universities will need to intensify master planning efforts to ensure they have needed facilities while reducing the campus footprint to reflect student enrollment. Many institutions have recognized the reduced need for physical space and are planning accordingly. For example, the University of New Mexico (UNM) is in the process of creating an inventory of all physical space and documenting programmatic needs. Though planning is ongoing, UNM has a stated goal of reducing space by 300 thousand square feet, or 5 percent of instruction and general space, over the next five years. While this is a positive step, it remains to be seen what the budgetary impact of the reduction will be.

Declining enrollment provides an opportunity for public schools and higher education institutions to increase their per-student investments. However, improved outcomes across the state will be highly dependent on how schools and institutions prioritize resources and identify needs. Inefficient staffing structures or spending on poorly performing programs will create inequities in resource allocation without improving student outcomes. For example, while public school funding is reduced as the population shrinks, higher education funding grows regardless of enrollment declines, shifting the share of state resources to postsecondary institutions at the expense of elementary and secondary schools.

Yet the two educational systems are symbiotic, and the Legislature has maintained investments to build a robust pipeline of professionals who can, in turn, build up local capacity and educate the next generation. With a limited opportunity to leverage historic oil and gas revenues and many issues stemming from poor educational outcomes, the state must invest wisely in its human capital to ensure the long-term prosperity of New Mexicans.

LFC Online: Understanding Government Finances

Finance Facts: Public School Funding Formula

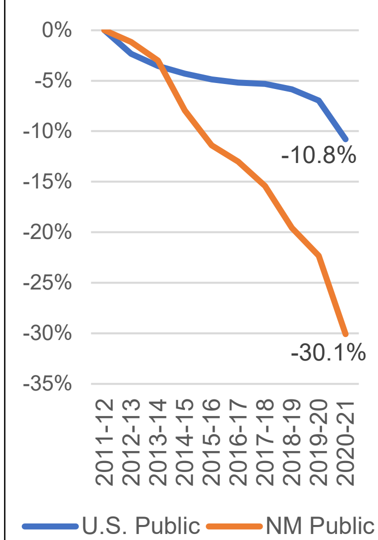
Student Readiness

In response to district court findings in the consolidated lawsuits of *Martinez v. New Mexico* and *Yazzie v. New Mexico*, the Legislature has significantly increased funding for educating students at risk of failing and invested heavily in educator pay, early childhood programs, and extended learning time opportunities. Filed in 2014, the lawsuits argued the state had failed to provide a uniform and sufficient education for all students as constitutionally mandated. The 1st Judicial District court ruling in 2019 ordered the state to provide schools with the resources (such as instructional materials, properly trained staff, and curricular offerings) necessary to give at-risk students the opportunity to be college and career ready. The court also ordered the state to establish an accountability system that could measure the efficacy of programs and assure local districts spent funds efficiently and effectively to meet the needs of at-risk students. Since the ruling, the state increased recurring general fund appropriations for K-12 schools by $1.3 billion, or 49 percent. Over half of the increases went to educator pay and benefits.

As part of its response to the court's findings, the state also expanded its existing instructional time intervention, K-3 Plus, which allows elementary schools to add 25 days to the school year, and created a new Extended Learning Time (ELT) program, which allows any school to add 10 days, afterschool programming, and 80 hours of professional development. Despite these investments, participation in K-5 Plus and ELT fell short of appropriation levels and schools left over $500 million for these programs on the table.

To address concerns that low participation was the result of restrictive K-5 Plus and ELT program requirements, the Legislature consolidated both programs into

Change in Public Four- and Two-Year Institution Enrollment



Source: LFC and IPEDS Data

A Closer Look Western School Districts

The LFC's 2023 program evaluation of two western school districts—Grants and Central Consolidated—reflect broader trends in school districts across the state. Declining enrollment, high leadership turnover, and poor outcomes for at-risk students continue to persist, even after substantial growth in school revenues and fund balances. The evaluation recommended targeted pay increases for school principals, setting cash balance targets, improving school board training, extending learning time, and addressing chronic absenteeism to leverage resources strategically and improve student outcomes.

High turnover in the Grants and Central districts has hampered instructional efforts, leading to consistently below-average student achievement in reading and mathematics, particularly in middle and high school. Still, students in both districts gain about a year's worth of learning annually, but at-risk students start school behind and remain behind. Notably, Newcomb High School, an isolated high-poverty school in Central, made dramatic improvements under the leadership of a principal who focused heavily on strategic planning, data analysis, teacher collaboration, and targeted interventions. However, after the principal left, performance plummeted. Given the significant impact of school leadership and teacher practices in sustaining better student outcomes, the state should focus efforts on retaining high quality personnel and disseminating best practices across all schools.

A Closer Look Special Education

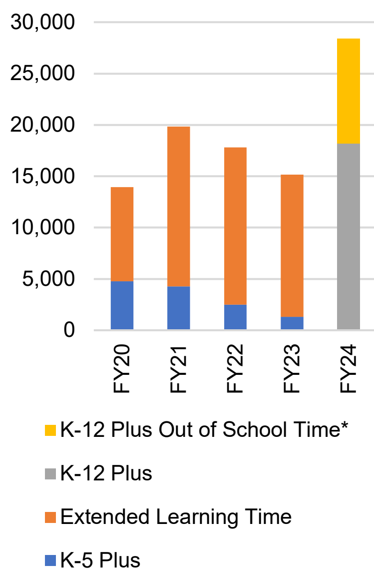
Data in ***Progress Report: Special Education***, shows enrollment in special education has increased 10 percent in the last decade, but spending has increased by 60 percent, and New Mexico remains in the bottom third of states for special education student proficiency. One of every five New Mexico public school students receives special education services for having a disability or being gifted.

Public schools will recieve a total of $835 million in state and federal funds for special education, but school are not fully using the available money. Further, Public Education Department investigations frequently reveal school districts and charter schools are out of compliance with special education law, and schools disproportionately remove students with disabilities.

The state also has a special education teacher shortage, not because of a lack of teachers licensed in special education but because of an inability to persuade teachers with multiple licenses to leave the classroom to work with special education students.

a K-12 Plus funding formula factor and raised school-year instructional hour requirements. The new K-12 Plus structure allows schools to incrementally add school days beyond a traditional calendar year and receive more funding for each day added. In exchange for a new, higher baseline of instructional time, the Legislature funneled $252 million into the formula-based state equalization guarantee (SEG) distribution, beginning in FY24. While most schools increased instructional hours in FY24, PED notes 28 percent of districts and charters provided *fewer* hours of instruction to students and 46 percent of districts and charters *decreased* the number of school days with students.

Funding Formula Calendar Units



*Nonrecurring department initiative

Source: PED

The disconnect between legislative intent, state appropriations, and local control continues to slow progress toward a uniform and sufficient education system. Absent a robust accountability structure and targeted intervention plan, the differing lengths of calendars across the state may deepen disparities in student outcomes rather than close achievement gaps as intended. As New Mexico resumes student testing and educator evaluation practices, the state should begin using K-12 Plus as an intervention strategy to reduce learning loss and to allocate resources toward high-need schools.

Since FY15, the state has switched between four different statewide assessments for federal accountability reporting requirements, including two years where no tests were administered due to pandemic-related disruptions. Results from the 2022 National Assessment of Educational Progress show New Mexico ranked last in fourth and eighth grade reading and math achievement. These dismal results run counter to the massive increases in funding over the same period, begging the question what will move the needle on achievement in the state. While returns on investments in the system may take years to realize, the state must stay consistent on its measures of performance, including assessments, to identify progress made over time.

School closures during the pandemic severely reduced student attendance and engagement, which continue to suffer even as students return to in-person classes. The doubling of chronic absenteeism rates since 2020, particularly for homeless and low-income groups, suggests students and families most at risk of falling behind academically are attending fewer days of school, negating much of the impact of state investments for extended learning time. Recent statutory changes to the Compulsory Attendance Act to use less punitive interventions on habitually truant students has also unintentionally left the most absent students with less support and shifted the burden of interventions to schools.

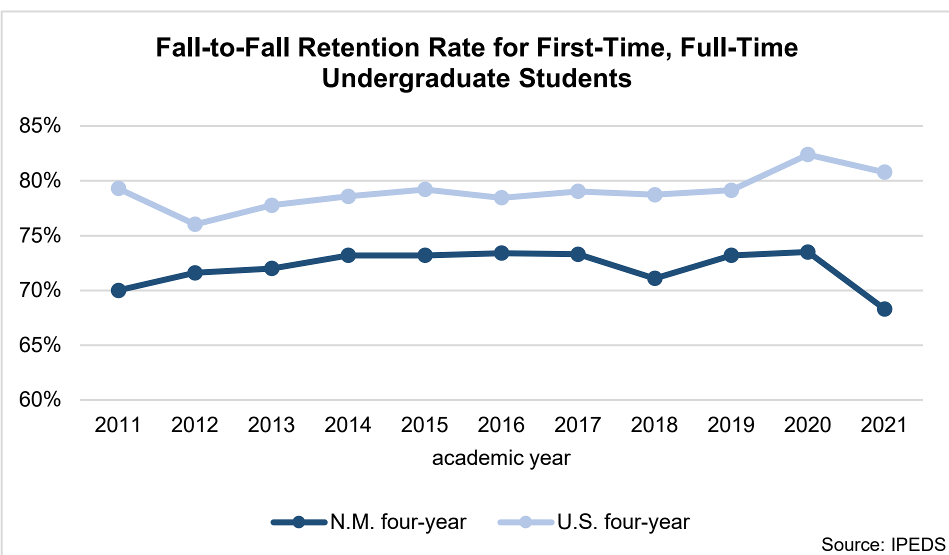
Student Degree Attainment

According to the U.S. Census Bureau's *American Community Survey*, New Mexico's ranks 41st in the proportion of the population with a bachelor's degree and 34th in the percentage of the population with a high school diploma or the equivalent. At the same time, the state ranks fifth for students who have not completed a high school credential and ninth in residents with some college. Federal data show literacy and numeracy in New Mexico rank at the bottom of the nation, and New Mexico students do not exceed national average literacy or numeracy scores for any educational level except for high school dropouts.

High school graduation rates have steadily increased over time but have stagnated since the pandemic. And although the number of high school graduates have increased over the last decade, the rate at which they are directly attending college the following year has decreased. Additionally, the state high school graduation rate is catching up to the national average but remains about 10 percentage points lower. This gap can be easily reached if the state produces 1,948 more graduates, meaning the largest high schools would need to graduate about 40 to 50 more students each year—an achievable task.

The relatively high college going rate suggests New Mexico students have access to higher education but are having difficulty in completing degrees and credentials. Since 2010, New Mexico four-year retention rates have lagged the nation by around 6 percent. However, in 2020, this gap increased to 8.9 percent and grew to 12.5 percent in 2021. The low retention rates result in overall lower graduation rates for New Mexico students. New Mexico four-year institutions ranked 49th in completions within 150 percent of standard time in 2021.

Data show a wide variation in graduation rates at New Mexico four-year institutions, with Western New Mexico University showing the lowest 2021 graduation rate at 25 percent and New Mexico Tech recording the highest rate



at 55 percent. For New Mexico to meet the national average college graduation rate of 64 percent, the state would need to graduate approximately 960 more students annually.

The Legislature recognized the challenges facing higher education institutions in retaining students through graduation and made targeted appropriations of $2.5 million for FY24 specifically for student support efforts. The additional funds may be used at the discretion of individual institutions to pursue increased tutoring, improved advisement, behavioral health supports, and other supports and interventions. However, there is currently little data on the effectiveness of the various student support approaches, and institutions will be challenged to track the success of interventions and expand programs shown to be effective.

For more info:

Higher Education Performance
Page 101

To support these efforts, the funding formula working group, which meets each year to discuss changes to funding formula weights and measures, has increased emphasis on student outcomes. For FY25, the group recommends increasing the share of funding formula distributions set aside for improved performance in retention and graduation rates from 10 percent of new money to 20 percent. The changes to the formula provide an incentive for institutions to invest in student success to increase their share of additional appropriations made in future years.

Higher Education Affordability

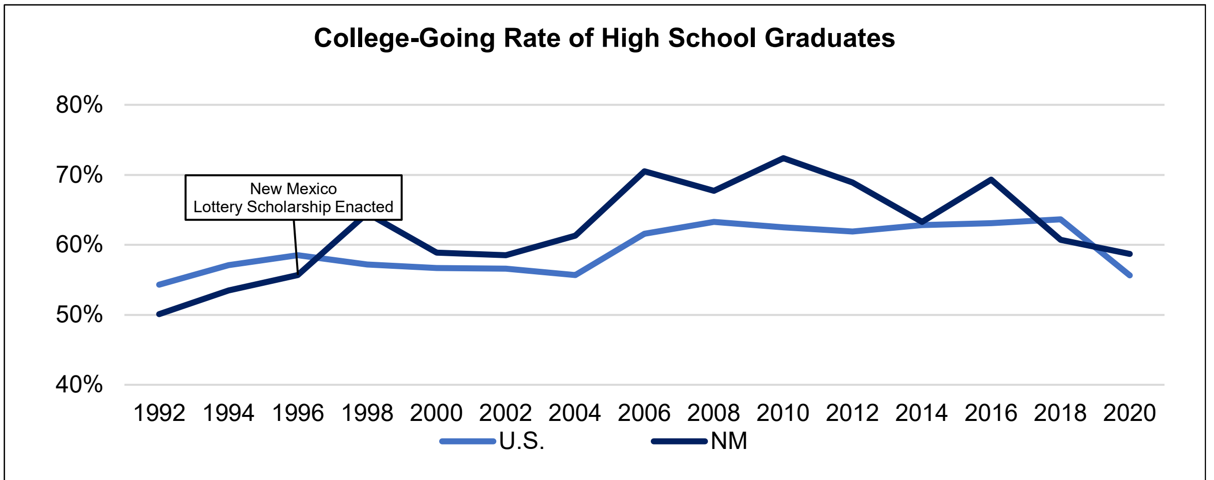
Since 1996, New Mexico has offered a significant tuition subsidy to students through the Legislative Lottery Scholarship. This program covers tuition costs for students who immediately enroll in college following high school graduation and is subject to certain grade point average requirements. The creation of the lottery scholarship resulted in an increase in New Mexico's college-going rate, which exceeded the national average from 1997 through 2018.

The scholarship was initially supported by proceeds from lottery sales, but tuition cost increases out-paced lottery revenue growth, and in recent years, the Legislature has supplemented lottery revenue with general fund appropriations. The program generally costs approximately $65 million to provide full awards to all qualified students, but the Lottery Authority transfers approximately $40 million. In 2022, the Legislature provided a $130 million special appropriation to the lottery tuition fund to cover the difference for several years.

A Closer Look: Higher Education Financial Aid: Opportunity and Lottery Scholarships

New Mexico has a long history of providing state financial aid to cover college tuition costs for state residents, first with the lottery scholarship alone and now the opportunity scholarship alongside it. After recent funding expansions, state financial aid now equates to 53 percent of tuition and fee revenue at New Mexico colleges.

A **2023 LFC evaluation** of the opportunity and lottery scholarship programs found the scholarships have expanded college access, but college readiness and student outcomes remain low. Research indicates college funding and financial aid boost college outcomes, but New Mexico colleges are performing below expected benchmarks given funding levels. Investing in college operations, particularly student supports, would have a higher estimated impact on student outcomes than further expansions of undergraduate financial aid. The state Higher Education Department and colleges, until recently, did not have required agreements in place limiting tuition and fee increases before awarding opportunity scholarship funds. New Mexico college students are also leaving at least $27 million in federal financial aid on the table each year by not completing the Free Application for Federal Student Aid (FAFSA).



Source: LFC analysis of NCHEMS and IPEDS data.

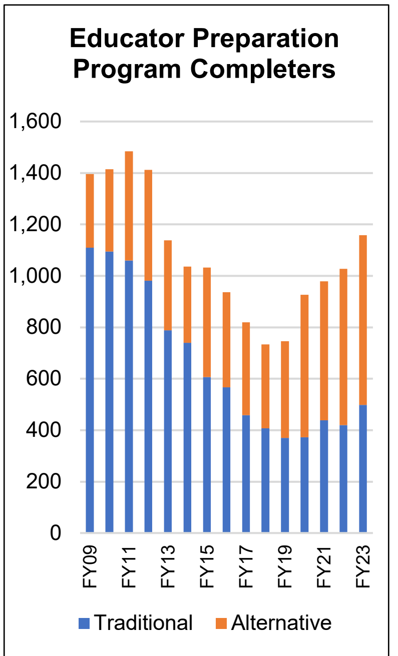
In 2022, the Legislature created the Opportunity Scholarship to provide tuition-free college for New Mexico residents attending public institutions in the state. The program covers most fees for students receiving the lottery scholarship as well as paying tuition and fees for part-time and returning students ineligible for the lottery scholarship. The program was initially anticipated to cost $100 million; however, FY23 total cost were higher and the Legislature provided a $45 million supplemental appropriation to cover the shortfall. For FY24, the program is funded at $146.5 million.

If tuition-free college programs are to remain sustainable, additional sources of revenue must be identified to pay for existing shortfalls in the Lottery Scholarship Program, and growth in the Opportunity Scholarship Program. Without a stable source of recurring funding, these programs will likely have to be scaled back as lottery scholarship awards have been in the past. A lack of predictability in the program is likely to undermine the entire program because students will not have confidence in certainty of scholarship amounts. This kind of uncertainty is likely to disproportionately impact low-income students, who are more sensitive to swings in college costs.

Educator Preparation

While the state may be able to address short-term graduation and matriculation issues by incentivizing performance outcomes for current college students, New Mexico must still address the root causes of poor student outcomes in the K-12 system through the preparation of high-quality teachers and school leaders. Without a well-prepared education workforce and intentional structures to retain high-quality educators, the system will continue to underprepare students who will eventually become future underprepared educators, as well.

While the number of teacher candidates graduating from New Mexico educator preparation programs grew to 1,158 in 2023, the total is insufficient to replace the average of 3,000 teachers who leave their school or district annually. Notably, more program completers, or 57 percent, are now graduating through alternative licensure tracks than the traditional preparation pathway at colleges of education, including an increasing number of candidates completing programs not affiliated with higher education institutions.



Source: USDE, SOAR, LFC Files

LFC Online: Understanding Government Finances

Finance Facts: Lottery and Lottery Scholarship

Research on the effects of alternative licensure teachers on student achievement remains mixed, although some studies suggest alternative licensure teachers leave classrooms at higher rates than traditional pathway teachers. In New Mexico, the results reflect this higher attrition, with only 36 percent of alternative level 1 teachers in FY21 remaining in the same school by FY23. About 44 percent of traditional level 1 teachers remained in the same school over the same period. To increase retention rates and improve the quality of instruction, the state must ensure candidates are appropriately prepared and schools need to be designed in a manner that disseminates the practices of master teachers to beginning teachers and appropriately places the best educators with the highest need students.

The state has already set in motion many policies and investments to build a world-class teaching workforce, including raising average teacher salaries to the highest in the region and 22nd in the nation. In addition to recruiting prospective teachers through pay, the state is piloting different pipeline initiatives, such as teacher residencies, grow-your-own educator fellowships, paid student teaching experiences, microcredential pathways for licensure, financial scholarships, and reduced testing requirements. As the pipeline of candidates grows, the state must determine which pipeline approach will produce the best teachers and develop policies to retain them within the system.

Workforce Needs

Educational attainment is among the greatest drivers of the state's economic development and is closely linked to improved incomes and family stability. However, New Mexico struggles with lower-than-average high school and college graduation rates. Additionally, New Mexico is a net-exporter of college graduates; more of the state's graduates leave the state than are replaced by the in-migration of college graduates from other states. The Economic Development Department produced a 20-year strategic plan that noted the greatest challenges are low proficiency rates in reading and math in the K-12 system and the disconnect between higher education institutions and the state's economic development goals. For the state to improve incomes and quality of life, it will be necessary for more of its residents to leave educational institutions college or career ready.

New Mexico Worker Median Earnings

Education Level	Average	Men	Women
Graduate/Professional	63,199	81,203	55,806
Bachelor's	45,310	51,358	41,610
Some College/Associates	32,417	40,279	27,264
HS Diploma/Equivalent	27,893	32,559	22,424
Less than HS	21,428	26,872	15,654
State Average	**35,029**	**40,581**	**30,322**

Source: Workforce Solutions Department

Immense demand for specialized workers in pockets and select industries around the state has reignited interest in career and technical education (CTE). The state should be careful not to create dead end pathways for students, as illustrated by the closure of major industries in the Four Corners region, but still support rapid acceleration of student skill development and degree attainment to meet growth in high demand, high wage, and high skill jobs. The state should also focus resources regionally and across sectors to meet workforce needs, leveraging existing infrastructure at higher education institutions or industries and building partnerships between districts and schools to supply students with appropriate experiences and curricula. Rather than building every high school its own CTE facility or pigeonholing students into a single career trajectory, the state should consider policies that incentivize resource aggregation and design pathways that help students attain the credentials necessary to reach career-end goals.

The Legislature created programs to incentivize tighter cooperation between higher education institutions and the private sector at the two- and four-year level. For two-year institutions, the Legislature removed restrictions on work study funding to allow its use to pay for internships and apprenticeships for students working in industry as well as to allow its use for noncredit credential programs, such as commercial driver's license and linesman training. In the four-year space, the Legislature made appropriations totaling $75 million over the past two years to provide state matching funds to applied research projects in the process of commercialization. These investments provide significant incentive for two- and four-year institutions to improve connections to local businesses and help students gain real-world skills development prior to graduation.

For New Mexicans currently in the labor force, higher education institutions should focus on upskilling workers. The opportunity scholarship will pay tuition and fees for returning students. New Mexico has a number of workers in low-wage jobs within high-growth, high-wage fields. For example, the Department of Workforce Solutions reports there are 33.7 thousand home health and personal care aides with a median wage of $22,970. A number of these workers may be interested in and able to complete additional education to become registered nurses with a median wage of $78,340.

With financial resources in place to support program growth, higher education institutions will be challenged to identify and recruit new students to high demand programs, such as trades and healthcare, and provide them with the necessary support to graduate and achieve licensure. At the same time, the Legislature should continue to monitor outcomes for new investments to determine where additional resources could be allocated to improve labor force participation and worker incomes.

Occupation Group	Median Wage	
Architecture & Engineering	$97,090	Above Median
Management	$95,040	
Computer & Mathematical	$77,150	
Healthcare Practitioners & Technical	$76,710	
Life, Physical, & Social Science	$74,370	
Legal	$69,260	
Business & Financial Operations	$62,830	
Educational Instruction & Library	$48,720	
Arts, Design, Entertainment	$48,310	
Community & Social Service	$47,670	
Installation, Maintenance, & Repair	$46,450	
Construction & Extraction	$44,980	
Protective Service	$42,910	
Average, all occupations	$37,810	
Production	$37,150	Below Median
Office & Admin. Support	$36,750	
Transportation & Material Moving	$30,830	
Sales & Related	$29,010	
Building & Grounds Maintenance	$27,950	
Personal Care & Service	$26,570	
Farming, Fishing, & Forestry	$26,410	
Healthcare Support	$24,240	
Food Preparation & Serving Related	$23,750	

Source: Dept. of Workforce Solutions

Economic and Workforce Development

For more info:

Economic Development Department Performance Page 111

One-Time Economic Development Funding FY24
(in thousands)

Initiative	Total Funding
Advanced Energy Projects	$50,000
Business Incubator Program	$3,000
Creative Industries	$2,000
Economic Energy Transition	$5,900
Management of Film Academy	$500
Job Training Incentive Program	$3,000
Local Economic Development Act	$13,000
Marketing Campaign	$500
Outdoor Equity Grants	$1,000
Trail Infrastructure Grants	$10,000
Venture Capital Investment Fund	$15,000
MainStreet Local Projects (Capital Outlay)	$10,000
TOTAL	$113,900

Source: LFC

A healthy economy requires a strong labor force, and New Mexico's current low labor force participation is holding the state back from economic development and expansion. While unemployment rates have recovered to prepandemic levels, the share of the state's working age population participating in the labor force is persistently slow even though jobs are available. Additionally, the state needs to close the economic achievement gap with surrounding states. Agencies supporting the state's workforce and economic development must improve outcomes in job creation, business diversification, and training programs.

Economic Development

New Mexico's economy continues to steadily grow after the pandemic. In the past fiscal year, the state's gross domestic product grew by 1.2 percent. The industries with the highest growth in gross domestic product were hospitality; arts, entertainment, and recreation; and transportation and warehousing. Mining, manufacturing of nondurable goods, and agriculture took the biggest losses in GDP over the past fiscal year. The state continues to face challenges, and as the hub for economic development in the state, the Economic Development Department is responsible for targeting public resources where they are needed most, developing tools for businesses, and ensuring business incentives are consistently and effectively allocated to equip New Mexico to succeed in a rapidly shifting economy.

The department received funding to develop a 20-year statewide strategic plan that outlined priority industries and an action plan with short, medium, and long-term steps to create a robust, diverse economy that provides opportunities for residents and businesses. The state has made significant appropriations to support EDD's efforts to fund business incentives, such as the Local Economic Development Act and Job Training Incentive Program, and support growth in the priority industries, such as the film industry, and outdoor recreation.

Despite the investment, the Economic Development Department (EDD) reported creating about a third as many jobs in FY23 as in FY22—1,790 compared with 5,263. The department suggests concern about the costs of lending and increased inflation might be dampening interest in expansion, and companies could be focused instead on maintaining existing production and workforce. At fewer than 2,000 jobs created through EDD efforts, the agency accounted for less than 7 percent of the 26.4 thousand increase in nonagriculture jobs in FY23.

In contrast, the Economic Development Department has made significant strides in prioritizing and attracting companies that offer competitive wages, moving away from low-wage, high-volume jobs. The average annual wage of new jobs created by the department in FY23 was $56.5 thousand, compared with $61 thousand in FY22.

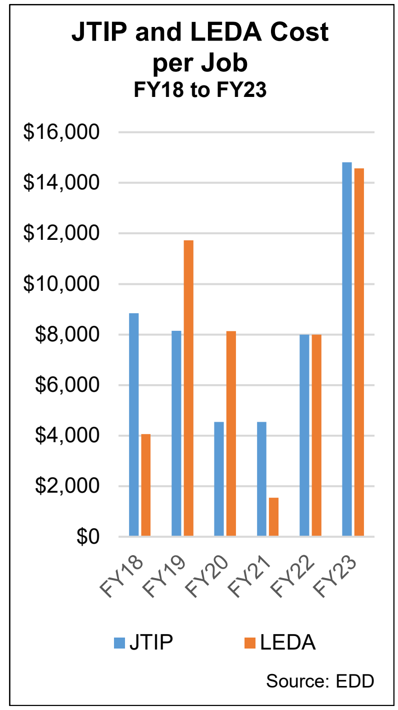
Business Incentive Programs

The state has a number of tools to encourage businesses to come to New Mexico, create new jobs, and engage in research and development—tax credits, industrial revenue bonds, and special tax districts—but the Economic Development Department's primary tools are the Job Training Incentive Program (JTIP) and the Local Economic Development Act (LEDA).

For more info:
Tourism Department Performance Page 115

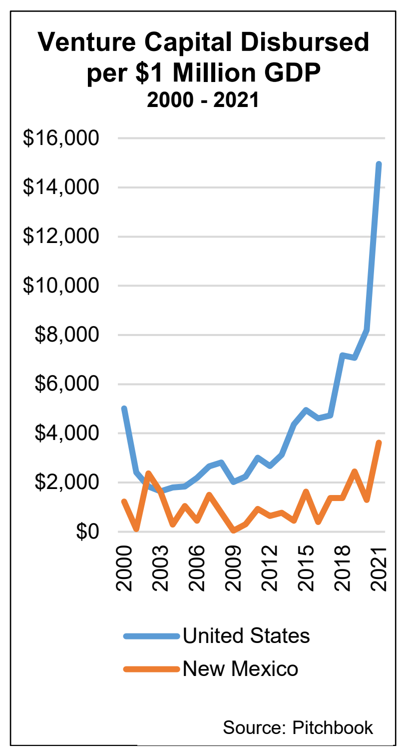
While the Legislature has invested heavily in both, investing $96.5 million over three years, a 2022 LFC program evaluation noted concern with JTIP's and LEDA's increasing fund balances and lack of reporting. In addition, with more hesitancy to expand, fewer businesses have sought assistance from business incentive programs like LEDA and JTIP. To address underutilization in JTIP, the JTIP board encouraged participation by higher education institutions that provide customized training for expanding companies and reassessed the per-trainee reimbursement cap. Additionally, companies are eligible for an additional 5 percent reimbursement for participation in job fairs, corporate training, and other customized human resources services offered by the Workforce Solutions Department.

Local Economic Development Act. LEDA, initially created as a modest "closing fund" to attract out-of-state businesses by reimbursing local governments for land purchases and infrastructure, has evolved into one of the state's larger economic incentive programs. Along with increased investment, the LEDA statute has evolved, expanding eligibility to retail businesses, and allowing local gross receipts tax sharing for projects with construction costs over $350 million.



In FY23, the LEDA program awarded $15 million to businesses in the state. In total, the average cost per job increased in FY23 to $14,572, an 82 percent increase compared to FY22. A total of 1,092 projected jobs were created through the use of LEDA funds, 2,355 less jobs than FY22.

Job Training Incentive Program. To support workforce alignment, the Economic Development Department's Job Training Incentive Program (JTIP) funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses. JTIP funding has grown substantially in recent years. In FY23, the JTIP program awarded approximately $18 million to businesses. However, the number of workers trained in FY23 dropped to 1,255, a 46 percent decrease compared to FY22 and below prepandemic levels. JTIP had two record-breaking years and trained 2,355 in FY22 and 3,356 in FY24. In total, the average cost per job increased in FY23 to $14,816, an 85 percent increase compared to FY22.



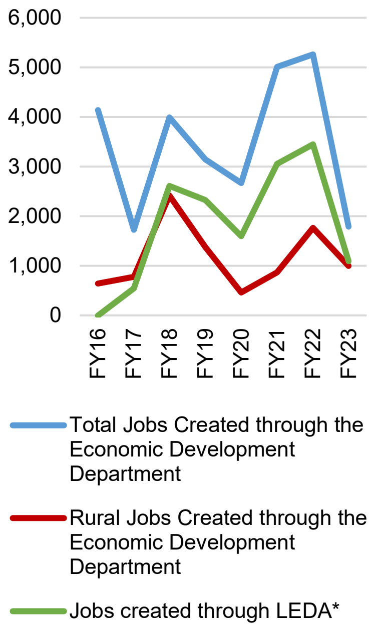
Access to Capital

In addition to business incentives, some states support entrepreneurship by lowering the cost of capital through financing, tax incentives, or connections with regional, national, and international investors. Through legislation enacted in 2022, New Mexico created the opportunity enterprise revolving and the venture capital investment funds to expand the capital available for in-state companies.

The opportunity enterprise revolving fund is administered by the New Mexico Finance Authority (NMFA) and makes loans available for business space development and renovation. The fund was appropriated $70 million in 2022. The application deadline for the first round of loans from the opportunity enterprise fund was July 31, 2023.

The venture capital investment fund is also administered by NMFA and allows for investments in venture private equity funds or New Mexico businesses for start-up, expansion, product or market developments, recapitalization, or early-stage development. The fund was appropriated $35 million in 2022 and $5 million in 2023. As of October 2023, NMFA was actively evaluating potential investments in venture private equity funds and is not making direct investments in New Mexico businesses.

Economic Development Department Job Creation
FY16 to FY23



Source: EDD

EDD is also administering $76 million over the next few years through the federal State Small Business Credit Initiative to fund multiple venture capital funds. The agency intends to allocate $64 million to provide capital in the form of equity investments to underserved startups and $9 million to provide cash collateral to improve small business' ability to borrow funds.

Energy Transition

In 2019, New Mexico enacted the Energy Transition Act to set a net zero carbon resource goal for New Mexico investor-owned utilities by 2045. The department received $5.9 million to be administered for economic development opportunities in consultation with tribal and community entities. As of October 2023, the agency has not released a plan for job training and economic development tied to the Energy Transition Act relief funds. The Economic Development Department can support the state in preparing for long-term growth outside of oil and gas.

Target Industries

EDD's economic development plan, produced with a $1.5 million federal grant, finds barriers to economic growth, and analyzes target industries to increase economic diversification. 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 target industries are a fraction of total employment in New Mexico—growing from 10.5 percent to 11.3 percent between 2010 and 2020. However, the large presence by government in New Mexico through laboratories, such as Sandia National Laboratories and Los Alamos National Laboratory, make

New Mexico Film Incentive

The film production tax credit (FPTC) is the state's largest economic development incentive, but **a recent LFC analysis** suggests film incentives are less effective at attracting private investment, cost more per job, and have a lower return on investment than other incentive programs. In FY22, film industry incentives were 37 percent of total economic development spending and cost more than twice as much per job as the other largest economic development incentives. Jobs supported directly and indirectly by the film industry made up 0.82 percent of total private employment. Additionally, in the next five years, tax expenditures through the FPTC could grow by 171 percent, increasing from $100.2 million in FY23 to $272.1 million by FY28, a 171.4 percent increase over FY23, according to the most recent consensus revenue estimates.

New Mexico has one of the most generous film incentives in the country, providing between 25 percent to 40 percent reimbursement for eligible spending by film production companies. The state pays about the same or more than much larger states like Illinois, Massachusetts, and Pennsylvania. At about 1.2 percent of total general fund expenditures, the state spends the second most in the country as a proportion of total general fund spending, coming in only behind Georgia, which spends about 3.4 percent of its total general fund appropriations on film incentives. In contrast to New Mexico and Georgia, other states with film incentive programs spend, on average, about 0.3 percent of total general fund appropriations on film incentives.

the state an ideal location for industries that rely heavily on scientific research and technical knowledge. Additionally, proximity to the border and investments in the borderplex region—made up of counties in New Mexico, Mexico, and Texas that share industries, supply chain, and talent pools—make the state a strong candidate for intelligent manufacturing and global trade. The borderplex region has seen investments from companies expanding and settling in the region, such as Admirable Cable investing $50 million and Flagstone Foods investing $28 million to expand facilities.

For more info:

Workforce Solutions Department Performance Page 117

Aligning New Mexico's Workforce

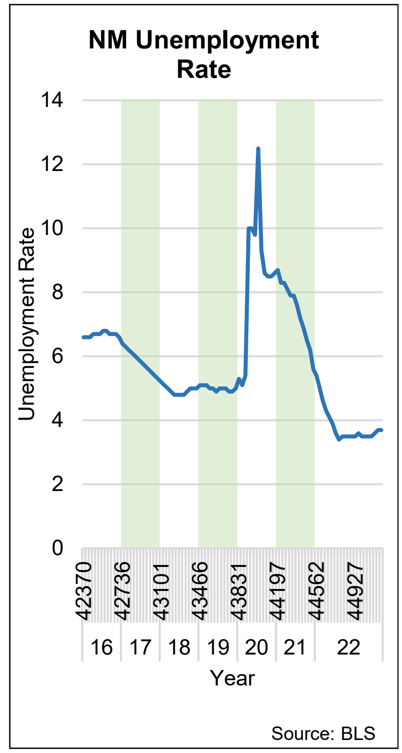
New Mexico needs an aligned and functioning cradle to career system to develop and sustain a workforce that meets the needs of its economic future. This need requires coordination among higher education, workforce development, and the Economic Development Department.

LFC Online: Understanding Government Finances

Finance Facts: Business Incentive Programs

EDD's economic development plan notes the state experiences challenges in attracting and retaining talent in urban, rural, and tribal communities, and the state's population growth and labor force growth lag behind that of other states.

EDD's economic development plan notes the presence of a skilled workforce is critical to the development of regional economies. While many skills are obtained through on-the-job experience, schools, colleges, and universities play a critical role connecting workers to industry. New Mexico's four-year high school graduation rate remains at roughly 75 percent, college completion rates are low, and New Mexico is a net exporter of college graduates. In addition, a misalignment between the state's workforce skills and industry is a challenge for New Mexico's economic future. EDD's target industries generally require advanced skill levels in science, technology, engineering, and math. Education and job training in New Mexico need to ensure the state's workforce has the skills required to meet industry's needs. Without an aligned workforce, New Mexico risks exporting residents to states with better connected institutions and losing employers to states with better trained workers.



Low Workforce Participation

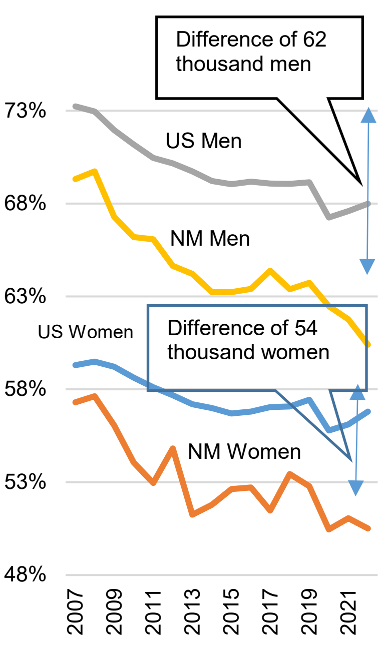
The state's labor force holds the state back from economic development and expansion. While unemployment rates have recovered to prepandemic levels, the share of the state's working age population participating in the labor force is persistently low. Social services, economic development, tax rates, pension systems, the service industry, and virtually every other area of the economy is impacted when there are fewer people working to support those who do not work. In New Mexico currently, the demand for workers is much greater than the supply. Adding labor force participants is essential. Typically, a high labor force participation rate (LFPR) reflects a healthy economy because a large proportion of the economy is working or looking for work, and a high LFPR reflects a larger labor pool, making it easier to find workers.

Between February 2022 and January 2023, as the economy continued to recover from the pandemic and the state began to unwind benefit programs that were enhanced during the pandemic, the state's labor force participation rate increased slightly, from 56.5 percent to 57.1 percent. Yet, the state continues to lag behind the national labor force participation rate of 62.6 percent. New Mexico would need to add 116 thousand workers to the labor force to reach the national average rate of workforce participation. In New Mexico, an estimated 77 thousand men and women in the prime working age group of 25 to 34 are not participating in the state's labor force, and an estimated 6,000 New Mexicans between the ages of 20 and 24 are unemployed, meaning they are jobless and looking for work.

According to the Workforce Solutions Department (WSD), the employment gap in New Mexico, or the difference between the number of job openings in the state and the number of unemployed people, is roughly 35 thousand.

The National Conference of State Legislatures recommends states focus on strengthening workforce attraction, retention, and expansion programs. For example, some states are expanding access to higher education and workforce development programs and working on strategies to keep workers in the workforce by improving worker accommodations. Other states are recruiting out-of-state workers by marketing their states as desirable places to live.

US and New Mexico Labor Force Participation for Select Groups



Source: WSD, BLS

Increasing Participation in the Workforce. Efforts to increase workforce participation may include reemployment services for people who are currently unemployed and targeted programs for people who are not participating in the labor force. WSD has the opportunity to grow the state's labor force, but existing programs chip away at the edges but are not dramatically increasing the number of working-age adults participating in the labor force at the level needed to make New Mexico more competitive nationally.

The Employment Services Division of WSD, with an operating budget of $32.8 million, oversees the state's network of connections centers and operates several programs related to the federal Workforce Innovation and Opportunities Act (WIOA). Throughout FY23, about 50 thousand individuals received employment services in a WSD Connections office, about half of the agency's target of 100 thousand. In addition, the agency saw a decline in individuals using the agency's online Job Seeker portal, from 106.6 thousand in FY22 to 63 thousand in FY23. In addition, 2,300 people were registered in department apprenticeship programs and in training.

Opportunities to increase labor force participation include targeting youth who are unemployed or disengaged from the workforce and delivering reemployment programs for adults who are unemployed or not participating in the labor force.

Adult Reemployment. The department received $5 million in nonrecurring appropriations in FY23 to support evidence-based reemployment case management, though the Governor vetoed the "evidence-based" language. Investment in evidence-based case management programs could further drive down unemployment insurance numbers, and WSD should report the number of clients served and the number of jobs obtained.

In 2023, WSD reported using this appropriation to upgrade case management technology for referrals. In addition, the department is providing case management for youth by embedding high school career counselors in 15 high school.

Youth Reemployment and Apprenticeships. Roughly 11 thousand young adults between the ages of 16 and 24 are unemployed, and the state lacks a targeted plan for engaging this group. Workforce Innovation and Opportunities Act (WIOA) funding provides a variety of youth services based on the needs of individuals. However, WIOA funding is limited and can only be used to provide services to low-income youth between the ages of 14 to 24 who face one or more of the following employment barriers: deficient in basic literacy, a school dropout, homeless, a runaway, a foster child, pregnant or a parent, or an ex-offender.

The federal government provides some funding for youth employment services through WIOA funding. However, New Mexico performs worse than its peer states when looking at employment for youth who participated in WIOA in 2021, both when looking at employment rates six months after exiting the program and one year post exit and has carried forward unused WIOA funds in recent years.

Youth employment programs targeted to disconnected youth are research-based strategies that can lead to decreased crime and violence as well as increased earnings. However, the department has not focused on the implementation of these programs, instead focusing on a career exploration program, known as Be Pro Be Proud, and career counseling in K-12 public schools.

In FY23, the department received a nonrecurring appropriation of $5 million to support youth reemployment and apprenticeship programs. The department primarily spent the appropriation on the Be Pro Be Proud program, which attempts to get youth interested in welding, electronics, and other trades through a bus that houses trade simulations that may travel around the state. In addition, the department used funds to provide career counselors within 15 high schools and fund stipends for students participating in pre-apprenticeship programs.

However, the state is primarily funding youth career exploration through $40 million in appropriations for career and technical education delivered through public schools, and targeting career counseling in high schools may duplicate existing efforts while leaving a large population of out-of-school, unemployed young adults unserved.

As of September 2023, WSD reported 300 participants in the pre-apprenticeship programs, with roughly half of the participants currently in high school and half of participants being adults not in high school.

2020 New Mexico Cost Benefit Analysis for Types of Workforce Development Programs

Program Name	Benefit-to-Cost Ratio
Case management for unemployment insurance claimants	$17.20
Training with work experience for adult welfare recipients	$1.66
Job search and placement	$3.54
Work experience	$1.69
Training with work experience for adults, not targeting welfare recipients	$1.47
Case management for welfare recipients or low-income individuals	$0.13
Case management for former welfare recipients	$0.12
Training, no work experience	$0.82
Training with work experience for youth	$0.06

Note: Program costs are based off Washington state costs. This likely is a conservative estimate. Return on investment is calculated assuming adherence to the program models assessed in research articles examined.

Source: Pew MacArthur Results First Model

A Closer Look Stacking Income Supports

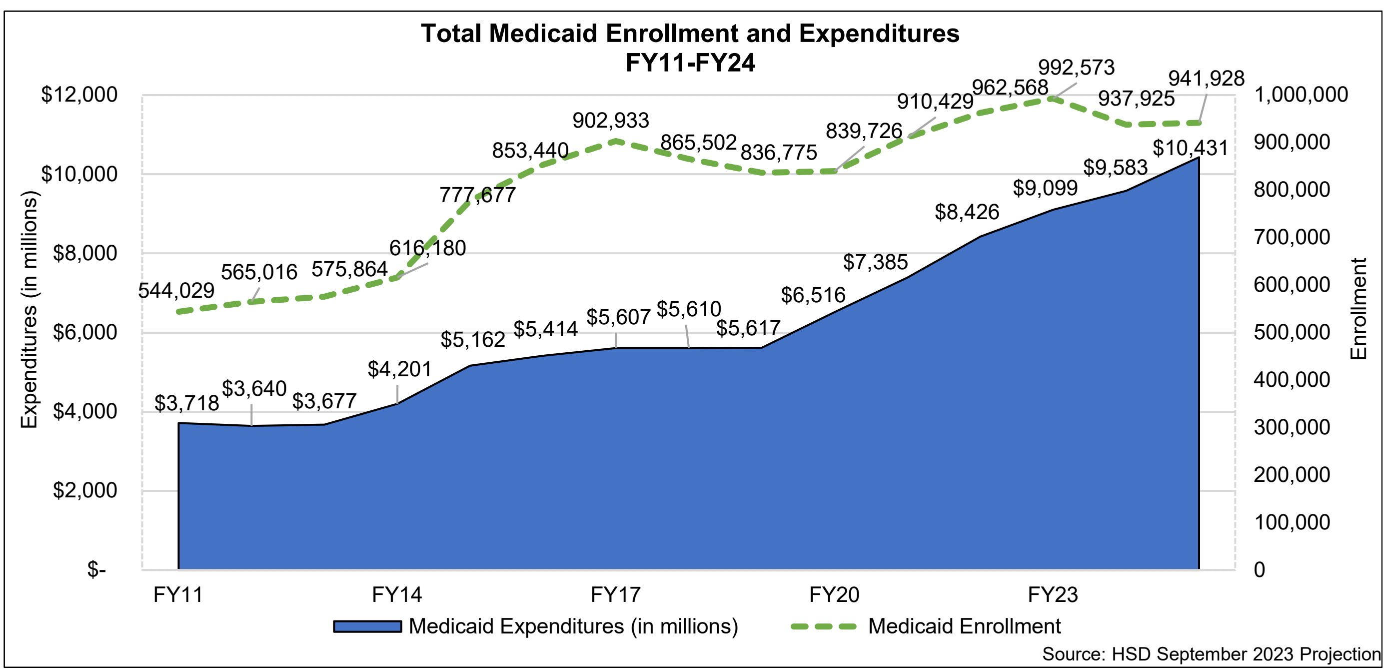
A 2023 [LFC progress report about stacking income support benefits] in New Mexico finds that while the state provides the second largest income supports package in the country, official poverty rankings have not meaningfully changed in the past 20 years. Income support programs such as the Supplemental Nutrition Assistance Program (SNAP) and Medicaid provide immediate benefits to those living at or near poverty. However, large investments in these programs have generally not coincided with decreasing poverty in the state. In 2022, New Mexico had the highest poverty rate in the nation at 17.6 percent, and since at least 2000, New Mexico has persistently ranked as one of the poorest states in the country. Poverty rates are most affected by labor force participation rates, wages, and educational attainment. In New Mexico, most individuals receiving income supports work, but likely not full-time and not for wages high enough to meet the rising cost of living. Education and evidence-based training provided alongside income supports could increase earnings for recipients, but there is not a cohesive strategy at the state level to address this need. Current benefit structures also can disincentivize individuals to seek higher-paying jobs.

Health and Communities

Travel distances, aging populations, a lack of providers, higher poverty rates, and reduced hospital services block access to healthcare and influence the health status of many New Mexicans. Because of these determinants, New Mexico experiences greater health disparities, such as higher mortality rates, lower life expectancies, high rates of chronic disease, poor maternal and child health outcomes, more substance abuse, and high rates of chronic pain. Until the state addresses these determinants in an equitable way, utilizing evidence-based approaches, and combines these approaches with adequate effort, New Mexico will continue to experience poor outcomes. Medicaid, in combination with other programs that focus on workforce, education, housing, and economic development, are the primary levers the state possesses to address these concerns.

For more info:
Human Services Department Performance
Page 121

Best practices to alleviate access barriers include expanding telehealth and telemedicine, establishing mobile clinics, placing a greater emphasis on workforce development, investing in rural health clinics, improving transportation, focusing more on prevention, and improving health insurance coverage. The Legislature has invested heavily in many of these areas over the course of the last decade, expanding Medicaid and other health-related spending substantially. However, many outcomes are not improving and those that are improving are doing so at a slower pace than expected, given the investment. As documented in a 2022 LFC program evaluation on Medicaid network adequacy, Medicaid enrollees' use of healthcare remains flat or has declined because of a lack of providers.



The significant health challenges experienced by the state's Medicaid population, roughly half of all New Mexicans, will likely not improve if Medicaid enrollees continue experiencing these barriers.

For Medicaid, strategies to improve access include strengthening and improving quality initiatives and contractual accountability, increasing Medicaid payment rates, and increasing the state's healthcare workforce so that Medicaid recipients can get timely appointments. While New Mexico requires care coordination in its managed care organization (MCO) contracts, there has not been a demonstrated connection between care coordinators and improved outcomes. However, current MCO contracts do not include provisions to levy penalties when MCOs fail to meet provider network adequacy standards. While a draft version of Medicaid's new contracts with MCOs include strengthened provisions that address much of the above, improved administrative oversight will be required to ensure network adequacy and contractual accountability when MCO's fail to meet standards. Additionally, the much-needed reforms in these contracts were delayed by at least six months when the administration canceled the managed care procurement process that is part of adopting the new Medicaid program plan to be called Turquoise Care. The department later rescinded the cancellation.

Rural Hospital Appropriations

The General Appropriation Act of 2023 included a $23.6 million appropriation partially to raise rates for rural hospitals up to 100 percent of Medicare rates, a $1 million appropriation for rural health and hospital supplemental payments, and another $1 million for rural and tribal serving critical access inpatient and outpatient hospital service rate increases.

A 2022 study of New Mexico's provider rates indicated most rates Medicaid pays to providers were below Medicare and did not meet Human Services Department (HSD) targets. Because of the low rates and Medicaid access concerns, the Legislature appropriated hundreds of millions in the past few years for rate increases with the intention that MCOs would increase provider rates. Many of these rates were increased in 2023 to match Medicare rates as required by legislative appropriations, but Medicaid's MCO contractual arrangement does not always translate into increased rates for those providing the services. Additionally, the Legislature appropriated funding for hospitals and other providers to receive directed payments based on Medicaid utilization, sidestepping the MCO process, but administrative delays slowed implementation causing hardship for providers facing inflationary and other budgetary pressures.

Increased rates and directed payments are now implemented, but the lasting impact on network adequacy leading to improved access and better outcomes is unclear. Because much of the problem is the need for more providers, especially in rural areas, and because Medicaid cares for roughly half of all New Mexicans, Medicaid should be working with MCOs to ensure they are recruiting more providers to the state and creating incentives for providers to serve Medicaid clients, with a focus on rural areas. In addition, New Mexico should continue implementing strategies to increase the overall healthcare workforce, including entering interstate licensing compacts, investing in medical residencies, growing the number of mid-level providers, and expanding loan forgiveness programs, as was noted in the 2022 LFC evaluation.

For more info:

Department of Health Performance Page 127

New Mexico's Health Status

Societal inequities related to poverty, education, demographics, food insecurity, and environmental factors are key drivers of population health. New Mexico's demographics and socioeconomic status present unique challenges for state health programs and the Medicaid delivery system in particular. According to the 2020

U.S. Census, New Mexico is one of six majority-minority states with the largest proportion of Hispanics and Latinos in the nation (49.3 percent) and the third largest percentage of Native Americans (10.6 percent). New Mexico ranks 12th among states for the share of the population age 65 and older (18.2 percent). New Mexico also has the third highest poverty rate (18.6 percent) in the nation, 8.1 percentage points higher than the national rate of 10.5 percent.

Newly Established Healthcare Delivery Fund

The General Appropriation Act of 2023 included $152.8 million in state and federal funds to carry out the provisions included in Senate Bill 7. The bill created the rural healthcare delivery fund so that rural healthcare providers in a county with a population of less than 100 thousand could apply to receive grants from the fund. These grants can be used to construct facilities or defray the operating costs associated with offering a new or expanded service.

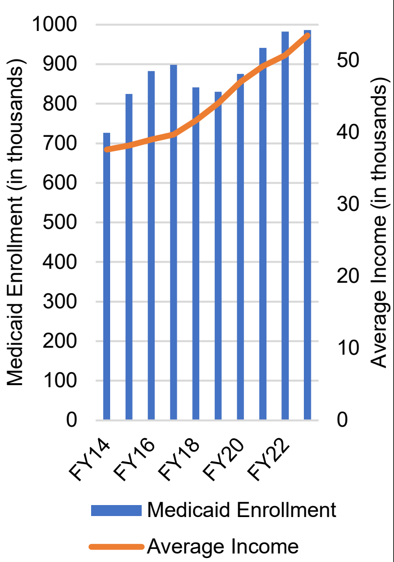
Educationally, the state has the fourth lowest percentage of adults age 25 and over with a high school diploma or higher degree (85.9 percent) and, according to the U.S. Department of Education, the lowest proportion of fourth grade students proficient in reading comprehension (23.7 percent). In addition, 17.2 percent of New Mexicans experience severe housing problems, the 13th highest rate in the country. At 832 crimes per 100 thousand population, New Mexico also has the nation's second highest crime rate, well exceeding the national average of 379 per 100 thousand.

Coupled with systemic barriers to healthcare access, these demographic and socioeconomic factors further compromise health status and impair healthcare outcomes. For example, New Mexico has the seventh highest premature death rate among states, with 9,789 years of potential life lost per 100 thousand population based on a 75-year lifespan. New Mexico also has the highest alcohol related death rate at more than three times the national average.

Rural Healthcare Access

For many New Mexicans, especially for those living in rural communities, healthcare is neither affordable nor convenient. Ten percent of New Mexicans have no health insurance coverage and many New Mexicans on Medicaid are losing coverage because of the expiration of the federal public health emergency. At the same time, all but a few pockets of the state are designated as healthcare shortage areas by federal regulators. Even for those with coverage, access is a problem if no healthcare providers are available.

Total Medicaid Enrollment and Income



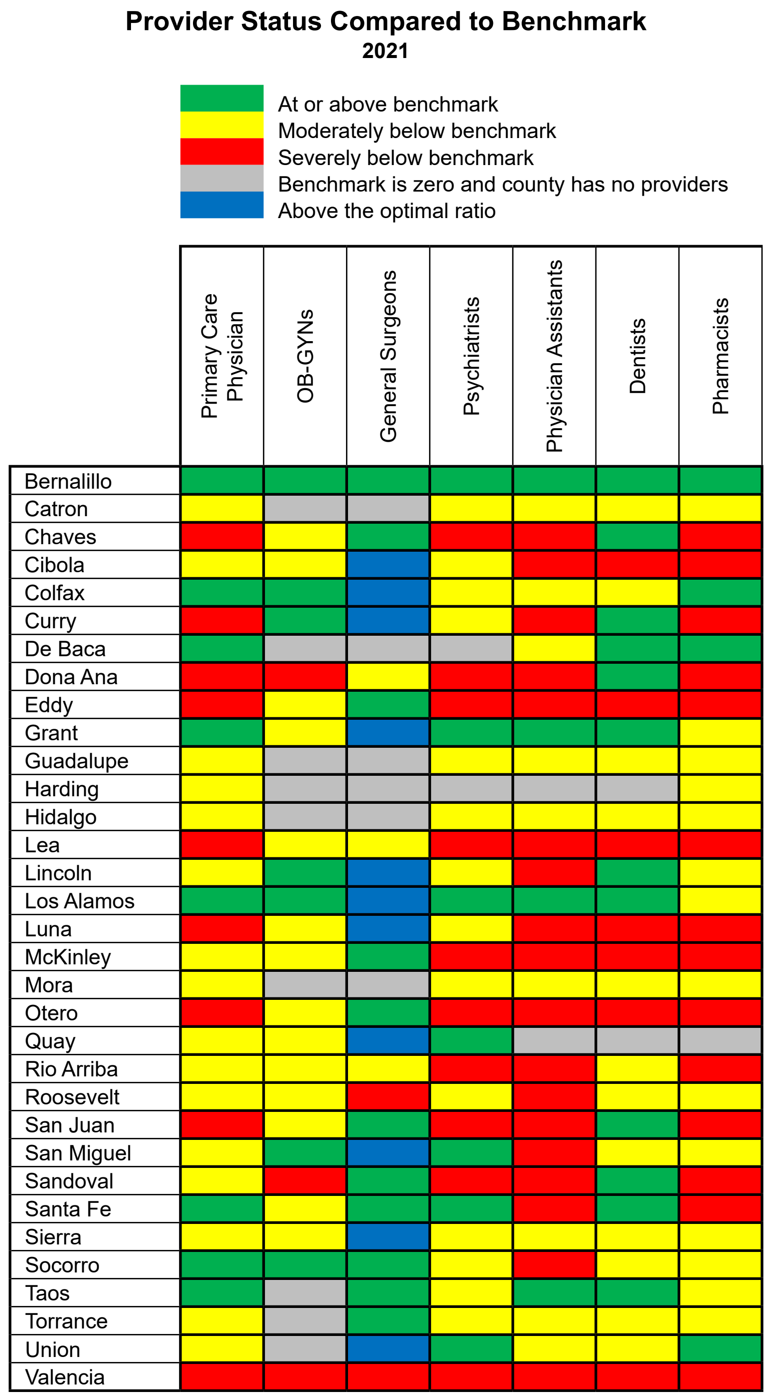
Source: HSD and BBER

Recent State Actions to Address Rural Healthcare Needs

Support in the General Appropriation Act of 2023 for rural healthcare across agencies totaled $364.4 million and included funding for rural health delivery and startup costs, rural and tribal hospital support, and rate increases. For example, $10 million was appropriated for coordination with the Human Services Department for startup costs to expand tribal-serving healthcare and behavioral health services, including $3 million for transition costs to create a critical access hospital in a tribal-serving community, and $1 million for expanding a tribal-serving behavioral health clinic in Zuni.

Additionally, $152.8 million in state and federal funds were appropriated to contract with rural regional hospitals, health clinics, providers, and federally qualified health centers to develop and expand primary care, maternal and child health, and behavioral health services capacity in medically underserved rural areas. The contracted entities must be enrolled Medicaid providers and propose to deliver services eligible for Medicaid and Medicare reimbursement. HSD is required to ensure the contracted amounts for new or expanded healthcare services do not duplicate existing services, are sufficient to cover start-up costs except for land and construction costs, require coordination of care, are reconciled and audited, and meet performance standards and metrics established by the department. The department is directed to require Medicaid managed care organizations to pay for department-defined critical access hospital services, including the administration and developmental costs of building service delivery satellite sites in rural underserved areas.

In August 2023, the department issued a request for applications (RFA) for $80 million for rural healthcare grants that can be used to increase services in rural areas that are later eligible for a Medicaid reimbursement. The RFA included an expedited funding track called the New Mexico Healthcare Access Champion for providers who can implement services immediately.



Source: New Mexico Healthcare Workforce committee, 2023 Annual Report

Unwinding the Public Health Emergency

The Human Services Department reported a 100 thousand decrease in enrollment in Medicaid over the first few months of unwinding the public health emergency (PHE). Federal actions permitted Medicaid recipients to remain enrolled throughout the pandemic, but with the end of the PHE in January 2023, the federal government is again requiring the state to requalify recipients throughout the year.

The disenrollments have not led to a remarkable uptick of enrollment in the health insurance exchange as expected. Many of the disenrolled are likely going without coverage and many will likely be reenrolled in Medicaid the next time they experience a health episode.

Limited Healthcare Providers

The December 2022 LFC program evaluation, *Medicaid Network Adequacy, Access, and Utilization* reports New Mexico is short some specialty healthcare providers or general healthcare providers in some communities. Forecasts project the state will have the second largest physician shortage in the nation by 2030. Furthermore, New Mexico has the oldest physician workforce in the nation. As of 2017, 37 percent of New Mexico's physicians were over 60 years old.

Because of this and other factors, the federal Health Resources and Services Administration designated New Mexico a healthcare workforce shortage area, except for small parts of Bernalillo, Los Alamos, and Dona Ana counties. This designation highlights the shortage of providers as well as the need for New Mexico to recruit and retain the healthcare workforce and provide efficient care with its current resources.

Access to Providers Under Medicaid

LFC Online: Understanding Government Finances

Finance Facts: Medicaid

The LFC program evaluation also indicated that Medicaid recipients in New Mexico who completed a satisfaction survey were less likely to agree it was easy to get necessary care compared with Medicaid recipients nationally. According to aggregated data across all states and Medicaid MCOs, New Mexico recipient responses to several access questions suggested poorer performance than national averages. Specifically, New Mexico Medicaid enrollees overall found it harder to get necessary care or to get care as soon as needed, as well as harder to get routine care and care from specialists. The question that had the lowest rankings compared with national responses was focused on the ease of getting necessary care. These survey responses are in line with geographical provider data showing the state is generally below benchmarks for availability for physical and mental healthcare providers. However, MCOs are contractually obligated to ensure access to services for their clients.

Managed Care Organization Procurement and Network Adequacy Concerns. Network adequacy response scores for the recently settled managed care organization request for proposals (RFP) process were unexceptional. Molina scored the highest in the category, while Blue Cross and Blue Shield scored the lowest. However, network adequacy may have been an undervalued category because in the overall RFP process total points for network adequacy comprised only 13 percent of total points available. The LFC network adequacy evaluation stated the Medicaid managed care contracts are likely set too low to help incentivize the creation of a more sufficient provider network. Strategies to improve access to care include strengthening and improving quality initiatives and contractual accountability, increasing Medicaid payment rates, and increasing the state's healthcare workforce.

Other Rural Healthcare Support

The General Appropriation Act of 2023 included a $2 million appropriation from the general fund for a six percent rate increase for rural primary care clinics and federally qualified health centers.

Network Adequacy Beyond Medicaid

Even with health insurance coverage, gaining access to primary care providers, and especially specialty care, can be a challenge for rural residents. Patients may have to wait months before they can see a provider. The Office of Superintendent of Insurance (OSI) implemented network adequacy compliance reporting requirements for commercial health insurance beginning January 1, 2022. OSI also implemented more rigorous standards for existing network adequacy compliance reporting. These OSI requirements were modeled after Medicaid requirements, although currently the Medicaid requirements lack strong oversight. Medicaid MCOs should be monitored for compliance with Office of the Superintendent of Insurance and Medicaid regulations for network adequacy and reporting.

School-Based Health Centers

One way New Mexico's healthcare system reaches rural populations is through school-based health centers (SBHC), the majority of which are in areas with medium-high to high social vulnerability. The Department of Health, along with Medicaid dollars, funds about 53 of the roughly 79 centers in the state, which provided primary care and behavioral health services to about 16 thousand New

Mexico students encompassing 42 thousand visits in the 2021 - 2022 school year. However, these visits encompassed a small portion of the total number of students in the state and the centers do not stay open often enough due to school calendars. SBHCs reduce barriers to care for students by making healthcare more convenient because patients do not have to take time away from school or find transportation. Additionally, schools are the most common entry point for youth seeking behavioral healthcare and have been proven to be an ideal setting to bridge primary care and behavioral health. However, since many SBHCs only operate during the school year and hours of operation, there may be operating barrier to rural communities maximizing offered services.

Behavioral Health Services

For more info:

Behavioral Health Collaborative Performance Page 125

In New Mexico, the need for mental health services is acute, only 16 percent of the need for mental health professionals is being met, compared with the national average of 28.1 percent, according to the U.S. Health Resources and Services Administration. The result is the manifestation of unmet need, worsening behavioral health status, and increases in despair and unhealthy coping mechanisms. The state has the fourth highest rate of deaths by suicide in the nation at 24.7 per 100 thousand population while the overall U.S. death by suicide rate is 14.5 per 100 thousand. New Mexico has the 11th highest rate among states for deaths due to drug injury at 29.5 per 100 thousand. The state also has a greater percentage of untreated adults with moderate (61.2 percent) and severe (40.4 percent) mental illness when compared to the U.S. average of 53.5 percent and 35 percent, respectively, according to the U.S. Census Bureau 2020 data. These issues are even more pronounced in rural areas.

Substance Use Disorders

The Department of Health's *New Mexico Substance Use Epidemiology Profile, 2021* report indicates New Mexico's alcohol-related death rate has been the highest in the United States since 1997. Negative consequences of using excessive alcohol go far beyond the death rate. It also affects domestic violence incidents, crime, poverty, unemployment, and exacerbates mental illness, all of which are social determinants of health.

In 2019, New Mexico had the 12th highest overdose death rate in the nation. Unintentional drug overdoses account for almost 88 percent of drug overdose

A Closer Look Addressing Substance Use Disorders

Given the magnitude of New Mexico's substance and alcohol use problems and the hundreds and million of dollars it has invested in treatment, the state is spending relatively little on upstream interventions and prevention efforts, according the LFC evaluation ***Addressing Substance Use Disorders***.

New Mexico consistently has the highest alcohol-related death rate in the country and ranked sixth nationally for drug overdose deaths in 2021. Alcohol- and drug-related deaths increased rapidly during the pandemic, with the state's alcohol-related death rate growing by 31 percent between 2019 and 2021, and 2,274 New Mexicans died of alcohol-related deaths in 2021. Similarly, the state's overdose-death rate increased by 68 percent, and 1,029 New Mexicans died of a drug overdose in 2021.

Yet, the state is investing little effort in prevention, particularly for alcohol misuse, and should expand and increase policies that promote prevention for the state's population as a whole.

deaths. In recent years, overdose death from methamphetamines has become increasingly common. And in New Mexico, the number of overdose deaths by fentanyl has increased significantly.

LFC Online: Understanding Government Finances

Finance Facts: Child Support

Behavioral Health Interventions

To address these concerns, counties and cities across the state used substantial investments in behavioral health to increase the availability of services. However, a lack of awareness of what services are available and how to access them is a major barrier.

Over the course of the pandemic, many treatment sessions were offered through telehealth. The federal Centers for Medicare and Medicaid Services is considering extending relaxed rules on the billing of telehealth services now that the public health emergency is over.

Additionally, the Legislature appropriated $20 million during the 2022 legislative session to expand behavioral health services that could then bill Medicaid for both children's and adult's behavioral health. As of late fall 2023, neither the Children, Youth and Families Department nor the Human Services Department had distributed the funding or expanded services that could bill Medicaid. Also, the Interagency Behavioral Health Purchasing Collaborative does not conduct regular gaps analyses as required by statute to determine the services that are needed in different communities nor does it have a master plan for statewide delivery of services.

Developmental Disabilities Medicaid Waiver

Previously the Department of Health (DOH) Developmental Disabilities Supports Division (DDSD) oversaw the four home- and community-based Medicaid waiver programs: the comprehensive Developmental Disabilities (DD) Waiver, Medically Fragile Waiver, and Mi Via Self-Directed Waiver programs and the Community Supports Waiver Program. Beginning in FY25, DDSD will transfer to the newly created Health Care Authority, formerly the Human Services Department. The annual per person cost for the comprehensive waivers is over $129 thousand for the DD waiver services, $33 thousand for Medically Fragile waiver services, and

A Closer Look: Homelessness and Affordable Housing Supports

The cost of homelessness and housing insecurity is most acutely borne by New Mexicans who struggle to secure their basic needs to find and keep shelter, but society also bears costs: The federal government has long reported an individual experiencing homelessness costs taxpayers as much as $50 thousand per year in medical expenses, public safety, and other public services.

An **LFC evaluation on homelessness** found New Mexico has performed relatively well in providing emergency shelters for people experiencing homelessness compared with other states. However, the state faces ongoing challenges in addressing the root causes of hommelessness and transitioning individuals and families to more stable, permanent housing. In the last two years, New Mexico's Legislature has made unprecedented levels of funding available for new homelessness and affordable housing initiatives that fill critical gaps in funding and programs. The state's enhanced investment would benefit from guardrails to ensure state money enhances federal and local funding rather than supplanting these resources. Targeted appropriately, these dollars could further support the low-income and at-risk populations who need housing assistance and alleviate shortages in the state's affordable housing supply.

$58 thousand for Mi Via waiver services. As of October 2023, a total of 6,912 individuals were enrolled in the comprehensive waiver programs.

For more info:

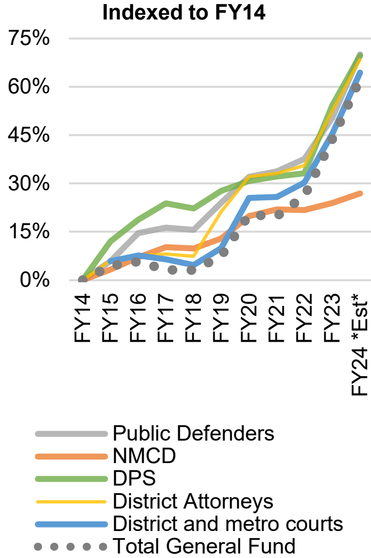
Aging and Long-Term Services Department Performance Page 131

Elimination of Waiting Lists

In FY23, the state began implementing a plan to eliminate the DD program waiting list by leveraging temporary enhanced federal matching rates. The DD waiver services are eligible for the enhanced Medicaid federal matching funds and received an estimated additional $7 million per quarter, resulting in a reduced general fund need. The American Rescue Plan Act (ARPA) contained a number of provisions designed to increase coverage, expand benefits, and adjust federal financing for state Medicaid programs. In addition to the PHE enhancement, the act temporarily enhanced the federal medical assistance percentage (FMAP, the federal matching rate) by 10 percent for Medicaid home- and community-based services (HCBS), including those under the DD waiver program, for 12 months. Additional federal revenue for all eligible HCBS is estimated to be $500 million, which could be spread over three years; $277 million of this revenue could be for DD services. The increased federal funds for DD services and the enhanced federal match for HCBS offer an opportunity to remove everyone from the waiting list in FY23 and gradually phase in state costs over the next three to four years. However, the capacity of the system to serve the additional people needs ramping up as well. Before the funding increase, over 6,000 individuals were waiting for services. As of October 2023, 408 individuals were on the DD waiver program waiting list with an average waiting time of over five years, down from 12 years in FY21. DDSD sent letters to 3,450 individuals on the waiting list to offer enrollment and eliminate the waiting list, and the program is receiving 20 to 25 new applications on average each week. As of October 2023, 1,138 had not responded. Since the state has moved to eliminate the waiting list for DD services, participation in the community supports waiver has dwindled as more individuals move in to waiver services. As of October 2023, 398 were offered but only 54 individuals were enrolled in the community supports waiver because many moved off the waiting list for DD services.

Justice and Public Safety

Judicial and Public Safety Operating Budget Growth vs. General Fund
Indexed to FY14



Source: LFC files

Prompted by New Mexico's high crime rates and in response, lawmakers continue to focus on evidence-based solutions for preventing and responding to crime. The 2023 session saw a concentrated effort on gun crime, resulting in two successful bills restricting child access to guns and banning proxy purchases. The Legislature invested in law enforcement and criminal justice partners, expanding the available workforce and improving accountability. Policymakers prioritized diversion programs to provide alternatives to traditional criminal justice systems and increased funding for courts, public defenders, district attorneys, and evidence-based programs addressing victims' needs. Continued efforts toward balanced criminal justice reform should move the state from a reactive approach to a system focused on prevention and ensuring the judiciary delivers swift and certain justice while protecting the rights of victims and the accused.

Vacancy rates in multiple state agencies continue to challenge the capacity of the entire criminal justice system. Courts, district attorneys, and public safety agencies have all struggled to reduce the number of vacant positions despite growth in operating budgets that has outpaced growth in general fund expenditures.

Crime Prevention

Effective Policing

Research shows swiftness and certainty of punishment are more effective deterrents to criminal behavior than the severity of punishment. Still, in New Mexico, punishment has grown less certain as violent crime has increased, with fewer violent crimes solved and more violent felony cases dismissed. New Mexico's law enforcement agencies have seen violent crime clearance rates—the rate at which crimes are closed, generally by arrest—fall in recent years. From 2014 to 2020, the state's violent crime rate rose 30 percent, while the number of cases cleared fell 13 percent. More recent data has not been available due to a slow transition to a new federal crime reporting system.

During the 2022 legislative session, the Legislature aimed to increase the certainty of punishment for the most violent offenses by improving policing with investments in recruitment and retention of high-quality law enforcement officers, enhancements to officer training and education, and increased police oversight. This included significant investments in law enforcement compensation at the state and local level and substantial changes to systems for training law enforcement officers and holding them accountable for misconduct.

Best practices for policing tailor actions to identifiable problems and facilitate civilian trust and confidence. The Legislature has attempted to encourage law enforcement agencies to supplement the standard model of policing —a reactive model focused on responding to calls for service— with evidence-based programming and practices through targeted appropriations. However, vetoes from the executive that removed requirements that programs be evidence-based to receive funding have hindered this goal. Additionally, other sources of state funding for local agencies (such as the law enforcement protection fund and local DWI fund) do not require funding be expended on best practices or evidence-based policing.

Law Enforcement Funding. During the 2022 legislative session, the Legislature created a new program within the Department of Finance and Administration to distribute up to $50 million over five years to local law enforcement agencies for recruitment and retention stipends and for prioritizing agencies' investigative capacity. During the 2023 legislative session, the Legislature invested $139.5 million in building law enforcement workforce capacity across the state, providing funding for recruitment and retention, warrant enforcement, and equipment and ensuring the solvency of the law enforcement protection fund.

Law Enforcement Oversight Changes. Reforms passed in 2022 and 2023 attempt to improve accountability by creating independent oversight entities modernize training and certification and regulating the use of force by officers. These changes are in line with national best practices regarding criminal justice reform, although it is still too early measure the real impacts of these policy changes.

Crime

New Mexico's violent crime rates—the second-highest in the nation in 2020—were a focus of the 2022 and 2023 legislative sessions as legislators sought effective solutions to reduce violence. The criminal justice system often deals with downstream effects of failures outside the system, and a broader view of public safety requires examining the impact of such factors on crime and the role of the system itself. A growing body of research has identified many approaches inside and outside the system that can serve as effective deterrents. Significantly, these interventions may help prevent crime, not simply address its effects.

New Mexico lacks timely data on statewide crime trends. Unfortunately, many law enforcement agencies are not yet reporting through the new National Incident-Based Reporting System (NIBRS), although many, including the New Mexico State Police (NMSP), began reporting in fall 2023. As of September, 74 percent of the state's 130 law enforcement agencies reported to the system, which covered 86 percent of the population.

Lack of reporting makes it impossible to accurately understand crime trends in the state. 2021 marked the first year the FBI's national crime statistics relied solely on information provided via NIBRS, and last year, 33 percent of New Mexico law enforcement agencies covering 61 percent of the state's population submitted 2021 data. Many other states have also struggled to reach NIBRS compliance. Nationally, about 63 percent of law enforcement agencies covering 64 percent of the population provided data through NIBRS for 2021; comparatively, 85 percent

For more info:

Department of Public Safety Performance
Page 137

Firearm Legislation

The Legislature in 2023 passed a child-access prevention law and a law which criminalized purchasing guns for others who are not allowed to legally possess them or in furtherance of a crime.

Department of Public Safety (DPS) Nonrecurring Appropriations

DPS also received significant nonrecurring appropriations in the General Appropriation Act of 2023, including:

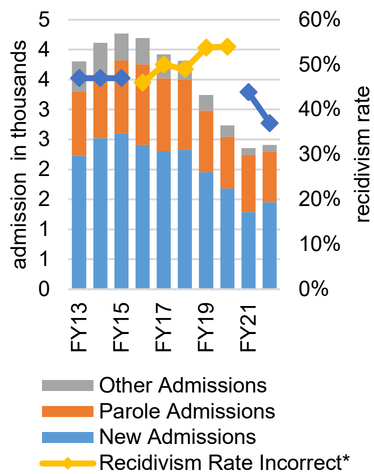
- $1.5 million for equipment;
- $500 thousand for drug enforcement operations; and
- $500 thousand for a job task analysis.

Additionally, DPS received $425 thousand for the Law Enforcement Academy.

of agencies reported data in 2020 using the previous system.

DPS has performance measures for crimes reported in NIBRS, which are meant to provide more timely updates on crime trends in the state than FBI reporting. Still, these are not useful when large law enforcement agencies are not reporting and when fluctuations in the numbers are as likely to be caused by a change in crime as by a change in whether an agency is reporting.

Prison Admissions and Recidivism Rates



*NMCD has reported overall recidivism was calculated incorrectly between FY16 and FY20, but has not provided corrected numbers

Source: NMCD, Sentencing Commission, LFC files

Criminal Code Changes

Statutory changes enacted in 2022 and 2023 made significant reforms in the criminal justice system, focusing on modernizing policing, the judiciary, and the Criminal Code. These reforms include new measures for police training and certification, enhanced police recruitment and retention programs, increased funding for crime reduction, and the establishment of a violence intervention program.

Recent legislation aims to curb gun violence, reduce organized retail crime, and expand protections for election officials against intimidation. Five new crimes were created, addressing threats, chop shop operations, and property damage from theft of regulated materials. Additionally, new laws modify the handling of electronic monitoring data for pretrial defendants, prohibit "gay panic" or "trans panic" defense strategies, and abolish the statute of limitations for second-degree murder. Finally, statutory changes tighten regulations on handgun possession, increase penalties for felons with firearms, and introduce stricter consequences for fleeing law enforcement and firearm misuse in specific circumstances.

Juvenile Gun Crime Trends

As of July 2023, Albuquerque is on track to have fewer homicides than the record 120 reported in 2022, but nearly half of the suspects connected to the 50 homicides recorded in the first six months of 2023 are under the age of 26. Courts do not currently capture if a firearm is used during a crime in a data field within their reporting system. However, analysis of court data shows that while charges for people 18-20 appear to be on the decline since peaking in 2021 and 2022, people ages 14 to 17 are still being charged with violent offenses at the highest rate in four years, with an especially notable spike among 16- and 17-year-olds. Reducing juvenile gun crime, especially in a context like New Mexico's, where juvenile arrests and referrals to the juvenile justice system are down, requires a multifaceted approach that must not only address the immediate behaviors leading to gun crimes but also tackle the underlying social, economic, and community factors that contribute to such behavior.

LFC Online: Understanding Government Finances

Finance Facts: Corrections

A 2017 LFC Results First report on children's behavioral health report found, for youth within the juvenile system, the state should shift spending to prevention and early intervention services and away from acute intervention. In 2015, for children, the state spent 46 percent on acute intervention and only 15 percent on prevention services. When thinking about early intervention services for youth who have come into contact with the juvenile justice system, the report recommended increasing the use of evidence-based services. The Children, Youth and Families Department (CYFD) could provide direct services for behavioral health therapy in juvenile justice facilities and youth engaged in juvenile supervision and leverage Medicaid funding. Ultimately, it will take a coordinated effort across multiple agencies to reduce gun violence among youth in New Mexico, and there are signs a more holistic approach is beginning to be considered by policymakers.

Recidivism Reduction

For more info:

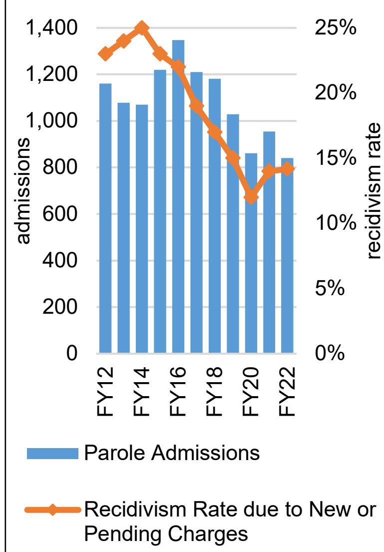
Corrections Department Performance Page 133

Like many other states, New Mexico has taken various measures to reduce recidivism (the rate at which inmates released from prison are reincarcerated). Recidivism is one of the most important metric of the Correction Department's (NMCD) success. Although NMCD's three-year recidivism rate has improved recently, it remains high. NMCD has created a new Reentry division consolidating recidivism reduction, educational and community correction programming, and transitional services.

Studies have shown that participation in well-structured reentry programs can lead to lower rates of reoffending. By addressing the underlying factors that contribute to criminal behavior, such as unemployment, substance abuse, and lack of stable housing, these programs help individuals reintegrate successfully into society. Within the last year, NMCD has focused on selecting providers and programs that meet research and evidence-based standards by including requirements in requests for proposals and selecting a curriculum that reflects positive outcomes for NMCD's population. NMCD plans to increase the proportion of evidence-based programmatic funding in FY24.

Reentry programs that provide job training, employment assistance, and job placement services can significantly improve participants' employment prospects. Research shows stable employment is a critical protective factor against high recidivism.

Parolees Readmitted to Prison and Recidivism for New Offenses



Source: NMSC, LFC files

Corrections Department Programming

NMCD has seen improved recidivism but still has a long way to go. Low completion rates of evidence-based programs suggest NMCD may need to focus not only on ensuring offenders receive services but also on ensuring offenders are consistently engaging in these services and that services are consistent among prisons and security levels. The department should also track metrics of success for participants and graduates of its programs and should conduct evaluations to ensure programs are implemented as intended.

NMCD reports all recidivism reduction programs it funds for $100 thousand or more are evidence- or research-based. The agency's FY23 program inventory included 29 programs, of which 17 (funded at a total of $6.4 million) were evidence-based, and 11 (funded at a total of $6.9 million) were research-based, with the agency's most significant expenditures on the residential drug abuse program ($1.4 million) and adult basic education program ($2.6 million).

The department may need to focus on ensuring offenders receive services and whether offenders are consistently attending to enable successful program completion. Although all programs have some research or evidence behind them, they must operate to fidelity, meaning they are run as the model intends, and their outcomes align with what is generally expected from correctly run programs. Improved reentry programming emphasizing employment, housing, and behavioral health treatment are essential to ensuring offenders effectively reintegrate into communities. Resources for low-level offenders reentering communities from both jails and prisons are scarce, and improved coordination between jails and prisons to develop such resources could be impactful.

NMCD has significantly changed its inmate classification system in response to concerns about the improper classification of inmates, leading to inmates being held at the wrong security level. but the project to validate a new classification tool is ongoing. Significant delays due to Covid-19 restrictions on prison visits have hampered the project, which the department estimates will not conclude until the end of 2023.

For more info:

Courts and Judicial Agencies Performance
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Housing. Housing insecurity and homelessness are common among justice-involved populations due to both the criminalization of homelessness and the impact of criminal history on obtaining future employment and housing. Research shows providing housing and services reduces crime and victimization among that population. Notably, almost half of people experiencing homelessness have been victims of violent crime, a rate nearly 25 times that of the general population. A 2016 study by the Institute for Social Research at the University of New Mexico found the city of Albuquerque's Heading Home Initiative, a housing-first program, produced savings for emergency services, hospitals, and jails, with a positive return on investment of $1.78 on every dollar. Similarly, a 2021 Urban Institute study of Denver's housing-first initiative found participants spent fewer nights in shelters, had fewer interactions with police, spent less time in jail, and spent less time in detox facilities.

Healthcare and Behavioral Healthcare in the Criminal Justice System

A growing body of research shows increased healthcare coverage—particularly through Medicaid—may reduce crime and recidivism by improving access to mental healthcare and substance use treatment for vulnerable populations, and often the benefits of reduced crime and incarceration exceed the cost of coverage. Medicaid coverage for former inmates reentering the community substantially impacts those offenders' outcomes, with studies suggesting coverage may lead to double-digit drops in one-year recidivism. State prisoners are usually not eligible for Medicaid because the federal government considers them in the state's custody. However, changes to Medicaid should result in coverage for inmates 30 days prior to release. NMCD has started requiring its release planning process to include consultation with inmates to ensure they are signed up for services upon release.

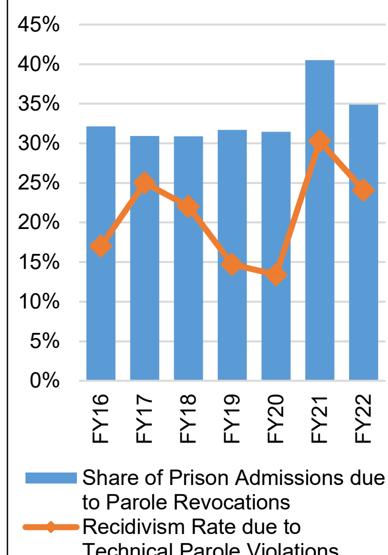
Almost half of New Mexico's population is enrolled in Medicaid. Still, the state has seen rising violent crime rates even as it has significantly increased its spending on core substance use services, suggesting the Medicaid population faces additional barriers to the utilization of effective substance-use disorder treatment and mental healthcare. Notably, a 2019 report issued by the U.S. Health and Human Services Department Office of the Inspector General found only 30 percent of the nearly 10 thousand licensed behavioral health providers in New Mexico provide services to patients enrolled in Medicaid managed care.

Increasing the use of medication assisted treatment (MAT) in prisons is anticipated to reduce reincarceration. Multiple LFC program evaluations have recommended expanding MAT in New Mexico, both inside and outside prisons. MAT is the standard of care for opioid disorders, and its use with psychosocial counseling has been shown to be safer and more effective than counseling alone. Ensuring the standard of care is delivered to inmates will require a system that includes screenings, access to MAT while in custody, and reentry services that effectively support ongoing recovery. Legislation enacted in 2023 requires NMCD to provide MAT to all inmates with MAT prescriptions by the end of calendar year 2025 and to all inmates by the end of FY26. NMCD has previously only offered MAT to pregnant women already undergoing such treatment, a tiny fraction of the population that could benefit from the program. The department recently received a grant from the Human Services Department to develop a pilot to treat other populations.

Judiciary Efficiency and Effectiveness

The judicial branch is critical in ensuring the swift and certain justice necessary to deter crime effectively. Performance metrics like time to disposition, age of cases, and the number of open cases help ensure the swiftness of punishment remains as effective a deterrent as possible. Statewide, these metrics have worsened in the wake of the pandemic, with the time to disposition and the number of cases dismissed increasing in most courts for criminal cases, despite increased investment that has outpaced general fund growth in recent years. These recurring issues continue to inhibit the state's responsibility to enforce the law and provide adequate defense for indigent people accused of crimes.

Parole Revocations and Recidivism for Technical Violations



Source: NMCD, Sentencing Commission, LFC files

Pretrial

Pretrial and diversion programs are affected by the judiciary-wide issue of staffing and retention. However, data from the Public Defender shows more cases were diverted for alternative sentencing in FY23 including an increase of 87 percent increase from FY22. Additionally, graduation and recidivism rates from drug and court participants continue to be promising, with recidivism from DWI court participants dropping to 5.3 percent. However, drug court participation rates have continued to decline. This trend, in addition to the proliferation of the number of drug courts within the New Mexico judicial system, creates an incomplete picture of the success of drug courts. With more courts but fewer participants, data can become inflated. Complete participation and the centralizing of drug courts should be prioritized. The data from pretrial and diversion programs within New Mexico's criminal justice system matches that of national trends that individuals going through pretrial and diversion programs have a lower recidivism rate than those who go through the correctional system.

Pretrial Detention. Pretrial detention policy seeks to balance the public's interest by not unnecessarily detaining individuals who pose no risk to the community and preventing the release of individuals who will go on to commit a serious crime during the pretrial period. In 2016, voters in New Mexico overwhelmingly adopted a constitutional amendment reforming the cash bail system used to secure release from detention. However, there is an asymmetry in public perception. The defendants whose lives are upturned due to unnecessary pretrial detention remain invisible and are rarely reported. In contrast, when a defendant is released and commits a serious crime, their name and criminal history are widely reported.

In New Mexico, several studies have analyzed the effects of the pretrial detention reforms by comparing the pre- and post-reform periods. Of over 15 thousand felony cases analyzed between 2017 and 2021, 98 percent of defendants were not accused of a violent felony during their pretrial period. For the past several legislative sessions, bills have been introduced that would have created presumptions of dangerousness based on an individual's current charge, past felony convictions, or past violations of conditions of release. Research concludes most proposals to make rebuttable presumptions —which place the burden of proof on the defense rather than on the prosecution to prove they cannot be released— are "roughly equivalent to detaining a random sample of defendants who are currently released." Researchers estimate the "wide-net" proposal introduced in the 2022 legislative session would have reduced crime by 1.4 percent at a cost of $13.8 million.

Numerous evidence-based options are available to policymakers to combat the re-offense rate of defendants, such as addressing root causes of crime, expanding evidence-based programs for juveniles, prioritizing medication assisted treatment for substance use disorder, and continuing to augment justice partners' ability to provide swift and certain justice. Each potential solution requires more comprehensive data collection to ensure key metrics are met and data properly validated. The judicial system will also need clear guidance to aid decision makers during the pretrial detention process.

Potential Solutions

The criminal justice system often deals with the downstream effects of failures outside the system, and a broader view of public safety requires examining the impact of such factors on crime. Approaches include improving the swiftness and certainty of justice by properly funding prosecutors and courts and reducing recidivism. Many approaches outside the system serve as effective deterrents, helping to prevent crime, not simply addressing its effects.

Judiciary Agency Staffing. Like other criminal justice partners, district attorneys have prioritized addressing recruitment and retention issues. Acutely felt in the rural parts of the state, district attorney offices are operating at a high vacancy rate. In particular, Division 2 of the 11th Judicial District Attorney and the 10th Judicial District Attorney report caseload increases of 240.5 and 80 percent, respectively. Though caseload data should be interpreted cautiously, the significant increases indicate a need for rural offices to be staffed. An outlier within the judiciary is the 2nd Judicial District Attorney in Bernalillo County, which has one of the lowest vacancy rates within the criminal justice system and has hired more attorneys than any other criminal justice agency. Judicial agencies will need to actively research new strategies and learn from successful criminal justice partners to continue improving recruitment and retention.

The courts mirror other criminal justice partners in their difficulties with recruitment and retention. Due to these issues, coupled with an increase in felony cases across the state, clearance rates have fallen. While they remain above 90 percent, keeping clearance rates above 100 percent is crucial to avoiding and addressing case backlogs. The courts did, however, decrease their average time to disposition, a key indicator of providing timely justice. Additionally, magistrate and metropolitan courts performed better than district courts in the disposition of criminal cases.

Probation and Parole Reform. Parole revocations comprise about one-third of prison admissions, with a significant number of revocations due to technical violations (generally drug or alcohol use), driving up costs. The governor vetoed 2023 legislation to reduce incarceration due to technical probation or parole violations (Senate Bill 84). The Legislature appropriated funds to provide transitional housing in FY23, which the Corrections Department (NMCD) is implementing. The process for granting and revoking parole is opaque and not well understood, and NMCD has had significant issues in its performance reporting on recidivism and parole revocation for technical violations. During FY23, the department met the consensus target for "percent of prisoners reincarcerated within thirty-six months due to technical parole violations," with an average of 19 percent. Probation and parole aims to implement noncustody sanctions, diversion programs, and incentive programs for offenders on supervision to act as increased efforts to support them in their communities prior to seeking revocation.

Rights of Victims and the Accused

New Mexico's high crime rates represent real damage to individuals and communities. Evidence-based programs to address victims' needs can alleviate some of the harm caused by crime and potentially prevent future crime. This is especially true for children, victims of domestic violence, victims of sexual assault, and traditionally marginalized communities. Effectively addressing victim needs is essential to improving public safety in New Mexico.

Victim Services

A vast body of research indicates most offenders were themselves victimized. Meeting victims' needs can, therefore, address both the consequences of crime and one of its root causes. Further, adequately serving victims may improve their cooperation with prosecutors, reducing criminal case dismissals and increasing the certainty of justice. Issues with victim cooperation are a leading cause of criminal case dismissals, with 12 to 24 percent due to victim or witness cooperation issues. The 2nd Judicial District Attorney's Office in Bernalillo County further reports such issues were responsible for almost half of the cases for crimes against people

Office of Family Representation and Advocacy

The Office of Family Representation and Advocacy (OFRA) was created as a standalone agency during the 2022 legislative session to provide high-quality legal representation for children, custodians, or guardians whose children are or are at risk of being placed into the legal custody of Children, Youth, and Families Department (CYFD). Under the Children's Code, children and respondents have the right to legal representation when youth are placed in the custody of CYFD, and previously, representation was provided through the court-appointed attorney program administered by the Administrative Office of the Courts (AOC). OFRA, governed by a commission of 13 members, began representing children and respondents in child abuse and neglect legal proceedings in FY24. The federal Administration of Children and Families (ACF) encourages states to provide legal services which reduces time to permanency decisions and reduces time in foster care and may ultimately result in improved family outcomes and a positive return on investment.

The office began operations in July 2023 with a $10.5 million budget, nearly twice the program's budget when previously housed at AOC. Because OFRA needed to provide clients with legal services immediately, the office primarily relied on contract attorneys to deliver legal services to clients in FY24, while the organization focused on hiring new agency leaders and attorneys. In addition, OFRA reported CYFD case filings in FY24 were roughly 50 percent higher than FY23, driving up contract attorney expenses and contributing to a projected budget shortfall in FY24. Over time, however, a portion of the legal services provided by the office should shift to permanent attorneys employed by OFRA. In FY25, OFRA aims to open two field offices in Albuquerque and Las Cruces and implement a multidisciplinary team model that includes social workers and family support navigators. The agency seeks to track outcomes associated with this model, including reduced time to permanency decisions, which has demonstrated positive results in other states. New Mexico should measure, track, and evaluate the outcomes of implementing the multidisciplinary approach in the first field offices piloting the system.

the office declined to prosecute between FY17 and FY22, and nearly 30 percent of crimes against property it declined to prosecute. Unfortunately, the state's existing victim services are sometimes insufficient to meet its high need.

Victims of Crime Act Funding

The federal crime victim's fund, which serves as the source for Victims of Crime Act (VOCA) funding allocation to all states, has declined since 2018. The Crime Victim's Reparation Commission (CVRC) was advised by the U.S. Department of Justice, Office for Victims of Crime to anticipate a projected 41 percent reduction from the current VOCA federal award funding level. CVRC is charged with providing financial assistance to victims of violent crime for expenses incurred due to their victimization. Due to these anticipated cuts in funding, CVRC is likely to continue requesting increased levels of state general funds to avoid cutting funding to service providers.

The continued strength of state revenues and availability of time-limited federal dollars represent a historic opportunity to invest in infrastructure that delivers essential public services, supports economic development, and improves quality of life for New Mexicans. But the state faces significant challenges in using available funds effectively, including skyrocketing construction costs, a growing backlog of capital appropriations, insufficient planning and coordination of funding sources, and an ad-hoc approach to using state funds to leverage federal dollars.

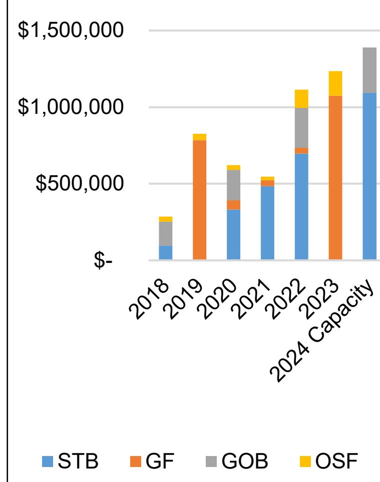
LFC Online: Understanding Government Finances

Finance Facts: Capital Outlay Process

Capital Landscape

Demand for infrastructure dollars continues to exceed bonding capacity, the usual funding source for capital investments, even as state revenues surge. Reported unfunded FY25 capital needs from state and local entities topped $4 billion as of December, according to local infrastructure capital improvement plans and state agency and higher education requests, compared with approximately $1.4 billion in severance tax and general obligation bonding capacity, the usual sources of capital funding. As of December 2023, requests included $701 million from higher education institutions and special schools and $1.1 billion from state agencies and the judiciary, while infrastructure capital improvement plans submitted by local entities included $2.5 billion in unfunded needs for top priority projects in FY25. With unspent balances from previously funded projects rising, the Legislature should consider not only need in its funding decisions but the capacity of state agencies, local entities, and the private sector to spend additional funds and complete projects. Additionally, general fund surpluses could allow lawmakers to prioritize the most critical capital needs with cash investments and avoid the need for debt financing for most projects for the second year in row. Such a strategy would allow additional revenue to flow to the permanent fund with the goal of increasing future recurring revenue.

Capital Appropriations by Fund Source and New Bonding Capacity
(in thousands)



Source: LFC files

Capital Backlog

Large capital appropriation packages several years in a row combined with surging revenues to programs that support capital projects outside the annual appropriation process are contributing to historically high outstanding balances. At the end of FY23, unspent capital balances reached an all-time high, totaling an estimated $5.2 billion, a 37 percent increase over the end of FY22. The total included projects authorized by the Legislature ($2.9 billion), projects funded through severance tax bond earmark programs ($500.4 million), supplemental severance tax bonds for public school construction ($1.3 billion), and special appropriations to capital projects ($524 million). The last figure represents uncommitted and unspent funds from $977.4 million in special appropriations during the 2021 special and 2022 regular sessions. Another steep increase in construction costs is likely to exacerbate the dilemma of unspent funds across nearly 5,000 active capital appropriations in the state.

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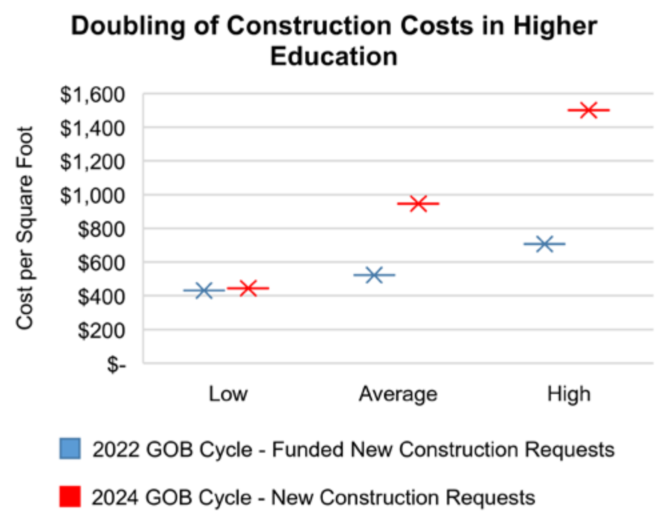
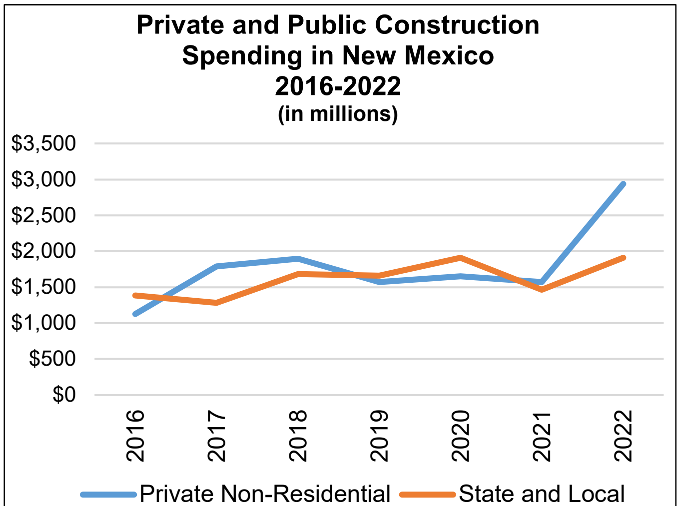
Rising Construction Costs

Requests for capital project funding from public school districts and higher education institutions reflect a dramatic rise in construction costs over just the past year, despite stabilization of the supply chain and an easing in the increases of material costs seen during the pandemic. Multiple 2023 requests for construction funding to the Public School Capital Outlay Council (PSCOC) came in at twice the estimates made a year earlier. Similarly, requests for 2024 higher education projects are based on construction cost estimates that have roughly doubled since the last general obligation bond request cycle.

In October, the PSCOC approved construction funding for public schools in Des Moines and Mosquero with total project costs of $51 million and $46 million, respectively, or more than $1,000 per square foot. Each school will serve about 100 students, was value-engineered to reduce costs, and includes few features above state adequacy standards. While members of the council have expressed discomfort with the sustainability of such cost increases, the council has not turned down funding requests due to high costs.



Source: LFC Files



Source: U.S. Census, Value of Construction Put in Place Reports

Cost increases no longer appear to be driven primarily by spikes in material costs or supply chain disruptions. 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, but the recent increase in private sector commercial construction has been even more significant, according to national data, with an 87 percent increase in private non-residential spending in New Mexico from 2021 to 2022—the third highest increase among all U.S. states.

In this environment, appropriating sufficient or realistic amounts to projects will be difficult unless they are well planned and at an advanced stage of design. Dollars appropriated to such projects—unless specifically intended to fund planning and design—may sit idle or require supplemental future appropriations. Additionally, the Legislature may consider prioritizing completing funding for critical projects with previous appropriations before funding new projects in 2024.

Opportunities to Improve Local Project Success

“Local” capital projects are sponsored by individual legislators and the executive, who receive requests for funding from municipal and county governments, political subdivisions, and other entities. Local capital appropriations provide direct support for local priorities at no cost to municipalities, county governments, and other public entities. When completed, projects improve New

Mexicans' economic prospects and quality of life. However, numerous obstacles prevent completion of projects in a timely manner—or at all. For years, the state has not lacked clarity on the sources of these obstacles or potential solutions. What it has lacked is action to implement solutions. Without such action, the state will continue to struggle to maximize the impact of capital funds on community well-being. Lawmakers have an opportunity to pursue improvements to the system and, in doing so, to help ensure the unprecedented revenues available for infrastructure make a meaningful difference around the state.

Percent Expended of Appropriations to Statewide, Local and Higher Education Projects
as of the end of FY23

	Statewide Projects	Higher Education Projects	Local Projects
2020	63%	31%	53%
2021	44%	26%	34%
2022	30%	3%	8%

Source: LFC files

Completing Existing Projects. Rising construction costs and limited availability of contractors are contributing to project delays, forcing entities to reduce project scope and jeopardizing project completion. Compared with other funding sources, capital outlay has limited flexibility to address shortfalls during the course of a project, and the state does not currently have a systematic way of identifying projects delayed by inflation-driven budget issues. Additionally, capital outlay projects often receive only partial funding. Piecemeal funding makes it difficult to secure contractors, strains local and state agency project management capacity, contributes to project delays, and can drive up overall costs. To address these issues, the Legislature could make appropriations to several existing funds that could be utilized to fill gaps for priority project types, including water systems and transportation. Legislators could also prioritize their individual discretionary funds to complete high-priority projects experiencing relatively minor shortfalls and to new projects that can reach full funding with available capital appropriations. Coordinating with other lawmakers with shared constituencies makes it more possible to fully fund projects with discretionary funds.

Recommended Local Project Vetting Criteria

- ✓ Project reduces health and safety hazards or provides key infrastructure for economic development;
- ✓ Project is a top-three priority on a public entity's infrastructure capital improvement plan;
- ✓ Total project cost is based on estimates provided by a contractor, engineer, architect, or other qualified professional;
- ✓ Land, property, rights of way, or easements required to begin construction have been acquired;
- ✓ Request fully funds the project or a functional phase;
- ✓ Funding requested could not be secured through other sources;
- ✓ Entity has committed some local revenues to the project.

Improved Vetting of Local Requests. Legislators receive a large volume of requests and must make funding decisions quickly with limited staff support. This makes vetting requests for need, quality, and readiness difficult and inconsistent. As a result, many projects are funded before planning is complete, before they are ready for construction, without consideration of local financial and managerial capacity to execute the project, and with appropriations that represent only a fraction of the total cost of a phase or the project as a whole. Piecemeal funding can delay projects and increase overall costs. Approximately 38 percent of the nearly 1,400 local projects to receive capital outlay funding in the 2023 capital bill received 50 percent or less of requested funds, a proportion largely consistent with the previous year. Legislators could voluntarily apply recommended vetting criteria when considering requests. For the 2024 session, LFC worked with the Legislative Council Service to modify the project request form legislators receive to make it easier to discern whether projects meet recommended criteria. The form will also show the project stage so legislators can easily identify readiness for construction or need for funding for planning or design and incorporate such information into appropriations decisions.

Project Management and Oversight. Both state agencies and local governments play a key role in managing projects to completion, and a lack of capacity at both levels can negatively impact projects. Currently, management and oversight of capital outlay projects is distributed across numerous state agencies with

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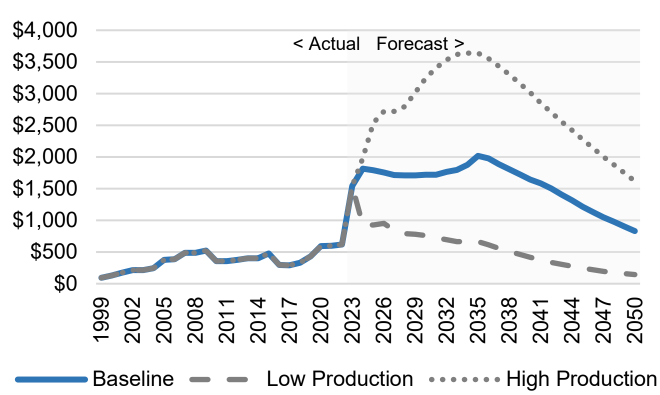
Finance Facts: Bonding Capacity

Audit Compliance

The Office of the State Auditor (OSA) recently revamped a program that assists local entities with becoming audit compliant, a condition of receiving capital outlay that is often a struggle for small entities. Formerly, the program provided local entities with grants to hire their own auditors. Now, OSA, with support from the 2023 special appropriation, contracts directly with auditors who proactively reach out to communities on an "at-risk" list for audit noncompliance. Since a 2013 executive order, compliance with the state Audit Act has been required for communities to access capital outlay appropriations. According to OSA, in FY23 the program freed up $2.3 million in capital outlay appropriations; allows million more in capital outlay remains held due to audit noncompliance.

Max Bonding and Debt Service
(in millions)



Note: Low and high production estimates are based on CREG oil and gas scenarios.

Source: LFC files

varying capacity to provide effective project management and technical support to local governments. Existing resources are strained by the sheer volume of active projects, which has increased with rising revenues. Additionally, limited technical, financial, and administrative capacity at the local level makes it difficult to access funding for projects from sources other than capital outlay and to keep projects moving. The Legislature in 2023 supported targeted and relatively minor staffing increases in key agencies, such as the Environment Department, Department of Finance and Administration, and Indian Affairs Department, to improve support available to local entities and appropriated funding for capacity building grants to local governments and technical assistance providers, such as the councils of governments. Continued funding for capacity building could build on that groundwork.

Establishing a Centralized Infrastructure Office. Limited capital outlay dollars are often appropriated to projects for which other dedicated funding sources exist, including grant funding. Due to a lack of centralized infrastructure planning and coordination, capital outlay dollars are not used strategically to supplement such sources for communities or projects of greatest need. This can contribute to geographic inequity, lead to project delays, and increase overall costs, particularly when communities opt to chase capital outlay dollars year after year until a project is fully funded. For example, water and wastewater projects are among the most common capital outlay appropriations even though other dedicated funding sources exist, including underutilized federal funds, and despite the fact that these are typically expensive projects that are difficult to fully fund through capital outlay. The average capital outlay appropriation to water projects was roughly $298 thousand in 2022. In comparison, the average project award from the Water Trust Board was $2.1 million.

An infrastructure office could be established to conduct statewide needs assessments to guide funding decisions; to provide project development assistance for local entities; to coordinate and navigate state and federal funding opportunities; to coordinate or provide grant writing, grant administration, and project management support; and to otherwise support timely project completion. Currently, though state agencies conduct oversight of local capital appropriations to ensure funds are spent consistent with legislative intent, no one within state government is expressly charged with ensuring projects reach full funding, are completed, and are put into service for the public.

Debt Capacity and Long-Term Revenue

While recent general fund surpluses have allowed the Legislature to finance capital outlay projects with cash, the traditional source of funding for capital projects is severance tax bonds. The bonds are a form of debt that is repaid with revenues from severance taxes on oil, gas, and other minerals deposited into the severance tax bonding fund. By law, total debt is limited to 86.2 percent of the lesser of current-year or prior-year bonding fund revenue. Capacity for long-term debt is based on estimates for 10 years of revenue, interest rates, and other factors.

The state's debt capacity has increased significantly over several years as a result of the oil boom, but as recently as 2017, revenues were insufficient to support any new capital appropriations. In the long-term, these revenues are expected to stagnate and then decline, with a steep decline forecast by the late 2030s under both baseline and high production scenarios.

LFC Online: Understanding Government Finances

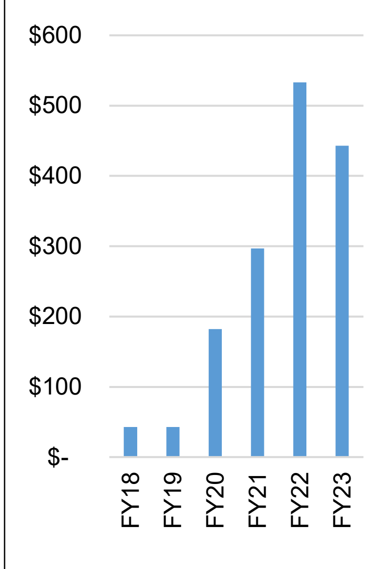
Finance Facts: Local Capital Outlay Planning

The decline is likely to make it difficult for the state to both finance new capital projects and maintain the investments it is making today. This challenge will weigh on the general fund as it becomes a replacement source for capital at a time when general fund revenues will already face headwinds from declining oil and gas production. To avoid this future fiscal strain on the state, additional long-term planning and preparation for the capital outlay program is needed.

Additionally, if fully utilized, current increases in capacity present a risk to the state's bond ratings due to the potential impact to debt ratios. The July 2023 long-term estimates showed debt ratios for New Mexico are expected to soar. By adhering to debt ratios in line with the national average, a state demonstrates prudent fiscal management, instills investor confidence, and reduces the risk of default from an excess of debt repayment per person.

Options for addressing these issues include tying debt capacity to debt ratios, which could stabilize funding available for capital projects, extend available capacity from severance tax revenues, and help secure the state's bond ratings, and exploring the creation of a capital reserve with unused bonding fund revenue or other sources.

Public School Capital Outlay Fund Uncommitted Balance
(in millions)



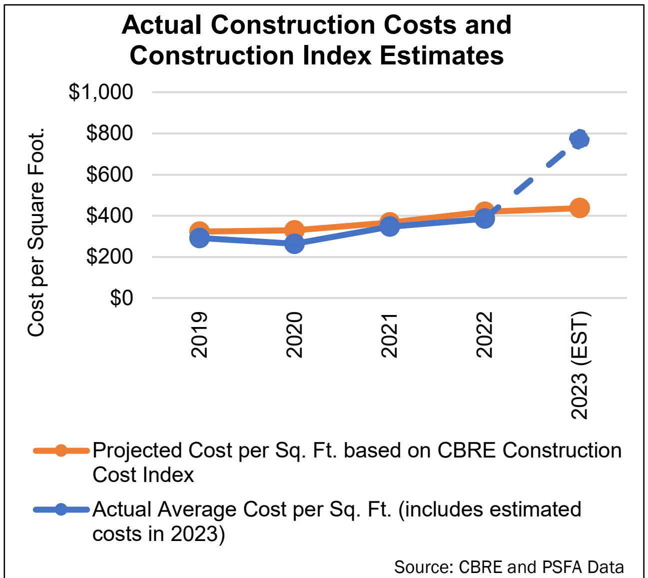
Source: PSFA

Public School Capital Outlay

The 1999 *Zuni* capital outlay adequacy lawsuit, which found the prior practice of locally funded school construction was unfair to property-poor districts, remains open despite the state's investment of $2.7 billion since the ruling to improve school facilities and a significant improvement in the average condition of New Mexico schools. The state is now in the process of appealing the 11th Judicial District Court's 2015 ruling that inequities still exist.

Until this year, applications to the state's public school capital outlay fund—created to address the *Zuni* lawsuit—had dwindled, while growth in oil and gas revenue expanded the state's capacity to finance school facility projects. Legislative changes to funding formulas, outstanding legislative offset balances, improvements in overall school facility conditions, and pandemic-related disruptions all contributed to reduced demand for state funding and rising uncommitted balances in the public school capital outlay fund.

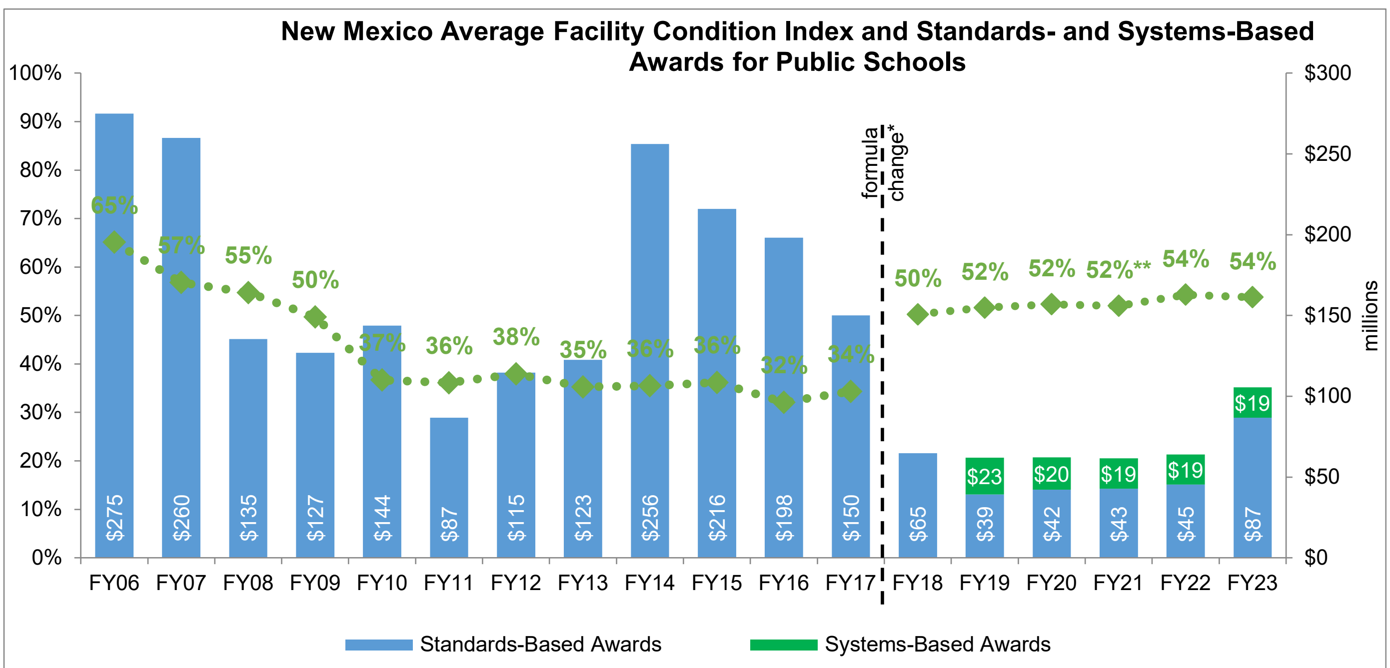
Legislation enacted in 2023 changed the state-local match formula to entice more school districts to seek support for projects from the public school capital outlay fund. The effect was to reduce the cost burden on school districts and increase the cost burden to the state. The changes have increased demand for the fund but have collided with dramatic increases in construction costs that have left many districts unable to afford their reduced local matches, prompting an unprecedented number of waiver requests before the Public School Capital Outlay Council.



Construction Costs. In 2023, the council began to receive construction funding requests with steep increases in cost. Two elementary school replacement projects brought by Los Alamos Public Schools in the spring had roughly doubled in cost relative to estimates made just a year earlier for the same projects.

LFC and Legislative Education Study Committee analysis suggests the recent cost increases in New Mexico may be more significant than those occurring in other markets. The cost of public school construction in New Mexico closely followed the Coldwell Banker Richard Ellis cost index, for example, until this year. 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 this year. Instead, the first four school projects brought to the council in 2023 averaged $771 per square foot. As the year progressed, costs continued to increase for projects some areas of the state. In October, the PSCOC approved construction funding for public schools in Des Moines and Mosquero with total projects costs of $51 million and $46 million, respectively, or more than $1,000 per square foot.

Public School Facilities Authority (PSFA) staff have suggested the problem is, in part, regional in nature, with projects in northern New Mexico coming with particularly high price tags due to limitations in contractor availability in surrounding areas and the remote location of projects like those in Des Moines and Mosquero. PSFA staff have revised the assumptions underlying the agency's financial plan multiple times over the course of the year to account for rising costs and have begun making estimates based on regional factors. Several projects that



*In January 2018, the Public School Capital Outlay Council altered the methodology for calculating FCI, so FY18 scores are not directly comparable to prior year scores. The statewide average FCI of 50.3 percent for FY18 is equal to approximately 32.6 percent using the previous methodology.

Source: PSFA

came to the council for funding at the end of the year in less remote locations did receive lower bids, with total project costs around $600 to $700 per square foot and more competition among contractors for projects closer to Albuquerque.

School Conditions. New Mexico's school facility conditions have significantly improved since the *Zuni* lawsuit. PSCOC uses two indices to measure the condition of a school building—the facility condition index (FCI), a ratio of the cost of repair and improvement against the cost to replace the facility, and the weighted New Mexico condition index (wNMCI), an FCI score that includes additional weights for educational adequacy. For both, a lower number reflects a building in better condition. These indicies are used to rank projects for priority funding, and generally, PSCOC considers replacing rather than renovating and repairing a building with an FCI greater than 60 percent.

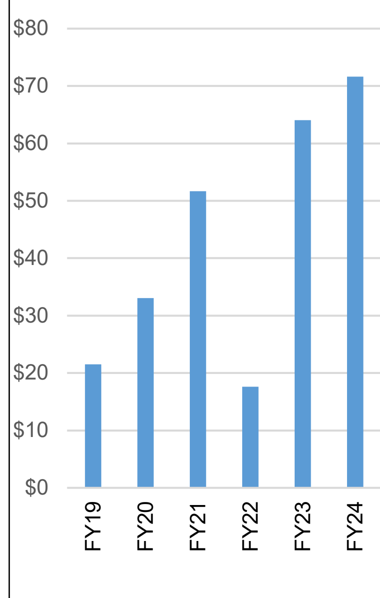
LFC Online: Understanding Government Finances

Finance Facts: Public School Capital Outlay

The state's investment has improved the statewide average FCI from 70 percent in FY04 to 54 percent in FY23. Furthermore, the average wNMCI for all school districts improved from 40.5 percent in FY05 to 23.5 percent in FY22, and more schools are leveraging tools provided by the Public School Facilities Authority (PSFA) to improve maintenance. PSFA's facility maintenance assessment report suggests statewide average maintenance quality is meeting 72 percent of benchmark practices—meaning most facilities are maintained at a level that will help systems reach their full expected building life.

For the past two years, the Legislature has made large appropriations from the public school capital outlay fund that PSFA has distributed to districts via a formula. The funds can be used flexibly by districts for priorities specified in statute, including maintenance. The distributions have occurred due to high balances in the public school capital outlay fund and in recognition of the need to maintain equity in funding for public school capital needs. Many districts have significant maintenance needs and these appropriations provide equitable state assistance in addressing those needs for schools that do not yet qualify for replacement.

General Fund IT Appropriations
(in millions)



Source: LFC files

Information Technology

Since FY19, general fund appropriations for information technology (IT) projects have more than doubled, growing 232 percent. The growth has been relatively consistent across those years, except in FY22 when funds were limited due to the Covid-19 pandemic. However, demand for projects in FY25 has actually decreased; 16 agencies requested an estimated $81.5 million in general fund revenues for projects in FY25, compared to nearly $104 million in FY24. In addition, agencies continue to request other state funds and federal funds to support IT projects statewide, totaling $15.5 million and $36.2 million in FY25 respectively.

While demand for modernization and replacement projects continues to grow, limitations in state agencies' capacity for project management and delays among existing projects continue to pose a concern. To prevent quick obsolescence of new systems, a growing number of agencies are utilizing modular strategies—which allow individual system modules to be changed or upgraded without affecting the whole system—and are developing cloud-based systems to allow ongoing upgrades and maintenance.

Broadband and Cybersecurity.

Federal funding available to states for both broadband and cybersecurity have required the state to develop widespread strategies for implementing needed infrastructure and services to ensure the state's networks and IT systems are not only usable but also secure and adequately maintained.

The **Connect New Mexico Pilot Program** has funded 19 projects and provided approximately $117 million in grants, complemented by $72.7 million in matching contributions. The funds yield a total investment of approximately $189 million. In total, these projects will deploy over 1,400 fiber miles and connect approximately 26 thousand premises, including assistance for seven pueblos and tribes.

The Department of Information Technology (DoIT), in coordination with the new Cybersecurity Office and Office of Broadband Access and Expansion (OBAE) as well as other state agencies, should work to ensure high return on investment for funded projects, should leverage existing state funding and take advantage of new federal funding opportunities where possible, and should continue to expand its project management services and capacity to assist state agencies in broader project and strategic planning. The state should continue to address IT workforce capacity issues and identify and expand project management capabilities across the state's IT workforce.

Broadband. In total, the state has seen an investment of nearly $300 million in state and federal funds for broadband expansion and planning efforts at state agencies, including $100 million appropriated into the connect New Mexico fund, created in 2021, along with the Cybersecurity Office and the Office of Broadband Access and Expansion in the wave of the pandemic.

Broadband funding has supported several statewide projects, including e-Rate expansion projects for the Navajo Nation serving around 300 students ($3 million), library expansions in coordination with the Department of Cultural Affairs ($1 million), and expansion projects in northern New Mexico and Rio Arriba and Santa Fe Counties ($372.9 thousand and $259.7 thousand). The office has completed the initial five-year plan for the federal broadband, equity, access and deployment (BEAD) grant, which is expected to bring $675 million to New Mexico through FY27 and should help address outstanding need.

For more info:

Information Technology Projects Performance Page 165

To better understand the extent of need, new address maps were published by the Federal Communications Commission (FCC) in 2023, identifying 84 percent of locations in the state are connected at speeds of 100 megabits per second, while 8 percent are unserved and another 8 percent are underserved. OBAE reports connecting the unserved would cost between $2.3 billion and $2.9 billion, while connecting both the unserved and underserved would cost between $2.8 billion and $4.1 billion. The estimate assumes connections using a mix of 40 percent aerial and 60 percent underground—or around 14,875 miles of fiber.

Further, leadership changes at the office and delays in establishing an overarching strategy to spend existing broadband threaten a ton of programs. OBAE is seeking to expand their staff and administrative capabilities to track existing funding and support administration of new broadband grant programs and has established a grants management system. In addition to expected federal funds, the agency should prioritize timely utilization of existing funds to ensure existing investments are supporting needed expansion projects for the state's unserved and underserved while still developing plans for providing other needed services, such as workforce development programs, digital literacy, and technical assistance.

Cybersecurity. State agencies currently operate siloed systems and rarely coordinate efforts related to cybersecurity, resulting in piecemeal programming and a lack of comprehensive planning. However, New Mexico is moving toward centralized oversight of cybersecurity. Effective in FY24, Laws 2023, Chapter 115 (Senate Bill 280) established a new Cybersecurity Office, administratively attached to DoIT, which will receive all cybersecurity-related funding from DoIT's other programs. DoIT has established new performance measures for the office and is working to request changes to staffing to support this new office.

DoIT has functionally completed its $7 million enterprise cybersecurity project, which established several new programs and services at the agency, to be provided to state agencies. For instance, all executive branch agencies are participating in DoIT's vulnerability scanning program. The move toward centralization and the establishment of formal oversight mechanisms should improve the state's capacity to implement widespread security standards and cybersecurity programs that provide services to more than just state agencies.

Project Management and Oversight. To help manage the state's existing and upcoming IT projects, DoIT is pursuing a modernization of its Enterprise Project Management Office (EPMO) to provide greater transparency and improve business processes. The EPMO currently maintains the agency's IT data dashboard, which is available on the agency's website and has improved accountability and transparency for state IT projects. The EPMO project dashboard currently identifies 57 open projects totaling $935 million. However, the dashboard contains self-reported information from agencies and is limited in the amount of information that can be uploaded. To address this, the modernization project will attempt to streamline the reporting process and provide additional checks and balances to ensure the information is accurate and timely. The goal is to create efficiencies for document submission, allow additional data analytic capabilities, and shift focus from document management to project oversight and strategic planning. This initiative should align with best practices and establish a more formal governance and accountability structure to provide IT oversight.

Some of the largest projects—$418 million for the Human Services Department's Medicaid management information system replacement and the Children, Youth and Families Department's $71 million comprehensive child welfare information system replacement project—have experienced substantial delays and cost escalations over time, and concerns over procurement and federal approvals have continued to pose risk. These projects and other large initiatives require substantial oversight and adequate management, but both projects have experienced vendor and leadership changes that impact implementation. The projects have received federal approvals, but oversight of the state's largest projects continues to be a challenge given limitations in reporting and constrained capacity not only at EPMO and DoIT but among state agencies overall.

IT Project Status Report Ratings, FY23 Q4
(in millions)

Agency and Project Name	Overall Rating	Project Cost	Funded	Spent
HSD's MMISR		$418.3	$369.5	$198.9
State Broadband Program		$268.0	$268.0	$45.5
DoIT's P25		$170.0	$91.2	$63.4
HSD's CSESR		$76.7	$32.9	$14.8
CYFD's CCWIS		$71.1	$43.4	$12.8
NMCD's OMS		$16.6	$16.6	$16.6
HED's NMLDS		$14.1	$7.5	$3.3
DPS's RMS		$7.4	$7.4	$4.1
RLD's Accela Replacement		$7.3	$7.3	$6.5
DoIT's Cyber Upgrade		$7.0	$7.0	$7.0
NMCD's EHR		$6.7	$6.7	$2.6
DPS's ILP		$6.2	$5.6	$0.4
DPS's CAD		$3.0	$3.0	$1.3
Totals		**$1,069.40**	**$863.10**	**$377.2**
% of Costs Funded		*80.71%*		

Source: LFC Files

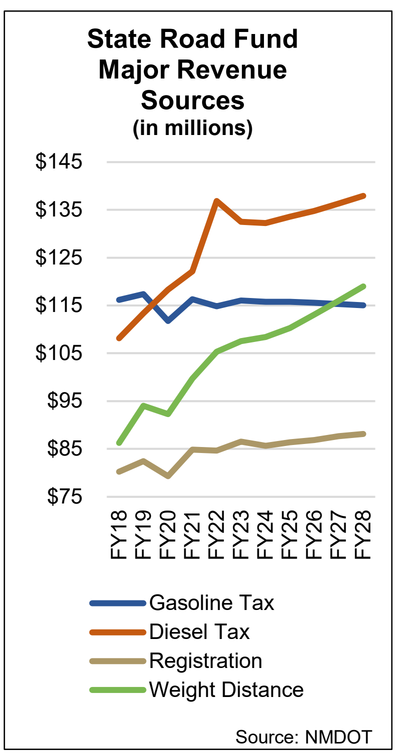
LFC Online: Understanding Government Finances

Finance Facts: Highway Funding

The state does not currently have a statewide IT strategic plan. DoIT and other agencies are required to submit an IT strategic plan by September 1, 2023, but the state has yet to develop an overarching plan that addresses the state's IT challenges, service gaps, and outstanding needs. In 2023, the agency attempted to bring together state agency staff and chief information security officers to discuss strategic planning and goals for the state's IT ecosystem. However, limited participation resulted in little progress on completing the plan. An overarching statewide plan would need to address how activities align with business goals, establish a communications and governance plan, and establish goals and metrics to track progress. Without a dedicated forum to discussing statewide strategy, DoIT will continue to help state agencies develop their own plans without a formalized understanding of the state's long term plans or how individual state agency goals and services align.

Further, DoIT should continue to assess the state's capacity for managing IT projects, including capacity for securing and meeting requirements for new federal funding, especially for broadband and cybersecurity. The state should continue to address workforce shortages and classification limitations; for example, only 35 current positions in state government are explicitly for cybersecurity. This lack of skilled employees and project managers is exacerbated by the growing demand for new IT projects and systems and the growing competition with the private sector. EPMO should establish more formalized processes for overseeing its project portfolio, and DoIT and OBAE also need to establish dedicated processes for managing its grant portfolio, both for funds received to and awarded by the office.

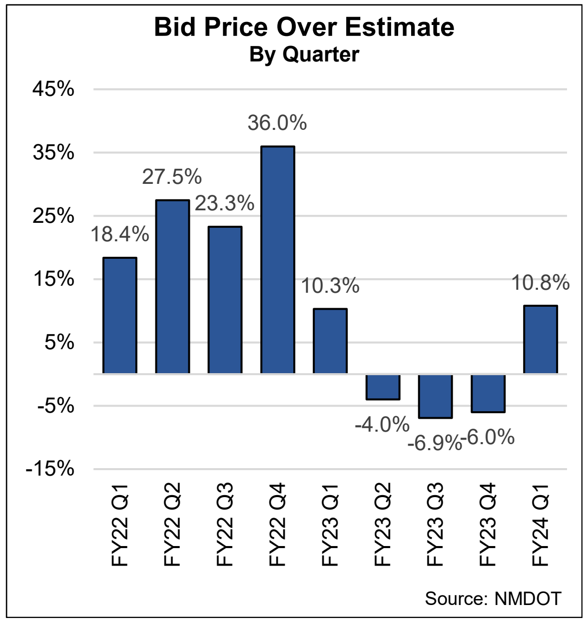
Transportation Infrastructure



As with other construction projects, road projects undertaken by the Department of Transportation (NMDOT) have experienced significant cost increases in recent years. Nationally, the Federal Highway Administration reports highway construction costs, on average, are 35 percent higher than they were at the end of 2020 and NMDOT reports some project estimates have increased by as much as 50 percent in recent years.

NMDOT reported project bid prices routinely surpassed engineer's estimates of projects costs in FY22, with quarterly average bid-over-estimate amounts ranging from 18 percent in the first quarter to 36 percent in the fourth quarter. For FY23, engineers adjusted their estimates, improving the agency's ability to proceed with projects, but increasing overall costs. On average, bid prices listed on the department's public bidding portal showed bid costs averaged slightly below engineer's estimates, with the exception of the fourth quarter. Overall, the department received bids for 36 projects, with an aggregate estimate of $460 million. Aggregating each of the low bids for these projects showed total project costs of $435.7 million, or a savings of 5.3 percent versus the estimated costs.

While project costs for the department have been rising, funding for transportation projects, largely from federal funds, fuel taxes, and fees on commercial trucking, has likewise increased. Between FY20 annd FY23, recurring revenue for NMDOT increased by 29 percent, largely due to increases in grants under the federal Infrastructure Investment and Jobs Act and from the motor vehicle excise tax. Generally, major road construction projects are funded with federal dollars, with state road fund revenue used to meet matching requirements, for maintenance activity, and to support department administration.



Revenues from gasoline taxes, at one time the largest source of state road fund revenue but now second to taxes on diesel, have been largely flat for the last five years. Although the department expects gasoline tax revenue to remain stable in the near future, increasing fuel economy poses a challenge to revenue for road projects. As consumers shift away from gasoline-powered vehicles in favor of electric vehicles—helped along by nearly $50 million in state and federal investments in electrical vehicle charging infrastructure in New Mexico—the state will lose a major source of revenue traditionally used for road funding. Like the gas tax, other revenue sources, such as vehicle registration fees, are set in statute and do not automatically adjust as the total purchasing power of those revenue sources are eroded by inflation.

Reductions in the state's long-term debt obligations provide the department an opportunity to shift revenue from debt service payment to programming. As recently as FY19, NMDOT had outstanding debt service totaling $1.4 billion; as of FY25, outstanding debt will total $695 million. Large debt principal payments in FY24 will reduce interest payments from $37 million in FY24 to $29 million in FY25 and total debt service payments from $194 million in FY24 to $111 million in FY25, leaving an additional $83 million available for program funding.

For more info:

Department of Transportation Performance
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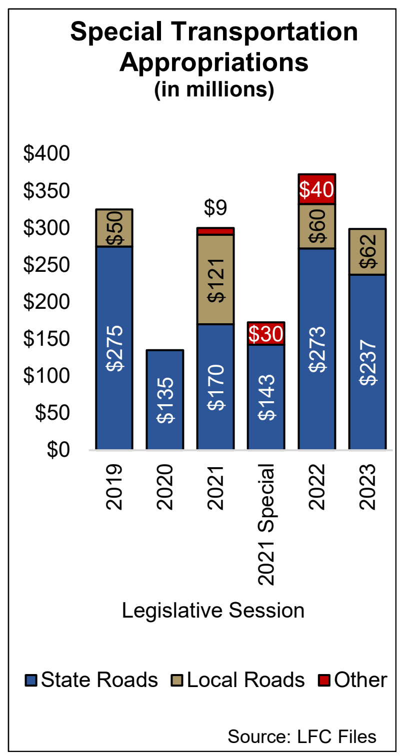
Beyond state road projects, many local governments struggle to bring projects to completiton. Of the $256 million in capital outlay funding for small, local transportation projects currently outstanding, $123 million is tied up in 264 projects where there is little evidence of ongoing activity. Disparate funding streams for local road projects—with state money flowing through the local government road fund, the transportation project fund, and through direct capital outlay appropriations—add complexity to the system, and improved coordination could make it easier for local governments to apply for road funding.



Nonrecurring Investments

Recognizing the need for additional transportation revenue, since 2019 the Legislature has provided NMDOT with $1.6 billion in nonrecurring special appropriations to improve New Mexico's transportation infrastructure. This funding has enabled the department to plan, design, or construct 80 major investment projects—large investments designed to expand capacity or significantly improve existing infrastructure—across the state. So far, only a small number of major investment projects have been completed. These projects are typically multiyear efforts and blend several funding sources, including federal highway funds, revenue from the state road fund, and direct capital outlay appropriations in some cases.

Natural Resources

For more info:

[Energy, Minerals and Natural Resources Performance
Page 151]

Longer and more volatile seasons, drought, and other impacts of climate change have made environmental and energy policy a priority for state lawmakers in recent years. Last session, key agencies received unprecedented budget increases to enhance the state's wildfire attack response, increase oversight and compliance of the oil and gas industry, add to the staff who develop and implement water management policy, and provide communities with technical assistance on water infrastructure projects. The Legislature additionally recognized a need to invest in the long-term health of the state's natural resources, with special appropriations totaling over $399 million for restoration projects, infrastructure, and the creation of a permanent fund to generate consistent revenue for conservation programs.

The state's natural resources agencies, some of which have cited past budget contraints as justification for poor performance, are financially well-positioned to manage the large investments for a significant positive impact.

Energy

The transition away from fossil fuel-based energy generation opens the door to economic opportunities related to renewable energy. New Mexico has potential for solar, wind, and geothermal energy development. A movement toward clean energy sources has the potential to attract investment, create new jobs, and stimulate long-term economic growth.

Energy Transition

Renewable energy development is dependent on expanded transmission capacity, which in turn relies on permits and approvals from public entities and private landowners and can be fraught with concerns about disrupting wildlife habitat, natural landscapes, and cultural sites.

To grasp the challenging nature of this process, New Mexicans need not look further than the SunZia Transmission Project, which has been in development since 2008, finally began construction in September 2023 and then was paused to address tribal concerns. The 550-mile transmission line originating at a 900-turbine wind farm in Torrance County will bring 3.5 gigawatts of wind energy to Arizona and other western states. SunZia is the first major project of its kind and the largest clean energy project in U.S. history. Considering this scope, a complex and careful planning process involving dozens of government agencies and stakeholders is to be expected. But nearly 20 years spent mostly in permitting is not a sustainable timeline. To ensure transmission capacity keeps up with renewable energy demand, state and federal policymakers must work with private developers to improve the speed of this process.

Clean Energy Economy

Abundant renewable energy resources exist throughout the state. Solar power can be harnessed by individuals installing solar panels on rooftops and on open land and by energy companies developing solar farms. New Mexico can continue to invest in wind energy by erecting wind turbines in suitable areas. Initial research also shows New Mexico has geothermal resources that can be tapped for power generation, utilizing heat from the earth's core to produce electricity.

Transition and Modernization. As the state transitions to renewable energy sources, incorporating energy storage systems is crucial for maintaining a stable, reliable power grid. Battery storage facilities can store excess electricity generated from renewable sources during peak production periods and supply it when demand is high. Upgrading transmission and distribution infrastructure is essential to accommodate new power sources and ensure efficient electricity delivery. Enhancing the grid's capacity and flexibility will support seamless integration of renewables. Investing in energy efficiency programs can help reduce overall electricity demand. Promoting energy-efficient building practices, incentivizing energy-saving technologies, and educating residents about energy conservation can all contribute to a sustainable energy future.

The Energy Transition Act (ETA) set a renewable energy standard of 50 percent by 2030 and 80 percent by 2040 for New Mexico investor-owned utilities and rural electric cooperatives. The law also established zero-carbon resource standards that investor-owned utilities must meet by 2045 and rural electric cooperatives must meet by 2050. The ETA began New Mexico's transition away from coal power in favor of greater renewable energy production while seeking to reduce costs for consumers. It provided up to $20 million of economic and workforce support for communities impacted by coal plant closures, as well as the development of renewable replacement power in San Juan County, hit by the shutdown of the coal-powered San Juan Generating Station.

The closure of the station in September 2022 resulted in the direct loss of approximately 450 jobs. The mine and plant had provided electricity to millions of people across the southwestern United States for nearly half a century and had been a major employer in the region, providing jobs not only for station workers, but also for contractors in supporting industries.

The ETA created three funds to assist communities affected by the transition, funded through transition bonds issued by "qualifying utilities." When the Public Service Company of New Mexico closed the plant, funding from transition bonds totaled $1.8 million to the Indian Affairs Department fund, $5.9 million to the economic development fund, and $12 million to the Workforce Solutions Department fund, all subject to legislative appropriation. The Economic Development Department created the Energy Transition Act Committee (ETAC) in compliance with the statute to consult with tribal and community entities to determine how to spend the funds. Though the committee has held three public meetings, as of July 10, 2023, no plan to spend any of the funds has been published.

Increased Oversight of the Oil and Gas Industry

New Mexico continues to see record levels of activity and associated state revenue in the oil and gas industry. The regulatory agencies tasked with ensuring compliance have struggled to manage the increased workload: as production has ramped up, the number of inspections has plateaued.

Inspection and Enforcement. The Oil Conservation Division (OCD) is the primary entity responsible for oversight of the oil and gas industry, but the combination of increased industry activity, persistent inspector vacancies, and aggressive orphaned well-plugging efforts have slowed the pace of active well inspections. Regulatory changes regarding methane venting and flaring have also increased the burden on this division. Legislative and executive priorities in recent years concentrated budget increases in the State Parks and Forestry divisions, while OCD was encouraged to reduce its vacancy rate using existing resources.

Hydrogen

Nationally and in New Mexico, hydrogen is being pursued as an integral part of the transition to clean, renewable energy. The federal Infrastructure Investment and Jobs Act (IIJA) established the Regional Hydrogen Hub Program in the U.S. Department of Energy (DOE) and authorized $8 billion for the development of four hydrogen hubs across the country. Soon after this program was announced, New Mexico partnered with Colorado, Utah, and Wyoming to create the Western Interstate Hydrogen Hub (WIH2), which developed a single regional hydrogen hub proposal to compete for the IIJA funding. DOE announced seven projects were selected to receive hydrogen hub grants in October 2023. WIH2's proposal was not selected.

Executive Order 2022-013 established a clean hydrogen development initiative in New Mexico and directed the secretaries of the department of Environment and Energy, Minerals and Natural Resources to develop a proposal to include hydrogen electric generation facilities that do not use carbon in the statutory definition of "zero carbon resources."

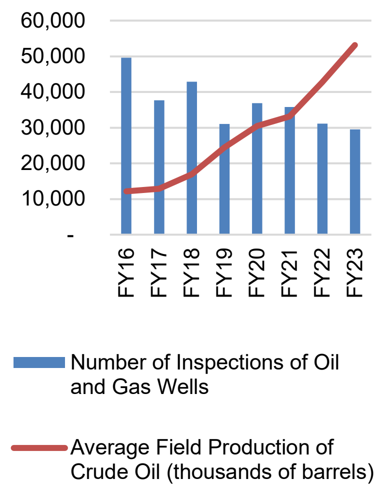
LFC Online: Understanding Government Finances

Finance Facts: Oil and Natural Gas Production

Now that the division is using a larger proportion of its personnel budget, priorities may need to shift to ensure the state's new emissions rules are being followed.

In the Environment Department (NMED), the Air Quality Bureau provides additional oil and gas industry oversight by inspecting air-emitting sources and enforcing recently updated regulations on volatile organic compounds and oxides of nitrogen emissions. Inspections of these sources are increasing but the number is still quite low overall. This year, only 33 percent of air-emitting sources were inspected, with compliance observed in only half.

Increasing Activity in Oil and Gas Industry



Source: LFC Files & U.S. Energy Information Administration

Produced Water. In 2020, New Mexico's oil and gas industry generated approximately 60 billion gallons of produced water, over 160 million gallons per day. Treated produced water has the potential to augment or substitute for fresh water in many fit-for-purpose uses in a time of long-term climate aridity and declining freshwater availability in New Mexico.

Water reuse, in any form, is meant to augment existing freshwater resources and reduce the strain on those sources. NMED plans to petition the Water Quality Control Commission for a hearing date in March of 2024 to draft regulations that create a new section of the administrative code that would set forth reuse requirements for direct and indirect potable reuse, reclaimed wastewater, industrial graywater, produced water (outside the jurisdiction of the OCD), and desalination.

Orphaned Wells. The Energy, Minerals and Natural Resources Department (EMNRD) successfully plugged 76 orphaned wells in FY23 using revenue from the oil reclamation fund and part of the $25 million in federal funding received through the Infrastructure Investment and Jobs Act (IIJA). The federal government committed to continue funding in the future, and EMNRD's Oil Conservation Division was able to secure long-term access to multiple plugging rigs and crews, which will increase both the number and rate of well-plugging projects moving forward. With 2,000 orphaned wells identified in New Mexico, the agency's ability to increase the pace of well-plugging is critical to protecting public health.

Research, Progress and Outlook

Clean Fuel Standards. An attempt to amend the Environmental Improvement Act to provide statutory authority to draft and enforce a statewide clean transportation fuel standard died during the 2023 session and the issue has not been widely discussed by interim committees. Analysis on the proposal (House Bill 426) from NMED indicated that, over time, other states that enacted similar legislation have seen a reduction in the cost of heavier fuels, such as diesel of different blends. However, there was no estimate included in the agency's analysis regarding the anticipated effect on fuel prices in New Mexico.

Geothermal Resource Development. Geothermal energy is expected to play a significant role in decarbonization efforts due to its potential as a reliable source of clean energy. The United States currently leads the world in geothermal electricity production due to naturally occurring ideal geothermal conditions in western states, evidenced by hot springs and geysers right on the surface. New Mexico ranks sixth in the nation for geothermal energy potential and is already a leader in using the resource for space and water heating, according to the National Renewable Energy Laboratory. The presence of extractive industries in New

Mexico may also give the state an advantage in geothermal development: Experts say some abandoned oil and gas wells can be repurposed to access this resource.

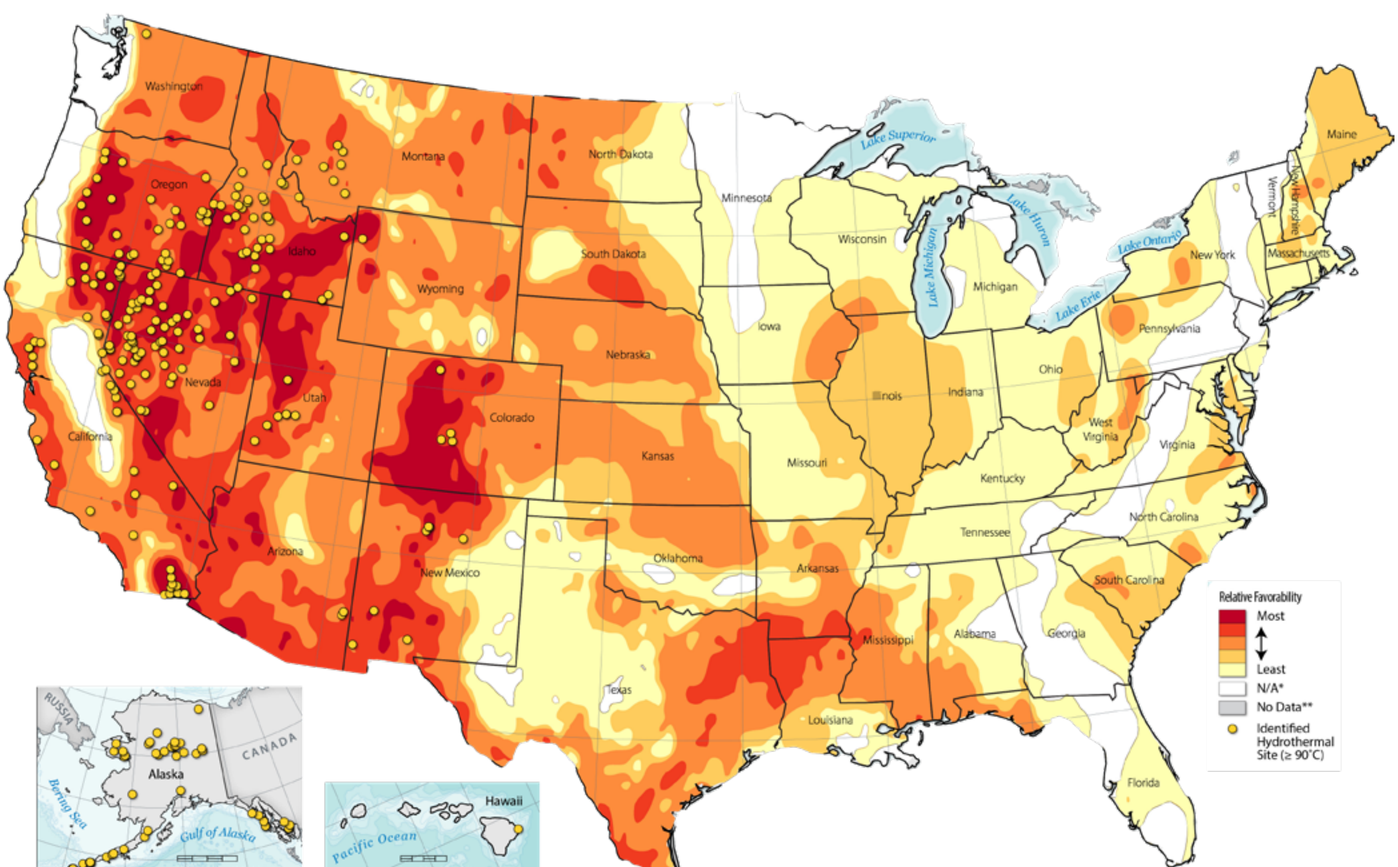
Investment and innovation in geothermal energy resources were the focus of two bills introduced in the 2023 legislature session but both died. The geothermal working group that helped develop House Bill 365,which passed both chambers but was vetoed by the governor, has made changes to address the governor's concerns, and sponsors expect to introduce the revised proposal during the 2024 session. The legislation would provide grants and loans to existing businesses that use geothermal energy.

Water Quality, Management and Planning

Water Quality

Despite record investments in water and wastewater infrastructure, the number of New Mexicans with access to drinking water that meets health standards is declining. Many water and wastewater systems in municipalities, counties, water and sanitation districts, mutual domestics, and Indian tribes, nations and pueblos continue to struggle with meeting water quality standards. Even with improvement in both the number of new projects and the amount of money invested in water and wastewater systems, the number of New Mexicans accessing healthy drinking water will likely continue to decline.

Geothermal Resources of the United States
Identified Hydrothermal Sites and Favorability of Deep Enhanced Geothermal Systems



Source: National Renewable Energy Laboratory

PFAS. Implementation by the U.S. Environmental Protection Agency of standards that set limits on the amount of per- and polyfluoroalkyl substances (PFAS) allowable in drinking water is likely to exacerbate the downward trend in healthy water access. Many public water systems throughout New Mexico struggle to comply with current drinking water requirements due to a significant lack of operational capacity, requiring NMED staff to provide significant technical and compliance assistance.

Regional Water System Resiliency. The Regional Water System Resiliency Act, enacted in 2023, allows for the consolidation of two or more public utilities providing water or wastewater services to create a regional water utility authority. The statute describes the process entities must follow to create an authority and outlines the powers, privileges, and duties of an authority and the structure of its governing board. The new law will make it easier for mutual domestic water users (systems that usually service 500 customers or less) to pool their resources and benefit from shared expertise.

For more info:
Environment Department Performance Page 148

Drought Management and Water Supply Augmentation

Drought has persisted in the southwestern United States for more than 20 years and has been accompanied by hotter temperatures, which exacerbate arid conditions. Average temperatures in New Mexico are expected to increase by 5 to 7 degrees Fahrenheit over the next 50 years, on top of the 2-degree average temperature increase the state has experienced since 1970. As the state prepares for a future likely to be marked by increased aridity, state agencies and local governments must collaborate on solutions to both the infrastructure and workforce capacity challenges they currently face.

Texas v. New Mexico. The U.S. Supreme Court's special master in the Texas lawsuit against New Mexico over groundwater pumping in the middle Rio Grande Valley accepted an interstate agreement in July 2023 that sets an annual target for New Mexico deliveries of Rio Grande water to Texas. Texas sued New Mexico in 2013 for violating the Rio Grande Compact, alleging groundwater pumping decreased flows in the river and deprived Texas of its share of surface flows. The proposed consent decree among Colorado, New Mexico, and Texas will not be official unless it is affirmed by the U.S. Supreme Court. The proposed settlement uses a water delivery formula, to be recalculated annually, partially based on historic flows. It clearly defines the rights and obligations of New Mexico and Texas below Elephant Butte Reservoir. Under the proposed approach, the annual release from Caballo Dam, located downstream of Truth or Consequences, will be used to determine how much water New Mexico is required to send to Texas on an annual basis.

LFC Online: Understanding Government Finances
Finance Facts: State Land Trust

To comply with the parameters of the proposed settlement agreement, the Office of the State Engineer estimates New Mexico will have to reduce overall annual depletions by 17 to 18 thousand acre-feet of water. OSE believes this can be accomplished through a combination of measures to augment water supplies in the future, including more investment in water infrastructure, stormwater capture, water reuse, and voluntary conservation programs like the fallowing pilot, which pays farmers to leave thousands of acres of cropland idle to save irrigation water.

Since 2021, a total of $4.3 million has been paid to farmers to voluntarily fallow nearly 5,700 acres of land, with the remainder of the $7 million appropriated to the pilot utilized for administrative and legal costs.

Desalination. While desalination plants to remove salts and minerals from brackish water could be useful in augmenting freshwater sources in New Mexico, New Mexico may face several challenges in establishing a desalination plant to augment its water supplies, such as high capital and operational costs, energy requirements, potential environmental impacts, water intake, and source availability. Establishing a desalination plant involves navigating various regulatory and legal frameworks, including environmental regulations, water rights, and permitting processes. Addressing these challenges requires comprehensive planning, stakeholder engagement, and collaboration among government agencies, communities, and industry experts and will require the state to conduct feasibility studies, assess economic and environmental viability, and evaluate the potential benefits and trade-offs of desalination as a water strategy for New Mexico.

State Engineer Nonrecurring Appropriations 2023 Regular Session
(in thousands)

*Lower Rio Grande water supply augmentation and Interstate compact litigation	$35,000.0
*Lower Rio Grande aquifer recovery	$30,000.0
Middle Rio Grande River channel maintenance, habitat restoration, and flood control	$10,000.0
50-year water plan implementation	$500.0
Pecos Settlement Agreement	$2,000.0
Strategic Water Reserve	$7,500.0
Ute Dam Repairs	$1,000.0
Surface water and groundwater measurement statewide	$2,000.0
Dam maintenance projects, including flood control	$10,000.0
Acequia and community ditch infrastructure fund	$2,000.0
Funding Balance	**$110,000.0**

*Partially funded multi-year requests.

Source: LFC Files

Conservation and Restoration

Investments in Conservation

The Legislature and the executive made a substantial commitment to the conservation of New Mexico's natural resources in 2023 through the creation of a stable revenue stream for programs that positively impact conservation when funding is available. Laws 2023, Chapter 26, creates the conservation legacy permanent fund and the land of enchantment legacy fund and establishes a distribution structure to support conservation programs in six state natural resources agencies. Rather than intermittently funding these programs and individual projects with nonrecurring appropriations, the permanent and legacy fund will stabilize funding sources, allowing state agencies and private industry to plan projects and develop contracts with greater accuracy.

The permanent fund, seeded with a general fund appropriation of $50 million, will be invested, and the interest generated on that investment credited to the fund. When the permanent fund balance reaches more than $150 million, statute requires annual investment income in excess of $5 million to be distributed to the land of enchantment legacy fund, from which it can then be appropriated to the specified agencies. The General Appropriation Act of 2023 also appropriated $50 million from the general fund to the legacy fund so that disbursements to programs could begin in FY25, before the permanent fund reaches the statutorily mandated minimum.

Forest Safety, Health, and Restoration

Despite near containment, the 2022 New Mexico wildfires burned over 904 thousand acres throughout the state. The Calf Canyon/Hermits Peak Fire became the largest in New Mexico history. In the McBride fire 2 people died and over 200 structures were incinerated. Failing to address the issue invites more fire seasons like 2022.

Wildfire Prevention and Remediation. By accelerating the pace and scale of restoration projects The State Forestry Division aims to address climate change effects on forest and watershed health. These projects remove overgrown brush and trees that fuel high-severity wildfires, improve conditions to expand the use of prescribed fire on private lands, and implement natural climate solutions to reduce carbon emissions. The State Forestry Division retains lead responsibility for wildland fire management on all nonfederal, nontribal, and nonmunicipal lands, maintaining fire suppression capacities and emphasizing public and firefighters' safety. The division also promotes healthy, sustainable forests and watersheds in New Mexico. In 2008, The Forest and Watershed Health Plan, was developed to break down barriers to restoration. The coordinating group's objective was to collaboratively plan, fund, and implement the best restoration strategies in the right places. These concepts are now integrated into the *2020 New Mexico Forest Action Plan*.

For more info:
Office of the State Engineer Performance
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Recovery. The Department of Homeland Security and Emergency Management (DHSEM) has worked with NMED, the Economic Development Department, the Human Services Department, the Department of Cultural Affairs, and EMNRD to coordinate recovery and mitigation efforts related to the Hermits Peak/Calf Canyon wildfires. The 2022 fire was overseen by a unified command group, DHSEM has held regular meetings with each task force, and has held monthly coordinating meetings to facilitate accountability, reporting, and leadership support for recovery operations. Laws 2023, Chapter 2, appropriated $100 million from the general fund to the Local Government Division of the Department of Finance and Administration (DFA) to provide zero interest reimbursable loans to political subdivisions of the state to replace or repair infrastructure damaged by fire, flooding, or debris flows from the Hermit's Peak/Calf Canyon fire. The bill requires DFA to act in consultation with DHSEM when providing loans.

Ongoing Challenges. The federal Hermit's Peak/Calf Canyon Fire Assistance Act, which included funding for the Federal Emergency Management Agency claims office, was projected to offset most of the financial needs in the area impacted by the fires. However, as of January 2023, DHSEM identified an additional $235 million in unmet needs not covered by these federal funds, including approximately $77 million for housing, $110 million for infrastructure, $2.9 million for economic development, and $45.3 million for planning and capacity building. DHSEM has not reported regularly on the status of recovery and mitigation efforts and will need to improve communication with the Legislature as it moves forward.

Reforestation Center. New Mexico State University along with EMNRD and other stakeholders has selected Mora for the New Mexico Reforestation Center, which, when complete, will provide up to 5 million seedlings annually for reforestation projects to local, state, and federal partners. This will be in addition to the conservation seedling program in The Forestry Division that provides economically priced tree and shrub seedlings to landowners who own at least one acre of land in New Mexico. Through the program, tens of thousands of seedlings are planted each year for the establishment of windbreaks, erosion control, reforestation, crop and livestock protection, to improve or create wildlife habitat, and to provide energy cost savings when trees are planted to shade homes and businesses.

State Employment and Compensation

For more info:

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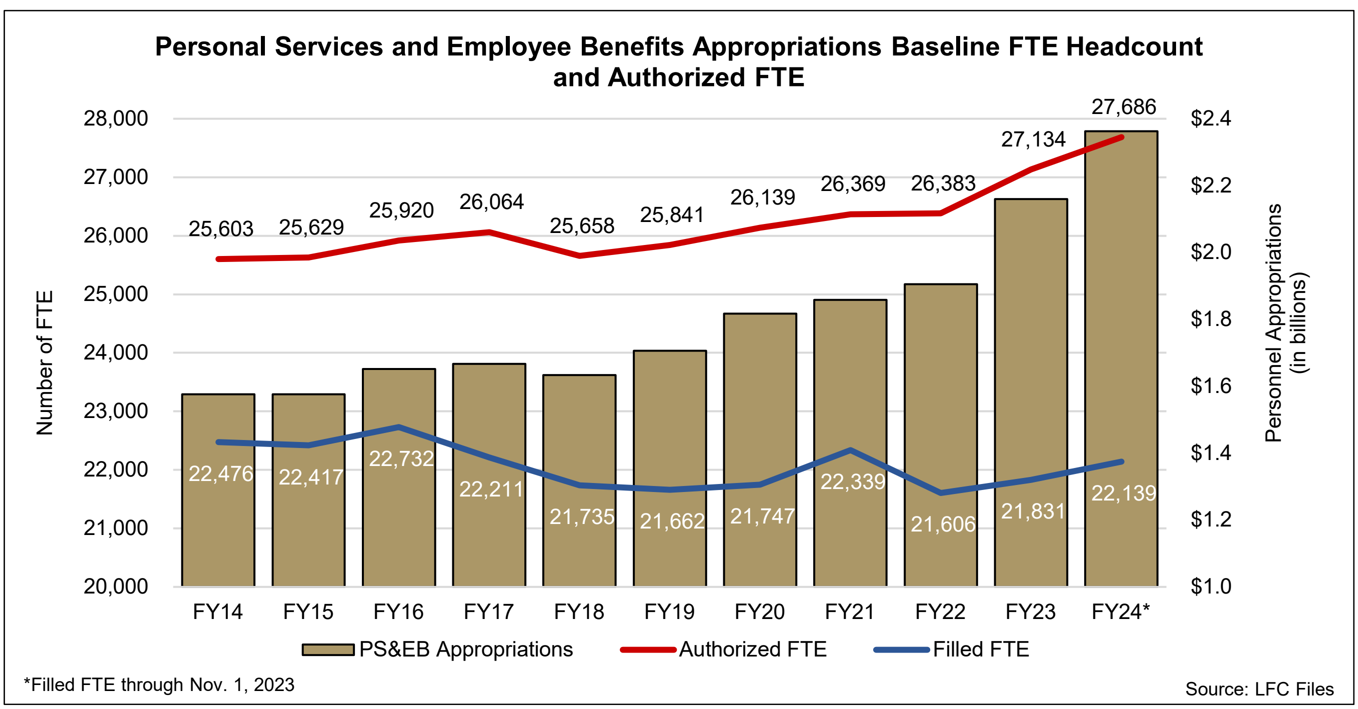
Despite across-the-board and targeted pay increases, generous post-employment benefits, and less restrictive requirements for some hard-to-fill positions, state agencies continue to struggle to stay fully staffed, leaving some of the most vulnerable New Mexicans with inadequate services. Vacancies among healthcare workers can reduce the availability of intervention and treatment services. High turnover among child protective services workers means more abused children are likely to fall through the cracks. Targeted pay increases and other steps have failed to reduce vacancies in some high demand fields and agencies report difficulties in recruiting qualified candidates for basic functions, such as business services and information technology support.

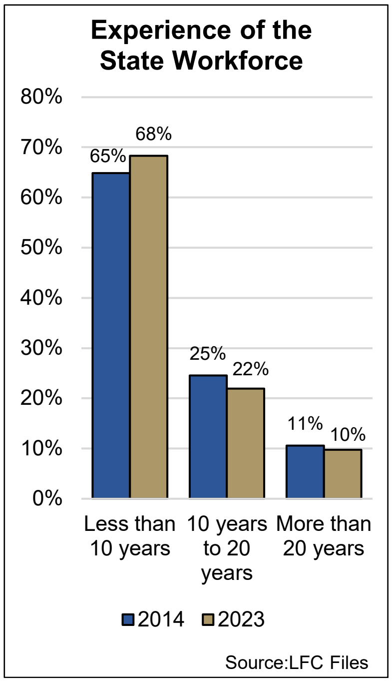
LFC Online: Understanding Government Finances

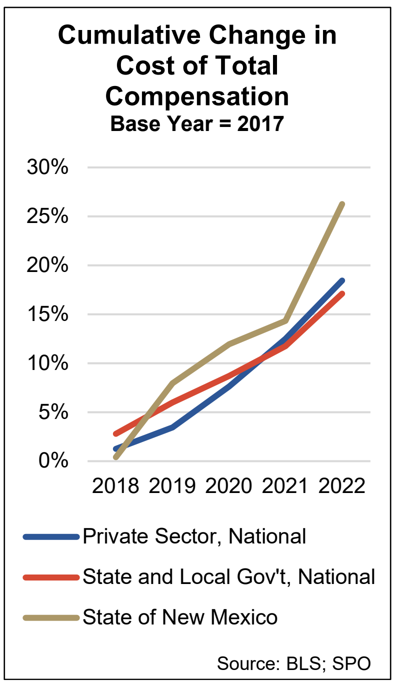
Finance Facts: State Employee Compensation

State Employment

While state agency headcounts have rebounded from recent lows, total employment remains below where it was a decade ago. Despite the relatively flat number of employees, the number of positions authorized had increased significantly, mostly in the last three years. Since 2022, more than 1,300 new positions have been created by state agencies, but the state has only 533 more employees, leading to higher vacancy rates. Those higher vacancy rates are not due to a lack of resources. Actual spending on state agency personnel in FY23 was almost $150 million less than the $2.16 billion appropriated, resulting in vacancy savings equal







to just under 7 percent of the statewide personnel budget. The leftover personnel funds, which many agencies transferred to other spending categories, totaled $36 million more than the $113 million in vacancy savings in FY22.

High turnover has exacerbated the problem of high vacancy rates. High turnover rates divert agency resources away from providing public services because agency staff turn their attention to filling vacant positions and training new employees. According to State Personnel Office (SPO) performance data, only 63 percent of new workers complete their one-year probationary period. In FY23, the state hired 3,109 new workers. If recent turnover trends hold, more than 1,000 of those new workers will no longer be employed by the state by the end of FY24. As recently as FY21, 71 percent of employees persisted for more than one year. Based on current hiring levels, returning to a higher retention rate could keep more than 200 employees per year on the state payroll, reducing the need for additional recruitment and training expenses.

Overall, the state workforce continues to be younger and less experienced than in the past. Two-thirds of state employees have less than 10 years of experience, a larger share than a decade ago. With fewer experienced state employees, some agencies raise concerns about the possible loss of institutional knowledge that could occur when senior agency staff reach retirement age.

Employee Compensation

After years of stagnation, recent increases in appropriations for state employee pay have allowed the Personnel Board to make adjustment to state salary schedules, with a 6 percent across-the-board increase to all pay bands. Between July 2023 and November 2023, on average, state employees saw a 7.1 percent increase, including pay increases that resulted from transfers or promotions, but excluding new employees. Overall, average pay for all employees was up 6.8 percent.

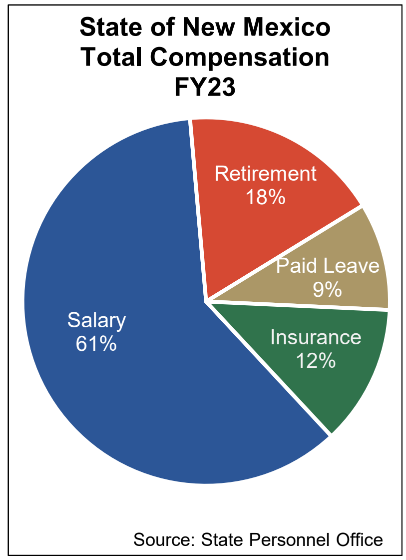
After years of minimal pay increases for state employees, recent appropriations for state employee compensation have made state employment more competitive in the broader market. Since 2017, average state employee compensation has risen by 26.2 percent, according to annual compensation reports from SPO. Nationwide, pay for state and local government employees increased by 17.1 percent over the same period, while compensation for employees in the private sector increased by 18.4 percent. However, looking only at pay increases provides incomplete information. A complete analysis should also look at the overall amount of the

Study of the State Personnel Act and the State's System of Classification and Compensation

LFC and the Department of Finance and Administration are undertaking a joint study of the State Personnel Act and the state's system of classification and compensation. The study will look at processes and procedures of the State Personnel Office and make recommendation for statutory changes, changes to the classification system and changes to the state employee salary structure.

As part of the process, Deloitte, the project's contractor provided a first review of New Mexico's Personnel Act as it relates to hiring, classification, and compensation, as well as rules from the State Personnel Board. The report compared current practices in New Mexico to 10 other peer states, identified strengths and gaps, and made recommendations for enhancements. Based on the analysis, Deloitte recommended SPO add flexibility into its hiring assessments, require annual classification audits, clearly document its reclassification processes, articulate a formal compensation philosophy, and better leverage best practices around inclusion and diversity.

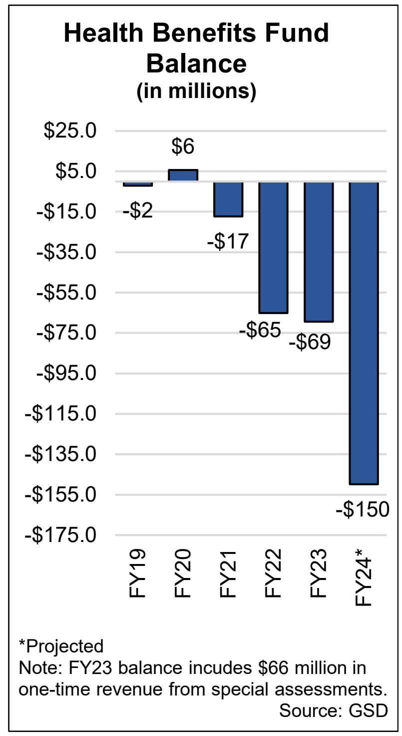
compensation to determine if, despite recent increases, the amount remains below market. LFC and the Department of Finance and Administration are currently undertaking a joint study to look at the state's compensation system and determine if the amounts paid to New Mexico employees reflect broader market practices.



Employee Benefits Programs

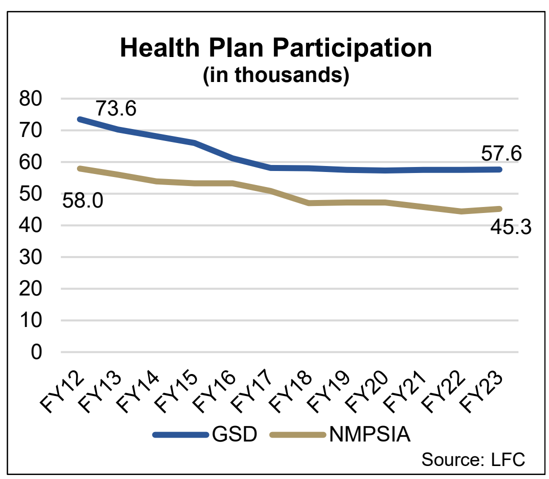
State government has traditionally offered a strong benefits package, representing about 40 percent of the cost of an employee, which includes health insurance and the post-employment benefits of a defined benefit pension plan with guaranteed monthly payments and retiree healthcare. Nationally, the U.S. Bureau of Labor Statistics estimates private sector workers receive 29.4 percent of their compensation through fringe benefits, while nationally state and local government workers receive on average 38.4 percent of their compensation from benefits costs. According to SPO, fringe benefits account for 39.5 percent of compensation for New Mexico state government employees.

Health insurance is a significant factor in both employee recruitment and retention, with almost half of employees surveyed by the Society for Human Resource Management responding that health benefits were part of the decision to take a new job and more than half saying health benefits were a key factor in staying at their current job. New Mexico pays at least 60 percent of insurance premiums, regardless of coverage levels, compared with a national average of 83 percent for single coverage and 73 percent for family coverage. Information about the impact of pension plans on recruitment is more mixed, with a 2017 Pew study finding that younger workers choose government jobs more for the immediate benefits than for retirement benefits.



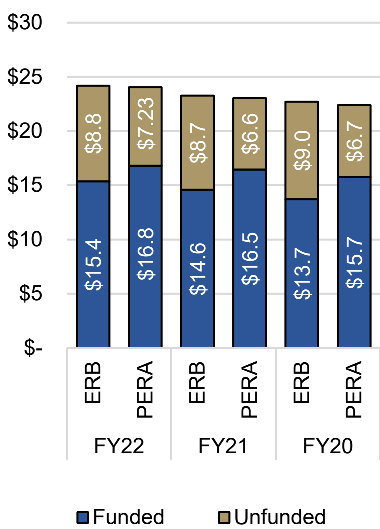
Rapidly rising healthcare costs pose a significant challenge for the state, particularly in light of a recent, multi-year rate freeze that limited revenue into the employee benefits fund. Costs continue to increase, with the Public School Insurance Authority (NMPSIA) reporting a 6.5 percent medical cost trend and a 10 percent prescription drug cost trend, while the General Services Department (GSD) reports more modest cost increases of 3 percent. Limited uptake of employee health benefits plans exacerbates cost issues because most insurance expenses are incurred by a small portion of the overall population. Overall participation in state agency health plans offered by NMPSIA and GSD has fallen in recent years, from a total of 132 thousand in FY12 to 103 thousand in FY23, making it increasingly difficult for plans to leverage economies of scale to moderate per member cots.

Recent legislative changes present an opportunity for the state to consider its strategy for procuring employee health benefits. In 2023, the Legislature approved the creation of the Health Care Authority, with a stated goal of creating a single, unified department for healthcare purchasing. As part of a transition report coinciding with the creation of the new department, the executive recommended legislation to require GSD, NMPSIA, the Retiree Health Care Authority, and Albuquerque Public Schools engage in joint contracting for health benefits in an attempt to fully realize the joint purchasing power of public employee benefits programs.



The state continues to see an impact from a multiyear insurance rate holiday that left the group health benefits fund with significant deficits and made it difficult to raise revenue to cover healthcare costs. Despite a 10 percent rate increase for FY24, GSD still estimates revenue into the health benefits fund will fall short of expenses by as much as $80 million, or 20 percent of premium revenue. As a result, staff estimate it would take rate increases of 25 percent or more to balance the health benefits fund. GSD has continued to request general fund appropriations to backfill the employee benefits fund, effectively subsidizing local governments, higher education, and other funding sources at a cost to the general fund.

Pension Fund Liabilities by Fiscal Year
(in billions)



Source: PERA and ERB

Post-Employment Benefits

For the past several years, the Legislature has sought to stabilize the state's pension funds, managed by the Public Employees Retirement Association (PERA) and the Educational Retirement Board (ERB), with legislation to increase contributions to the funds and limit annual cost-of-living adjustments (COLAs). While the reforms have improved the long-term stability of the plans, the funds retain large unfunded liabilities—the amount the plan's actuaries estimate would be needed to pay all retirement benefits promised up to this point minus the current value of the trust fund. Challenging investment markets have limited investment gains in recent years, although the plans continue to perform above their selected benchmarks.

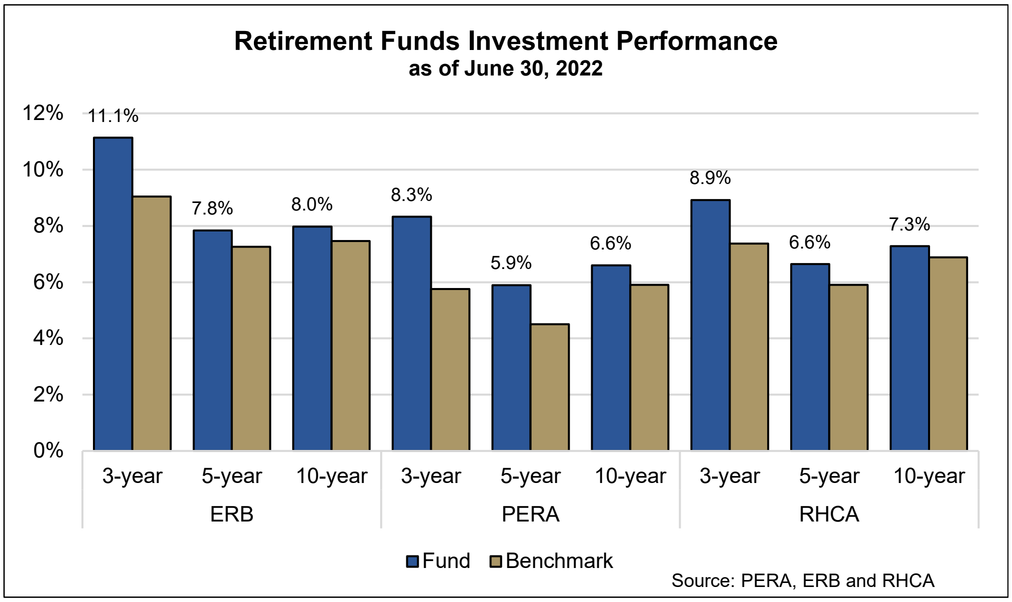
Public Employees Retirement Association. A 2020 law increased employer and employee contribution for PERA, while limiting the costs of COLA adjustments for retirees to address a significant unfunded liability that actuaries projected would never be fully paid off. At the time that bill passed, retirees had for many years benefited from annual COLAs that exceeded the amount provided by Social Security, with the previous law authorizing 2 percent compounding COLA, regardless of inflation. Social Security's COLA is tied to inflation and in the decade preceding this legislation was often less than 1 percent. Legislation shifted

A Closer Look: Major Risk Funds of the Risk Management Division

A September 2023 LFC evaluation, ***Major Risk Funds of the Risk Management Division***, highlighted that the state's risk policies are not optimized to cover nor prevent escalating liability costs. In recent years, changes to the New Mexico Civil Rights Act impacted the predictability and regularity of both the number and severity of claims RMD is tasked with settling. The change has put the financial health of the public liability fund at risk, and RMD's actuary estimates potential outstanding liabilities for FY23 of over $47 million in civil rights claims. Further, the escalating cost of property insurance and policies that RMD uses to collect revenues from agencies and other governmental entities have made the division's revenue collection mismatched to changing settlement needs.

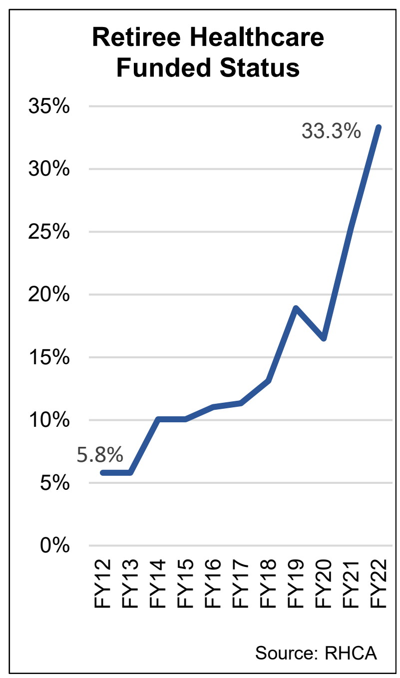
The evaluation found the state is also not doing enough to help keep large settlements and other claims costs from occurring. The state (1) has no cap on liability coverage, which could otherwise help leverage smaller settlements; (2) is paying for increasingly costly property insurance while making relatively few claims against it; (3) has no formal or centralized loss prevention activity occurring; and, (4) has no outlined steps for remediating nor preventing future losses after a claim or settlement has been made.

Finally, the evaluation found the state lacks adequate transparency measures to inform the Legislature and public when major losses occur. Because of a lack of statutorily required reporting and the limited information required by statute in that reporting, the Legislature and the public are left without a complete picture of the financial and legal consequences of state settlements. In response to the evaluation, RMD has committed to providing statutorily required reporting to the Legislature by December 2023.



the fund to a risk-sharing model, where annual adjustments are based on a combination of investment returns and funding status. While the reforms would have moderated COLAs during the previous high-return, low-inflation environment, the economic headwinds that pushed down invested assets occurred while inflation was at record high levels. For FY23, PERA retirees received the minimum COLA authorized under the law, 0.5 percent. Due to PERA's investment returns, retirees will likely see only a 0.5 percent COLA in FY25 as well, compared with a Social Security COLA of 8.7 percent for 2023 and 3.2 percent for 2024.

To improve member COLAs, PERA will need to focus on improving investment returns. Currently, PERA is among the worst performing public pension funds valued at over $1 billion. The fund's ten year return of 6.6 percent places it in the bottom 30 percent of public funds and is also below the fund's long term investment target of 7.25 percent.



Educational Retirement Board. Recent legislation to improve the stability of the educational retirement fund has placed the fund on a sustainable path. Additionally, over the long term, the fund has consistently outperformed other public funds, earning among the best returns in nation. Over the long term, the fund consistently beats its target of 7 percent investment returns.

Legislation passed in 2021 and 2022 phased in a 4 percentage point increase in employer contributions to the fund. Prior to legislation to increase the employer contribution, ERB's actuaries estimated the fund would never have sufficient funds to pay off the unfunded liability. As of June 20, 2022, the trust fund held $15.4 billion, based on the actuarial estimate, or 63.5 percent of the funds needed to pay all promised benefits. The 4 percentage point increase, which will increase the fund's revenue by an estimated $136 million annually when fully phased in, will give the fund sufficient revenue to pay off the unfunded liability by 2051.

Retiree Healthcare. In addition to pension benefits, public employees are eligible for subsidized healthcare coverage in retirement. The plan, which receives mandatory contributions from employees and employers equal to 3 percent of salary, has significantly improved its funded status in recent years, from as low as 5.8 percent to a high of 33.3 percent in FY22. Unlike New Mexico, many states fund retiree healthcare programs on a pay-as-you-go basis, meaning the plan does not set aside funding designed to pay off future liabilities. As a result, New Mexico has, despite an estimated $3.3 billion in unfunded liabilities, one of the better funded plans in the country.

Over the long term, projections from the Retiree Health Care Authority show growing fund balances, with the fund growing from its current $1.2 billion to $18.4 billion by FY55. However, this growth is largely due to significant diversions to the retiree health care fund from personal income tax collections that would otherwise be paid into the general fund. Under current law, those distributions grow by 12 percent per year, and are currently $46.3 million per year but by FY54 will grow to more than $1.5 billion per year. LFC economists estimate that by FY29, the transfer to the retiree health care fund will be in the top 10 of all tax expenditures and, if this exponential growth is allowed to continue, will overtake all personal income tax collections by FY76. Due to the long-term unsustainability of transfers into the retiree healthcare fund, the authority has prioritized improving its long-term solvency. In previous years, the authority has pushed for contribution increases from active employees and employers, but for FY25, the agency requested a one-time appropriation of $150 million to reduce long-term liabilities for the fund.

Performance

Accountability in Government

LFC's Legislating for Results framework continued to mature in FY23, and New Mexico was recognized by Results for America, a national nonprofit organization focused on evidence-based decision-making in government, both for being a leader in developing its array of framework tools and for its growing commitment to those practices. Topics in the LegisStat process, a component of the framework that allows the committee to focus on the performance of a specific program and collaborate with agency leadership on strategies for improvement, were expanded to water quality, while discussions continued on public school test results, child maltreatment, and economic recovery metrics. Report cards, the foundation of the framework, remained a critical source of information for assessing agency effectiveness; however, the fact some agencies do well on report cards even as they fall short on the national level suggests some report card measures need to be revisited. Notably, establishing performance measures is a cooperative effort with the executive, limiting legislative control over their development.

Accountability in Government Act

The Accountability in Government Act (AGA) traded budget flexibility for information about how state agencies economically, efficiently, and effectively carry out their responsibilities and provide services. Prior to the AGA, agency appropriations were tightly controlled by the Legislature, with attention paid to individual budget line items and incremental spending on salaries, office supplies, travel, etc. After the AGA, the focus switched to results and quarterly agency performance reporting (inputs, outputs, outcomes, etc.). In the last two fiscal years, LFC has adopted innovative approaches in addition to its report cards to better use performance information in its budget and oversight hearings.

Report Cards

The year-end performance report for FY23 showed 24 programs improved their ratings over FY22, with five of those programs in public safety. Overall, of the nearly 70 programs rated for FY23, about 40 percent were rated green, about 40 percent were rated yellow, and 20 percent were rated red. Strong performance can be seen in juvenile justice, where the number of youth in secure facilities continues to shrink, and in the Energy, Minerals and Natural Resources Department, rated green in four of its five programs.

LFC Online: Understanding Government Finances

Finance Facts: Accountability in Government Act

However, ratings that show the agency falling short of targets, often despite substantial investment, suggest implementation might be emerging as an issue. While the number of home visits being provided under the program that supports families with newborns is up, the share of families completing the program is low. Despite increasing spending on public schools by 55 percent since 2019, student achievement scores are stagnant. New Mexico higher education institutions are the sixth-best funded in the nation but rank 49th in graduation and 50th in student retention. Health outcomes are poor even though half the state is enrolled in Medicaid and behavioral health results are among the worst in the nation even though the state spends $800 million a year on Medicaid behavioral health alone.

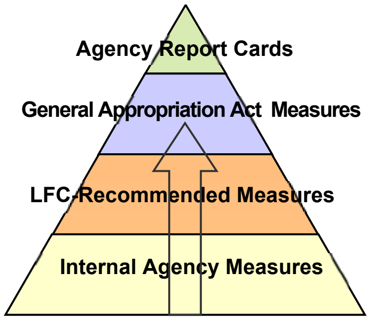
Key features of the LegisStat process:

1. ***Focus on a core set of performance metrics,***
2. ***Regular performance discussions with agency leadership,***
3. ***Follow-up on action items from the last meeting, and review results for improvement.***

Nevertheless, it is important to note that ratings only show what the agency did, not why performance was on or off target. The cause of poor performance is best determined by other tools in the Legislating for Results toolbox.

Notably, the Accountability in Government Act authorizes the Department of Finance and Administration (DFA), with LFC consultation, to approve and change agency performance measures. Indeed, explanatory measures are a compromise between DFA and LFC, reflecting agency sentiment that performance reporting is merely burdensome compliance that opens the door to unfair criticism, and the Legislature, which recognizes measures and targets as the centerpiece of performance-based budgeting process intended to focus spending on results. These differing perspectives between the two branches over the value and extent of state government reporting creates, not just conflict, but also issues with transparency and accountability.

Performance Measure Hierarchy



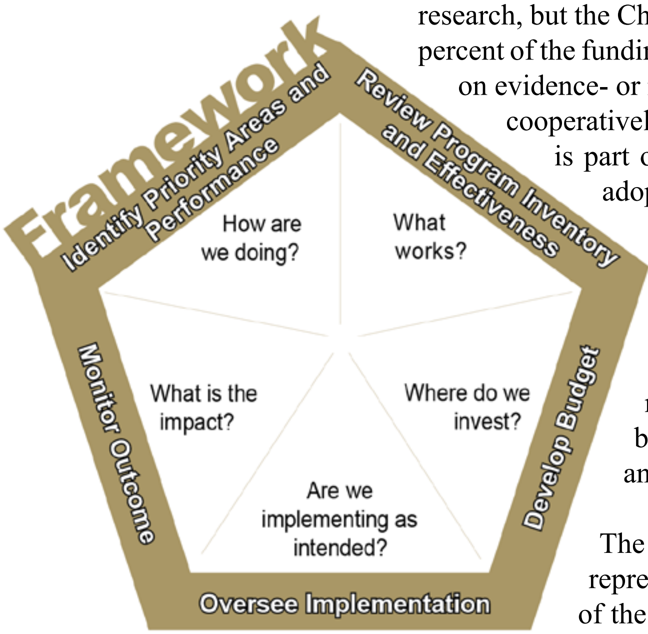
LegisStat

Efforts to improve performance, particularly in public school assessments and child maltreatment, have proven frustratingly elusive. The Legislature, partially in response to Public Education Department recommendations in 2022 LegisStat hearings, replaced the state's existing, poorly adopted extended learning approaches with a single extended learning program, increased the number of required instructional hours, and increased funding for prekindergarten programs. The impact of these new changes is still unknown, although some schools appear to have added school calendar days without adding instructional time, instead dedicating the additional days to professional development.

While FY22 LegisStat hearings on repeat child maltreatment highlighted the need for the state to invest more heavily in prevention, the Children, Youth and Families Department has instead cut back spending in that area. Further, additional funding to raise social worker pay and provide mental health supports have failed to resolve a continuing workforce shortage.

Evidence-Based Program Inventories

The 2023 survey of evidence-based programs in selected agencies found strong use of evidence- and research-based approaches in the Corrections Department, with virtually all spending committed to programs supported by evidence or research, but the Children, Youth and Families Department has spent less than 10 percent of the funding for the Protective Services and Behavioral Health programs on evidence- or research-based approaches. The survey of programs, selected cooperatively by LFC and the Department of Finance and Administration, is part of the Evidence and Research-Based Funding Requests Act, adopted in 2019, that amends the Accountability in Government Act by requiring certain agencies to collect and report on the different programs being implemented by the agency and to what degree those programs are backed by evidence. The act also provides consistent definitions for evidence-based, research-based, and promising programs. The information required by the act provides legislative and executive staff a better understanding of what programs New Mexico is funding and to what degree those programs have evidence behind them.



The FY23 survey looked at six divisions in three agencies, representing $1.8 billion in spending, and found about 40 percent of the $585 million in funding given a classification was classified as evidenced-based.

Performance Report Card Criteria

<table>
<tr><th>Factors in a Green Rating</th><th>Factors in a Yellow Rating</th><th>Factors in a Red Rating</th></tr>
<tr>
<td>Process
Data is reliable.
Data collection method is transparent.
Measure gauges the core function of the program or relates to significant budget expenditures.
Performance measure is tied to agency strategic and mission objectives.
Performance measure is an indicator of progress in meeting annual performance target, if applicable.
Progress
Agency met, or is on track to meet, annual target.
Action plan is in place to improve performance.
Management
Agency management staff use performance data for internal evaluations.</td>
<td>Process
Data is questionable.
Data collection method is unclear.
Measure does not gauge the core function of the program or does not relate to significant budget expenditures.
Performance measure is not closely tied to strategic and mission objectives.
Performance measure is a questionable indicator of progress in meeting annual performance target, if applicable.
Progress
Agency is behind target or is behind in meeting annual target.
A clear and achievable action plan is in place to reach goal.
Management
Agency management staff does not use performance data for internal evaluations.</td>
<td>Process
Data is unreliable.
Data collection method is not provided.
Measure does not gauge the core function of the program or does not relate to significant budget expenditures.
Performance measure is not related to strategic and mission objectives.
Performance measure is a poor indicator of progress in meeting annual performance target, if applicable.
Agency failed to report on performance measure and data should be available.
Progress
Agency failed, or is likely to fail, to meet annual target.
No action plan is in place for improvement.
Management
Agency management staff does not use performance data for internal evaluations.</td>
</tr>
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Performance Measure Guidelines

<table>
<tr><th>Elements of Good Performance Measures</th><th>Agency Quarterly Reports</th><th>Elements of Key Agency Reports</th><th>Elements of LFC Performance Report Card</th></tr>
<tr>
<td>Ideal performance measures should be
<u>Useful</u>: Provide valuable and meaningful information to the agency and policymakers
<u>Results-Oriented</u>: Focus on outcomes
<u>Clear</u>: Communicate in a plain and simple manner to all stakeholders (employees, policymakers, and the general public)
<u>Responsive</u>: Reflect changes in performance levels
<u>Valid</u>: Capture the intended data and information
<u>Reliable</u>: Provide reasonably accurate and consistent information over time
<u>Economical</u>: Collect and maintain data in a cost-effective manner
<u>Accessible</u>: Provide regular results information to all stakeholders
<u>Comparable</u>: Allow direct comparison of performance at different points in time
<u>Benchmarked</u>: Use best practice standards
<u>Relevant</u>: Assess the core function of the program or significant budget expenditures</td>
<td>Each quarterly report should include the following standard items
Agency mission statement
Summary of key strategic plan initiatives
Program description, purpose and budget by source of funds
How the program links to key agency initiatives, objectives, and key performance measures
Action plan describing responsibilities and associated due dates</td>
<td>Key Measure reporting should include
Key performance measure statement
Data source to measure key measure results
Four years of historical data (if available)
Current quarter data (both qualitative and quantitative)
Graphic display of data as appropriate
Explanation for measures 10 percent or more below target
Proposed corrective action plan for performance failing to meet target
Action plan status
Corrective action plan for action plan items not completed</td>
<td>Each quarterly report card should include the following standard items
Key events or activities that affected the agency in the previous quarter
Status of key agency initiatives
National benchmarks for key measures, when possible
Explanation for any area(s) of underperformance
Agency action plans to improve results
Analyst may include
Measures or data reported by another reputable entity when agency data is inadequate</td>
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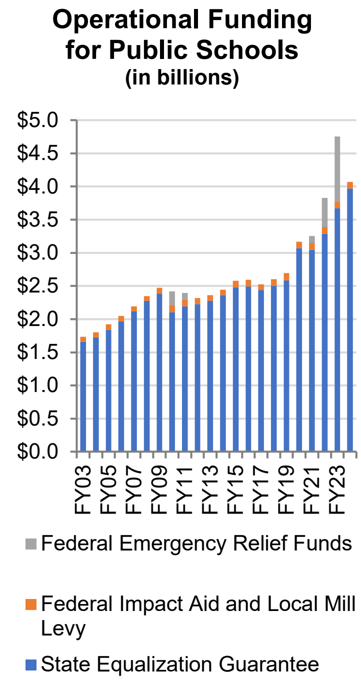
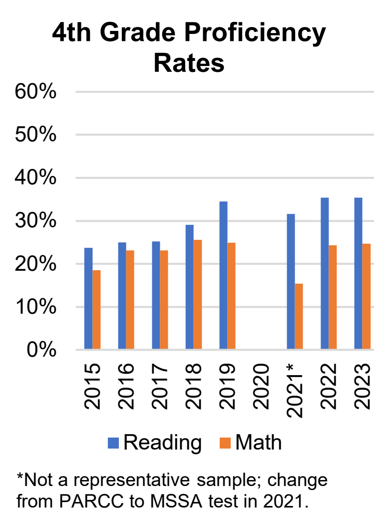
Public Education

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	No



Source: LFC Files



*Not a representative sample; change from PARCC to MSSA test in 2021.

Source: PED

According to the Public Education Department (PED), student math test scores remained largely the same in FY23 despite improvements in reading proficiency. High school graduation rates also stayed the same in 2022, and chronic absenteeism rates remain high despite a slight improvement from the prior year.

The flat trend in student performance this year is particularly concerning because the department's draft action plan to address the *Martinez-Yazzie* lawsuit sets ambitious growth targets for student outcomes, recurring appropriations have grown by 49 percent since the court ruling, and the state continues to rank at the bottom of national metrics. The department's plan anticipates 50 percent growth in statewide student achievement between FY22 and FY26—in other words, a 30 percent proficiency rate for math and 50 percent proficiency rate for reading within the next three years.

In August 2023, PED released 852 public school ratings on its public Vistas dashboard and identified 218 schools needing state support or intervention. The ratings included 31 schools with the lowest performance needing more rigorous interventions. Currently, PED is proposing new rules requiring the lowest performing schools to develop department-approved intervention plans that significantly restructure or redesign the school using evidence-based strategies, restart, or close the school.

Achievement and Attainment

Improvements in Reading Proficiency. According to PED, student proficiency rates for FY23 were 38 percent in reading, a 4 percentage point increase, and 24 percent in math, a 1 percentage point decrease. The department has not released student achievement data by grade level like previous years, limiting year-over-year comparisons.

For FY23, PED reports reading proficiency rates increased across the board for all student subgroups, which the department attributes to efforts to train educators in the science of reading. Given these results are only the second iteration of the new Measures of Student Success and Achievement (MSSA) test, the state has yet to determine whether improvements in reading are a trend.

In contrast, FY23 math proficiencies fell or remained flat for most student subgroups. Math proficiency rates tend to be stronger predictors of future academic achievement, college degree attainment, and incomeearning potential. While considerable efforts and investments in early literacy may be boosting reading proficiencies, the state must place an equal, if not greater, emphasis on equipping educators to teach math skills as well.

Stagnant Graduation Rates. According to PED, the state's overall four-year high school graduation rate for the class of 2022 was 76 percent—slightly lower than the class of 2021. With low academic proficiency rates but higher graduation rates, it is unclear if high school students are adequately prepared for college and career. The lack of substantial progress suggests the state's recent large investments in education may not be producing any immediate noticeable results.

New Mexico still lags significantly behind the 2021 national graduation rate (85.3 percent). In July 2023, PED changed rules regarding high school graduation requirements for 2025, removing alternative demonstrations of competency and allowing students to demonstrate competency for graduation through district-approved exams or projects, state or national assessments, dual-credit courses, career technical certificates, or programs of study.

PUBLIC SCHOOL SUPPORT

Budget: $3,812,922.2 FTE: N/A

	FY21 Actual†	FY22 Actual	FY23 Target	FY23 Actual‡	Rating
Reading proficiency (4th grade)	31.6%	35.4%	34%	38%	Y
Math proficiency (4th grade)	15.4%	24.3%	34%	24 %	R
Reading proficiency (8th grade)	23.9%	33.3%	34%	38%	Y
Math proficiency (8th grade)	12.9%	19.8%	34%	24%	R
High school graduation rate (4 year)	76.8%	76%	75%	Not reported	R
College remediation rate	32.7%	31.4%	<30%	32.7%	R
Chronic absenteeism (elementary)	Not reported	38%	<10%	37.7%	R
Chronic absenteeism (middle)	Not reported	42%	<10%	41.2%	R
Chronic absenteeism (high)	Not reported	43%	<10%	42.9%	R
Students exiting English learner status (elementary)	New	0.03%	10%	3.9%	R
Students exiting English learner status (middle)	New	3.8%	10%	1.4%	R
Students exiting English learner status (high)	New	0.04%	10%	2.3%	R
Teacher vacancies	New	1,048	N/A	690	Y
Share of at-risk funds spent on at-risk services	Not reported	93%	N/A	24.2%	R
Classroom spending in large districts	Not reported	73%	N/A	72.1%	Y
Program Rating	R	R			R

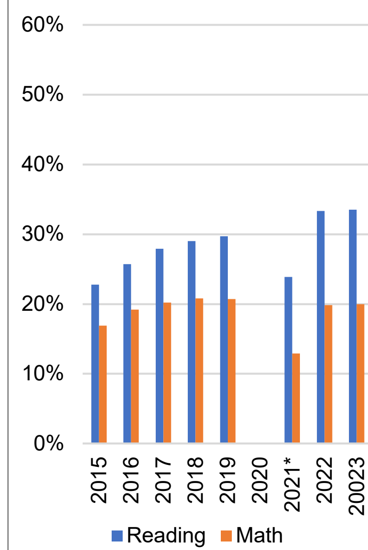
†Proficiency rates reflect students that opted to test in FY21, representing only about a tenth of each grade level
‡Proficiency, remediation, and absenteeism data for FY23 are under review and may be inaccurate

Attendance and Engagement

Continued Declining Enrollment. Preliminary student enrollment counts for the 2022-2023 school year dropped to 305.6 thousand students, a decrease of 2,597 students, or 0.8 percent, from the prior year. The decrease reflects a prepandemic trend of declining student enrollment due to lower birth rates and shrinking kindergarten cohorts. The gradual decrease in enrollment can present staffing challenges for schools—particularly for smaller districts—because the loss of students is generally distributed across multiple grade levels rather than in a single classroom.

Chronic High Absenteeism. Student chronic absenteeism rates, or the percentage of students missing 10 percent or more of school days, increased dramatically

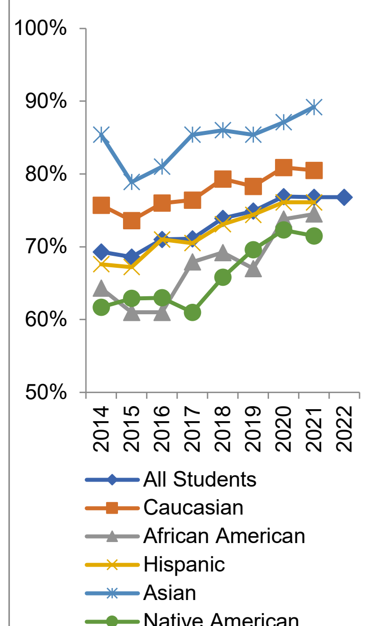
8th Grade Proficiency Rates



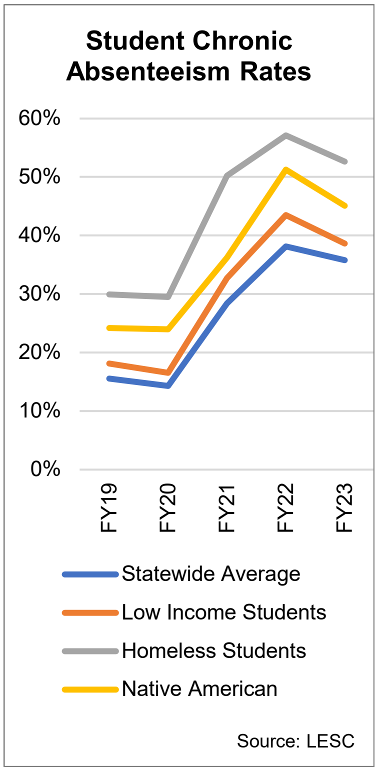
*Not a representative sample; change from PARCC to MSSA test in 2021

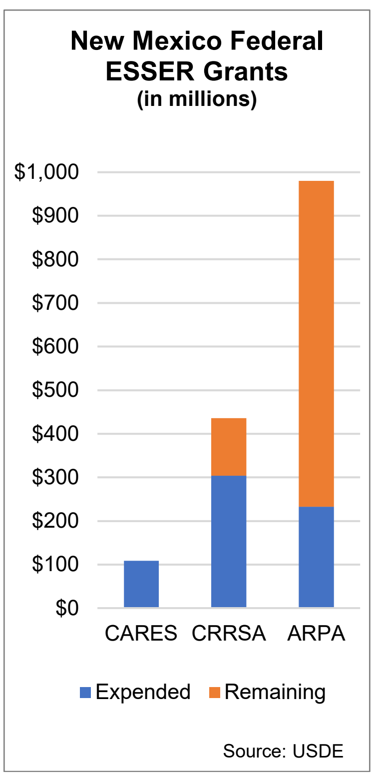
Source: PED

Statewide Four-Year Graduation Rates



Source: PED





following the pandemic and have remained at heightened levels since FY20. Statewide chronic absenteeism decreased from a peak of 38.1 percent in FY22 to 35.8 percent in FY23, with the highest rates of absenteeism reported for students facing housing insecurity at 52.6 percent.Chronic absenteeism rates were highest for the youngest and oldest students, with 42.1 percent of kindergarteners and 39.8 percent of high school seniors reported as chronically absent in FY23. Like other states, New Mexico's absenteeism rates have soared since Covid-19; however, New Mexico's chronic absenteeism rate rank grew from the 18th highest rate in the nation in FY19 to sixth place in FY21 based on federal data.

Public Education Department

The latest court order in the *Martinez-Yazzie* case required PED to improve student access to high-speed internet and digital devices. The department leveraged federal emergency relief (ESSER) funds to expand access to students and mapped areas across the state needing additional support. PED continues to struggle with processing federal reimbursements, likely due to the substantial influx of ESSER aid and a 23 percent vacancy rate within the agency.

Budget: $20,869.0 **FTE:** 354.0

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Students in K-5 Plus and extended learning time programs	155,864	147,404	N/A*	131,885	R
Average days to process reimbursements	40	37	24	38	R
Data validation audits of funding formula	24	24	30	12	R
Percent of students with access to a high-speed internet connection	New	91%	100%	60%	R
Percent of students with access to a digital device	New	95%	100%	84%	R
Program Rating	R	R			R

Federal and State Resources. Of $1.5 billion from three rounds of federal ESSER funding, New Mexico has spent the entire first round of ESSER, also known as the Coronavirus Aid, Relief, and Economic Security (CARES) amount. Schools spent nearly one-third of CARES funding on educational technology; other expenditures include $5 million for school leaders, sanitization, and planning.

At the end of FY23, nearly 70 percent of the second round of ESSER, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA), was spent. Like CARES, schools mostly purchased educational technology and operational services but planned to spend $21.3 million to address learning loss and $18.3 million for summer learning and afterschool programs. Schools have already obligated 24 percent of the third round of ESSER, or American Rescue Plan (ARPA) dollars, which must be spent by September 2025. However, recent guidance from the U.S. Department of Education will allow schools to continue spending ARPA funds for some multi-year services beyond that deadline.

In addition to ESSER aid, school districts and charter schools continued to grow unrestricted cash reserves, carrying over balances of $623 million from FY23. Statewide cash balances grew by $97.5 million, or 19 percent, from the prior year and now represent 17 percent of FY23 program cost.

Higher Education

A well-functioning higher education system confers societal benefits that extend far beyond the confines of the campus, impacting the broader economy and overall quality of life for all residents. For this reason, the Legislature has prioritized funding increases for higher education institutions and made significant investments to provide access to affordable education through scholarship programs. These investments resulted in New Mexico's being ranked fourth in the nation for state appropriations per higher education student in FY22. Despite the financial investments, the state continues to lag its peers in college completion while employers point to a lack of skilled workers needed for economic growth.

To be sure, New Mexico colleges and universities face unique challenges in retaining and graduating students in a state that continues to rank at or near the bottom of the nation in reading, writing, and math skills of graduating high school students. Additionally, many New Mexico elementary and secondary students are economically and socially vulnerable, issues that must be addressed if students are to succeed in the workforce or higher education. colleges will be challenged to use newly available resources to address a high-need student population and provide them adequate supports from enrollment to graduation.

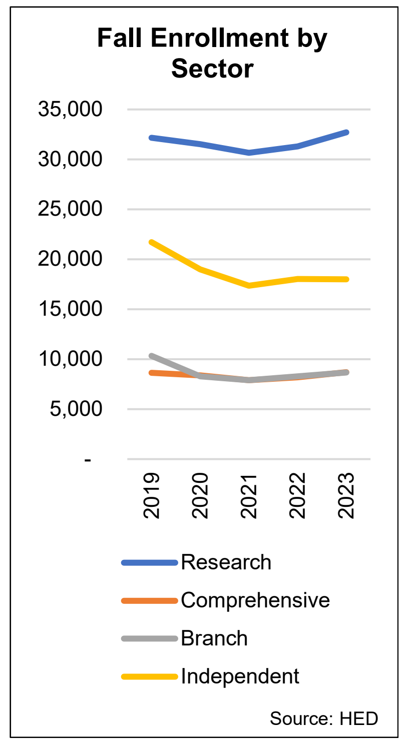
ACTION PLAN	
Submitted by agency?	No
Timeline assigned by agency?	No
Responsibility assigned?	No

Research found the lottery scholarship improved outcomes for academically prepared low-income students but did not increase graduation rates for underprepareed low-income students.

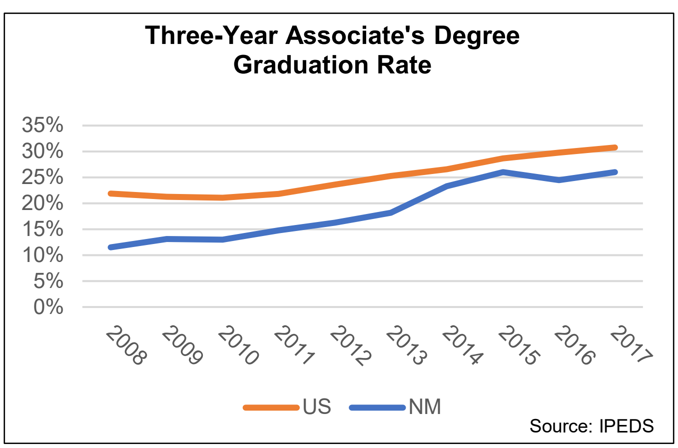
Enrollment and Outcomes

FY23 was the first year of the expanded opportunity scholarship, the goal of which is to provide tuition-free college to New Mexico residents. The scholarship covers first semester costs and fees for direct high-school-to-college students receiving the existing lottery scholarship and covers tuition and fees for nontraditional students returning to higher education.

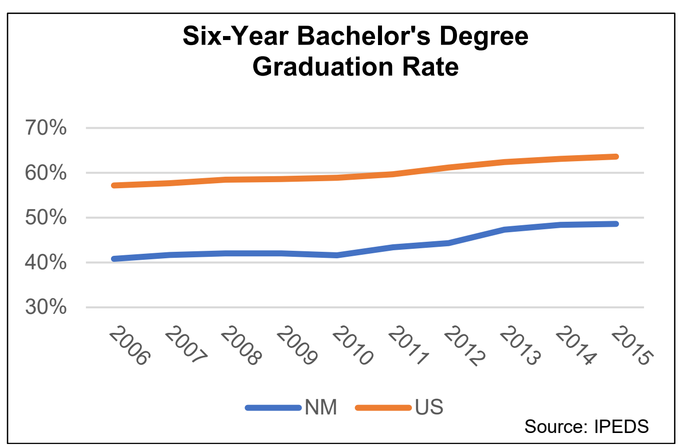
The creation of the opportunity scholarship was followed by a 3.1 percent enrollment increase in its first year, reversing a decade-long trend of shrinking higher education enrollment. Total full-time-equivalent enrollment climbed by 3.5 percent in fall 2023, resulting in research and comprehensive universities seeing a slight enrollment increase over a five-year period while branch and community colleges are still down 16 percent and 17 percent respectively over this period.
New Mexico's college graduation rate, 49 percent in 2021, has ranked 49th or 48th in the nation for the past five years. For New Mexico to reach the national graduation rate of 64 percent for four-year institutions, colleges and universities



Fall Enrollment by Sector

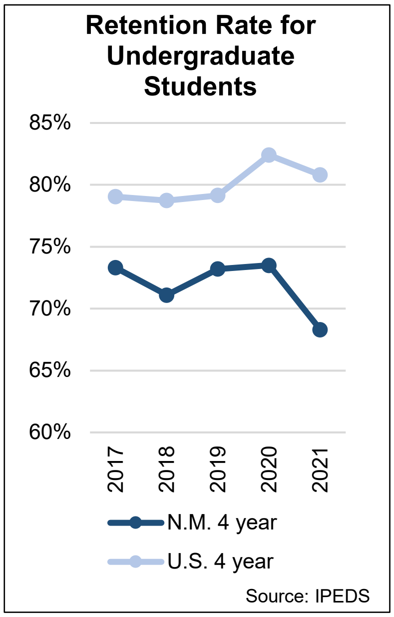


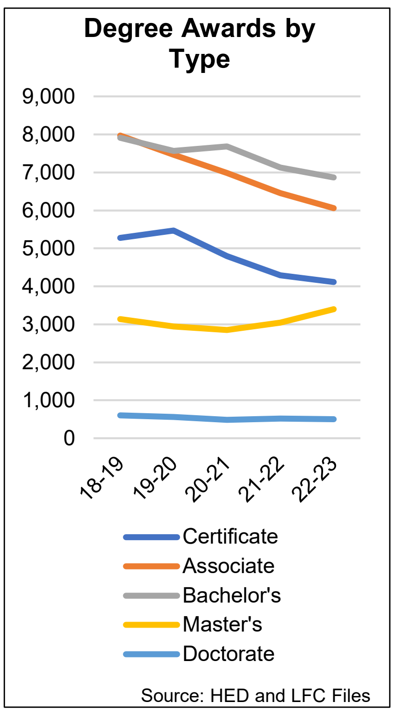
Three-Year Associate's Degree Graduation Rate



Six-Year Bachelor's Degree Graduation Rate

Since 2016, New Mexico's freshman retention rate has ranked 50th in the nation.





Cost Per Award, FY23
(in thousands)

Research	$48.1
Comprehensive	$34.0
Branch	$31.1
Independent	$19.7
Total	**$34.2**

Source: LFC Files

would have needed to graduate 959 more students in 2021. To close this gap, New Mexico institutions must examine barriers to student success and develop strategies to increase year-over-year retention rates from enrollment to graduation. The University of New Mexico has taken the first step by conducting a statewide basic needs assessment.

The basic needs assessment, a survey that looked at food and housing insecurity and homelessness, found more than half of students are housing insecure and that 19 percent of two-year students and 16 percent of four-year students experienced homelessness in the past 12 months. The findings were based on a survey of over 15 thousand respondents at 27 institutions but had a response rate of 16 percent.

In addition to basic needs, test scores and remediation rates show many New Mexico students are academically underprepared, a deficiency exacerbated by pandemic-related learning loss. Despite this, New Mexico reports the 2021 remediation rate of students entering New Mexico colleges and universities was 32.7 percent, a significant reduction from the 2017 rate of 44.2 percent.

To ensure investment in the opportunity scholarship pays off, higher education institutions will be challenged to improve student retention so that college attendance ends with achievement of a degree or certificate.

Awards

Certificate and degree production is down by 2.3 percent from the last fiscal year and has fallen by 16 percent over the past five years. Institutions report a reduction in all award types except for master's degrees over the past one- and five-year periods. Degree awards will likely begin to increase in the coming years, reflecting enrollment increases. However, student retention could become more challenging as the opportunity scholarship provides access to returning students who may require additional support, and colleges contend with the ongoing impact of pandemic learning loss.

Funding Formula

Funding for higher education is performance-informed, but not necessarily performance-driven. The funding formula, which distributes "new money" to colleges and universities protects the prior-year base state funding so that institutions can gain additional funding through the formula but will not lose funding as a result of performance.

Importantly, the funding formula does not reflect diminished workload so that institutions that are losing enrollment, delivering fewer student credit hours, or granting fewer awards are still eligible for additional funding based on their respective market share for these categories. While this approach provides institutions with financial stability, it can also lead to inequity among institutions because institutions that lose enrollment at a faster rate than the state average will receive higher appropriations per student as a result.

To address this, the Higher Education Department and colleges and universities should consider changes to the funding formula to provide a greater weight to performance so that budget growth keeps pace with improvements in outcomes.

Total Degree/Certificate Awards By Sector							
	18-19	19-20	20-21	21-22	22-23	1-Year Change	5-Year Change
Research	9,101	8,657	8,698	8,256	8,200	-0.7%	-9.9%
Comprehensive	3,047	2,844	2,811	2,881	3,031	5.2%	-0.5%
Branch	2,573	2,576	2,175	2,435	2,451	0.7%	-4.7%
Independent	10,177	9,936	9,131	7,869	7,263	-7.7%	-28.6%
Total	**24,898**	**24,013**	**22,815**	**21,441**	**20,945**	**-2.3%**	**-15.9%**
Two-Year Institutions	12,750	12,512	11,306	10,304	9,714	-5.7%	-23.8%
Four-Year Institutions	12,148	11,501	11,509	11,137	11,231	0.8%	-7.5%

End-Of-Course Student Credit Hours by Sector							
	18-19	19-20	20-21	21-22	22-23	1-Year Change	5-Year Change
Research	923,491	737,164	853,491	832,372	861,352	3.5%	-6.7%
Comprehensive	256,261	247,052	239,485	228,132	241,276	5.8%	-5.8%
Branch	313,294	277,230	251,161	238,092	257,941	8.3%	-17.7%
Independent	705,696	675,311	575,200	539,974	563,025	4.3%	-20.2%
Total	**2,198,743**	**1,936,757**	**1,919,336**	**1,838,570**	**1,923,594**	**4.6%**	**-12.5%**
Two-Year Institutions	1,018,991	952,541	826,361	778,066	820,966	5.5%	-19.4%
Four-Year Institutions	1,179,752	984,216	1,092,976	1,060,504	1,102,628	4.0%	-6.5%

Full-Time Equivalent Enrollment, Fall							
	2019	2020	2021	2022	2023	1-Year Change	5-Year Change
Research	32,146	31,497	30,653	31,276	32,688	4.5%	1.7%
Comprehensive	8,623	8,365	7,891	8,198	8,688	6.0%	0.8%
Branch	10,333	8,283	7,914	8,293	8,682	4.7%	-16.0%
Independent	21,708	18,994	17,345	18,010	17,993	-0.1%	-17.1%
Total	**72,810**	**67,139**	**63,803**	**65,777**	**68,051**	**3.5%**	**-6.5%**
Two-Year Institutions	40,769	39,862	38,544	39,474	41,376	4.8%	1.5%
Four-Year Institutions	32,041	27,277	25,259	26,303	26,675	1.4%	-16.7%

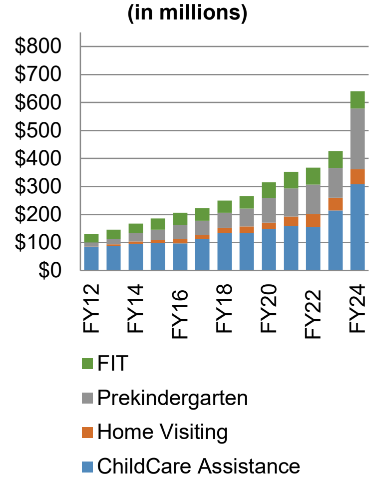
Source: HED and LFC Files

Early Childhood Education and Care Department

ACTION PLAN

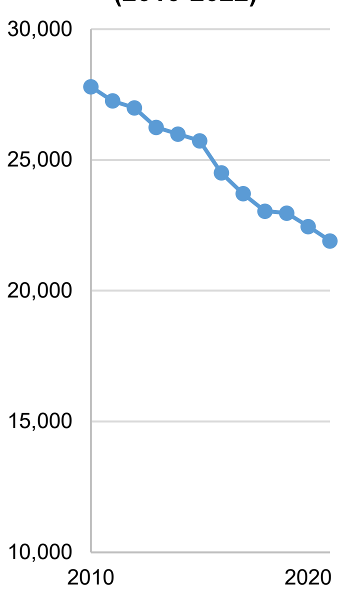
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Recurring Early Childhood Funding History FY12-FY24 (in millions)



Note: Federal Head Start program and State K-12 Plus and Early Literacy programs not included.
Source: ECECD and LFC files

New Mexico Births (2010-2022)



Source: DOH

The Early Childhood Education and Care Department (ECECD) added several additional measures in FY23 for the early education prekindergarten program. Several measures are annually reported at the close of FY23. The global pandemic has led to reported decreases in math and reading proficiency among young children on a national scale. As a result, there is a heightened significance in expanding early education programs to address these setbacks. Research conducted by LFC indicates enrollment in prekindergarten is linked to a 10 percent increase in college enrollment rates. Furthermore, an extensive body of national research and consistent evaluations by LFC have demonstrated that prekindergarten programs consistently enhance math and reading proficiency for economically disadvantaged 4-year-olds. These programs also contribute to the reduction of special education placements and grade retention rates, while mitigating the adverse impacts of student mobility—such as changing schools during the academic year.

Family Support and Intervention

The program primarily consists of three components: the Family, Infant, Toddler (FIT) developmental disabilities intervention program, the Families First case management program, and the Home Visiting parental education and support program. This program has achieved its performance targets, particularly in terms of families making progress in cultivating positive parent-child interactions and ensuring children receive regular well-child visits. These metrics serve as indicators of the Home Visiting program's success in assisting new families in achieving health and developmental milestones for their young children. However, recent LFC research indicates only 7 percent of families complete the program, meaning families are not receicng the full benefit of the services.

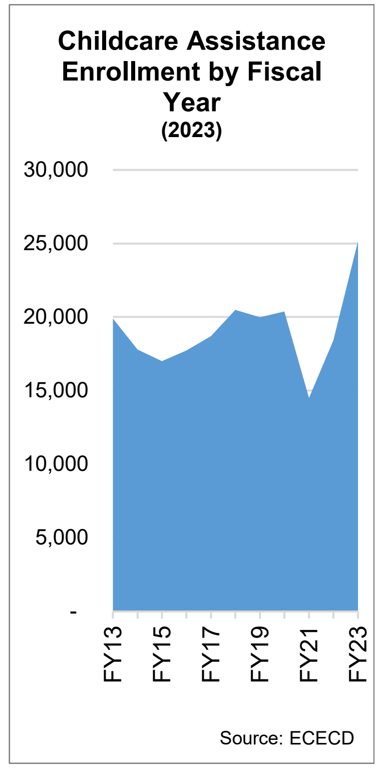
Furthermore, the program has reported an enrollment of only 440 families in the Medicaid-Funded Home Visiting program. While this falls short of the performance target of 1,500, it does represent an increase from the previous fiscal year. Notably, Medicaid-Funded Home Visiting brings in federal revenues that contribute to expanding state services. Should the state intend to further develop home visiting services, it is advisable to prioritize federal Medicaid funds as a source of revenue.

Budget: $68,850.3 **FTE:** 41

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of families enrolled in Medicaid Home Visiting	135	299	1,500	440	R
Average annual number of home visits per family	27	NA	12	19	G
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	NA	86%	80%	88%	G
Percent of parents participating in Home Visiting for at least eight months who demonstrate progress in practicing positive parent-child interactions	74%	73%	75%	79%	G

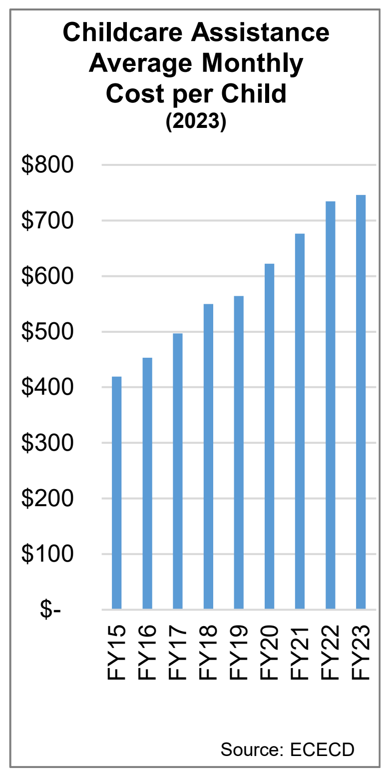
Budget: $68,850.3 **FTE:** 41

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of women enrolled in Families First and Home Visiting who are eligible for Medicaid who access prenatal care in the first trimester	NA	93%	75%	90%	G
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	NA	76%	75%	Not Reported	R
Percent of women who are pregnant when they enroll in Home Visiting who access postpartum care	NA	80%	90%	75%	Y
Percent of women who are pregnant when they enroll in Families First who access postpartum care	NA	80%	90%	96%	G
Percent of eligible infants and toddlers with individual family service plan for whom an initial evaluation and initial assessment and an initial individual family service plan meeting were conducted within the 45 day timeline	NA	NA	100%	93%	Y
Program Rating	R	Y			Y



Early Education, Care and Nutrition

The Early Education, Care, and Nutrition Program, primarily composed of Childcare Assistance and the Family Nutrition Bureau, met all performance targets. Prior to the pandemic, Childcare Assistance average monthly enrollment had been relatively flat, ranging between 18 thousand and 20 thousand children a month. However, in fall 2020, enrollment declined significantly to 15 thousand. In FY21, average monthly enrollment was 14.5 thousand. The average monthly cost per child, however, increased to $676, or $8,117 annually. At the close of FY22, monthly enrollment had increased to nearly 22 thousand, and the average monthly cost was at $734, or $8,810 annually. In April 2022, ECECD announced Childcare Assistance income eligibility would increase to 400 percent of the federal poverty level (FPL) and all copayments would be waived. As of May 2023, and average monthly enrollment for FY23 was 25,163 with an average monthly cost of $746, or $8,953 annually.



Budget: $271,105.6 **FTE:** 146

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of infants and toddlers participating in the Childcare Assistance Program enrolled in childcare programs with four- or five-stars	NA	60%	40%	58%	G
Average monthly co-pay as a percentage of monthly income	NA	NA	10%	0%	G
Program Rating	R	Y			G

Prekindergarten

During the pandemic, all public school and most private school prekindergarten programs were forced to close in-person programs and conduct programs virtually. In spring 2021, virtual class sessions lasted on average approximately 30 minutes to 45 minutes, depending on children's ability to remain attentive and parents' abilities to assist and support their children in remote learning. The pandemic also resulted in the programs being unable to assess children and provide the data. Going into FY24, the Legislature funded a historic expansion and ECECD contracted for 13,344 prekindergarten and 4,188 early prekindergarten slots. The program did not meet targeted performance for FY22. The program met targeted performance at the close of FY23 performance.

Budget: $111,043.6 **FTE:** 11

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of children participating in the state-funded New Mexico prekindergarten program (public and private) for at least six months showing measurable progress on the school readiness spring preschool assessment tool	No Report	92%	90%	93%	G
Percent of children who participated in a New Mexico Pre-K program, for at least nine months, that are proficient in math in Kindergarten	NA	NA	37%	63%	G
Percent of children who participated in a New Mexico Pre-K program, for at least nine months, that are proficient in literacy in Kindergarten	NA	NA	32%	60%	G
Program Rating	Y	R			G

Policy, Research and Quality

The Policy, Research and Quality Program's primary purpose is to manage initiatives to improve the quality of early childhood education and care programs and professional development support for providers. The program also provides data assessment and support in addition to policy development for the department. The program leads the state's childcare tiered quality rating and improvement system, Focus. The department reported meeting both targeted performance measures for Focus but was unable to provide early childhood workforce information.

Budget: $21,101.2 **FTE:** 29.5

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of early childhood professionals, including tribal educators, with degrees or credentials in early childhood fields	NA	NA	45%	Not Reported	R
Percent of licensed childcare providers participating in Focus tiered quality rating and improvement system	NA	51%	60%	64%	G
Percent of licensed childcare providers participating in Focus tiered quality rating and improvement system at the four- and five-star level	NA	60%	50%	60%	G
Program Rating		Y			Y

*Measure is classified as explanatory and does not have a target.

Estimated Return on Potential Home Visiting Programs in New Mexico

Program Name	Benefit to Cost Ratio (rounded to nearest dollar)	Effect Size (ES) Cost Matrix
Nurse Family Partnership	$5-$10	Large ES/ High Cost
Triple P*	$9-$14	Small ES/ Low Cost
Other Home Visiting for At-Risk Families^	$2-$4	Medium ES/ High Cost
Parents as Teachers	$1-$2	Medium ES/ Moderate Cost
Healthy Families America	$1	Medium ES/ High Cost
Family Connects	$1	Small ES/ Low Cost
Early Head Start	$0	Minimal ES/ High Cost

*Cost of Family Connects based on Durham Connects 2014 adjusted for inflation. Some programs may have other benefits, but these currently are not monetized. Outcomes from WSIPP, other than First Born where outcomes are from a 2019 Kilburn and Cannon article. Some ROI analysis (NFP, PAT, EHS) has a range based on previous LFC reports with variance due to model changes.

^Other home visiting programs for at risk families may provide a proxy for First Born home visiting, which was not included by due to limited research allowing for monetization

Source: LFC analysis using Pew Research Foundation analysis with NM data where possible

Children, Youth and Families Department

New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of an initial allegation. Repeat maltreatment can be reduced or prevented through the child welfare workforce through evidence-based approaches, including screening and assessment tools, early intervention with the level of intervention based on the level of risk, and appropriate supports and services. In recent years, the state enacted legislation and significantly increased appropriations in support of these objectives. However, delivering the right interventions to the right people at the right time is easier said than done. In a February 2023 press release the governor declared the child welfare system "is fundamentally broken." This came 32 years after the taskforce that led to the establishment of the Children, Youth and Families Department (CYFD) said the system was crisis-oriented and failed to support families. For FY24, the Legislature increased appropriations significantly for the child welfare system to adjust salaries, fill vacancies, improve access to behavioral health services, and boost prevention programming for evidence-based programs.

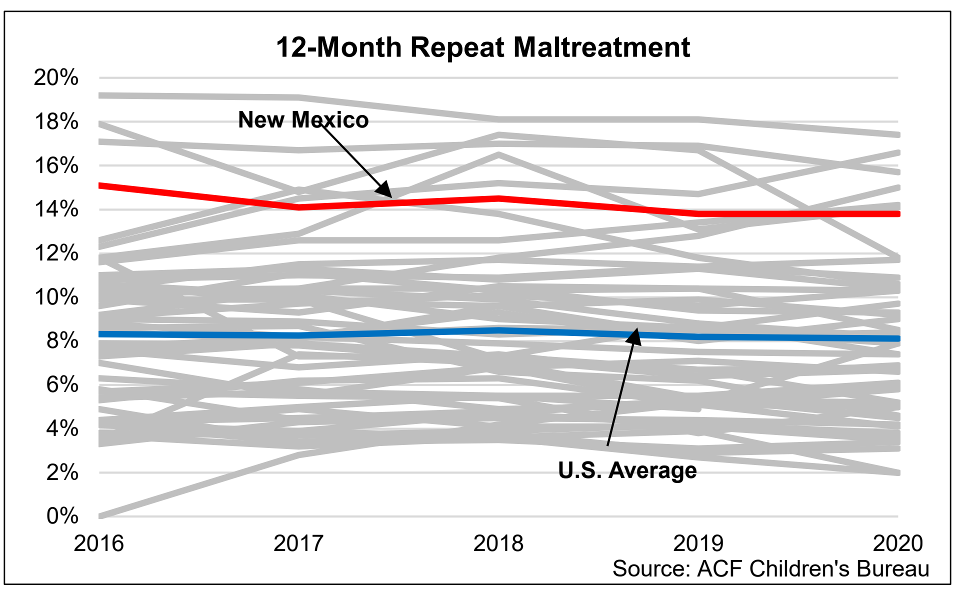
ACTION PLAN	
Submitted by agency?	No
Timeline assigned by agency?	No
Responsibility assigned?	No

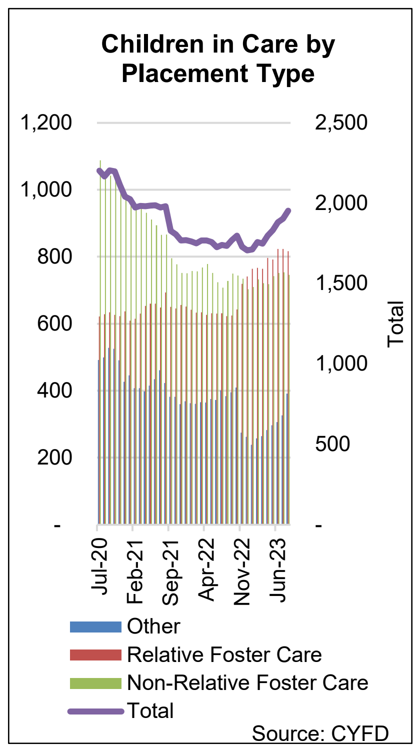
Kevin S., et al. v. Blalock and Scrase Lawsuit Settlement

The lawsuit against CYFD alleged
- Systemic failures resulting in harm to children in foster care,
- Lack of stable placements,
- Behavioral health needs unmet,
- No trauma sensitive system, and
- Little behavioral health capacity.

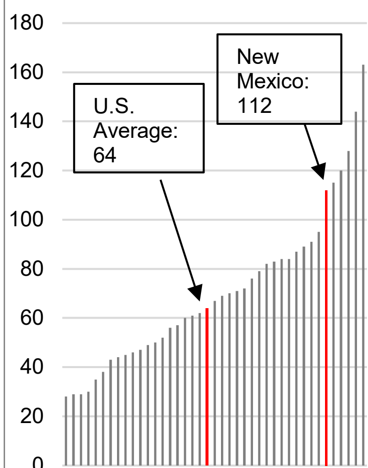
Protective Services

Prevention and early intervention is the key to reducing repeat child maltreatment. Over the long-term, child maltreatment causes physical, psychological, and behavioral consequences, leading to increased costs to the child welfare, behavioral health, and physical healthcare systems. Several evidence-based options for preventing repeat maltreatment could be expanded and leveraged to garner more federal revenue and improve outcomes. Between FY18 and FY22, CYFD preventive services expenditures grew by nearly tenfold increase, with most of the increase occurring in the last two years. The number of children placed in either foster care, relative foster care, or other placements have increased by 14 percent since December 2022, or about 242 children. Prior LFC program evaluation reports pointed out the state may be over-removing children and that many of these children end up in short-term placements. The increased number of children in custody of the department reverses a trend of fewer children in foster placements, going back to at least 2018.





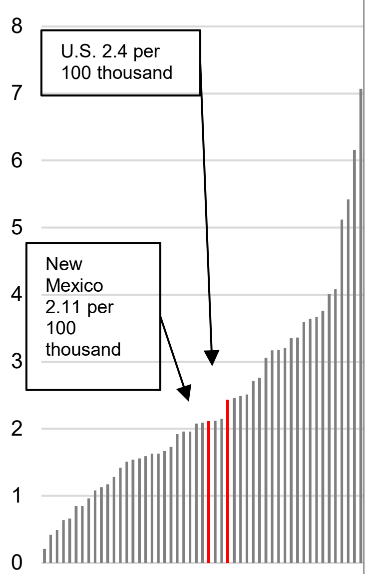
National Caseloads of Investigations and Alternative Response Workers 2021*



*Completed Reports per Investigation and Alternative Response Worker, some states do not report

Source: ACF Child Maltreatment 2021

Child Fatality Rate per 100,000 Children 2021



Source: ACF Child Maltreatment 2021

Budget: $195,773.8 **FTE: 1,111**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Children who were victims of a substantiated maltreatment report during a 12-month period who were victims of another substantiated maltreatment allegation within 12 months of their initial report	14%	14%	9%	13%	R
Rate of maltreatment victimizations per one hundred thousand days in foster care	14.7	10.1	8.0	13%	R
Families with a completed investigation that participated in family support or in-home services and did not have a subsequent substantiated abuse report within 12 months	New	75%	20%	91%	G
Serious injuries with prior protective services involvement in the last year	New	43%	26%	33%	R
Turnover rate for protective service workers	26%	37%	30%	37%	R
Average statewide central intake call center waiting time in seconds	27	30	180	29	G
Foster Care					
Children in foster care who have at least one monthly visit with their caseworker*	98%	96%	N/A	92%	
Children in foster care for more than eight days who achieve permanency within 12 months of entry into foster care	30%	36%	30%	33%	G
Children in foster care for 12 to 23 months at the start of a 12-month period who achieve permanency	40%	42%	35%	34%	Y
Children in foster care for 24 months, or more, at the start of a 12-month period who achieve permanency	41%	38%	32%	31%	Y
Foster care placements currently in kinship care settings	42%	49%	35%	52%	G
Indian Child Welfare Act foster care youth who are in an appropriate placement	73%	72%	35%	67%	G
Relative placements that transition to permanency or are still stable after 12 months	78%	74%	35%	73%	G
Placement moves for children who enter care during a 12-month period and stay for >8 days, per 1,000 days of care	5.6	5.7	4.0	7.6	R
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

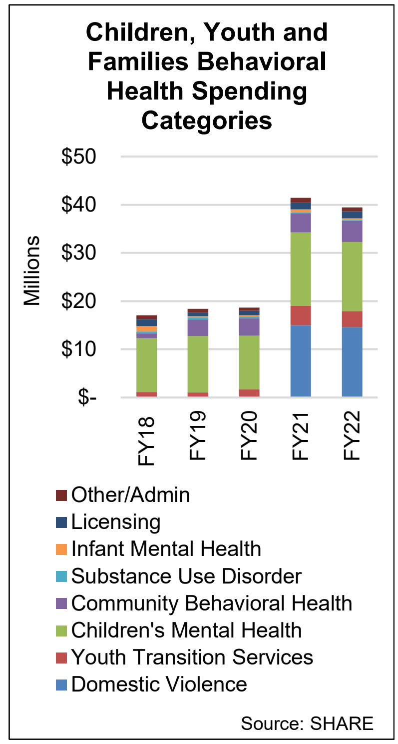
Juvenile Justice Services

The Juvenile Justice Services (JJS) secure population continues to shrink, and in November 2022 a total of 80 clients were in secure facilities, a 63 percent decrease since FY13. Because of the continual downward population trend, in January 2022 the department closed the Camino Nuevo Youth Center after ceasing to hold clients at the San Juan County Detention Center in FY21. Physical assaults in the facilities are significantly down and the student-teacher ratio is currently a two-to-one. With the reduced population and low ratios, the program should start performing better on improving math and reading scores. The turnover rate for youth care specialists increased from 18 percent in FY21 to 42 percent in FY23. The department says the high turnover is the result of staff taking outside positions that allow telecommuting. The department says it submitted a pay equity study to the State Personnel Office in January 2023. The department is also working to ensure salaries consider educational attainment and years of service.

Budget: $76,110.4 **FTE: 767**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Physical assaults in Juvenile Justice Facilities**	224	155	<245	193	G
Eligible juvenile-justice involved youth who are participating in fostering connections	New	50%	60%	63%	G
Juvenile-justice clients who successfully complete formal probation	90%	87%	87%	93%	G
Recidivism rate for youth discharged from active field supervision	18%	15%	20%	13%	G
Recidivism rate for youth discharged from commitment.	33%	35%	55%	40%	G
Clients with improved math scores	No data	44%	56%	57%	G
Clients with improved reading scores	No data	33%	56%	49%	R
Substantiated complaints by clients of abuse and neglect in juvenile-justice facilities	2	2	5	4	G
Turnover rate for youth care specialist	18%	39%	21%	42%	R
Youth being formally supervised by field services currently in kinship care settings	17%	15%	35%	16%	R
Indian Child Welfare Act Youth formally supervised in the community who are in an appropriate placement.	61%	81%	90%	Not Reported	R
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.
**Target is annual; quarterly numbers are cumulative



Behavioral Health Services

Behavioral Health Services reported mental health teams did not recommend family reunification for any infants receiving behavioral health services. This is because most of those served with infant mental health services were not separated from their families to begin with. The program's action plan is to support the community of practice through clinical consultation and increase competency in the delivery of child parent psychotherapy (CPP). On the last measure for community behavioral health clinicians (CBHC), the department says it has filled several vacant positions and has also worked to increase consultation with investigations and permanency planning workers in the Protective Services Program. The department received $963.4 thousand in FY24 to establish three more CBHC teams, and LFC will be monitoring the department's roll out of the additional teams over the next few months.

Budget: $52,304.3 **FTE: 119**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Infants served by infant mental health teams with a team recommendation for unification who have not had additional referrals to protective services	70%	100%	90%	N/A	R
Children and youth in department custody who are placed in a community-based setting	90%	91%	70%	91%	G
Clients enrolled in multisystemic therapy who demonstrate improvement in mental health functioning	92%	90%	75%	89%	G

Budget: $52,304.3 **FTE: 119**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Domestic violence program participants who agree they have strategies for enhancing their safety.	0%	90%	80%	92%	G
Domestic violence program participants who agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	95%	93%	80%	92%	G
Increase in supportive or independent housing options for youth ages 16-21 years from baseline FY20 levels	15%	25%	20%	25%	R
Department-involved youth in the estimated target population who are receiving services from community behavioral health clinicians	65%	65%	75%	60%	R
Program Rating	G	Y			Y

*Measure is classified as explanatory and does not have a target.

Economic Development Department

New Mexico's economy has delivered strong job growth in 2023 and the unemployment rate is 3.5 percent, below the national average. The Economic Development Department (EDD) had two years of record-breaking job creation through the Job Training Incentive Program (JTIP) and Local Economic Development Act (LEDA) in FY21 and FY22. While the department surpassed performance targets for most measures in FY23, performance across the board was lower than in FY22. EDD notes concern about the cost of lending and increased inflation have slowed companies from expanding, and they seem focused on maintaining existing production and workforce. With more hesitancy to expand, fewer companies requested LEDA and JTIP. In response, EDD has taken measures to address slowdowns in fund use. For JTIP, EDD incentivized companies to partner with the Workforce Solutions Department and reassessed the reimbursement formula for higher education institutions that provide customized training for expanding companies. For LEDA, EDD worked with communities and existing local companies on infrastructure needs.

The agency's action plan reflects both its 20-year strategic plan and directives from legislators in the three EDD LegisStat hearings. EDD shifted efforts to attracting companies that offer competitive wages, moving away from low-wage, high-volume jobs. The average annual wage of new jobs created by the department in FY23 was $56.5 thousand, surpassing the target of $47 thousand.

Economic Development

Local Economic Development Act and Job Training Incentive Program. The Economic Development Division awarded two companies $3 million in Local Economic Development Act (LEDA) funds in the fourth quarter of FY23. In FY23, EDD awarded $13.3 million to 14 companies, which could result in 1,092 jobs at a cost of about $12.1 thousand per job. The agency reports having $24 million available in LEDA funds.

For the Job Training Incentive Program (JTIP), the JTIP board approved 16 companies in the fourth quarter, bringing in a total of 1,255 workers trained by JTIP with an average wage of $29.02 per hour in FY23. Additionally, the Film Crew Advancement Program (FCAP), one of the two job training incentive programs for film and multimedia programs, approved 13 companies and approved training 99 crew members at a projected average hourly wage of $28.26. However, JTIP participation decreased in FY23. EDD notes the program experienced an unprecedented increase in participation in FY20 through FY22 due to the pandemic and companies exploring alternative methods to stay afloat, such as expanding their e-commerce capacity and expanding products to meet new markets. Over the past year, companies have scaled back hiring and focused on maintaining their existing workforce. To address underutilization, the JTIP board is encouraging participation by New Mexico higher education institutions that provide customized training for expanding companies and reassessed the per-trainee reimbursement cap. Additionally, companies are eligible for an additional 5 percent reimbursement for participation in job fairs, corporate training, and other customized human resources services offered by the Workforce Solutions Department.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

LegisStat Agency

The New Mexico Economic Development Department (EDD) participated in the Legislative Finance Committee's first LegisStat panel, a new hearing format hyper-focused on performance metrics and agency action plans.

The agency addressed the department's role in creating jobs in the state. The department answered the following questions:

- How many of the short-term strategic plan action items has the department completed or nearly completed?
- How do newly funded economic development initiatives, like the venture capital investment fund or the opportunity enterprise fund, interact with the strategic plan?
- How is the department monitoring the return on investment from LEDA grants?
- How does the department ensure consistency in award criteria for LEDA?

Total Cost per Job

	JTIP	LEDA
FY18	$8,839	$4,063
FY19	$8,144	$11,733
FY20	$4,541	$8,139
FY21	$4,541	$1,546
FY22	$7,994	$8,000
FY23	$14,816	$14,572

Source: EDD and LFC Files

LEDA Investments Highlights FY23

1. Franklin Mountain Packaging, a manufacturer specializing in producing high-quality corrugated micro-flute sheets, received $500 thousand to construct a new production center and warehouse in Santa Teresa and expects to add 60 employees in the next three years.

2. HOTA industrial Manufacturing, a major Asian automotive parts supplier, received $2.5 million to build a factory in Santa Teresa and expects to hire 350 employees.

3. Louisiana Pepper Exchange, a New Orleans-based chile pepper company, received $300 thousand for a processing warehouse in Santa Teresa and expects to hire 20 people over the next five years.

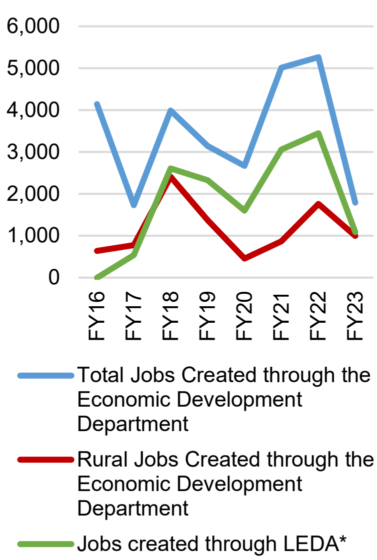
4. Parting Stone, an innovative cremation company that turns remains into smooth stones, received $150 thousand and expects to hire an additional 80 employees.

New Mexico Partnership. New Mexico Partnership was created as a mechanism to entice and entertain companies considering relocating to New Mexico. Performance for the partnership has been low for the past five fiscal years, with its highest performance in FY20, when the partnership created 812 jobs through business relocation facilitations. EDD notes many projects are taking longer to relocate due to concerns about inflation and lending costs. However, company visits managed by the partnership have slightly increased from FY22 and EDD reports companies are coming back for second and third site visits.

Office of Strategy, Science, and Technology. The Office of Strategy, Science and Technology (OSST) executes programs that encourage and enable the startup, growth, and relocation of technology-based industries in and to New Mexico. The director position was vacant for several months but was filled in July 2023. The office is also recruiting for the newly created Entrepreneurship Program coordinator. With a full staff, the office will be able to follow up with companies that receive science and technology grants and provide technical assistance to technology companies not previously engaged with EDD. In FY23, OSST tracked $1.062 million in new investment in tech companies assisted by the office from non-state sources.

MainStreet. In addition to $52.8 million in private sector investments and 278 private building rehabilitations, local MainStreet programs reported 132 net new businesses and 827 net new jobs in FY23. Major purchases reported by MainStreet districts from the final quarter of FY23 include a $2.7 million purchase in Las Cruces for the Bank of the West building and $1.8 million purchase in Ruidoso for a riverside property for Downshift Brewing. In 2022, the Legislature approved $10 million in severance tax bonds for MainStreet districts, compared to just $250 thousand in 2021 and $1 million in 2020.

Economic Development Department Job Creation
FY16 to FY23



*Data not collected in FY16

Source: EDD

Budget: $11,758.8 **FTE:** 25

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Jobs created due to Economic Development Department efforts	5,012	5,263	4,000	1,790	R
Rural jobs created	871	1,766	1,320	996	R
Average wage of jobs created due to Economic Development Department efforts, in thousands	$70.6	$61.3	$47.5	$56.5	G
Private sector dollars leveraged by each dollar through Local Economic Development Act	128:1	84:1	25:1	19:1	R
Jobs created through the use of Local Economic Development Act funds	3,058	3,447	3,000	1,092	R
Number of workers trained by JTIP	3,356	2,355	2,000	1,255	R
Jobs created through business relocations facilitated by the New Mexico Partnership	147	64	2,250	165	R
Number of company visits to New Mexico for projects managed by the New Mexico Partnership	9	21	12	28	G
Potential recruitment opportunities submitted by the New Mexico Partnership	60	69	60	63	G
Dollars of follow-on investment in technology-based companies as a result of OSST programs, in millions	$17	$5.2	$2	$1.06	R

*Data not collected in FY16

Source: EDD

Budget: $11,758.8 **FTE:** 25

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Private sector investment in MainStreet districts, in millions	$59	$42	$25	$52.9	G
Number of building rehabilitations assisted by the MainStreet Program	274	232	200	278	G
Program Rating	Y	G			Y

New Mexico Film Office

All measures for the film office surpassed FY23 targets. Direct spending by the film industry surpassed the FY23 target by over $260 million but reflects a 7 percent decrease from FY22. EDD notes the decrease in all performance measures in comparison to FY22 are due to the Writers Guild of America and Screen Actors Guild-American Federation of Television and Radio Artists strikes, which have halted productions nationwide.

Budget: $961.8 **FTE:** 8

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Direct spending by film industry productions, in millions	$623.8	$855.4	$530	$794.1	G
Film and media worker days	266,604	668,707	320,000	553,630	G
Total gross receipts paid by film industry productions, in millions	$30.2	$47.1	$25	$43.4	G
Total wages paid by film industry productions to New Mexico residents, in millions	$121.2	$157.0	$100	$152.2	G
Program Rating	G	G			G

Outdoor Recreation

The Outdoor Recreation Division's goal is to ensure all New Mexicans share in the public health, environmental, and economic benefits of sustainable outdoor recreation. The division focuses on a few key impact areas: economic development, promotion of outdoor-recreation assets, conservation, and education and public health programs. The division created 411 new outdoor recreation jobs in FY23, an 83 percent increase from FY22.

In FY22, The Legislature heavily invested in the division's two grant funds, appropriating $7 million to the Trails+ fund, created to assist local entities in creating, maintaining, and improving recreational trails, and $3 million to the outdoor equity fund, designed to fund outdoor programming for underserved youth in FY22. In FY23, the Legislature made an additional investment of $10 million to the Trails+ fund and $1 million to the outdoor equity fund. The division approved 44 grant applications and awarded $4.2 million for the Trails+ program. In 2022, the outdoor equity fund approved 48 applications and awarded $795 thousand and brought 12,221 young New Mexicans outdoors. Of the awardees, 50 percent support tribal, rural, and land grant communities.

Budget: $1,080.8 **FTE:** 3

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
New outdoor recreation jobs created by the outdoor recreation division*	9	173	N/A	411	

One-Time Economic Development Funding at a Glance
(in thousands of dollars)

Purpose	2021 Second Special Session	2022 Regular Session	2023 Regular Session
Outdoor Equity Fund	3,000		1,000
Trails + Grants	7,000		10,000
Film Academy		40,000	500
Local Economic Development Act		50,000	13,000
Venture Capital Investment Fund		35,000	15,000
Federal Grants Administration	435	3,500	
Local Grant Management		1,500	
Opportunity Enterprise Fund		70,000	
Job Training Incentive Program		6,000	3,000
Subtotal	**10,000**	**201,000**	**42,500**
Grand Total			**253,500**

Source: EDD and LFC Files

FY23 Approved Outdoor Equity Fund Grant Awards

The outdoor equity fund approved 48 projects in FY23. Among approved projects:
1. Albuquerque Sign Language Academy was awarded $20 thousand for outdoor activities for students with disabilities.
2. The city of Clovis Summer Youth Program was awarded $20 thousand for youth classes and seminars on the environment, animals, plants, and ecology.
3. The Native American Community Academy was awarded $20 thousand for land-based healing and learning.

FY23 Approved Outdoor Recreation Trails+ Grant Awards

The Outdoor Recreation Division approved 44 grant applications and awarded $4.2 million for the Trails+ program in FY23. Approved projects include:

1. Taos Pueblo received $490 thousand to clear access to tribal trails blocked by downed trees and to design and engineer a 4.5 mile nonmotorized trail.

2. Las Vegas received $99 thousand to add a trail to the Rodriguez Park Baseball and Softball field.

3. San Juan College received $99 thousand for restroom facilities in an open space near the institution.

Budget: $1,080.8 **FTE:** 3

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Outdoor recreation projects funded or lead by the outdoor recreation division*	6	44	N/A	44	
Number of youth participating in outdoor education programs through the division*	3,123	21,904	N/A	12,221	G
Program Rating	Y	G			G

*Measure is classified as explanatory and does not have a target.

Tourism Department

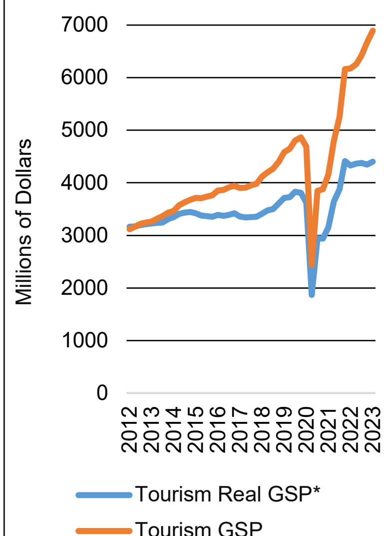
While New Mexico's tourism industry took many hits throughout the pandemic, sector job growth and industry gross state product have steadily recovered and are nearing prepandemic levels. The Legislature has made investments to the base operating budget and special appropriations to support the department's programs and advertising efforts.

The Tourism Department (NMTD) met or exceeded most performance measures in FY23 and is positioned to meet targets where performance was low with dedicated new staff for outreach.

In FY23, the department awarded $177 thousand to local events through its new tourism event growth and sustainability program. The department also continued its cooperative marketing and advertising grant program, which provides a 2-to-1 matching investment to tourism-related entities, such as nonprofits and local governments. The department awarded $3.9 million to 41 partners through the cooperative program provide guidance in marketing and advertising initiatives that align with the New Mexico True brand.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

New Mexico Tourism Gross State Product



*Real GSP is an inflation-adjusted measure.

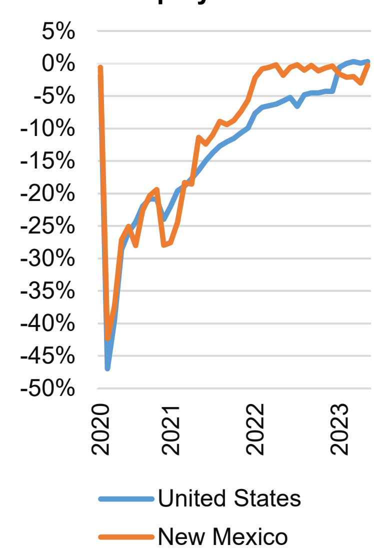
Source: NMTD

Marketing and Promotion

Workforce. For the first time since the pandemic, national employment in leisure and hospitality pulled ahead of New Mexico, marking a recovery of the industry for the United States and signaling the tourism economy is seeing rebounds at the national level. Jobs in the New Mexico leisure and hospitality sector are within 0.3 percentage of prepandemic employment levels. The department reports 4.6 percent more jobs in the sector in the fourth quarter of FY23 year over year.

Media and Engagement. The department secured 14 times the target for earned media in FY23 from various news, sports, and magazine features. NMTD reports a return on investment of $67 in earned media for every dollar spent on national marketing, a 168 percent improvement from the return on investment in FY22. The department attributes this growth in earned media value to placement and targeting in top-tier leisure travel media. Additionally, the cooperative marketing grant program resulted in a total earned media value of more than $5.1 million.

Percent Change in Leisure and Hospitality Employment



Source: NMTD

Budget: $18,656.1 **FTE:** 13

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Year-over-year change in New Mexico leisure and hospitality employment	-14%	19%	3%	4.6%	G
Percent email open rate of NM True eNewsletters	New	New	18%	27%	G
Amount of earned media value generated in millions	$1.7	$5.2	$1	$16.4	G
Program Rating	Y	Y			G

New Mexico Magazine

New Mexico Magazine revenues in FY23 were 6 percent higher than in FY22. The magazine celebrated 100 years of publication and collaborated with the New Mexico History Museum to open an exhibit recapping the beginning of the

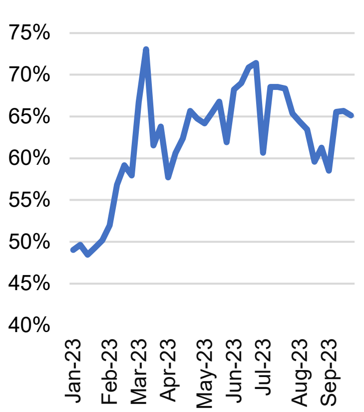
Outdoor Tourism and Infrastructure

Outdoor recreation is a large component of tourism in New Mexico. According to annual visitation data from 2022, 60 percent of trips to New Mexico included an outdoor activity, 12 percent higher than the national average.

To support outdoor infrastructure that allow for sustainable tourism, the Tourism Department:

- Worked closely with the EDD's Outdoor Recreation Division to ensure trails are supported by the New Mexico True brand;
- Launched Destination Forward, which provides eligible entities technical support for planning, design, and renovation;
- Served on the grant review committee for EDD's Trails+ grant that provides awards to organizations to fund outdoor infrastructure groups;
- Support local government initiatives to support beautification and litter reduction through the department's Clean and Beautiful Grant Program;
- Worked with councils of government to identify tourism-related infrastructure projects for capital outlay funds. Of the 111 identified programs, 42 percent of them support rural outdoor recreation projects.

New Mexico Occupancy Rate 2023



Source: NMTD

publication, featuring over a thousand magazine covers and over 200 photographs published in the magazine. The publication also released Centennial Cookbook: A Century of Flavors featuring recipes from the magazine's archives and shared by contemporary chefs throughout the state. The magazine received the Adrian Award honoring excellence in travel marketing from Hospitality Sales and Marketing Association International.

Budget: $3,242.4 **FTE:** 10

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Advertising revenue per issue, in thousands	$182	$137	$75	$146	G
Program Rating	G	G			G

Tourism Development Program

The program, which supports tourism development in communities and other entities with competitive grants, has made collaboration with Native American partners a priority in recent years, with tribal community engagement in the Clean and Beautiful Program increasing by 73 percent in FY23. NMTD hired a tribal liaison in the third quarter to help support Native communities and, as a result, engagement quintupled compared to all other quarters combined.

The Clean and Beautiful Program awarded nearly $791 thousand to 45 participants. Awards were invested in litter eradication, waste reduction, community beautification, youth empowerment, and program development. Through the new tourism event growth and sustainability program, which has three different award tracks, NMTD awarded $177 thousand to 12 events. The New Mexico True Certified program continued to grow in FY23 and helped businesses with co-branded advertisements, certified logos, and holiday gift guides. Participation in the program increased 8 percent in FY23. The Cooperative Marketing Grant Program provides a 2-to-1 marketing funding match and customized media strategies for tourism-related entities. In FY23, the department awarded $3.9 million in grant funding to 41 partners. Marketing campaigns supported by the cooperative grant include digital billboards in El Paso to promote Silver City, social media content for the Santa Fe Children's Museum, and photo asset creation for Mesilla.

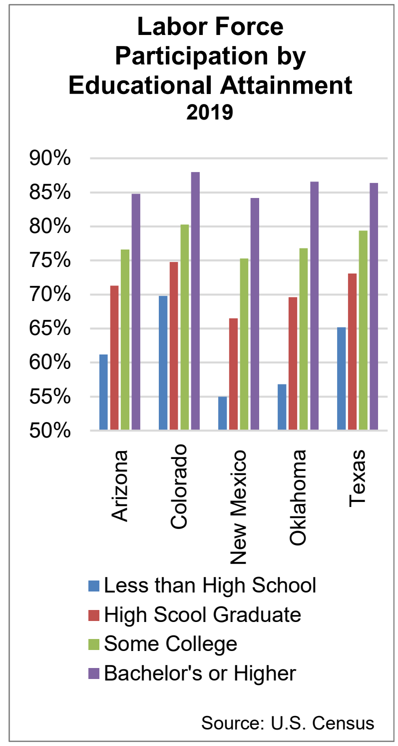
Budget: $3,006.1 **FTE:** 17

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of meetings or events conducted with Native American entities	21	23	70	50	Y
Number of participants in New Mexico True Certified Program	414	401	400	433	G
Program Rating	R	G			G

Workforce Solutions

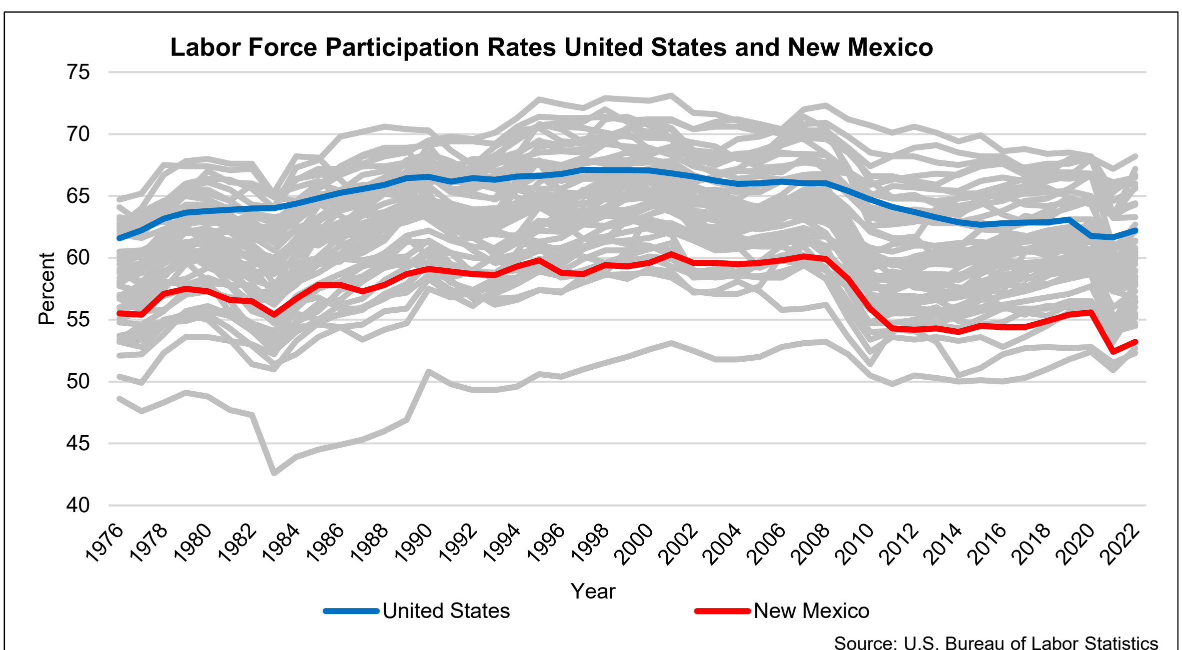
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Teachers, nurses, social workers, service industry workers, and workers in several other sectors are in short supply. New Mexico's low unemployment rate and comparatively low labor force participation rate suggest the state should be doing more to entice prospective workers off the sidelines. A key April 2022 Workforce Solutions Department *Labor Market Review* that focused on the state's low labor force participation rate (LFPR) found participation rates dropped 9 percent between 1999 (peak LFPR) and 2021 for men between the ages of 25-34, the largest reduction for any age group and close to double the national decline. In 2021, the LFPR for men in New Mexico ranked third from the bottom nationally. Also in 2021, New Mexico had the fourth lowest LFPR among women and, at a 5.2 percent the reduction between 1999 and 2021 was greatest for women aged 35-44. Between 2010 and 2020, participation dropped the most for those with just a high school education. The one bright spot showed women with children under 6 years old participated in the labor force at a slightly higher rate than the national average.



U.S. Bureau of Labor Statistics studies show low labor force participation rates cause rising dependency ratios because fewer workers are available to support those who do not work, higher tax rates because of a shrinking base, and slower economic growth because fewer people are working. Reasons for low participation include out-migration of working aged adults, an aging population, and more people receiving disability. The number of people receiving disability nearly doubled from 31 thousand to 61.3 thousand between 1999 and 2020. The study also suggested a correlation between low LFPR and comparatively low real per capita income.

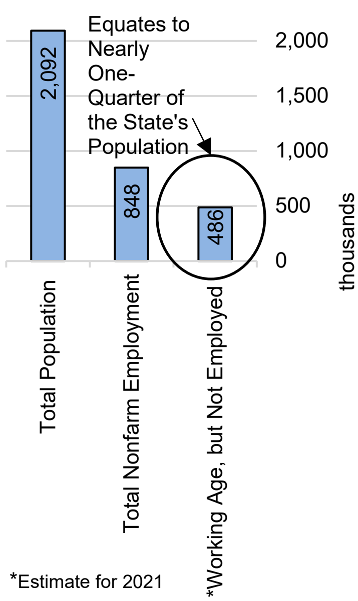
During the 2022 session, the department directly received $10 million for reemployment services, case management, and youth apprenticeships. The



department says it has been working with the Public Education Department (PED) and convened a work group of businesses, trade unions, and PED representatives focused on work-based learning, and community college representatives to refine the plans for pre-apprenticeship programs, career specialists, and technological improvements with the two special appropriations, in addition to developing the plans for marketing trade careers through virtual reality experiential learning. As of August 2023, the department spent about $2.7 million from the two appropriations. The largest expenditures went to the New Mexico Center for Economic Opportunity for advertising and to purchase a truck for the Be Pro Be Proud initiative the department started with the funds.

Employment Services

Low Percentage of Population Working



*Estimate for 2021

Source: US Census and BLS

The Employment Services Program plays a key role in addressing the low LFPR and is a central player in developing a plan. The program oversees the state's network of workforce connections centers and operates several programs related to the federal Workforce Innovation and Opportunities Act (WIOA). Much of the $10 million discussed above could be used to augment already existing evidence-based workforce programs the federal government funds through WIOA. Throughout FY23, about 50 thousand individuals received employment services in a Connections office, about half of the targeted 100 thousand. The plan to improve the participation rate will require a large outreach effort and case management ensuring prospective workers take advantage of generous state programs such as near universal childcare.

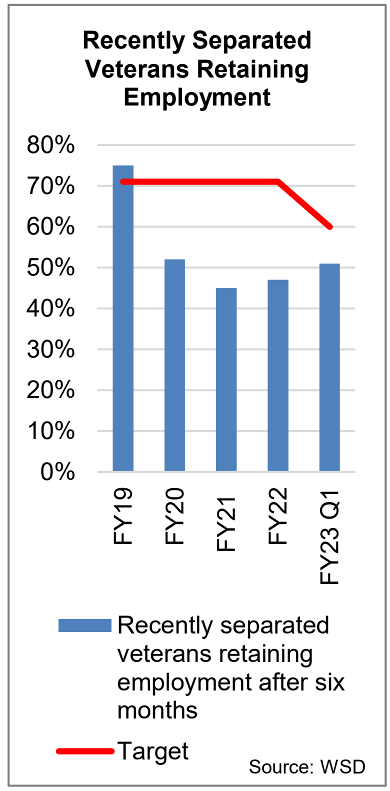
Budget: $30,839.7 **FTE: 368**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Services for Unemployed and Job Seekers					
Total number of individuals accessing the agency's online Job Seeker portal	293,837	106,659	125,000	63,024	R
Individuals receiving employment services in a Connections Office	107,366	60,116	100,000	50,041	R
Unemployed individuals employed after receiving employment services in a Connections Office	57%	51%	60%	61%	G
Average six-month earnings of individuals entering employment after receiving employment services in a Connections Office	$13,594	$15,076	$12,750	$15,547	G
Individuals that have received employment services in a Connection Office, retaining employment services after six months	57%	55%	60%	61%	G
Average change in six-month earnings of working individuals after receiving employment services in a Connections Office	$393	$2,032	$800	$4,616	G
Services for Veterans					
Recently separated veterans entering employment	47%	48%	60%	51%	R
Recently separated veterans retaining employment after six months	45%	47%	60%	51%	R
Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a Connections Office	$14,193	$18,800	$17,000	$18,812	G
Unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office	47%	46%	60%	51%	R

Budget: $30,839.7 **FTE:** 368

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Apprenticeships					
Audited apprenticeship programs deemed compliant	67%	50%	75%	66%	R
Apprentices registered and in training	1,837	1,883	1,800	2,273	G
Program Rating	Y	G			Y

*Measure is classified as explanatory and does not have a target.

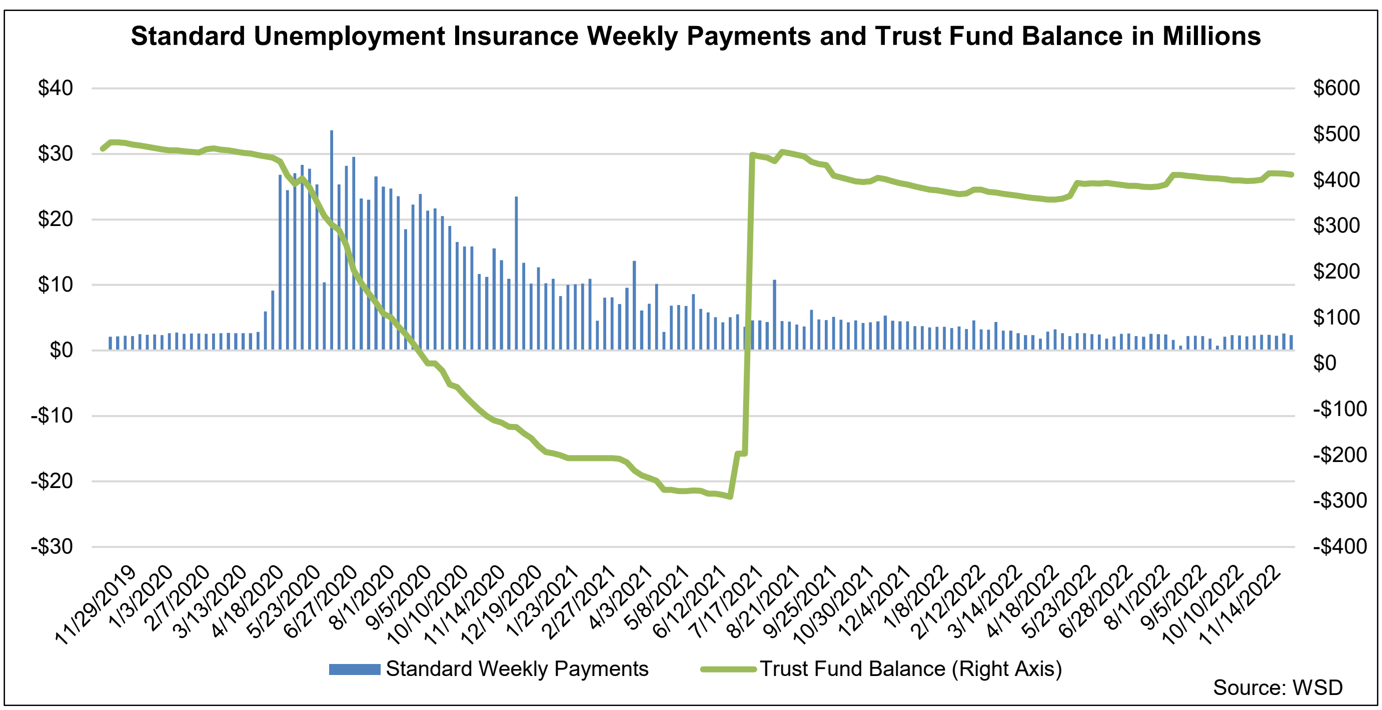


Unemployment Insurance

The Workforce Solutions Department 2022 annual State of the Workforce report found that "the number of New Mexicans aged 65 years old and older grew more quickly than the rest of the U.S. and that the number of persons in the prime working age group of 25 to 54 declined by 2,864 people, or 0.4 percent in New Mexico. In the U.S., the number of persons in this age group increased by 0.5 percent." Additionally, the report notes, "from 2016 to 2020, New Mexico lost about 25 thousand, nonfarm jobs, a decline of 5.4 percent. Although this was largely due to efforts to control the covid-19 pandemic, the country showed an increase during this same period—the U.S. total nonfarm employment increased 3.0 percent."

Budget: $16,177.2 **FTE:** 164

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Eligible unemployment claims issued a determination within 21 days from the date of claim	55%	35%	80%	36%	R
Percent of all first payments made within 14 days after the waiting week	60%	52%	87%	61%	R
Accuracy rate of claimant separation determinations	53%	65%	75%	51%	R



Budget: $16,177.2 **FTE: 164**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Average waiting time to speak with a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	18:69	7:19	18:00	16:31	G
Average waiting time to speak with a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	16:55	9:30	15:00	14:54	G
Program Rating	R	Y			Y

*Measure is classified as explanatory and does not have a target.

Labor Relations

In 2021, the Legislature passed the Healthy Workplaces Act requiring employers within the state to provide sick leave of one hour per 30 hours worked, with earned sick leave carrying over from year-to-year with the maximum total carryover not to be less than 64 hours. The department is required to investigate complaints related to the act, which may significantly increase investigations. The department posted guidance with frequently asked questions on its website to support businesses implementing the law.

Budget: $4,077.1 **FTE: 45.5**

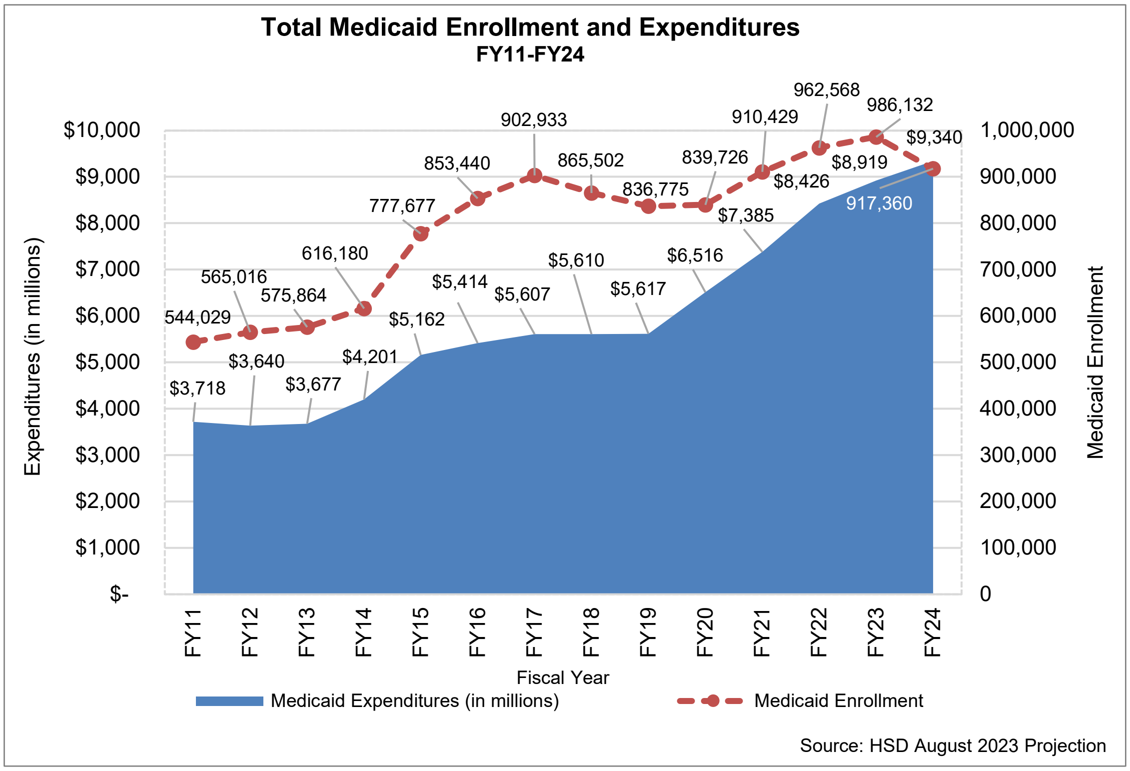
	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Investigated wage claims issued an administrative determination within 90 days	14%	50%	35%	20%	R
Total public works projects inspected	0%	77%	45%	100%	G
Discrimination claims investigated and issued a determination within two-hundred days	27%	28%	60%	53%	R
Program Rating	R	Y			G

*Measure is classified as explanatory and does not have a target.

Human Services Department

Close to half of the state's population is enrolled in the Human Services Department's Medicaid Program, making it the largest per capita Medicaid Program in the country. The program represents about 14 percent of the state's general fund spending, but the program continues to miss performance targets. Notably, maternal and child health performance is below targeted levels but did improve over FY22.

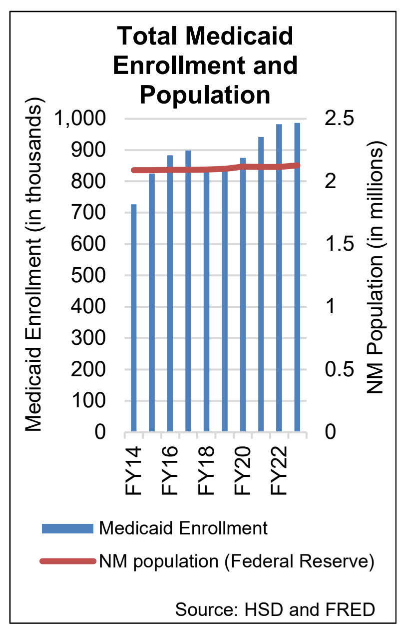
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No



The Income Support Division's (ISD) Temporary Assistance for Needy Families (TANF) Program reported only 7 percent out of a targeted 37 percent of recipients earned sufficient income to impact their eligibility to receive cash assistance. Supplemental Nutrition Assistance Program (SNAP) enrollments and recertifications are also behind federal targets.

Pandemic-Related Enrollment and Funds. The public health emergency (PHE), federal policy, and workforce participation impact the Medicaid program's enrollment, utilization, costs, and outcomes. In 2020, the federal Families First Coronavirus Response Act included a 6.2 percent increase in the federal Medicaid matching rate. States were required to continue Medicaid eligibility for enrolled individuals through May 11, 2023, when the PHE ended. During the PHE, Medicaid enrolled over 170 thousand new members, for a total approaching 991 thousand members.

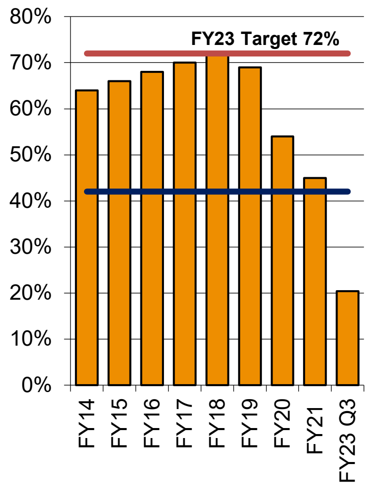
The Human Services Department reported 75 thousand disenrollments from Medicaid over the first three months of post pandemic unwinding efforts. The most recent Medicaid projection for FY23 indicates a nearly $40 million reduction in expenditures from the previous projection for physical healthcare under centennial care managed care partially because of the disenrollments. The disenrollments



may lead to further downward adjustments in projected expenditures in future projections. Additionally, the department is projecting a total of 95 thousand disenrollments, but this may be a conservative estimate because the first half of unwinding resulted in 69 thousand disenrollments.

Medical Assistance Division

Children in Medicaid Receiving Annual Dental Visit



Source: HSD Quarterly Report

The Medicaid Program did not meet any of its performance targets during FY23. However, improved notably over FY22 for well-child visits, prenatal visits, and child and youth dental visits. For well-child visits, HSD reports the reported rate is based on the Healthcare Effectiveness Data and Information Set (HEDIS), which are reported on a calendar year and do not align with the state fiscal year. Managed care organization strategies to improve well-child visits include increasing outreach calls, instituting value-based contracts with providers, creating a reward program for well-child visit compliance, offering assistance with scheduling appointments and transportation, and implementing a member texting campaign.

Home Visiting. Participation in Centennial Home Visiting (CHV) remains low despite federal and Medicaid funding for the program. CHV provides in-home services to children and primary caregivers, seeks to improve maternal and child health and child development and school readiness, encourages positive parenting, and connects families to support in their communities. The Medical Assistance Division will leverage the Centennial Rewards program to incentivize CHV participation, well child visits, and immunizations.

Network Adequacy

The Office of Superintendent of Insurance (OSI) implemented network adequacy compliance reporting requirements for commercial health insurance beginning January 1, 2022. OSI also implemented more rigorous standards for existing network adequacy compliance reporting.

Medicaid MCOs should be required to comply with OSI regulations for network adequacy and reporting as well as federal requirements.

Budget: $7,269,255.3 **FTE: 219.5**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months*	51%	45%	N/A	63%	
Children and adolescents ages 3 to 21 enrolled in Medicaid managed care who had one or more well-care visits during the measurement year*	39%	17%	67%	44%	R
Children ages 2 to 20 enrolled in Medicaid managed care who had at least one dental visit during the measurement year	56%	38%	72%	57%	R
Hospital readmissions for children ages 2 to 17 within 30 days of discharge	7%	7%	<5%	7%	R
Hospital readmissions for adults 18 and over within 30 days of discharge	9%	11%	<8%	9%	Y
Emergency department use categorized as nonemergent care	50%	53%	45%	57%	R
Newborns with Medicaid whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization*	70%	60%	83%	80%	Y
Medicaid managed care members ages 18 through 75 with diabetes, types 1 and 2, whose HbA1c was <9 percent during the measurement year*	53%	77%	86%	52%	R
Program Rating	Y	R			R

*Measures are HEDIS measures, which represent a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service. The most recent unaudited data available reported under FY22 actuals includes the last quarters of FY22. The data for HEDIS measures is preliminary and will be finalized later in 2023.

Income Support Division

The Income Support Division (ISD) fell short of all performance targets. Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) caseloads continued to decline from the previous year. The performance measure "TANF recipient's ineligible for cash assistance due to work-related income" reflects adults whose new employment income exceeded TANF guidelines. Despite unemployment substantially declining in New Mexico, just 7 percent of TANF recipients were ineligible for cash assistance due to work-related income.

The Workforce Solutions Department (WSD) is partnering with ISD to collaborate on employment placements for TANF Career Link Program and Wage Subsidy Program participants. WSD started a campaign called "Ready NM" with access to training, education, and employment resources that can assist TANF participants. HSD reports it is not meeting timeliness requirements for SNAP enrollments. The federal government requires enrolling 95 percent of expedited cases within a seven-day timeframe unless there is a waiver. ISD reports it has a special dedicated team to work on enrolling expedited cases and is working with WSD and Department of Health to identify staff to work overtime to assist with outstanding recertifications, as well as contracting with temporary staff.

Work Requirements

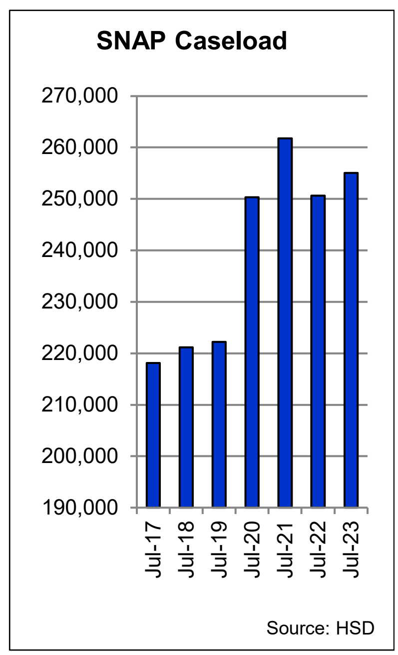
HSD's partnership with the Workforce Solutions Department (WSD) of roughly two years does not yet appear to be positively affecting work program performance outcomes for TANF participants. WSD is slated to assist TANF participants with gaining skills, experience, and resources to improve the family's financial stability, find employment, and earn living wages.

WSD previously reported staffing issues. However, at the end of FY22, WSD's TANF program reported a vacancy rate of only 8 percent. With TANF caseloads declining, low statewide unemployment, and more WSD staff, TANF outcomes could rebound to pre pandemic levels.

Budget: $1,086,913.5 **FTE: 1,134**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Regular Supplemental Nutrition Assistance Program cases meeting the federally required measure of timeliness of 30 days	99%	96%	98%	38%	R
Expedited Supplemental Nutrition Assistance Program cases meeting federally required measure of timeliness of seven days	99%	92%	98%	64%	R
Temporary Assistance for Needy Families recipients ineligible for cash assistance due to work-related income	8%	2%	37%	7%	R
Two-parent recipients of Temporary Assistance for Needy Families meeting federally required work requirements	8%	3%	52%	12%	R
All families receiving Temporary Assistance for Needy Families meeting federally required work requirements	9%	3%	37%	10%	R
Program Rating	Y	R			R

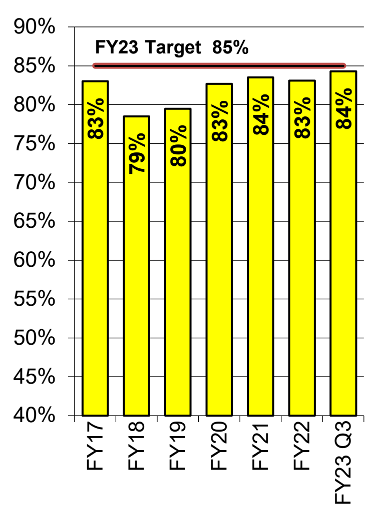
*Measure is classified as explanatory and does not have a target.



Child Support Enforcement Division

The Child Support Enforcement Division (CSED) is modernizing the program to set accurate child support obligations based on the noncustodial parent's ability to pay alongside increasing consistent and on-time payments to families, moving nonpaying cases to paying status, improving child support collections, and incorporating technological advances that support good customer service and cost-effective management practices. CSED expected performance to improve with these efforts; however, performance for all CSED performance metrics fell short of targeted levels, but were close to meeting targets in a few areas.

CSED reported child support collections totaled $121 million, resulting in collections falling short of the FY23 target of $145 million. Beginning in January



Source: HSD Quarterly Report

2023, the distribution of child support payments moved to a Families First model, with more payments going directly to families and children rather than for TANF recoveries. This change was slated to improve the performance of child support owed that is collected. Performance on that measure was unchanged.

Budget: $35,995.4 **FTE: 370**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Noncustodial parents paying support per total cases with support orders	56%	52%	58%	50%	R
Total child support enforcement collections, in millions	$147.4	$130.3	$145	$121	R
Child support owed that is collected	61%	58%	60%	58%	Y
Cases with support orders	84%	83%	85%	84%	Y
Total dollars collected per dollars expended	$2.90	$2.69	$4.00	Annual	
Average child support collected per child	NEW	$127.9	N/A	$124.5	
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

In the fourth quarter of FY23, 217,126 people received behavioral health services in Medicaid managed care, fee-for-service, and state programs, which remained relatively flat when compared to the same quarter in 2021 and 2022. An august 2023 LFC progress report on Addressing Substance Use Disorders stated that efforts to expand treatment have not kept pace with the increased magnitude of substance use needs. Overdose deaths nearly tripled between 2013 and 2021, with most of the increase occurring in the last few years. The state is investing roughly $800 million annually in the Medicaid behavioral health program, which is the largest payer of substance use treatment in the state and provides behavioral health insurance coverage to nearly half of all New Mexicans. Despite these investments, New Mexico has not yet been able to reverse trends in substance-related deaths.

When the Behavioral Health Collaborative (BHC) was established in 2004 the vision was to create a single statewide behavioral health delivery system. However, the collaborative's administrative services organization (ASO) only tracks general fund spending, and performance data does not include Medicaid behavioral health, the largest purchaser of these services. The collaborative should enhance its role coordinating overarching behavioral health services across state agencies, including Medicaid. Performance data across agencies would provide a comprehensive overview of the systemic outcomes.

Existing Problem

New Mexico had some of the poorest substance use and behavioral health outcomes in the country even before the Covid-19 pandemic compounded the issue. In New Mexico, 19 percent of adults experience mental illness, and as of 2020, New Mexico had the second highest suicide rate in the nation, a rate of 24.8 per 100 thousand people. BHSD reports in the past year over 60 percent of adults with moderate mental illness and 30 percent of adults with serious mental illness did not receive treatment.

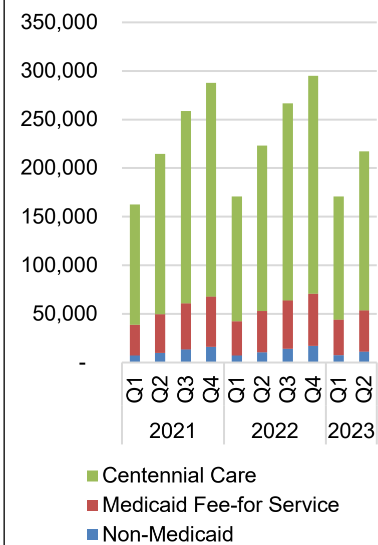
Since 2019, New Mexico has experienced increasing drug overdose deaths, leading to an all-time high in 2021, when more than 1,000 New Mexicans died from drug overdoses. Additionally, from 2019 to 2021, the rate of increase in New Mexico outpaced the national rate of drug overdose growth. Between 2019 and 2021, New Mexico's drug overdose death rate grew from 30.2 deaths per 100 thousand people to 50.6 deaths per 100 thousand people (68 percent), while the national rate grew from 21.6 deaths per 100 thousand people to 32.4 deaths per 100 thousand people (50 percent). In 2021, DOH reported 1,029 drug overdose deaths in New Mexico, or about three people each day.

Behavioral Health System of Care

In 2023, BHSD reported 6,948 prescribing and 4,536 non-prescribing Medicaid behavioral health providers were in New Mexico. Behavioral health organizations grew from 368 in 2020 to 388 in 2021. The total number of behavioral health encounters provided by a behavioral health professional or nonbehavioral professional increased from about 2.5 million in 2020 to nearly 3 million encounters

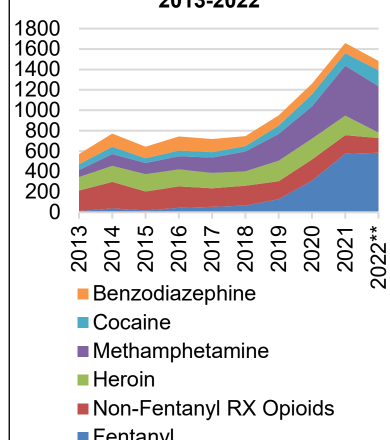
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

Individuals Served Annually in State-Funded Substance Abuse or Mental Health Programs



Source: HSD

Overdose Death by Substance
2013-2022**



*Deaths by drug type are not mutually exclusive; polysubstance deaths are common
Source: 2013-2021 NM DOH Bureau of VItal Records and Health Statistics death data 2022 NMDOH National Violent Death Reporting System. 2022 is provisional and subject to change.

Alcohol Abuse, Opioids, and Overdoses

The Department of Health's *New Mexico Substance Use Epidemiology Profile, 2021* indicates New Mexico has had the highest alcohol-related death rate in the United States since 1997. New Mexicans die of alcohol-related causes at nearly three times the national average, higher than any other state. Alcohol is involved in more deaths than fentanyl, heroin, and methamphetamine combined. The negative consequences of using excessive alcohol also include domestic violence, crime, poverty, unemployment, and excessive use exacerbates mental illness, all of which are social determinants of health.

According to the federal Substance Abuse and Mental Health Services Administration, 75 percent of people addicted to opioids began taking the drugs with a prescription.

Unintentional drug overdoses accounted for almost 86 percent of drug overdose deaths from 2015 to 2019 in New Mexico, according to the Department of Health. Forty-five percent of those accidental overdoses were caused by prescription opioids and 33 percent by heroin. Of those preventable deaths, nearly 40 percent were Hispanic males and 18 percent were Hispanic females.

in 2021. Approximately 75 percent of all people served were Medicaid managed care members, 20 percent were Medicaid fee-for-service members, and 5 percent were not Medicaid recipients. The top five behavioral health provider types were physicians including psychiatrists, certified nurse practitioners (CNPs), which includes psychiatric CNPs, federally qualified health centers, licensed clinical social workers, and licensed professional clinical counselors.

Provision of Behavioral Health Services. During the pandemic, New Mexico Medicaid managed care organizations (MCOs) and non-Medicaid programs allowed behavioral health providers to bill for telephone visits using the same rates as in-person visits. Since the end of the pandemic, behavioral health telehealth use decreased by nearly 20 percent in the fourth quarter of FY23 and telephone behavioral health dropped from 62.5 thousand in FY22 to 48.7 thousand people receiving services in FY23.

Budget: $924,292.1 **FTE: 51**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Adult Medicaid members diagnosed with major depression who received continuous treatment with an antidepressant medication	43%	43%	35%	43%	G
Medicaid members ages 6 to 17 discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	54%	51%	51%	53%	G
Medicaid members ages 18 and older discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	54%	32%	51%	35%	R
Increase in the number of persons served through telehealth in rural and frontier counties*	75%	-9%	N/A	-20%	
Readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	11%	10%	5%	10%	R
Individuals served annually in substance use or mental health programs administered by the Behavioral Health Collaborative and Medicaid	200,932	212,486	200,000	217,126	G
Emergency department visits for Medicaid members ages 13 and older with a principal diagnosis of alcohol or drug dependence who receive follow-up visit within seven days and 30 days	13% 7day; 20% 30 day	12% 7 day; 20% 30 day	25%	21% 7 day; 34% 30 day	Y
Persons receiving telephone behavioral health services in Medicaid and non-Medicaid programs	75,140	62,439	60,000	48,718	R
Program Rating	Y	R			G

*Measure is classified as explanatory and does not have a target.

Department of Health

The Department of Health (DOH) reported some improvements in performance across the agency during at the close of FY23. However, state health indicators, especially those related to substance use disorder, are rising, contributing to overall declines in the health of at-risk populations in the state. Additionally, the department reported it overspent its budget for state facilities and will submit a deficiency over $5 million.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Public Health

The mission of public health is to reduce the leading causes of preventable death and disability, especially for underserved populations and those with health disparities. The Public Health Program reported mixed performance at the close of FY23. Programs dedicated to smoking cessation activities continued to report low performance. Tobacco use can lead to tobacco or nicotine dependence and serious health problems. Public health programs nationally have been focused on reducing nicotine activities to prevent the risk of developing smoking-related diseases. The U.S. Centers for Disease Control (CDC) reports cigarette smoking as the leading cause of preventable disease and death in the United States. In 2020, an estimated 12.5 percent (30.8 million) of U.S. adults currently smoked cigarettes.

Budget: $213,192.6 **FTE:** 789

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of female New Mexico department of health's Public Health Office family planning clients, ages 15 to 19, who were provided most or moderately effective contraceptives	88.8%	86%	62.5%	88%	G
Percent of school-based health centers funded by the department of health that demonstrate improvement in their primary care of behavioral healthcare focus area	73%	91%	≥95%	96%	G
Percent of New Mexico adult cigarette smokers who access New Mexico Department of Health cessation services	1.9%	1.9%	≥2.6%	1.36%	R
Number of teens who successfully complete a youth development program to prevent unintended teen pregnancy	385	424	≥232	384	G
Number of successful overdose reversals in the harm reduction program	2,572	3,420	2,750	3,025	G
Percent of preschoolers ages 19 to 35 months indicated as being fully immunized	65%	66%	≥65%	69%	G
Number of community members trained in evidence-based suicide prevention practices	NA	NA	225	775	G
Program Rating	R	R			Y

Epidemiology and Response

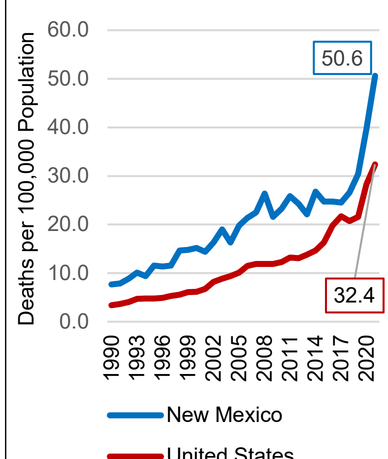
The Epidemiology and Response Program monitors and provides health information, prevents disease and injury, promotes health and healthy behaviors, responds to public health events, prepares for health emergencies, and provides emergency medical and trauma services and vital records to New Mexicans. Program performance metrics in the program are centered on improving health statuses, substance use deaths, and suicide prevention. However, the program was unable to report on the performance of many measures at the close of FY23.

Substance-Use-Related Deaths

A recent LFC progress report found New Mexico consistently has the highest alcohol-related death rate in the country and ranked sixth nationally for drug overdose deaths in 2021. Substance use disorders (SUD) remain a problem in New Mexico; alcohol- and drug-related deaths increased rapidly during the pandemic.

Between 2019 and 2021, the state's alcohol-related death rate increased by 31 percent, and 2,274 New Mexicans died of alcohol-related deaths in 2021. Similarly, the state's overdose death rate increased by 68 percent, and 1,029 New Mexicans died of a drug overdose in 2021.

Drug Overdose Death Rates, New Mexico and United States 1990-2021



Rates are age adjusted to the US 2000 standard population

Source: United States - CDC Wonder; New Mexico - NMDOH BVRHS death data

Without timely reporting policymakers are unable to make thoughtful funding and legislative decisions.

Budget: $127,901.5 **FTE:** 298

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of New Mexico hospitals certified for stroke care	19.5%	20%	24%	18%	R
Number of people admitted to the emergency department of participating hospitals with a suicide diagnosis	NA	NA	3,408	294	G
Cities and counties with access to functional needs plans that help prepare vulnerable populations for a public health emergency	60%	35%	33%	33%	G
Number of people admitted to the emergency department of participating hospitals with a suicide attempt diagnosis	NA	NA	3,408	294	G
Percent of death certificates completed by Bureau of Vital Records and Health Statistics within 10 days of death	50%	50%	64%	Not Reported	R
Percent of hospitals with emergency-department-based self-harm secondary prevention programs	2.5%	5%	7%	Not Reported	R
Percent of opiod patients also prescribed benzodiazepines	10.5%	9.9%	5%	Not Reported	R
Rate of persons receiving alcohol screening and brief intervention services	52.2	69.1	72.6	Not Reported	R
Program Rating	R	R			G

Suicide

In 2021, DOH reported 520 New Mexico residents died by suicide in 2020, an increase of five suicides from 2019. New Mexico had the fourth highest age-adjusted rate for suicides in the nation in 2019. New Mexico had a crude suicide rate of 24.6 deaths per 100 thousand residents in 2020, 23 percent higher than the crude rate in 2010 (19.9 deaths per 100 thousand residents).

In September 2022, DOH reported provisional data show a small decline in the 2021 rate of suicide among youth ages 5 to 18 years compared with the year before. Final figures from 2021 are expected in mid to late fall of 2023.

Scientific Laboratory

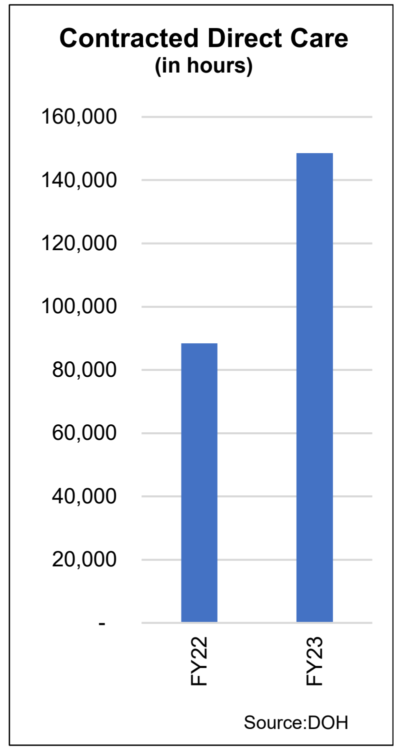
The Scientific Laboratory Division (SLD), which provides a wide variety of laboratory services and programs that support the citizen and other agencies in New Mexico, had mixed results for FY23. At the end of the fiscal year, 99 percent of cases were analyzed in 30 days and 86 percent of cases were analyzed in 15 days.

Budget: $15,956.0 **FTE:** 191

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within 15 calendar days	NA	NA	95%	86%	Y
Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency	98%	98%	90%	97%	G
Program Rating	G	G			G

Facilities Management

The global pandemic continued to affect the intake and capacity of the Facilities Management Program (FMD), which provides services for behavioral healthcare for adults and adolescents, addictions treatment services, long-term care, and transitional living services. Many of the state facilities with declining occupancy will also experience significant operational funding strains if they are unable to reverse the trend. To increase occupancy, the program is developing a needs assessment at the facility level to determine how to safely open more beds with recommendations, such as developing recruitment and retention campaigns and case mix, that can be implemented to ensure admitted patients will not necessitate an immediate increase in staffing. At the close of FY23, the facilities statewide census was 47 percent of total beds. Despite low occupancy the department is reporting increased overtime and contracted direct services raising costs. Lower than expected revenues and high personnel and contract costs have resulted in a significant deficiency.

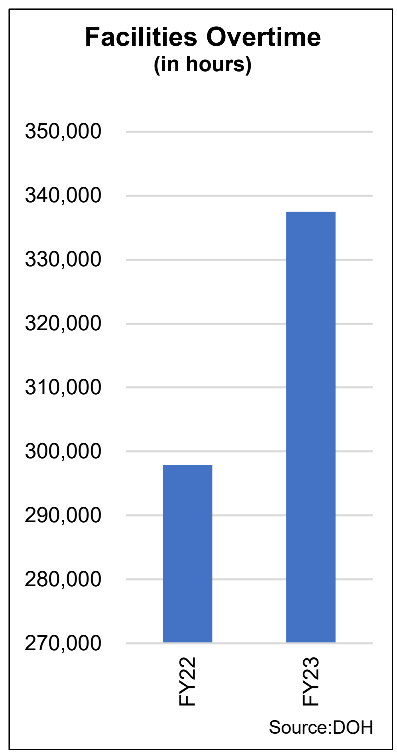


Budget: $183,833.3 **FTE:** 1,930

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of medication errors causing harm per 1,000 patient days within identified categories	0.6	0.2	2.0	0	G
Percent of medical detox occupancy at Turquoise Lodge Hospital	70%	69%	75%	76%	G
Percent of medication-assisted treatment utilized in the management of opioid use disorders while at Turquoise Lodge Hospital	NA	73%	65%	100%	G
Percent of patients educated on medication-assisted treatment options while receiving medical detox services	NA	89%	90%	83%	R
Percent of patients eligible for naloxone kits who received the kits	NA	NA	50%	52%	G
Percent of licensed beds occupied	58%	52%	75%	47%	R
Percent of eligible third-party revenue collected at all agency facilities	92%	93%	93%	89%	R
Program Rating	R	R			Y

Developmental Disabilities Supports

DOH reported an increase in the number of individuals receiving services in the Developmental Disabilities (DD) and Mi Via Medicaid waivers programs. The number of individuals on the waiting list is decreasing, and as the program continues, it plans to eliminate the list. In addition to the provider rate, which will increase in FY23, DD waiver providers statewide recently received a one-time payment of $136 million. This payment is part of the federal plan for "super allocation"; DD providers will receive temporary Covid-19 economic recovery payments, which will boost provider rates over three years, starting at 15 percent in year one and scaling down to 10 percent in year two and 5 percent in year three. At the close of FY23, 6,766 individuals were receiving waiver services.



Budget: $193,412.8 **FTE:** 204

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of adults between ages 22 and 64 served on a developmental disabilities waiver (traditional or Mi Via) who receive employment supports	18.4%	9.8%	27%		G
Percent of general event reports in compliance with general events timely reporting requirements (two-day rule)	83%	85%	86%	90%	G
Percent of Developmental Disabilities Waiver Programapplicants who have a services plan and budget in place within 90 days of income and clinical eligibility determination	97%	96%	95%	87%	R
Percent of adults between ages 22 and 64 served on a Developmental Disabilities Daiver (traditional or Mi Via) who receive employment supports	18.4%	9.8%	27%	9.5%	R
Program Rating	G	R			Y

Health Certification, Licensing and Oversight

The Health Certification, Licensing and Oversight Program met a majority of performance measures targets in FY23. The program reported a low rate of re-abuse for individuals on the Developmental Disabilities and Mi Via waivers, a key indicator for safety. However, abuse rates are on the rise.

Budget: $17,510.0 **FTE:** 174

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
CMS: Percent of nursing home survey citations upheld when reviewed by the Centers for Medicare and Medicaid Services and through informal dispute resolution process	77%	88%	90%	97%	G
Percent of nursing home survey citations upheld when reviewed by the Centers for Medicare and Medicaid Services and through informal dispute resolution process	90%	57%	90%	51%	R
Percent of abuse, neglect, and exploitation investigations completed according to established timelines	96%	95%	86%	95%	G
Percent of acute and continuing care facility survey statement of deficiencies (CMS Services form 2567/ state form) distributed to the facility within 10 days of survey exit	82%	86%	85%	85%	G
Abuse rate for developmental disabilities waiver and Mi Via waiver clients	5.6%	7.9%	NA	9.8%	
Re-abuse rate for developmental disabilities waiver and mi via waiver clients	6%	6%	NA	0%	
Program Rating	Y	Y			Y

Aging and Long-Term Services Department

The Aging and Long-Term Services Department (ALTSD) reported some decline in performance at the close of FY23. The department's mission is to serve older adults and adults with disabilities so they can remain active, age with dignity, be protected from abuse, neglect, and exploitation, and have equal access to healthcare.

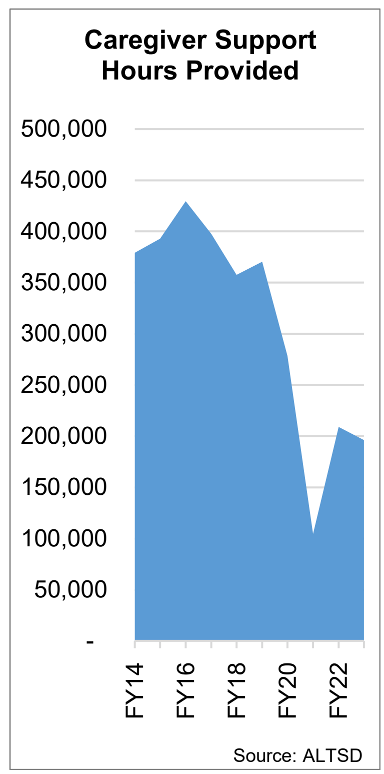
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	No

Consumer and Elder Rights

During the fourth quarter of FY23, the Aging and Disability Resource Center (ADRC) received 6,702 calls, an average of 107 per day, on trend with the close of FY22 but lower than prepandemic levels. The department reported consistent turnover contributed to the high vacancies and low performance. Additionally, the program is exploring an upgrade to the call system to alleviate the issue of abandoned calls, allowing immediate callbacks instead of calls going to voicemail. The top topics for which people contact ADRC include assistance with Medicaid, Medicare, senior centers, and Covid-19. The program reported ombudsmen in-person visits to nursing homes and assisted-living facilities is increasing as pandemic restrictions change.

Budget: $5,185.7 **FTE:** 48

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of calls to the Aging and Disability Resource Center that are answered by a live operator	44%	52%	90%	81%	R
Percent of residents who remained in the community six months following a nursing home care transition	84%	86%	90%	98%	G
Percent of individuals provided short-term assistance that accessed services within 30 days of a referral from options counseling	99%	81%	92%	84%	R
Percent of facilities visited monthly	18%	32%	40%	52%	G
Percent of ombudsman complaints resolved within 60 days	93%	99%	97%	100%	G
Program Rating	R	R			Y

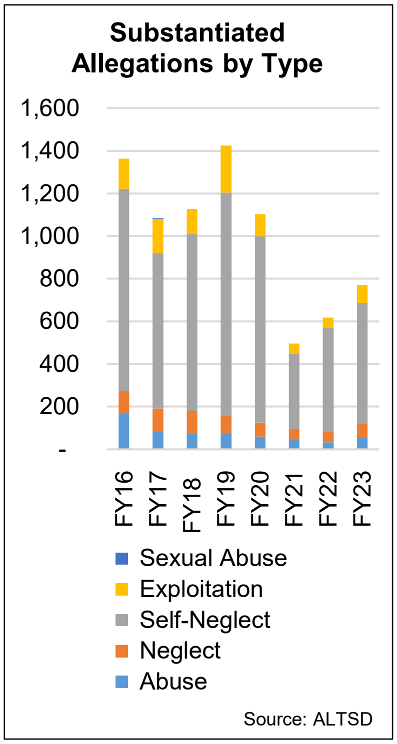


Adult Protective Services

The Adult Protective Services Program (APS) began reporting on repeat maltreatment substantiations within six months of a previous substantiation of abuse or neglect in FY21. This performance measure assists the state in assessing the effectiveness of the program in preventing maltreatment. At the close of FY23, the program continued to report no instances of repeat maltreatment. The program met the performance target for priority investigations, making face-to-face contact quickly, and increased outreach events. Previously, the department was providing outreach through virtual platforms, but it is now returning to a regional outreach approach.

Budget: $14,408.8 **FTE:** 128

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of Adult Protective Services investigations of abuse, neglect, or exploitation	4,355	5,550	6,150	6,863	G

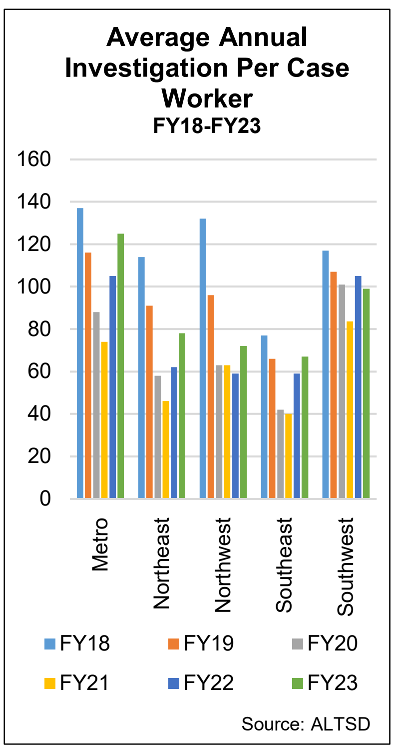


Budget: $14,408.8 **FTE:** 128

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
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%	99%	99%	G
Percent of repeat abuse, neglect, or exploitation cases within six months of a substantiation of an investigation	4%	0%	5%	0%	G
Number of outreach presentations conducted in the community within adult protective services' jurisdiction	132	180	141	409	G
Percent of contractor referrals in which services were implemented within two weeks of the initial referral	64%	60%	99%	72%	R
Number of referrals made to and enrollments in home care and adult daycare services as a result of an investigation of abuse, neglect, or exploitation	89	238	600	147	G
Percent of priority two investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed time frames	99%	98%	99%	99%	
Program Rating	R	R			Y

Aging Network

The Aging Network is not on track to meet targeted performance for the hours of caregiver support for FY23 and continues to fall below prepandemic levels. Services included in this measure are home care, adult daycare, respite care, and counseling and support groups. These services are provided by area agencies on aging, contract providers, and the New Mexico chapter of the Alzheimer's Association. The department reported the number of hours of caregiver support were 16,280 of respite care, 21,869 of adult daycare, 13,558 hours of homemakers, and 3,093 hours of other support services.



Budget: $45,535.0 **FTE:** 18

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of older New Mexicans receiving congregate and home-delivered meals through Aging Network programs that are assessed with "high" nutritional risk	16%	15%	15%	17%	G
Number of hours of services provided by senior volunteers, statewide	607,258	733,910	1,700,000	472,250	R
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	1,135	802	250	764	G
Number of meals served in congregate and home-delivered meal settings	5,141,387	4,443,066	4,410,000	4,105,279	Y
Number of transportation units provided	68,180	136,426	637,000	223,938	R
Number of hours of caregiver support provided	104,730	167,701	444,000	196,246	R
Program Rating	R	R			R

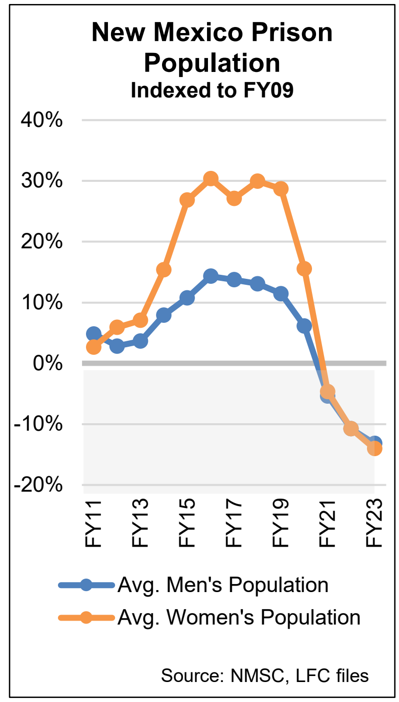
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

Prison populations continued to decline for the fourth consecutive year, and while the data suggest these trends may be stabilizing, reductions in population have not led to a decrease in spending. This fiscal year, the Corrections Department (NMCD) sustained improvements in recidivism and made significant gains in metrics related to inmate education, but vacancy rates among correctional officers and probation and parole officers remain high.

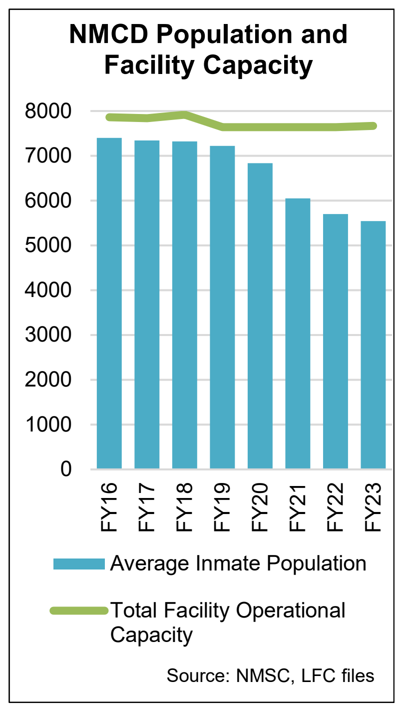
Inmate Management and Control

NMCD created a new Reentry Program starting in FY23, which consolidates the budgets of the Recidivism Reduction and Education bureaus, previously part of the Inmate Management and Control (IMAC) Program, as well as transitional services and community corrections contracts, previously part of the Community Offender Management (COM) Program. As a result, measures related to recidivism, education, and other programming previously reported under IMAC were transitioned to Reentry.

Facility Capacity. Many state-owned facilities continue to operate near half capacity. At the close of FY23 the total population in state facilities was 64 percent of total capacity. Notably, the Penitentiary of New Mexico (PNM) in Santa Fe had completely closed its north complex and was operating at 54 percent capacity as a result, with many of the inmates from PNM South shifting to the Southern New Mexico Correctional Facility in Las Cruces (SNMCF) which led state run facilities at 88 percent capacity. The Central New Mexico Correctional Facility in Los Lunas and the Northeast New Mexico Correctional Facility in Clayton were operating at 46 percent and 48 percent, respectively. With capacity continuing to exceed populations inside state prisons, one or more of these prisons could be closed, and the remaining facilities would still have excess capacity.

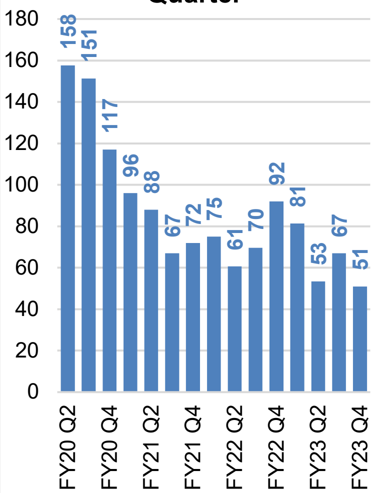


Staffing. The ratio of corrections officers to inmates systemwide remains balanced, with approximately 33 percent of corrections officer positions vacant and facilities operating overall at 66 percent capacity. Although the department has been able to leverage the reduced inmate population to allow the safe operation of facilities despite high vacancies, vacancies at some facilities are particularly concerning. The average vacancy rate among corrections officers at Western New Mexico Correctional Facility (WNMCF) in Grants during FY23 was 33, percent and for the fourth quarter, it was 29 percent. The average population at WNMCF during FY23 was 83 percent capacity, and in the fourth quarter, it was 86 percent. The agency has limited ability to shift the population at WNMCF to realign with vacancies because it is the only facility that can house high- and medium-security female inmates.



In-House Parole. Continued issues with NMCD's reporting on release-eligible inmates imprisoned past their release dates (those serving "in-house parole") is detailed under Data Quality Concerns on page 4, but in FY24, the agency will replace the current metric with the average number of inmates serving in-house parole, which should resolve the issue.

Estimated Number of Release-Eligible Inmates Incarcerated Past Release Date by Quarter



Source: NMCD, LFC files

Budget: $286,715.2 **FTE:** 1,857

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Staffing					
Vacancy rate of correctional officers in public facilities.	27%	29.2%	20%	32.3%	R
Vacancy rate of correctional officers in private facilities	25%	31.6%	20%	33.8%	R
In-House Parole					
Percent of release-eligible male inmates still incarcerated past their scheduled release date	1%	1.3%	3%	1.2%	G
Percent of release-eligible female inmates still incarcerated past their scheduled release date	1%	1.2%	3%	0.8%	G
Prison Violence					
Number of inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	6	4	10	7	G
Number of inmate-on-staff assaults resulting in injury requiring off-site medical treatment	3	4	3	4	Y
Health					
Percent of random monthly drug tests administered to at least 10 percent of the inmate population that test positive for drug use*	2%	3.2%	N/A	1.4%	
Percent of standard healthcare requirements met by medical contract vendor	90%	95%	98%	99%	G
Program Rating	Y	R			Y

*Measure is classified as explanatory and does not have a target.

Medication-Assisted Treatment

Laws 2023, Chapter 49, (Senate Bill 425) requires NMCD to provide medication-assisted treatment (MAT) to all inmates with MAT prescriptions by the end of 2025 and to all inmates by the end of FY26. NMCD has previously only provided MAT to pregnant women already undergoing such treatment, a very small fraction of the population who could benefit from the program, although the department recently received a grant from the Human Services Department to develop a pilot to treat other populations.
The 2023 General Appropriation Act contains $1 million in opioid settlement funds for NMCD to implement MAT in prisons.

LFC program evaluations have recommended expanding MAT in New Mexico, both inside and outside prisons. MAT is the standard of care for opioid disorders, and its use with psychosocial counseling has been shown to be safer and more effective than counseling alone. Ensuring the standard of care is delivered to inmates will require a system including screenings, access to MAT while in custody, and reentry services that effectively support ongoing recovery as offenders reintegrate into society.

Reentry

Recidivism. Every year, NMCD releases around 3,000 offenders into communities statewide. Reducing the rate at which these offenders commit new crimes is crucial to improving public safety and serves as the most important metric of NMCD's performance. However, many offenders are reincarcerated for technical parole violations or drug use, increasing costs without effectively improving public safety. Reductions in the number and share of individuals admitted to prison due to parole revocations seen since FY21 support the accuracy of recidivism data because most parole terms last two years, meaning most individuals whose parole is revoked are included in measures of three-year recidivism. With almost three years of comparable data, the department has made significant strides in overall recidivism, and this measure is rated green. However, improved historical data is still necessary to fully evaluate the agency's long-term performance in this key area.

Similarly, while recent data regarding recidivism due to technical parole violations is not comparable to data reported prior to FY21 (see "Data Quality Concerns" on page 4), the considerable improvements reported in FY23 averaged 19 percent, compared to 30 percent in FY21 and 24 percent in FY22 which earn the measure a green rating. Recidivism for technical violations remained steady between the third and fourth quarters of FY23, at 17 percent. Additionally, recidivism due to new offenses fell about 1 percent this quarter compared with the previous quarter.

Education and Programming. In FY23, NMCD's Reentry Program massively increased the number of inmates who earned a high-school equivalency. Attainment of a high school equivalency is one of the most well-established and impactful interventions for reducing recidivism, making this a key metric of NMCD's performance. The agency credits this improvement to extending teachers' hours, increasing the use of tablets, use of pre-HSE ready exams, and expanding HSE certificate offerings from just the high school equivalency test (HiSET) to include the GED.

Budget: $23,544.9 **FTE:** 130

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Recidivism					
Prisoners reincarcerated within 36 months	44%	37%	40%	36%	G
Prisoners reincarcerated within 36 months due to new charges or pending charges	14%	13.6%	17%	16.9%	G
Prisoners reincarcerated within 36 months due to technical parole violations	30%	24%	20%	19%	G
Sex offenders reincarcerated on a new sex offense conviction within 36 months of release on the previous sex offense conviction	6%	1%	5%	4%	G
Education					
Eligible inmates enrolled in educational, cognitive, vocational, and college programs	41%	45%	60%	51.2%	Y
Percent of eligible inmates who earn a high school equivalency credential	9.7%	7.7%	80%	15.4%	R
Number of inmates who earn a high school equivalency credential	118	82	165	184	G
Other Programming					
Residential drug abuse program graduates reincarcerated within 36 months of release*	22%	22%	N/A	19%	G
Graduates from the women's recovery center who are reincarcerated within 36 months	27%	18%	20%	11%	G
Program Rating	R	Y			G

*Measure is classified as explanatory and does not have a target.

Probation and Parole Reform

Changes to the state's systems of probation and parole passed during the 2023 legislative session were anticipated to significantly reduce the size of the incarcerated population, but opposition voiced by district attorneys led the governor to veto the bill expected to have the most impact. Senate Bill 84 would have substantially revised the system governing violations of probation or parole conditions, creating a separate process for technical violations requiring the imposition of graduated sanctions prior to allowing an offender to be incarcerated or have their parole revoked. These changes were anticipated to significantly reduce recidivism, resulting in projected savings of over $20 million.

However, changes to medical and geriatric parole in Chapter 89 (Senate Bill 29) and the elimination of sentences of life without parole for youthful offenders were signed into law and are anticipated to result in moderate reductions in prison population and reincarceration.

Community Offender Management

Measures related to community corrections programming through the men's and women's recovery academies and recidivism due to technical parole violations moved to the Reentry Program for FY23.

Vacancy rates among probation and parole officers decreased to 19 percent this quarter compared with 20 percent in the third quarter of FY23, while the average standard caseload per officer rose from 80 to 83. NMCD reports 24.9 percent of absconders were apprehended in FY23, which represented a slight increase from the 24.2 percent apprehended in FY22, but was still under the target of 30 percent.

Budget: $34,722.0 **FTE:** 378

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Average standard caseload per probation and parole officer	88	86	90	83	G
Percent of contacts made per month with high-risk offenders in the community	94%	96%	97%	97%	G

Budget: $34,722.0 **FTE:** 378

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Vacancy rate of probation and parole officers	16%	21%	15%	19%	Y
Percent of absconders apprehended	24%	24.2%	30%	24.9%	Y
Program Rating	Y	R			Y

Data Quality Concerns

A number of issues in NMCD's quarterly reporting lead to concerns regarding overall data quality in the reports that have been outstanding for several months. Specific issues are outlined below.

Measure	Issue
Prisoners reincarcerated within 36 months	In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016 due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years. NMCD reports it is working on recalculating annual results for its three-year recidivism rate measure but has not yet provided results.
Release-eligible male and female inmates still incarcerated past their scheduled release date (In-House Parole)	NMCD reported this measure had previously been miscalculated and changed the calculation for FY21 but did not provide corrected historical reports. LFC and DFA analysts believe NMCD's altered calculation is incorrect (the original calculation is correct), but NMCD has not revised its reports for FY21, FY22, or FY23 despite explicit guidance to do so.
Prisoners reincarcerated within 36 months due to technical parole violations	In August 2021, NMCD reported several prior years' performance reports had excluded absconders when calculating recidivism rates for technical parole violations, although the measure is defined to include absconders. The department included absconders in its FY21 reports but had not informed LFC of this change. As a result, it is not possible to compare FY21's 30 percent recidivism rate for technical violations to prior years' performance, and it is not clear if this was an increase or decrease.

Department of Public Safety

New Mexico's policymakers are often forced to make decisions without the benefit of timely data on crime trends. The Department of Public Safety (DPS) is in the midst of a multi-year transition to the new National Incident-Based Reporting System (NIBRS), which should allow it to provide more timely and comprehensive data. However, many agencies, including the New Mexico State Police (NMSP), are still not reporting to NIBRS, and NMSP is not anticipated to be fully NIBRS compliant until late 2023 at the earliest. Ultimately, agencies' failure to transition to NIBRS promptly hindered understanding of crime in New Mexico, and the FBI's most recent reporting did not estimate the state's 2022 crime rate because so few agencies reported data. Despite significant investments of time and resources, DPS has continued to face resistance from smaller law enforcement agencies, and the Legislature will likely need to investigate alternative measures to encourage compliance by smaller law enforcement agencies.

Albuquerque has historically driven New Mexico's high violent crime rates, making up almost half of the state's violent crimes despite comprising only a quarter of the state's population. The Albuquerque Police Department reports crimes reported fell 2.5 percent in 2022, with violent crime falling 8 percent year-over-year and property crime declining 0.8 percent. Property crime has been declining for several years, dropping 28.6 percent over the past five years, and while violent crime saw a spike in 2021, it has dropped by a net of 3.3 percent since 2018.

Law Enforcement Program

Operations. In the first quarter of FY23, the agency was on track to exceed its target for saturation patrols, and DWI arrests were in line with the first quarter of FY22. However, the agency reported only 173 saturation patrols were conducted in the second quarter of FY23, largely due to an operation in Albuquerque diverting some NMSP resources during the first half of the quarter. In total, NMSP conducted 2,588 saturation patrols in FY23, and DWI arrests exceeded FY22 levels. Although, state police arrests rose in the fourth quarter of FY23, the agency did not reach its FY22 levels.

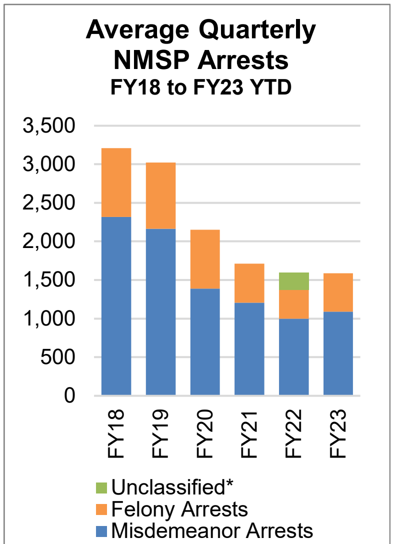
Manpower. During the 2023 legislative session, the Legislature passed legislation to create a new program to grow the law enforcement workforce in the state, and the 2023 General Appropriation Act (GAA) includes almost $90 million for law enforcement workforce. Between FY21 and FY23, the Legislature invested $1.9 million into improving pay and reducing vacancies among dispatchers and transportation inspectors. Dispatcher vacancies critically impact officer and public safety, increasing the risk of missed radio transmissions and abandoned emergency calls. The 2023 GAA includes $1.2 million to increase dispatcher pay to try to reverse this trend.

Budget: $143,392.3 **FTE: 1,068.25**

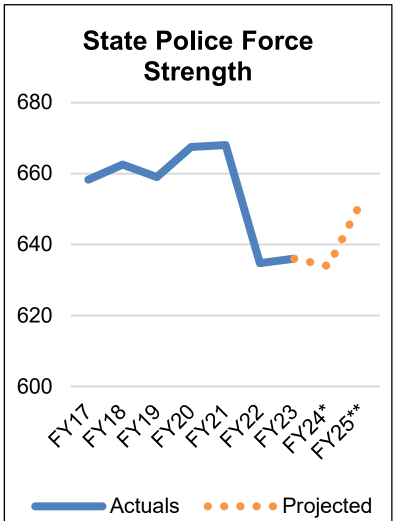
	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of driving-while-intoxicated saturation patrols conducted	2,290	2,805	2,200	2,588	G

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

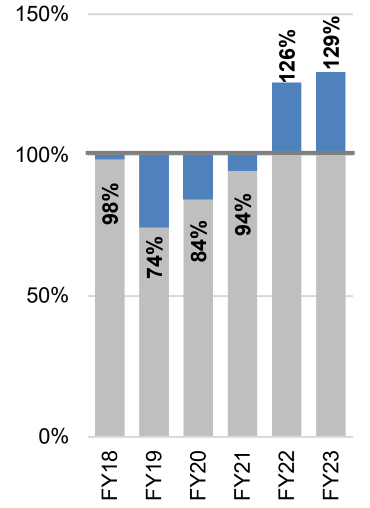


*Due to a change in reporting methodology, some arrests not initially classified as felony or misdemeanor are reported as unclassified.
Source: DPS



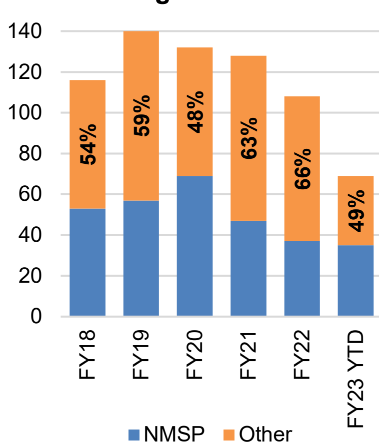
Note: Reflects average force strength based on force strength at the end of each quarter.
*Projected by DPS for FY24 Q1 to Q4.
**Projected by DPS for FY25 Q1 to Q4.

Source: DPS



Note: Percentage indicates the share of total forensic cases received that were completed.

Source: DPS



Note: Percentage indicates the share of total crime scenes investigated for other agencies.

Source: DPS

Budget: $143,392.3 **FTE: 1,068.25**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of driving-while-intoxicated arrests*	1,272	1,450	N/A	1,641	
Number of New Mexico State Police misdemeanor and felony arrests*	6,844	6,375	N/A	6,340	
Number of commercial motor vehicle safety inspections conducted	76,269	102,972	80,000	114,539	G
Number of motor carrier safety trainings completed*	1	24	N/A	41	
Commercial motor vehicle out-of-service rate compared with current national level* (85.3%)	48%	65.3%	N/A	67.9%	
Number of investigations conducted by criminal investigation bureau agents*	724	592	N/A	390	
Percent of total crime scenes processed for other law enforcement agencies*	63.3%	65.7%	N/A	49.3%	
Number of drug-related investigations conducted by narcotics agents*	913	860	N/A	458	
Number of illegally possessed firearms seized as part of criminal investigations*	New	180	N/A	90	
Number of violent repeat offender arrests by the fugitive apprehension unit*	New	219	N/A	230	
Number of proactive special investigations unit operations to reduce driving-while-intoxicated or alcohol-related crimes*	New	488	N/A	1,088	
Percent of total New Mexico State Police special operations deployments for other law enforcement agencies	New	27.6%	N/A	35.2%	
Number of crisis intervention cases handled*	New	21	N/A	283	
Number of community engagement projects in counties with populations less than 100 thousand	62	125	95	198	G
Graduation rate of the New Mexico state police recruit school*	71%	53.6%	N/A	65.9%	
Turnover rate of commissioned state police officers*	6.44	10.87	N/A	7.08	
Vacancy rate of commissioned state police officers*	8.7%	12.1%	N/A	11.9%	
New Mexico state police transportation inspector vacancy rate*	29.6%	10.9%	N/A	6.9%	
New Mexico state police dispatcher vacancy rate*	25.3%	36.7%	N/A	36%	
Number of governor-ordered special deployment operations conducted*	0	2	N/A	4	
Number of man-hours spent on governor-ordered special deployment operations*	-	26,508	N/A	4,746	
Program Rating	Y	R			G

*Measure is classified as explanatory and does not have a target.

Statewide Law Enforcement Support Program

Forensic Laboratory. The forensic laboratory serves approximately 300 law enforcement agencies throughout New Mexico by providing forensic analysis in criminal cases and courtroom expert witness scientific testimony in the thirteen judicial districts of New Mexico and federal court. The forensic lab continues to make progress on reducing backlogged cases, however, the vacancy rate among forensic scientists and technicians has grown by 4.6 percent since the beginning of FY23. This is despite significant investment from the Legislature, including over $800 thousand in the 2023 GAA to increase salaries for forensic scientists and four staff positions. The forensic laboratory processed more cases in FY23 than it was assigned due to the close-out project for the National Integrated Ballistic Information Network, which was transferred to the New Mexico State Police at the end of FY22.

Crime Reporting. DPS is required to collect and report crime data from all law enforcement agencies but has not publicly reported this data as it transitions to NIBRS. Unfortunately, some law enforcement agencies, including NMSP, are still not reporting through NIBRS. The remaining agencies are not reporting at all. NMSP completed its upgrade of its record management system in March and has begun collecting data necessary for testing (which began in July), meaning NMSP should begin reporting to NIBRS in the first quarter of FY24. The other four largest law enforcement agencies in the state are reporting to NIBRS, although the Albuquerque Police Department is more than one month behind in its reports. In FY23, DPS received a $100 thousand recurring budget increase to support other law enforcement agencies' compliance with crime reporting and other statutory requirements.

Budget: $27,298.2 **FTE: 183.0**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of forensic cases completed	94.4%	125.6%	100%	129.4%	G
Number of sexual assault examination kits not completed by the forensic laboratory within 180 days of receipt of the kits	0	0	0	0	G
Forensic scientist and forensic technician vacancy rate*	22.9%	25%	N/A	29.6%	
Number of crimes against persons reported in the National Incident Based Reporting System by participating law enforcement agencies statewide*	New	3,045	N/A	18,815	
Number of crimes against property reported in the National Incident Based Reporting System by participating law enforcement agencies statewide*	New	15,286	N/A	44,272	
Number of crimes against society reported in the National Incident Based Reporting System by participating law enforcement agencies statewide*	New	1,614	N/A	12,350	
Percent of complaint cases reviewed and adjudicated annually by the New Mexico Law Enforcement Academy Board*	193.7%	130.3%	N/A	76.3%	
Percent of non-state police cadets who graduated from the law enforcement academy through certification by waiver*	100%	98%	N/A	100%	
Percent of non-state police cadets who graduated from the basic law enforcement academy*	73%	73.3%	N/A	76%	
Graduation rate of telecommunication students from the law enforcement academy*	100%	97.6%	N/A	100%	
Program Rating	Y	R			G

*Measure is classified as explanatory and does not have a target.

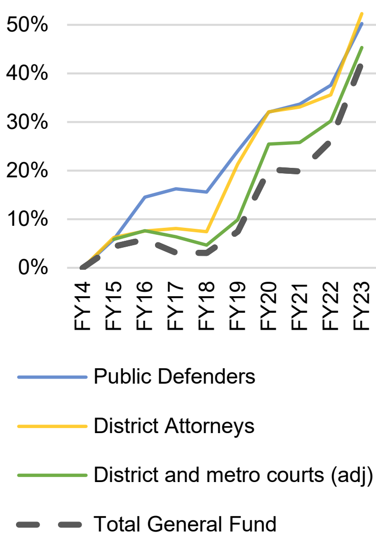
Courts and Judicial Agencies

ACTION PLAN	
Submitted by agency?	No
Timeline assigned by agency?	No
Responsibility assigned?	No

For criminal justice partners across the state, the effects of the Covid-19 pandemic slowly abated, and measures have returned to prepandemic averages. However, the challenges that faced these agencies have persisted for some and evolved for others. Caseloads for public defenders and the courts have returned close to previous levels, while caseloads for district attorneys have remained below prepandemic margins. Vacancies in nearly all levels of criminal justice remain consistent or continue to increase. These recurring issues inhibit the state's responsibility to enforce the law or provide an adequate defense for indigent people accused of crimes.

Administrative Support. In FY23, the judiciary's "clearance rates," the measure of what percentage judges' clear cases, decreased to 93 percent. However, New Mexico courts improved in providing timely justice, a key aspect of a functional judicial system, with the average time to disposition for criminal cases in district courts decreasing from an average of 467 days in the first quarter to an average of 205 days in the fourth quarter. Additionally, the courts also improved the average age of pending cases from 524 to 375 days. This was a 40 percent decrease. Magistrate and metropolitan courts continued to perform better than district courts for days to disposition in criminal cases.

Judicial and Public Safety Operating Budget Growth vs General Fund
(FY14-FY23)



Source: LFC

The average cost per juror rose to the highest it has been in the past four years. Jury trials increased by 32 percent to a total of 760, the highest jury trials have been since FY20. The judiciary should continue to analyze how to manage the cost of trials and juries. Since the pandemic, the average interpreter cost per session remains below the target but did increase by 14 percent.

Budget: $15,305.2 **FTE:** 49.25

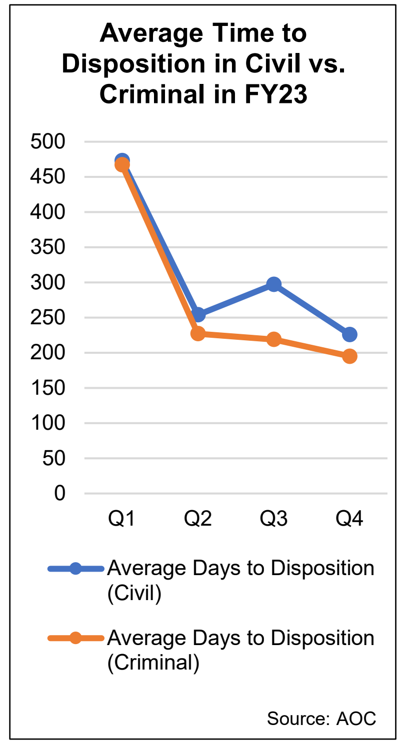
	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Average cost per juror	$54.8	$56.4	$55	$58.32	Y
Number of jury trials for metro, district, and statewide courts*	517	574	N/A	760	
Average interpreter cost per session	$63.4	$64.1	$150	$73.37	G
Age of active pending criminal cases for district, magistrate, and metropolitan courts, in days	364	524	365	375	G
Days to disposition in criminal cases in district and magistrate courts	207	145	365	277	Y
Cases disposed as a percent of cases filed	135%	101%	100%	120%	G
<u>Pretrial Services Measures</u>					
Percent of supervised defendants who make all scheduled court appearances	NEW	NEW	NEW	74%	
Percent of supervised defendants who are not charged with a new offense during the pretrial stage	NEW	NEW	NEW	80%	
Percent of released defendants who did not commit a new violent charge	NEW	NEW	NEW	95%	
Program Rating	Y	Y			G

*Measure is classified as explanatory and does not have a target.

Special Court Services. The Legislature has prioritized treatment courts over the last several years, and the Administrative Office of the Courts continued its practice of reporting quarterly performance measures. In both DWI and drug court, recidivism rates continued to decrease. However, graduation rates in both courts also saw a decline. AOC also reported a three-year intent-to-treat recidivism rate, a metric created to track the long-term prospects of participants. Over the past four years, the rate has remained below 1-in-5. Cost per drug-court participant increased by 60 percent from FY20 to FY23. The cost, $40.10, remains a third of the average daily rate to incarcerate in New Mexico.

Research and data continue to underscore the efficacy of drug courts and treatment in the criminal justice system generally. Many national researchers support the risk-needs-responsivity framework in the justice system, where all who come into the system are assessed and provided services that fit their individual needs.

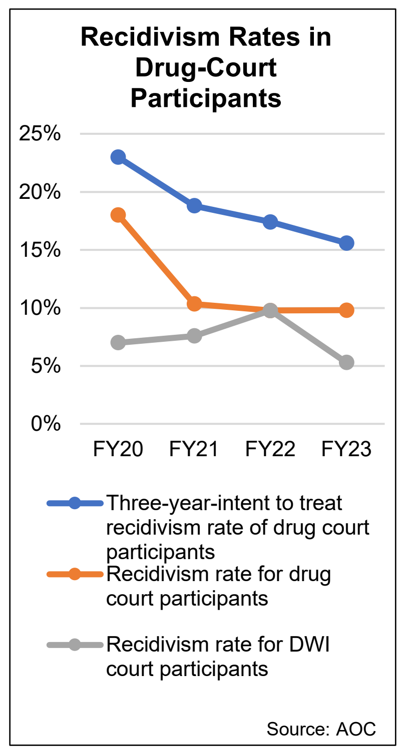
Monthly supervised child visitations and exchanges decreased over FY23 but remained within prepandemic averages. The number of cases to which the court appointed special advocate (CASA) volunteers are assigned decreased drastically over FY23, from 1,448 to 507, a 65 percent decrease.



Budget: $12,061.5 **FTE:** 32

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Cases to which CASA volunteers are assigned*	2,430	1,448	N/A	507	
Monthly supervised child visitations and exchanges conducted	11,211	12,012	N/A	11,181	
Average time to completed disposition in abuse and neglect cases, in days*	161	148	N/A	153	
Recidivism rate for drug-court participants	10.4%	9.8%	12%	9.8%	G
Recidivism rate for DWI-court participants	7.6%	9.77%	9%	5.3%	G
Graduation rate for drug-court participants*	61.0%	59%	70%	53.6%	
Graduation rate for DWI-court participants*	79.0%	89.5%	80%	78.6%	
Cost per client per day for all drug-court participants*	$37.10	$37.10	N/A	$40.10	
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

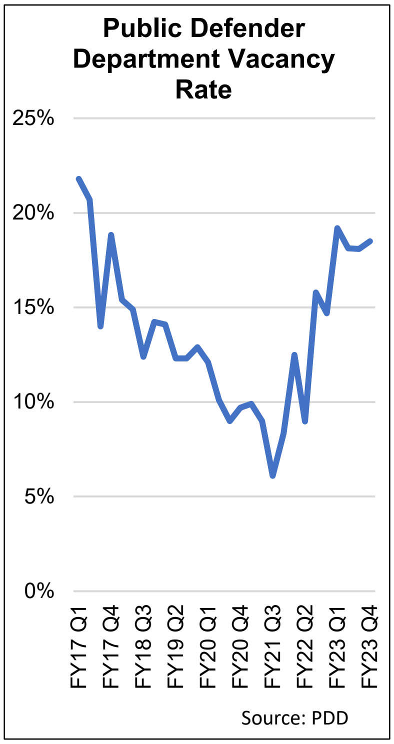


Statewide Judiciary Automation. AOC continued its practice of reporting on the average time to resolve calls for assistance, a metric devised to gauge the success of the Statewide Judiciary Automation Program. AOC once again surpassed its target.

Budget: $15,679.3 **FTE:** 60.5

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Average time to resolve calls for assistance, in days	0.45	0.2	1	0.64	G
Program Rating		G			G

*Measure is classified as explanatory and does not have a target.



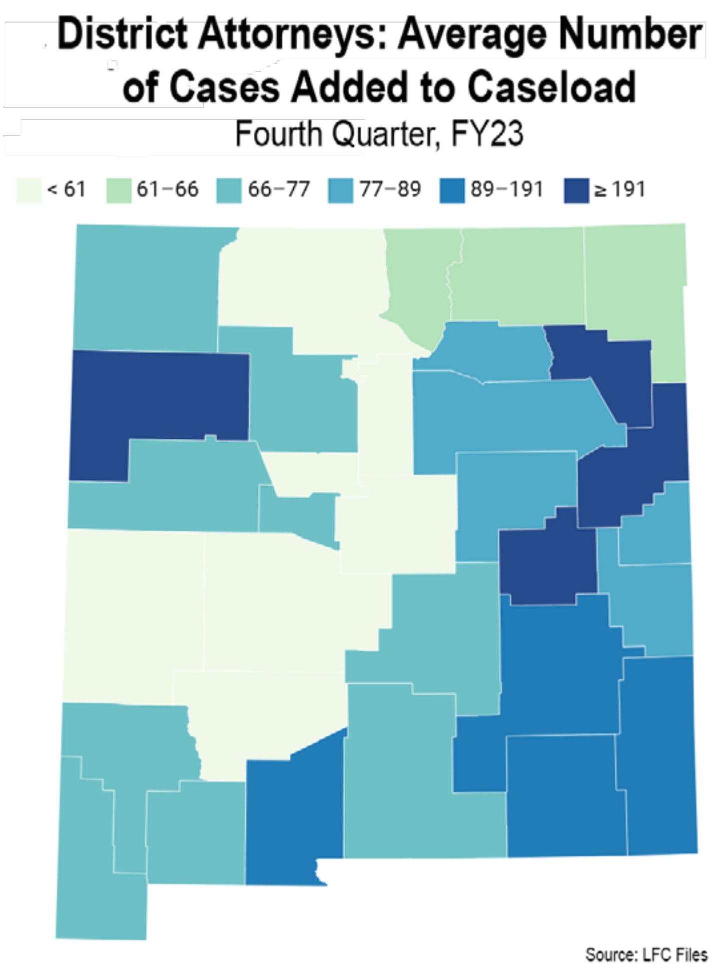
Public Criminal Legal Attorneys

Recruiting and retaining attorneys continues to be an issue for both prosecution and defense attorney offices, especially in rural parts of the state. The recruitment and retention of public attorneys has been a consistent focus of the Legislature because limited staffing directly impacts justice outcomes.

Policymakers have a strong interest in reducing crime and have provided a range of solutions, such as law enforcement investments, creating new criminal classifications and increasing penalties, and improving behavioral health initiatives.

Efforts to reduce crime may be thwarted because prosecutors do not have sufficient resources to bring strong cases to trial and gain conviction of criminals. High vacancies also present challenges for the state to meet its affirmative responsibility to provide an adequate defense for indigent defendants. Chronically high vacancy rates make these dual priorities difficult to achieve and place a burden on communities.

The Legislature has prioritized attorney recruitment and retention, providing compensation increases for both district attorneys' offices and the Public Defender Department higher than statewide compensation increases. The Legislature also appropriated $4 million for a public attorney recruitment and retention fund, including $2 million for both district attorneys' offices and the PDD to engage in out-of-state recruitment efforts.



PDD has submitted detailed reports of its vacancies over the past several fiscal years. Vacancy rate data from PDD was reported directly, while vacancy information for district attorney offices is taken from the State Personnel Office and considers positions vacant for less than 12 months. However, this may not consider positions that have been recently unfunded.

District Attorneys

In FY23 the number of cases referred to district attorney offices increased from FY22 but remained below prepandemic levels. On average, statewide offices were referred 1,056 cases in FY23, a slight increase from FY22's average. This average caseload is still 19 percent below prepandemic levels. Despite the lower number of referred cases, average cases added to attorney caseloads increased by 16 percent statewide compared with prepandemic averages. This increase was not shared across the state.

Average cases added to attorney caseload for eight of the 13 district offices fell below pre-pandemic levels. Of the five remaining district offices, districts 1,2, and 3 saw caseload increases of 28 percent, 20 percent, and 27 percent respectively. Notably, the 2nd division of the 11th judicial district attorney and the 10th judicial district attorney saw increases in caseload averages of 240.5 and 80 percent. This large increase in caseload averages is tied to reporting that many offices face constraints due to high vacancies in attorneys.

Data on caseloads should be interpreted with caution. The current measure "the average number of cases added to each attorney's caseload" reports new cases added to attorney caseloads during the quarter but does not reflect the actual average number of cases assigned to attorneys during this time. Further, the measure is not indicative of the net change in attorneys' caseloads during the quarter because it does not account for closed cases.

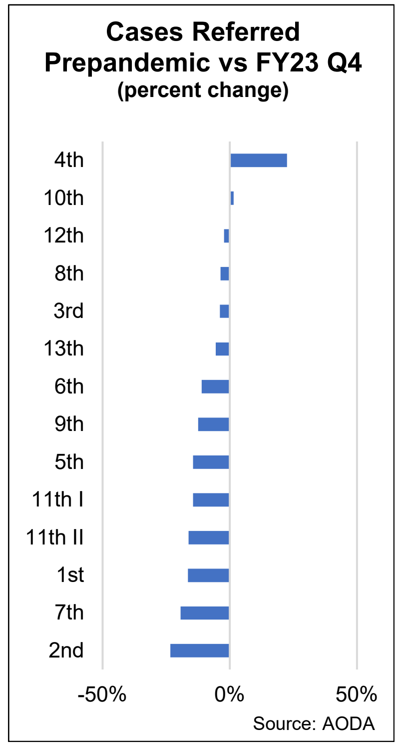
As a result, the measure does not indicate if attorneys' caseloads increased or decreased during the quarter. In FY24, district attorneys will begin reporting average attorney caseloads, which will help discern trends in prosecution caseloads. However, further modifications may be required to appropriately report and measure caseloads and their impact on overall performance, such as data on attorney vacancies and information on the types of cases carried by attorneys.

Budget: $98,087.0 **FTE:** 849	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Actual**	**Rating**
Average number of cases added to attorney caseloads	65	75	170	89	G
Number of Cases Referred for Screening*	62,468	58,675	N/A	59,354	
1st District	4,894	4,083	N/A	4,526	
2nd District	19,805	16,410	N/A	17,694	
3rd District	4,505	4,877	N/A	5,026	
4th District	1,787	1,912	N/A	1,969	
5th District	6,478	6,150	N/A	6,176	
6th District	2,603	2,561	N/A	2,365	
7th District	1,720	1,787	N/A	1,480	
8th District	1,595	1,666	N/A	1,849	
9th District	2,688	2,409	N/A	2,369	
10th District	678	683	N/A	774	
11th Division I.	5,056	5,098	N/A	4,752	
11th District Div. II	2,349	2,132	N/A	1,760	
12th District	2,554	2,676	N/A	2,547	
13th District	5,756	6,140	N/A	6,067	
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Public Defender

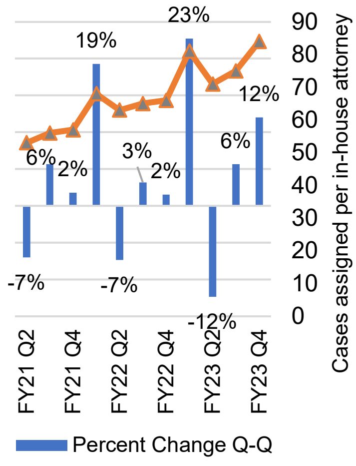
The Public Defender Department (PDD) continues to make improvements in key performance measure targets, like the percentage of cases resulting in a reduction of filed charges and alternative sentencing targets. Like other criminal justice partners, performance and ability is hampered by high vacancy rates in attorneys and core staff.



Case Numbers

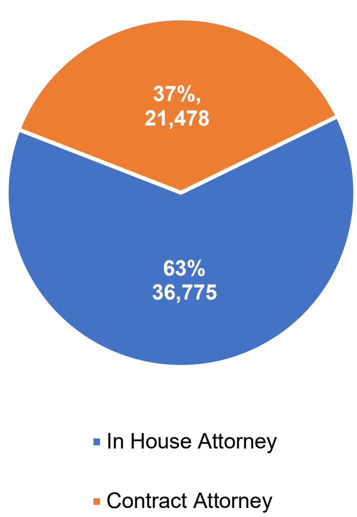
The Law Offices of the Public Defender data shows a nearly 200 percent increase in criminal cases resulting in alternative sentencing treatment, from 7,090 in FY22 to 12,260 in FY23. This has coincided with a 14 percent increase in reduction of original formally filed charges, from 44 percent in FY22 to 58 percent in FY23. LOPD also reported a 7 percent increase in cases opened in comparison to FY22. Felony case assignments have increased since FY19 and jumped 13 percent between FY22 and FY23.

In-House Case Assigned per Attorneys is Increasing



Source: PPD

FY23 PDD Cases Opened



Source: PPD

Like other agencies, high vacancy rates have caseload impacts. Cases assigned per attorney continued to increase in FY23. Notably, the number of cases opened has returned close to prepandemic averages. However, PDD has seen opened case numbers return to prepandemic averages without seeing a corresponding decrease in vacancy rates. Cases assigned to contract attorneys have also increased on average, though by a lower magnitude compared with in-house attorneys.

For PDD's in-house attorneys, average time to disposition for felonies (a metric tracked in days), decreased by 13 percent to 268 days. However, contract attorneys' time to disposition increased by 5 percent to 380 days. This trend in statistics mirrors other performance measures when comparing in-house attorneys to contract attorneys.

Budget: 64,294.5 **FTE:** 469	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Actual**	**Rating**
Felony, misdemeanor, and juvenile cases resulting in a reduction of original formally filed charges	48%	44%	70%	58%	Y
In-house attorneys	51%	45%	70%	62%	G
Contract attorneys	40%	41%	70%	47%	Y
Felony, misdemeanor, and juvenile cases resulting in alternative sentencing treatment	6,312	7,090	5,000	13,260	G
In-house attorneys	4,570	5,333	4,000	9,774	G
Cases assigned to contract attorneys*	36%	34%	N/A	37%	
Average time to disposition for felonies, in days*	295	336	N/A	324	
In-house attorneys*	270	308	N/A	268	
Contract attorneys*	320	363	N/A	380	
Cases opened by Public Defender Department *	56,403	54,362	N/A	58,253	
In-house attorneys*	35,993	33,637	N/A	36,775	
Contract attorneys*	20,410	20,725	N/A	21,478	
Program Rating	Y	Y			G

*Measure is classified as explanatory and does not have a target.

Department of Transportation

After years of worsening road conditions, the Department of Transportation (NMDOT) reports investments in state roads are improving conditions. In recent years, the Legislature has made significant nonrecurring appropriations for road construction and maintenance, which has improved overall road conditions. Additionally, NMDOT has done well managing projects, generally completing projects on time and on budget. However, the department has experienced price spikes and delays due to supply chain disruptions affecting the broader economy.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

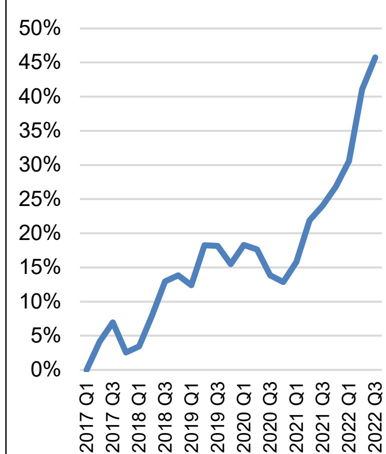
Project Design and Construction

The department has significantly improved its ability to put projects out to bid as scheduled. NMDOT scheduled 40 projects for bid and 39 projects were put out to bid. NMDOT reports maintaining a project-letting schedule is a key goal of the department; maintaining the schedule allows the contracting community to appropriately plan for upcoming projects.

While the department failed to meet the annual performance target for on-time project completions, performance improved in the third and fourth quarter after falling significantly short of the target in the first half of the year. In the first half of the year, the department reported 75 percent of projects were completed on time, well below the target of 90 percent. However, the department met the target in the last half of the year, with 90 percent in the third quarter and 100 percent in the fourth quarter. NMDOT notes maintenance crews and other staff were divereted to emergency responses to wildfire and flood activity in summer 2022, which contributed to delays in project completion. Because of this, the program maintains an overall green rating.

The department reports construction costs have climbed, but the department has typically been able to minimize cost overruns once a bid had been accepted. NMDOT reports costs exceeded bid amounts by $10.1 million on the 21 projects completed in the third quarter, a variance of 2 percent. National data suggests construction cost increases are beginning to moderate, but the department expects costs to settle in well above prepandemic levels, making it more difficult for the department to maintain the current road network.

Nationwide Percentage Increase in Highway Construction Costs
(from Q1 2017)



Source: Federal Highway Administration, National Highway Construction Costs Index

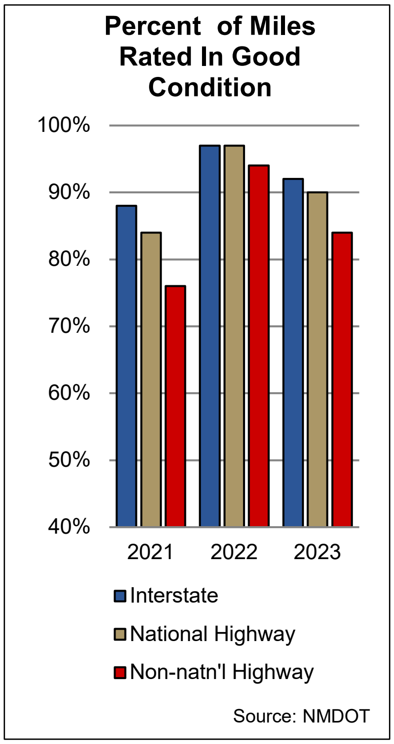
Budget: $772,174.5 **FTE:** 368

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of projects let to bid as scheduled.	77%	98%	75%	98%	G
Projects completed according to schedule	94%	89%	90%	85%	R
Final cost-over-bid amount on highway construction projects	-0.2%	1%	3%	2%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Highway Operations

Road maintenance projects undertaken by the department highway operations program were limited in summer 2022 due to the department's emergency response



to wildfire and floods, leading to a narrow miss of the program's performance target for road preservation. Strong fourth quarter performance—the department typically preserves about 1,100 miles of pavement in the fourth quarter and in FY23 the department preserved 1,236 miles—was note enough for the department to overcome shortfalls earlier in the year. Overall, the number of bridges rated in poor condition remains below target. In future years, the department will have access to additional federal and state funds to remediate the 4 percent of bridges currently listed in poor condition. Despite the shortfall in pavement miles preserved, strong overall performance for road conditions in the most recent road condition survey allows the program to retain its overall green rating.

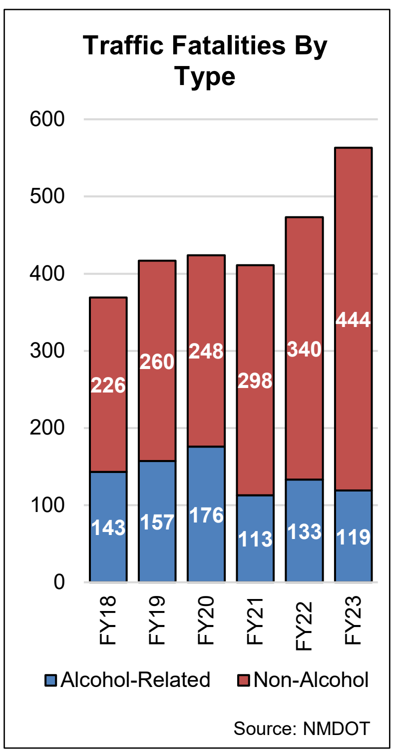
Budget: $308,722.2 **FTE:** 1,859.7

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Statewide pavement miles preserved	3,852	4,373	3,500	3,390	Y
Bridges in fair condition or better, based on deck area	96%	90%	95%	96%	G
Program Rating	G	G			G

NMDOT assesses all New Mexico roads each calendar year using a pavement condition rating (PCR) score to measure roadway conditions. For calendar year 2022, road condition data shows improvement from 2020, although slightly lower than in 2021. Recently, federal and state governments have provided additional resources for road construction and maintenance activities.

A PCR score of 45 or less indicates a road in poor condition. In 2022, the average PCR score for the state was 65.9, down from 72.1 in 2021 but up from the 2020 score of 54.9.

2022 Road Condition Survey	2019 Actual	2020 Actual	2021 Actual	2022 Target	2022 Actual	Rating
Interstate miles rated fair or better	90%	88%	97%	>91%	92%	G
National highway system miles rated fair or better	88%	84%	97%	>86%	90%	G
Non-national highway system miles rated fair or better	85%	76%	95%	>65%	95%	G
Lane miles in poor condition	4,420	6,805	1,451	<6,500	2,824	G
Program Rating	G	Y	G			G



Modal

NMDOT's modal program, responsible for traffic safety initiatives, aviation, and transit programs, reported traffic fatalities that reflect a broader nationwide trend. Federal data shows traffic fatalities in calendar year 2022 fell slightly from 2021 totals, which were record high levels. Overall fatalities fell by about 4 percent in FY23. The National Highway Traffic Safety Administration reports a decline of 0.3 percent nationally in calendar year 2022, although the region including New Mexico saw an overall decline of 4 percent. Experts point to the need to adopt a "safe systems approach," matching traffic law enforcement with safe roadway design to limit the number of fatalities.

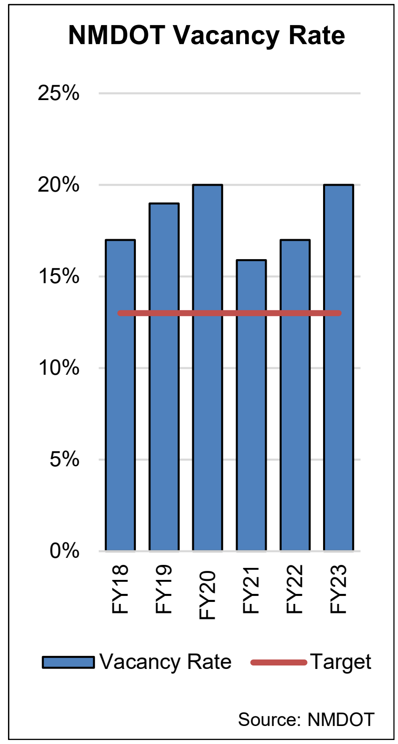
Budget: $75,605.0 **FTE:** 126

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Traffic fatalities	411	464	<400	444	R
Alcohol-related traffic fatalities	113	72	<150	119	G
Non-alcohol-related traffic fatalities	298	392	<250	325	R
Occupants not wearing seatbelts in traffic fatalities	171	193	<140	174	R
Pedestrian fatalities	76	100	<85	93	R
Riders on Park and Ride, in thousands	53.6	100.4	235	142.1	R
Riders on the Rail Runner, in thousands*	40.9	317.2		544.1	
Program Rating	R	R			R

*Measure is classified as explanatory and does not have a target.

Program Support

NMDOT reports departmental safety initiatives are reducing workplace injuries, which fell both below the performance target and below the level from FY21. Of the 31 employee injuries, only four occurred in a work zone, a significant improvement from FY22 and FY21. As with many other areas of state government the department maintains a high vacancy rate, with the rate increasing from 17 percent to 20 percent. The department is undertaking several employee recruitment and retention strategies to lower the vacancy rate.



Budget: $48,544.5 **FTE:** 252.8

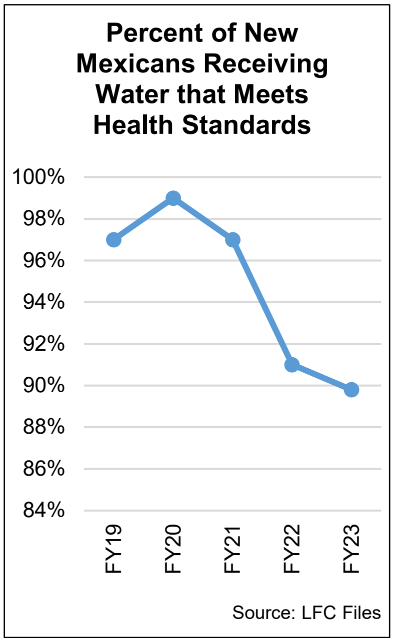
	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Vacancy rate in all programs*	15.9%	17%		20%	R
Employee injuries	35	59	90	31	G
Percent of invoices paid within 30 days	93%	93%	90%	92%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Environment Department

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

The Environment Department's (NMED) regulatory programs continued to demonstrate mixed results on compliance levels in FY23. However, NMED is prioritizing compliance enforcement and continues to make progress toward achieving its performance goals despite maintaining a vacancy rate of 19 percent. While NMED showed improvement in the Resource Protection, Environmental Protection, and Environmental Health divisions, the results from the Water Protection Division's Drinking Water Bureau remained concerning. Despite significant investments in personnel by the Legislature to add capacity, the agency's recruitment and retention of key staff continues to be a challenge.



Water Protection

The Water Protection Division (WPD) continues to assist communities seeking to develop internal capacity to utilize state and federal funding for infrastructure improvement and water resource management. Of the 236 systems with one or more outstanding violations in the fourth quarter of FY23, 114, or 48.3 percent, had violations that were health-related. The other outstanding issues of noncompliance were administrative violations, such as failure to submit required reports, failure to collect required samples, failure to notify customers of a violation, or failure to submit consumer confidence reports.

During the fourth quarter of FY23, the Construction Programs Bureau (CPB) processed disbursements for eight new funding agreements using clean water state revolving loan funds, Rural Infrastructure Program funds, or capital outlay project funds. Notably, this measure does not capture disbursements from programs not managed directly by NMED's CPB, although many such projects receive extensive technical assistance from the bureau.

The decline in the percentage of New Mexicans receiving drinking water that meets health standards since FY21 was mainly impacted by stricter guidelines rather than more systems falling out of compliance. This trend is expected to continue due to proposed rules by the U.S. Environmental Protection Agency (EPA) limiting the group of chemicals known as PFAS in drinking water, which will likely go into effect in early 2024. Many public water systems throughout New Mexico struggle to comply with current drinking water requirements due to a lack of operational capacity, requiring NMED staff to provide more technical and compliance-related assistance.

Budget: $30,576.4 **FTE:** 191.6

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of the population served safe and healthy drinking water	97%	97%	92%	89.8%	Y
Percent of surface water permittees inspected	New	155%	10%	145%	G
Percent of groundwater permittees inspected	19%	21.1%	65%	18.2%	R
Number of new water infrastructure projects	New	114	75	157	G
Program Rating	G	Y			Y

Resource Protection

The Resource Protection Division (RPD) failed to reach its inspection target in FY23. Solid Waste Bureau staff inspected four of 45 active permitted solid waste facilities in the fourth quarter, well below the trajectory needed to inspect every permitted facility each year or meet the performance target of 85 percent. The bureau continues to work to reclassify existing vacancies to higher-level positions to improve recruitment and retention, but the agency reports additional staffing is needed to improve the rate of inspections. Currently, the Solid Waste Bureau has a 35 percent vacancy rate.

In the fourth quarter of FY23, the Petroleum Storage Tank Bureau issued no further action (NFA) status determinations to nine petroleum release sites. The total number of open underground storage tank (UST) sites is 873 and the total number of UST and above-ground storage tank release sites is 956. Notably, NFA status determinations are fluid throughout the year, based on specific site conditions, staffing levels, and the availability of funding from the corrective action fund.

Budget: $17,925.9 **FTE:** 146.6

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of completed cleanups of petroleum storage tank release sites that require no further action	New	1,964	1,948	2,005	G
Percent of solid waste facilities and infectious waste management facilities inspected	New	47%	85%	53.3%	R
Percent of hazardous waste facilities inspected	New	4%	6%	3.7%	R
Program Rating		R			Y

Q4 Inspections Showing Regulatory Compliance, by NMED Program

Groundwater	97.7%
Liquid waste	97.7%
Radiation sources	95.7%
Surface water	79.3%
Solid & infectious waste	75.0%
Restaurants/food manufacturers	70.2%
Air emitting sources	50.00%
Hazardous waste	25.50%

Source: NMED

Environmental Protection

While inspections are valuable for determining whether regulated entities comply with applicable laws, rules, or permits, NMED's regulatory compliance programs continually struggle to meet their target percentage of applicable entities inspected. The Environmental Protection Division's Air Quality (AQB) and Radiation Control Bureaus (RCB) are responsible for enforcing regulatory and compliance measures to protect the environment and prevent harm to human health.

In addition to inspections and monitoring, RCB's work includes assisting nuclear workers who have become ill due to occupational exposures received while working for contractors or subcontractors at U.S. Department of Energy facilities or in the uranium industry. NMED contends that reaching the target of inspecting 85 percent of radiation sources would require 209 inspections from each staff member, and the target cannot be met with current staffing levels.

The AQB has deployed new air monitoring instruments that improve connectivity, efficiency, and remote access to air quality data. The bureau worked with the New Mexico Climate Change Task Force to develop rules for reducing volatile organic compounds and oxides of nitrogen emissions in the oil and gas industry. AQB inspected 14 of 128 air-emitting sources in the fourth quarter, and 42 for all of FY23. While AQB fell far short of the target of 50 percent for the year, it achieved an increase of 40 percent above FY22 levels.

Budget: $33,261.2 **FTE:** 304.1

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of ionizing and non-ionizing radiation sources inspected	New	12.6%	85%	15%	R
Percent of air emitting sources inspected	New	20.5%	50%	33.3%	R
Percent of the population breathing air meeting federal health standards	New	98.4%	99.5%	99.9%	Y
Program Rating		R			R

Environmental Health

The Environmental Health Division (EHD) continued to administer the state hemp extraction and manufacturing program, ensuring public health protection while supporting the growth and sustainability of the cannabis industry. EHD is also responsible for working to prevent workplace injuries and fatalities, avoiding unnecessary risks to public health from commercially prepared foods, regulating septic tanks, and ensuring the safety of public pools and spas.

The Occupational Health and Safety Bureau conducts thousands of inspections annually and targets workplaces with the greatest expectations of noncompliance to reduce illness, injuries, and fatalities. The bureau inspects approximately 1 percent of all workplaces each year. Still, it expects that a much higher percentage of workplaces are out of compliance at any given time, necessitating continuous refinement of the strategy by which the highest-risk workplaces are targeted.

The Environmental Health Bureau's (EHB) Food Safety Program inspections increased drastically in the third and fourth quarters, which allowed it to hit its performance target for FY23. Under state statute and regulation, each restaurant and food manufacturer in the state should be inspected once per year. However, the same inspectors cover restaurants, food manufacturers, pools, and spas. Bureau staff currently have a compliance and enforcement workload of approximately 355 facilities per inspector, well above federal Food and Drug Administration guidance that retail food inspectors (a much narrower role than EHB's inspectors) are assigned 280-320 inspections.

Budget: $28,466.1 **FTE:** 281.6

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of employers that did not meet occupational health and safety requirements for at least one standard compared with the total number of employers	New	63.5%	55%	64%	Y
Percent of restaurants and food manufacturers inspected	New	90.2%	80%	80%	G
Percent of new or modified liquid waste systems inspected	New	82.1%	85%	86%	G
Program Rating		R			G

Energy, Minerals and Natural Resources Department

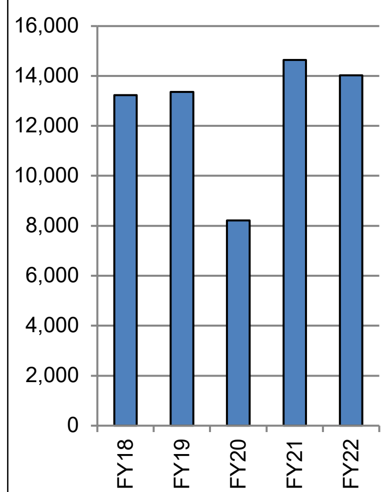
The Energy, Minerals and Natural Resources Department (EMNRD) received record levels of state and federal funding as it increased activity across several divisions. In addition to the nonrecurring funds appropriated in the special and regular sessions in 2021 and 2022, the federal Infrastructure Investment and Jobs Act delivered another $25 million for orphaned well cleanup, $960 thousand for the energy efficiency revolving loan program, $2.4 million for abandoned mine remediation, and $5 million for wildfire prevention, readiness, and firefighting equipment. The agency continued to improve its performance across several divisions, notably State Forestry and State Parks. EMNRD met or exceeded several of its performance targets for providing training a record number of firefighters and improving both revenue and visitation at State Parks.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

State Forestry

Wildland Firefighter Training. The trend of decreasing training numbers finally turned around for the State Forestry Division (SFD). Trainings are held throughout the state primarily from October to April each year at a variety of volunteer, county, and municipal fire departments, as well as state and local agency locations. SFD's efforts to work with federal, local, and tribal cooperators to identify, recruit, and engage nonfederal firefighters were successful. The establishment of new service agreements for training contractors allowed SFD to provide more opportunities for in-person and online training. Participation in the scheduled classes throughout the state met or exceeded expected attendance levels.

Forest and Watershed Acres Treated



Source: EMNRD

Forest and Watershed Treatment. SFD achieved the targeted forest and watershed treatment acres. The new Forest Management Treatments Statewide Price Agreement, awarded on April 18, 2023, and relatively low wildfire risk in May and June allowed many projects to continue without impediment. SFD remains concerned the consistency of work provided to thinning contractors is not sustainable at current funding levels and is working to identify barriers that cause work stoppages and develop strategies to address them. Recurring funding from both the irrigation works construction fund and the land of enchantment legacy fund will also increase the predictability of these funding streams, hopefully signaling to contractors that New Mexico remains committed to treating forests and watersheds statewide.

Budget: $17,388.3 **FTE:** 83

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of nonfederal wildland firefighters provided professional and technical incident command system training.	1,066	883	1,500	1,554	G
Number of acres treated in New Mexico's forest and watersheds.	14,637	14,020	14,500	15,735	G
Program Rating	Y	Y			G

Energy, Conservation and Management Division

In the third quarter of FY23, the Energy Conservation and Management Division (ECMD) received 1,645 tax credit applications deemed complete and approved,

Tax Credit Programs
Calendar Year 2022
(in thousands)

Tax Credit Name	Credit Cap	CY22 Expenditure
Solar Market Development Tax Credit	$12,000.0	$5,420.0
Sustainable Building Tax Credit	$5,000.0	$612.0
Renewable Energy Production Tax Credit	Varies *	$19,166.0
Agricultural Biomass Income Tax Credit	$5,000.0	$0

*1 cent per kilowatt-hour (kWh) up to 400,000 megawatt-hours (MWh) annually per taxpayer for wind- or biomass-derived electricity. The aggregate cap for all wind projects is set at 2 million MWh.

**1.5 to 4 cents per kWh up to 200,000 MWh annually per taxpayer for solar-light-derived or solar-heat-derived electricity, depending on the consecutive taxable year for which the credit is being claimed. The aggregate cap for all solar projects is set at 500,000 MWh.

Source: EMNRD and TRD

Scheduled State Park Improvements FY23
(in thousands)

Project Location	Cost
Bluewater Lakes State Park	$780.4
Bottomless Lakes State Park	$1,613.8
Clayton Lake State Park	$58.4
Living Desert Zoo and Gardens	$141.5
Hyde Memorial State Park	$435.90
Navajo Lake State Park	$173.9
Oliver Lee Memorial State Park	$121.4
Pecos Canyon State Park	$620.0
Pecos Canyon State Park	$65.8
Rio Grande Nature Center	$164.4
Storrie Lake State Park	$153.4
State Parks Office Remodel	$168.5
Total	**$4,497.4**

Source: LFC Files

with 1,633 approved within 30 days of receipt. ECMD is working to make improvements to its online application portal. The division is also working to create an inventory of alternative energy projects currently proposed, in process, and completed in New Mexico.

Although not reflected in the division's performance measures, in late 2022, ECMD applied for grid modernization grant funding through the U.S. Department of Energy (DOE). This new program will bring over $35 million to New Mexico over five years, starting in 2023, to help reinforce vulnerable electric systems and modernize the grid as utilities transition to renewable energy resources. ECMD will be awarded $14 million in May 2023 to cover the first two years of the five-year program. In 2023, the Legislature allocated the match for year one in the state's FY 24 budget.

Budget: $3,810.1 **FTE:** 21

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of completed applications for clean energy tax credits reviewed within 30 days of receipt	88%	92%	90%	99%	G
Program Rating	Y	G			G

State Parks

State Parks Division (SPD) visitation kept pace with previous years during FY23, with nearly 4.8 million visitors spending time in state parks. Winter conditions and cold temperatures established safe and predictable ice fishing during winter months. A temperate spring with outstanding runoff from snowpack improved water levels in rivers and streams across the system. These favorable conditions also resulted in no fire restrictions, which kept visitation high. As a result, SPD exceeded attendance and revenue targets again for FY23.

SPD continued to plan for and invest the $20 million appropriated by the Legislature across the system, with a focus on repairing, renovating, and replacing aging infrastructure. By the close of the third quarter, SPD had spent or encumbered $10.3 million of these funds after 11 months of availability and remains on track to expend these funds within the federal allocation period. Additionally, SPD continued to reduce its vacancy rate and is working to recruit both permanent and temporary staff to ensure state parks remain a significant draw, supporting New Mexico's outdoor recreation economy.

Budget: $24,173.5 **FTE:** 234.66

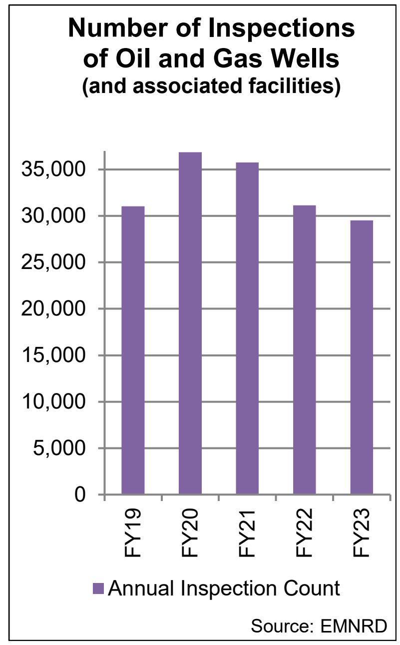
	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of visitors to state parks	4.4 million	5.2 million	4.75 million	4.78 million	G
Amount of self-generated revenue per visitor, in dollars	$0.65	$1.01	$1.0	$1.21	G
Program Rating	Y	G			G

Mining and Minerals

Coal and Mining Act Compliance. The Coal and Mining Act programs both require financial assurance for permitted mines. For FY23, the Coal Program had six coal mines that received a total of 48 actual inspections equaling 100 percent of the number of inspections targeted. Additionally, all six coal mines were 100 percent covered by financial assurance. The Mining Act Reclamation Program manages 60 mines, of which 59 have adequate financial assurance posted to cover the cost of reclamation. Combined with the coal program, this translates to 99 percent compliance.

Budget: $8,873.6 **FTE:** 28

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Percent of permitted mines with approved reclamations plans and adequate financial assurance posted to cover the cost of reclamation.	99%	99%	99%	99%	G
Program Rating	G	G			G



Oil Conservation

Inspections and Compliance. The Oil Conservation Division (OCD) issued 485 violations during routine inspections in the fourth quarter of FY23 across the state's producing basins. Four factors impacted inspection numbers, which declined for the third consecutive year: first, inspector vacancies, which are being addressed by aggressive hiring; second, vehicle availability, because of supply chain issues; third, OCD changed its compliance inspection procedures over the performance period to make them more uniform and increase effectiveness; finally, increased activity in the oil and gas industry in FY23 and OCD's plugging program increased demands on inspector time.

Orphaned Well Program. Twenty-nine wells were plugged during the fourth quarter of FY23, bringing the total for the fiscal year to 76. Funding for plugging 13 of the wells came from the reclamation fund, while the remaining 63 wells were plugged using federal funds. Using the $25 million in federal funds received in FY23, along with commitments by the federal government to continue funding in the future, OCD was able to secure long-term access to multiple plugging rigs and crews, which will increase both the number and rate of well-plugging projects moving forward. With 2,000 orphaned wells identified in New Mexico, the agency's ability to complete these plugging projects at an increasing pace will be critical to protecting public health and safety.

Budget: $12,443.2 **FTE:** 78

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of inspections of oil and gas wells and associated facilities.	35,757	35,757	31,000	29,522	Y
Number of abandoned wells properly plugged.	49	49	50	76	G
Number of violations issued with associated administrative penalties*	3,174	3,213	-	2,552	
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

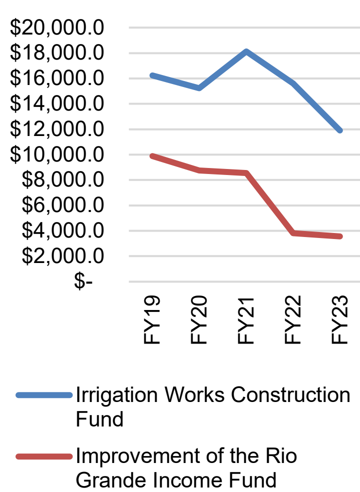
Office of the State Engineer

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

Water Security Planning Act

ISC staff are currently working to implement the Water Security Planning Act, passed unanimously in the 2023 legislative session. The Act is intended to support communities throughout New Mexico in responding to and preparing for increasing water scarcity associated with climate change. These impacts are already being felt. Work under the Act will include significant public input related to the delineation of the regions themselves, requirements for regional planning entities, and processes for prioritization of requests for funding to the legislature, as well as regular reporting on outcomes.

OSE Fund Balances
(in millions)



Source: LFC Files

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) spent significant time and resources working with the office of the Attorney General to navigate settlement negotiations and trial preparation in the Texas v. New Mexico water rights case on the Rio Grande. All states involved agreed in principle to a proposed settlement, which has been presented to the judge overseeing the case and to the U.S. Supreme Court's special master. On July 3, 2023, the special master issued his third interim report that recommends acceptance of the three states' consent decree for settling the case. However, the U.S. Department of Justice (DOJ) is expected to submit exceptions this fall.

OSE made progress toward reducing New Mexico's interstate stream compact compliance debts, while also increasing the number of offers submitted to defendants through its Litigation and Adjudication Program. The Dam Safety Bureau continued to address its backlog but is constrained by staff shortages that impact the performance of the Water Resource Allocation Program, which otherwise met or exceeded all of its performance targets. Legislative approval of some key capital projects management staff may help allow the bureau to focus on its core mission.

Water Resource Allocation

The Water Rights Division exceeded its target for FY23 and processed 38 applications per month. Additionally, the division serves as "agency reviewers" for the New Mexico Finance Authority and Water Trust Board and as "cannabis water rights validation reviewers" for the Regulation and Licensing Department. Neither of these additional workloads are reflected in current performance measures but should be considered to better reflect agency productivity.

The Water Rights Abstract Bureau is responsible for populating and maintaining the Water Administration Technical Engineering Resource System and met its target for FY23. The Dam Safety Bureau planned for over 90 inspections in FY23 but performed only 26. The agency has struggled to fill positions because senior dam safety engineers are highly specialized and hard to attract to state service. The bureau plans to use the Federal Emergency Management Agency's national dam safety grant funding to secure contract engineering assistance for inspections.

Budget: $17,037.6 **FTE:** 171

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of unprotested and unaggrieved water right applications backlogged*	522	499	N/A	445	G
Average number of unprotested new and pending applications processed per month	30.5	39	35	37.8	G
Number of transactions abstracted annually into the water administration technical engineering resource system database.	24,029	28,665	21,000	19,210	Y
Number of notices issued to owners of publicly owned dams notifying them of deficiencies or potential issues	78	61	45	26	R
Program Rating	Y	G			Y

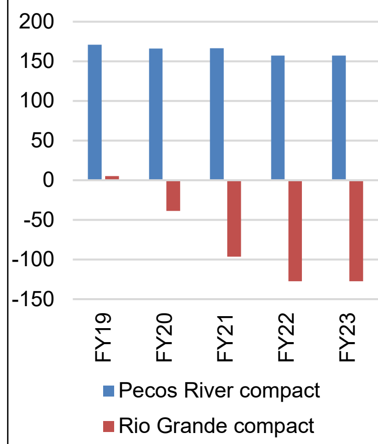
*Measure is classified as explanatory and does not have a target.

Interstate Stream Commission

The state's cumulative Pecos River Compact credit continues to be positive and is attributable primarily to the 2003 Pecos Settlement Agreement and significant investment in its implementation, including the purchase of water rights and construction of two augmentation well fields.

Under the Rio Grande Compact, New Mexico under-delivered by 30,800 acre-feet of water in 2021, which at the time represented a 32 percent increase in the size of the state's debit. New Mexico then over-delivered by 3,400 acre-feet in 2022, attributed largely to an above-average monsoon season. As a result of the 2022 over-delivery and further reductions resulting from an agreement related to the federal government's unauthorized release of water in 2011, New Mexico reduced its accrued debit for 2023 to 93,000 acre-feet in the fourth quarter, well below the compact compliance debit threshold of 200,000 acre-feet.

Interstate Stream Compact Compliance
(thousands of acre-feet of water)



Source: LFC Files

Budget: $12,996.4 **FTE:** 46

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Cumulative New Mexico Unit fund expenditures, in millions of dollars*	$22.1	$22.0	N/A	$22.3	G
Cumulative state-line delivery credit per the Pecos River Compact, in thousand acre-feet	166,600	157,200	>0	156,600	G
Cumulative delivery credit per the Rio Grande Compact, in thousand acre-feet	-96,300	-127,100	>0	-93,000	Y
Program Rating	G	Y			Y

*Measure is classified as explanatory and does not have a target.

Litigation and Adjudication

The Litigation and Adjudication Program (LAP) is making progress in FY23 toward its goal of fully adjudicating water rights in the Lower Rio Grande Basin. The division made 175 settlement offers in the fourth quarter of FY23 and continued to increase the Lower Rio Grande Bureau's productivity.

Data continues to be entered into the LAP database and is being fused with hydrographic survey data to increase the accuracy of the division's second performance measure.

Budget: $7,618.2 **FTE:** 63

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of offers to defendants in adjudications	381	142	300	436	G
Percent of all water rights with judicial determinations	76.2%	76.5%	77%	76.7%	Y
Program Rating	G	G			Y

General Services Department

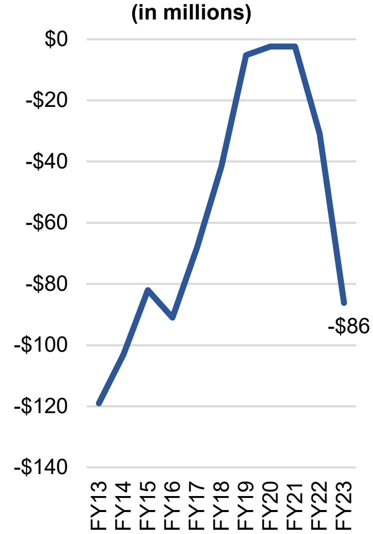
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

The General Services Department (GSD) continues to report a deficit in the agency's largest program, employee group health benefits, despite sizeable one-time transfers to stabilize the fund. Performance data indicate medical expenses are increasing while premiums have not increased to match expenses to revenues. For FY25, group health benefits will transfer to the newly created Health Care Authority Department, which will need to address continued deficits in the program.

Risk Management Funds

The department's Risk Management Division oversees the state's shared risk pools, including the public property fund, the workers compensation fund, and the public liability fund. Overall, the financial position of the three funds, determined by dividing the current assets by the current liabilities, is 54 percent, down from 78 percent at the end of FY22. Projected assets are short of projected liabilities by $86 million. In FY21, assets were short of liabilities by only $2 million, and in FY22, assets were short of liabilities by $31 million. The public property fund remains well above the 50 percent target, and the workers' compensation fund remains slightly above target. Changes were driven mostly by the public liability fund, with projected liabilities of $105 million on assets of $43.9 million, or only 44 percent.

Net Position of Major Risk Funds
(in millions)



Source: GSD and LFC Files

Budget: $102,700.7 **FTE: 0**

	FY21 Actual	FY22 Actual	F23 Target	F23 Actual	Rating
Projected financial position of the public property fund*	523%	443%		215%	G
Projected financial position of the workers compensation fund*	61%	60%		56%	Y
Projected financial position of the public liability fund*	112%	66%		42%	R
Program Rating	G	G			Y

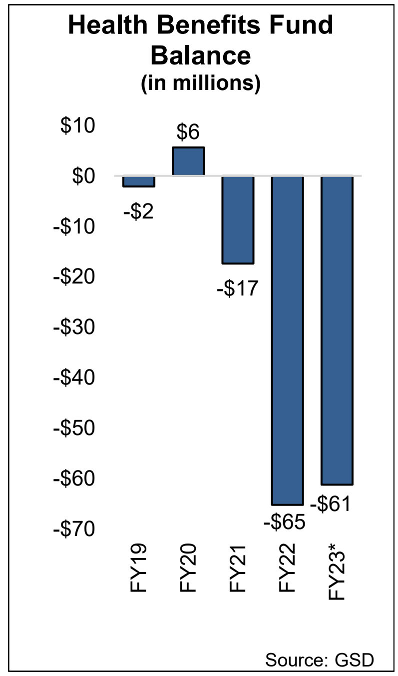
*Measure is classified as explanatory and does not have a target.

Group Health Benefits Fund

The Risk Management Division of GSD operates a self-insured group health benefits pool, providing health coverage to employees of the state, local governments, and some higher education institutions. Despite provisions of state law designed to prevent agencies from spending without available funds (Section 6-5-6 NMSA 1978), the employee group health benefits program has been operating at a deficit since FY21. For several years, the department did not increase health insurance rates for participating employees, resulting in mounting shortfalls. To mitigate these shortfalls, the Legislature allocated $34.5 million from the general fund to cover the costs of general-fund-covered employees, contingent on the department instituting a special assessment to cover for non-general fund-covered employees. In total, GSD collected $57 million to offset the deficits. For FY24, the Legislature included funding for a 10 percent rate increase, which went into effect in July for state employees and will go into effect in January for local government and higher education employees.

GSD reports per-member-per-month cost increases averaged 3 percent in FY23, lower than national trends and the trends for other public funds, which points to the extent current deficts have been caused by rate decisions rather than increases in costs. A cost-containment strategy alone will not enable the department to close the funding gap in the absence of rate increases that recognize the true costs of the current plan.

Additionally, the percentage of workers purchasing health coverage continues to fall—from 81 percent in FY21 to 79 percent in FY23. Participation could continue to fallc as premiums increase to recognize costs, with most of the losses likely to come from relatively healthy and lower cost individuals. The state may need to consider health plan alternatives, such as high deductible plans, which other public employers have used to moderate premium costs.



Budget: $421,493.3 **FTE:** 0

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Change in average per-member-per-month total healthcare costs	5.9%	5%	5%	3%	G
Annual loss ratio for the health benefits fund	NEW	118%		118%	R
State group prescriptions filled with generic drugs	86.5%	87%	80%	83.6%	G
Number of visits to the Stay Well Health Center*	6,248	4,540		7,375	
Percent of eligible state employees purchasing state medical insurance*	81%	80%		78.5%	R
Year-end fund balance of the health benefits fund, in millions*	-$17.3	$-65.1	N/A	$-61.2	R
Program Rating	R	R			G

*Measure is classified as explanatory and does not have a target.

Facilities Management

The Facilities Management Division (FMD) is responsible for maintaining 6.8 million square feet of state-owned and leased space. FMD reports only 70 percent of scheduled preventive maintenance activities were completed on time due to a lack of maintenance staff. On-time completion of capital projects also fell short of target. The department reports 100 percent of office leases met adopted space standards; however, the department continues to exclude certain leases from this calculation. For example, in the fourth quarter, the department excluded seven of the 17 leases processed. Routine exclusion of leases from the performance data negates the usefulness of this performance measure.

The state has yet to realize projected cost savings from the green energy initiatives, with the department reporting $85 thousand in energy savings in FY22. In August 2019, FMD began a $32 million project to reduce energy use in state facilities, estimated to save at least $1.4 million per year, with guaranteed savings of $1.1 million. The department reports year-to-date savings of $240 thousand.

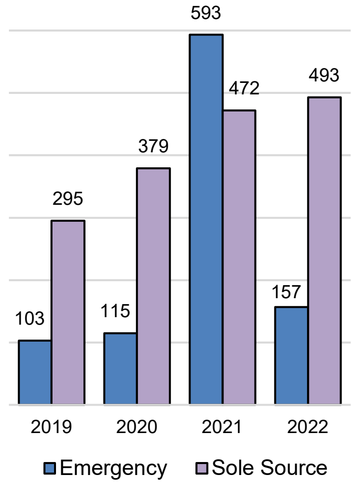
Stay Well Health Center

Employees on the group health benefits plan have access to the Stay Well Health Center for some basic healthcare services, including health screenings, physicals, and treatment for minor injuries. GSD currently contracts with Proactive MD to operate the clinic, with total payments in FY23 of $2.2 million, or about $300 per visit. GSD reported an uptick in the number of visits, but the facility continues to be underutilized. The department reports only 22 percent of available appointments were filled in FY23.

Budget: $17,380.9 **FTE:** 148

	FY21 Actual	FY22 Actual	F23 Target	F23 Actual	Rating
Capital projects completed on schedule	88%	93%	90%	87%	Y
Preventive maintenance completed on time	48%	59%	80%	70%	R

Number of Sole Source and Emergency Procurements



Source: GSD

Budget: $17,380.9 **FTE:** 148

	FY21 Actual	FY22 Actual	F23 Target	F23 Actual	Rating
New office leases meeting space standards	100%	100%	85%		
Amount of utility savings resulting from green energy initiatives, in thousands*	$281.4	$85		$-38.2	R
Program Rating	Y	R			R

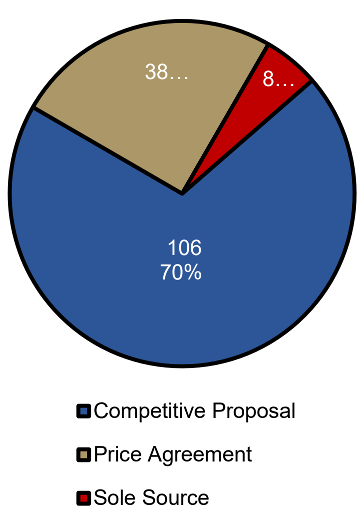
*Measure is classified as explanatory and does not have a target.

State Purchasing

The program reports all 77 executive agencies had designated chief procurement officers, and the agency met targets for procurement completion and timely contract review, sustaining improvement gained in FY22. The department reported an uptick in revenue received from pricelist purchases, rising from $3 million in FY21 to $3.8 million in FY22 and $4.6 million in FY23, pointing to a rise in the number of agencies using price lists for procurement. State agencies have increased their reliance on price agreements for purchasing services: Monthly reports from the GSD's Contracts Review Bureau show a quarter of professional services contracts valued at more than $500 thousand were purchased using a price agreement rather than through a competitive proposal.

In the 2023 session, the LFC-endorsed Senate Bill 76 proposed several changes to the Procurement Code as recommended by past LFC evaluations. These included repealing some widely used purchasing exemptions that circumvent competition and adding guardrails to the use of statewide price agreements. The bill received one hearing but no votes, and the recommended Procurement Code changes remain unaddressed.

Professional Services Contracts >$500,000, FY23



Source: GSD

Budget: $2,692.9 **FTE:** 29

	FY21 Actual	FY22 Actual	F23 Target	F23 Actual	Rating
Agencies with certified procurement officers	95%	100%	100%	96%	Y
Procurements completed within targeted timeframes	NEW	88.5%	80%	87%	G
Revenue generated through pricelist purchases, in thousands*	$2,988	$3,803		$4,641	
Percent of estimated payments from vendor sales	NEW	99%	80%	99%	G
Average number of days for completion of contract review	8.1	4	5	3	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

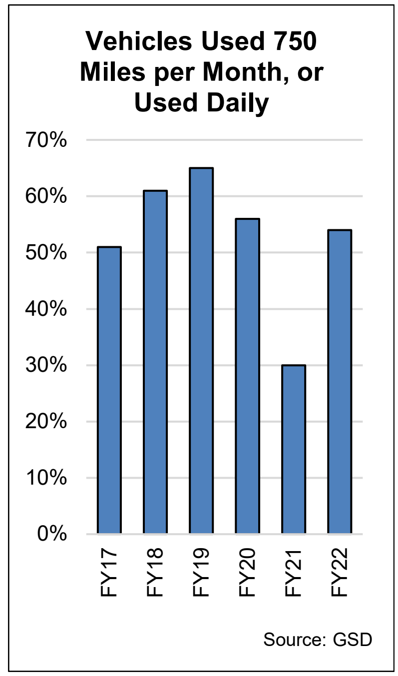
Transportation Services

State agencies continue to underutilize vehicles, with only 54 percent of leased vehicles being used daily or for at least 750 miles per month. Although the agency encourages agencies to return leased vehicles that are underutilized, many agencies are reluctant to do so. As an alternative, the department offers agencies short-term (daily) leases to meet their transportation needs.

Budget: $9,874.5 **FTE:** 31

	FY21 Actual	FY22 Actual	F23 Target	F23 Actual	Rating
Percent of leased vehicles used for 750 miles per month or used daily	30%	47%	70%	54%	R
Average vehicle operation costs per mile*	$0.49	$0.55	$0.59	$0.52	G
Program Rating	Y	R			Y

*Measure is classified as explanatory and does not have a target.



State Printing

The State Printing Program reported recovery in sales from the downturn caused by the Covid-19 pandemic, with revenue exceeding expenditures in FY23. Sales typically peak in the second and third quarters because the program completes print jobs related to the legislative session, but the agency has reported an influx of printing jobs late in the fiscal year, suggesting continued sales growth. The division continues to perform well, with all printing jobs delivered on time, even in light of a high division vacancy rate.

Budget: $2,045.4 **FTE:** 9

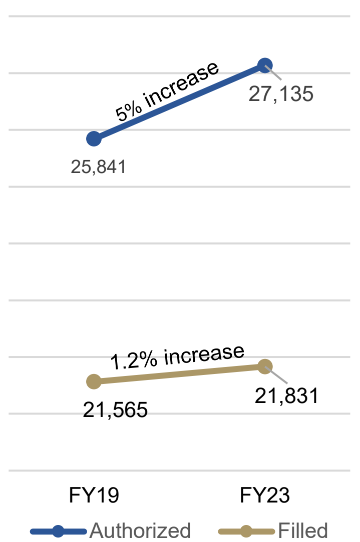
	FY21 Actual	FY22 Actual	F23 Target	F23 Actual	Rating
Revenue exceeding expenditures	-0.6%	21%	4%	7%	G
Percent of printing jobs delivered on time	100%	100%	99%	100%	G
Sales growth in revenue	-11%	-2%	10%	29%	G
Program Rating	Y	G			G

State Personnel

ACTION PLAN

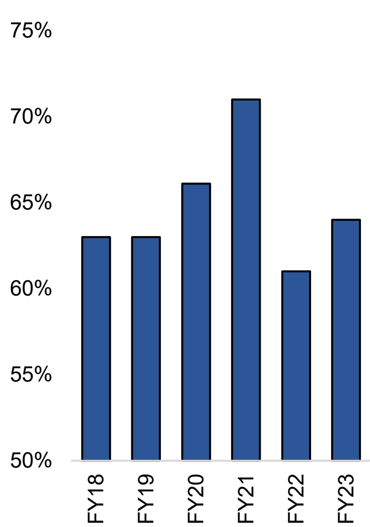
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Change in Authorized and Filled Positions



Source: State Headcount Reports

New Employees Completing One Year Probation Period



Source: SPO

Recent pay increases and stabilization of the broader job market have helped to improve key metrics related to the state's personnel system, but high turnover and the continued growth in the number of positions within state agencies have led to continued high vacancy rates. The State Personnel Office (SPO) reports the classified service vacancy rate is 23.8 percent, up 20 percent from the rate in FY21. This increase is partially due to the expanded number of positions. In FY23, state agency headcounts were roughly flat with the number reported in FY19, while the total number of authorized positions increased by 5 percent over the same period. While the state is attracting more applications from workers outside of state government, fewer employees are completing their probationary period. SPO reports more than 3,100 external hires in FY23, up one-third from the amount in FY21, but only 63 percent are completing their probationary period, down from 71 percent in FY21.

SPO reports agencies have made significant inroads in reducing the time it takes to fill position. In the first quarter, SPO reported it took agencies an average of 72 days to fill positions, measured from the date of posting to the extension of an employment offer to the candidate. By the fourth quarter, agencies reduced that number to 55 days, a 24 percent drop. SPO has prioritized reducing the time-to-fill metric, creating a task force with agency human resources officers and working with agencies to improve internal processes to reduce the time it takes to fill vacant positions.

At SPO's request, a number of measures are classified as explanatory, meaning they do not have performance targets. However, ratings were given based, in part, on prior-year performance.

Budget: $4,117.6 **FTE: 46**

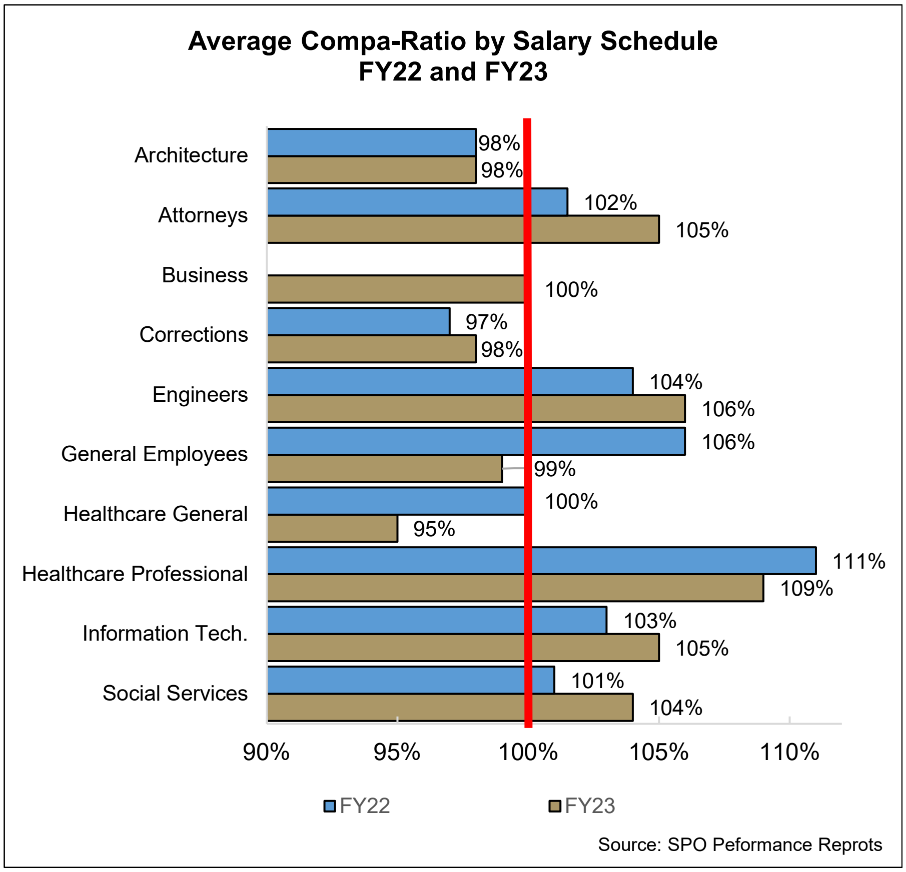
Source: SPO

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Average number of days to fill a position from the date of posting*	50.5	69		55	G
Classified service vacancy rate*	19.9%	22.8%		23.8%	R
Percent of classified employees who successfully complete the probationary period*	71%	61%		63%	R
Average classified employee compa-ratio*	103%	105%		98.7%	G
Average classified employee new hire compa-ratio*	99%	102%		95.5%	G
Number of hires external to state government*	1,996	2,969		3,109	G
Number of salary increases awarded*	NEW	NEW		1,660	
Average classified service employee total compensation, in thousands*	NEW	NEW		$99.8	
Cost of overtime pay, in millions*	NEW	NEW		$41.1	
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

SPO's quarterly report includes information on the average compa-ratio, or average salary divided by midpoint of salary range, one possible indicator of salary competitiveness. Between FY22 and FY23 the average compa-ratio for state employees fell to 99 percent from 105 percent. Average compa-ratios for new state employees fell to 96 percent from 102 percent. This indicates new employees are accepting employment offers below the position midpoint, suggesting the salary is more competitive with the broader job market. However, SPO reports some areas continue with high average compa-ratios, including classifications for attorneys, engineers, and information technology positions.

In FY23, agencies processed a large number of temporary salary increases, which could indicate some positions are requiring additional compensation. Agencies awarded 1,660 increases, or roughly one for every 10 classified state employees. SPO reports agencies have, in particular, taken advantage of temporary recruitment differentials to aid in hiring.

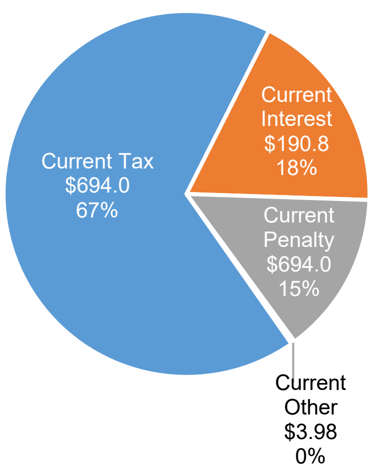


Taxation and Revenue Department

ACTION PLAN

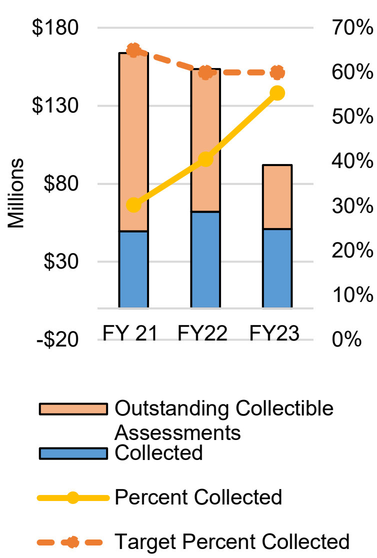
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

Outstanding Tax Amounts by Category
$1.048 Billion Total



Source: TRD

Collections as a Percent of Collectible Audit Assessments



Source: TRD

In FY23, the Taxation and Revenue Department (TRD) fell short of its target for collectible audit assessments and met its annual target for tax collections, with nearly all categories of collections being substantially higher than those submitted in the third quarter of FY22. TRD anticipates issuing over $600 million in tax rebates through FY24, and $15 million in non-filer relief payments.

Tax Administration

Of the $1 billion in outstanding tax collections for the state, the program collected $145.7 million in FY23, nearly 16 percent of the outstanding balance. According to data on outstanding amounts, an estimated $26.5 million would be uncollectable after FY24 due to the 10-year statute of limitations for tax collections. By FY27, the state could be at risk of forfeiting close to $100 million of uncollected taxes because of the statute of limitations, unless the debt is secured in a lien. TRD states debt is collectible after 10 years and expired debt can be reactivated. It says debt within one to four years is easiest to collect, with the largest debt category being sole proprietors. Due to 2016 legislation, TRD cannot collect balances in protest until after 90 days, a fluid three-month amount that is hard to pin down, essentially making the forgone FY24 amount closer to $37.9 million depending on how much was protested. This is in addition to the uncollected total. The top collection revenue sources have been gross receipts tax, at $82.8 million, and personal income tax, at nearly $35 million.

The issuance of over $1 billion in rebates at the end of FY22 and beginning of FY23 increased the volume of calls into the tax call center up to six times the normal call volume. In response to the increased call volumes, the department had over 100 unique users assisting with phones, including auditors through September and collection agents into December. The resource shifting impacted the division's ability to assess and collect in FY22, in FY23, and into FY24. The division is implementing a new data analytics solution in FY24 to improve collection treatment streams.

Budget: $25,333.2 **FTE: 340.66**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year*	17.6%	15.5%	20%	15.8%	Y
Collections as a percent of collectible audit assessments generated in the current fiscal year	30.3%	40.5%	60%	55.4%	R
Program Rating	R	R			R

*Target is cumulative.

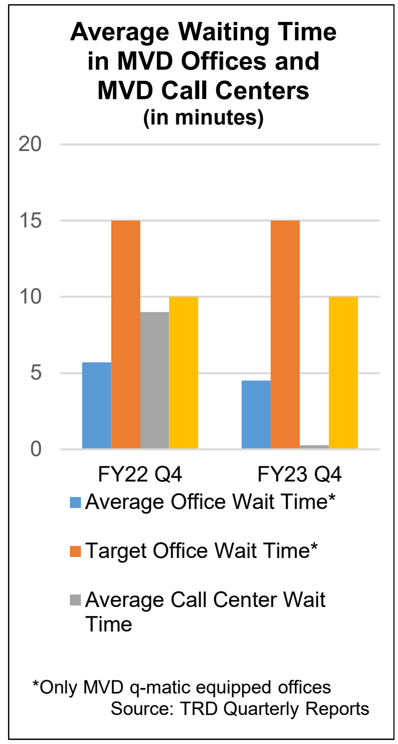
Compliance Enforcement

The Tax Fraud and Investigation Division (TFID) reported four cases referred for prosecution and 37 open investigations. The period of investigation for fraud, embezzlement, or tax evasion cases ranges from six to eight months. Depending on subpoena returns, docket priority, and the discretion of the district attorney, the process could be longer and court jurisdictions must set dates for open cases.

Without confirmed court dates, the division anticipates it will continue to lose criminal charges on specific, pending cases due to the statute of limitations. Court scheduling continues to be delayed and no pending cases have been prosecuted. TFID is preparing three cases for submission to the 1st Judicial District Attorney's Office.

Budget: $1,870.3 **FTE: 21**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	67%	50%	85%	10%	R
Successful tax fraud prosecutions as a percent of total cases prosecuted*	N/A	100%	100%	100%	G
Measure					
Program Rating	Y	R			Y



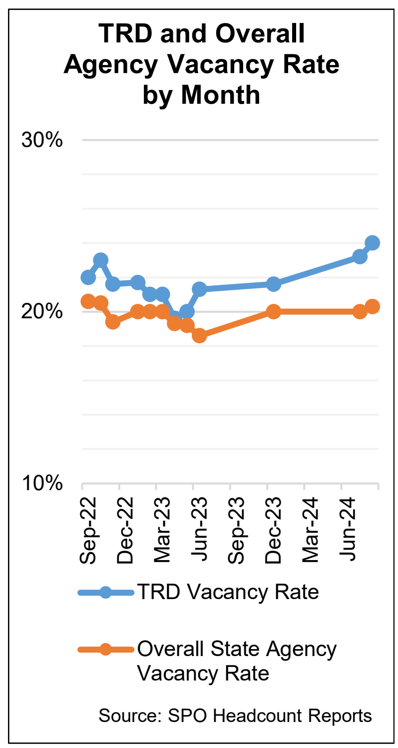
Motor Vehicle

In FY23, the Motor Vehicle Division (MVD) met all performance targets. MVD has a system called "PASCO" or "NM Insurance Interactive Database" which monitors active insurance for all vehicles in New Mexico and reports vehicles without insurance. TRD works with fleet policyholders to submit insurance. While 31 of 32 field offices have same day availability and waiting times for offices and calls have improved considerably since FY21, performance data is not inclusive of service quality or waiting times in contracted, private-partner offices. MVD manages 204 partner office contracts and performs audits on documentation and training for onboarded staff but does not maintain control over queues that are unassociated with MVD's internal Q-matic software.

Budget: $47,865.2 **FTE: 332**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Registered vehicles with liability insurance	91.4%	91.1%	92%	91%	G
Average wait time in Q-matic equipped offices, in minutes	8:00	6.48	5:00	4:48	G
Average call center waiting time to reach an agent, in minutes	15:11	8:38	10:00	6:18	G
Program Rating	Y	R			G

*Measure is classified as explanatory and does not have a target.



Program Support

Inadequate staffing within the division affected the share of internal audit recommendations implemented. Four internal auditor positions remain vacant. Combined with the loss of the four full-time budget staff in FY23 and the recent appointment of a chief internal auditor, external audits are at a greater risk of issues. The division reports 2 percent of tax protest cases were scheduled for hearing at the Administrative Hearings Office. The division met its performance target for the number of tax protest cases resolved, bringing in nearly $190.4 million in FY23.

Budget: $10,636.9 **FTE: 102**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Tax protest cases resolved	1,590	1,690	1,525	1,892	G
Internal audit recommendations implemented	100%	97%	90%	25%	R
Program Rating	R	R			R

Property Tax

In FY23, the Property Tax Program (PTD) distributed $13.9 million to counties in delinquent property taxes, exceeding the annual target, but recovered 21 percent of total delinquent property taxes. The total delinquent property tax values increased from approximately $57.5 million to $65.5 million for New Mexico's 33 counties. The statewide outstanding amount in property taxes is $15.7 million. Delinquent property taxes encompass the total of all base property taxes collected and returned to the counties and include all collection activities, including sale of properties. Although the actual delinquent property tax sales are a small portion of overall collections, PTD receives most taxes from courtesy letters and retagging properties.

Budget: $6,141.2 **FTE: 40**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Delinquent property tax collected and distributed to counties, in millions	$8.2	$12.0	$10.0	$13.9	G
Percent of total delinquent property taxes recovered	18.7%	23.0%	15.0%	21.0%	Y
Program Rating	G	G			Y

Information Technology Projects

State modernization, replacement, and other information technology (IT) projects continue to make progress, and several projects are slated to be completed in the coming year. However, some projects face schedule delays and cost overruns, and despite growing costs and implementation and oversight issues, the state continues to expand investments in IT. Oversight and management of the state's largest IT projects continue to be a challenge.

The status report for FY23 includes 12 key projects and one program, including $98.1 million currently funded for projects led by the Department of Information Technology (DoIT) and nearly $268 million for the statewide broadband program managed by the Office of Broadband Access and Expansion. Budget amounts reflect new funding appropriated for FY24.

The report reviews three high-risk projects, five moderate-risk projects, and four low-risk projects. Major investments include state broadband ($268 million funded), the Human Services Department's Medicaid management information system replacement project ($369.5 million funded), and the Children, Youth and Families Department's comprehensive child welfare system replacement project ($43.4 million funded).

Broadband. DoIT has nearly closed its $10 million rural broadband project, which supported expansion projects in Chavez, Sierra, and Lea counties, Cochiti Pueblo, Edgewood, southeast New Mexico, and the Permian Basin from Carlsbad to Jal. The funding is now being reported on within the larger statewide broadband program, which includes $268 million currently appropriated for broadband for the Office of Broadband Access and Expansion (OBAE). The total includes $100 million from the Connect New Mexico fund, initially appropriated in 2021, $123 million from federal American Rescue Plan Act funds (ARPA), and other appropriations. The statewide broadband program continues to reflect moderate risks given the size of the investment and prior delays to administering funds. The agency continues to meet deadlines for state and federal broadband plans, including submission of the state digital equity plan, but impending staff and leadership changes and several upcoming federal grant deadlines pose risk.

OBAE has awarded the full amount of the ARPA broadband infrastructure funds through the Connect New Mexico Pilot Program, which has now funded a total of 19 projects totaling $117 million in grants. Awards are complimented by $72.7 million in matching contributions, yielding a total investment of approximately $189 million. OBAE reports, in total, these projects will deploy over 1,400 fiber miles and connect approximately 26 thousand premises, as well as assisting seven pueblos and tribes.

Other funding for broadband has supported e-Rate expansions in the Navajo Nation serving approximately 300 students ($3 million), fiber expansions for libraries in coordination with the Department of Cultural Affairs ($1 million), and expansion projects in Northern New Mexico and Rio Arriba/Santa Fe counties ($372.9 thousand and $259.7 thousand).

Cybersecurity. Using the available $7 million for the Enterprise Cybersecurity project, DoIT has implemented the security operations center—a key deliverable—

and implemented additional services not in the original scope, including an attack surface management program to assesses threats to assets and a penetration testing program to test system security. Outside of this certified project, DoIT will transition its cybersecurity functions to the new Office of Cybersecurity. A cybersecurity planning committee was also put into place by Executive Order 2022-141 on September 23, 2022, to promote more coordination of effort across agencies, and the new Office of Cybersecurity was established under Chapter 115, Laws 2023. This move toward additional oversight and centralization will help improve the state's cybersecurity posture and will be essential for the state to pursue any federal cybersecurity funding.

Medicaid Management and Information System Replacement Project. The Human Services Department (HSD) has been appropriated $369.5 million so far —including $331.9 million from federal partners—for its replacement of the existing Medicaid management system, supported by a potential 90 percent federal funding participation match. The project—estimated to be completed in FY27—has seen substantial delays and cost overruns. Most recently, HSD submitted a new overall project budget to federal partners totaling $418.3 million—an increase of $28.5 million, or 7.3 percent—posing substantial risk given the continued escalation of costs. However, HSD is awaiting a response on its most recent federal update, and, after several vendor changes and delays, has deployed its system integration platform. The agency has deployment plans in place for its other modules, but additional cost increases continue to pose a substantial risk to the project.

Comprehensive Child Welfare Information System. Because previous efforts had failed through the Enterprise Provider Information and Constituent Services (EPICS) project, CYFD is again attempting to replace its legacy Family Automated Client Tracking System (FACTS) with a new, federally compliant child welfare information system. The agency's move to a competitive procurement in 2022 improved risk for the project, but CYFD has experienced delays to completing its request for proposals process. Once the procurement is complete, the agency will assess its $71 million estimated project budget and timeline—expected to be completed in 2025—posing risk. However, the simplified cost allocations (designating 39.55 percent of total project costs as shared Medicaid costs, eligible for a 90 percent federal match, while the remaining 60.45 percent of costs qualify for a 50 percent federal match from the Administration on Children and Families) should significantly improve budget and schedule risks for the project in future quarters, as pending federal approvals have been the primary impetus behind prior schedule delays

Project Status Legend

G	Project is on track; scope, budget, schedule, and deliverables are being managed appropriately.
Y	Project has potential risk to scope, cost, schedule, or deliverables; independent verification and validation (IV&V) or LFC staff has identified one or more areas of concern needing improvement.
R	Significant issues limit success of the project; high risks to scope, cost, schedule, or deliverables identified; management attention and corrective action needed.

P25 Digital Public Safety Radio System Upgrade Project

OVERVIEW

Project Phase	Implementation
Start Date	9/27/18
Est. End Date	6/30/24
Revised	6/30/27
Est. Total Cost	$150,000.0
Revised	$170,000.0

Project Description:

The P25 digital statewide public safety radio system upgrade project will upgrade and replace public safety radio equipment and systems with digital mobile communications for public safety organizations.

Overall Status

The Department of Information Technology (DoIT) continues with deployment plans for its public safety radio project, with 35 confirmed agency subscribers, including school and local police, fire departments, and other various federal and state public safety agencies. The agency met its goal of reaching 40 percent state coverage by the end of FY23 and is on track to complete the project in 2027, barring any unexpected delays or other issues with securing yearly funding.

	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	Y	Y	Y	Y	Y	Y
Schedule	Y	Y	Y	Y	G	G
Risk	Y	R	Y	Y	Y	Y
Overall Rating	Y	Y	Y	Y	Y	Y

Budget

DoIT was appropriated $26 million in new capital outlay funding for the project during the 2023 legislative session. Although funds do not become available until July 2023 due to the cycle for capital outlay, the budget tables reflect total appropriations. The agency reduced its reported spending by $50,858 to correct a duplicated purchase order, which, combined with new purchase orders in the fourth quarter, resulted in a small reduction in encumbered expenses from the previous quarter.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	Percent of Appropriations Spent
$91,164.3	$0.0	$91,164.3	$63,351.6	$27,812.7	69.5%

[1] Total funding includes $1.3 million from the equipment replacement fund and $1.5 million repurposed from another DoIT project

Schedule

The agency is on track with its current deployment schedule, planned through 2027. Design and review was completed for Eddy County in May, and 2023 expansion planning is underway. However, because the project is multi-year and multi-phase, funding availability and the potential for deployment delays will continue to play a role in DoIT's ability to maintain its current project schedule.

Risk

The large capital cost and long-term deployment schedule continue to pose some level of risk, which has been manageable, and the agency continues to work on various expansion projects. The P25 advisory committee continues to meet on a regular basis and the agency has started holding subscriber user group meetings, reducing risk.

P25 Subscribers

Full Subscribers*
Los Lunas School Police
New Mexico Office of Superintendent of Insurance (OSI)
Dona Ana County (Fire and Sheriff)
City of Rio Rancho Police Department
New Mexico State Parks
TRD - Tax Fraud Investigations Division
City of Santa Fe
Dona Ana County Office of Emerg. Management
BNSF Railroad Police
Eddy County (in Deployment)
New Mexico District Attorney's Office
State Attorney General's Office
New Mexico Corrections Department
New Mexico Children Youth and Families Department
City of Rio Rancho (in deployment)
Sandoval County (in deployment)
Village of Los Lunas
Village of Tijeras Fire Dept.
United States Marshal Service
Bernalillo County
Bureau of Alcohol, Tobacco & Firearms
New Mexico State University
City of Albuquerque
Spaceport America
New Mexico State Police
Department of Transportation

*Does not include nine interoperability partner organizations

Source: DoIT

OVERVIEW	
Project Phase	Implementation
Start Date	11/26/18
Est. End Date	6/30/20
Revised	6/30/23
Est. Total Cost	$7,000.0

Project Description:

The enterprise cybersecurity project will establish a framework and foundation for the state's cybersecurity structure, including identifying tools for compliance monitoring and cybersecurity management, and implement an enterprise cybersecurity operations center.

Enterprise Cybersecurity Project

Overall Status

In addition to implementing the security operations center, DoIT has onboarded all 72 executive branch agencies and some judicial and legislative branch entities to its vulnerability scanning program. With available funds, DoIT also delivered an attack surface management program to assesses potential threats to assets and a penetration testing program to perform tests of a system's security. DoIT is preparing to close the project and transition to an operational cybersecurity program under the newly created Cybersecurity Office.

	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	Y	Y	Y	Y	G	G
Schedule	Y	Y	Y	G	G	G
Risk	R	Y	Y	Y	Y	Y
Overall Rating	Y	Y	Y	Y	Y	G

Budget

The total project budget is currently certified. DoIT plans to close the project during the second quarter of FY24 and reports all available funding has been spent. Other operational cybersecurity funding at DoIT will transition to the new Cybersecuirty Office, created by Senate Bill 280, including $4 million in the operating budget for recurring cybersecurity operations and a $19 million appropriation for cybersecurity made outside of this certfied project.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	Percent of Appropriations Spent
$7,000.0	$0.0	$6,951.1	$6,951.1	$0.0	100%

[1]$48,896 in prior funding was unused by June 2020 and was not reauthorized.

Schedule

The agency is on track to close the project in FY24 once the Cybersecurity Office is established. DoIT has fully implemented its security operations center for all executive agencies, a key deliverable of the project. The new office will operate the center and will continue to build on the agency's cybersecurity programs.

Risk

The successful deployment of a security operations center highlights a key project milestone and provides the foundation for the agency's operational cybersecurity program to be led by the new Cybersecurity Office. The agency will likely close this certified project in FY24.

Statewide Broadband Program

Overall Status

The Office of Broadband Access and Expansion (OBAE) has signed award agreements for two waves of the Connect New Mexico pilot grant program and announced awards for wave three, funded with a $123 million appropriation in 2021. The agency continues to meet deadlines for state and federal broadband plans, including submission of the state digital equity plan, but impending staff and leadership changes and several upcoming federal grant deadlines pose risk.

	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	R	R	R	Y	Y	Y
Schedule	Y	Y	Y	Y	Y	Y
Risk	Y	Y	Y	Y	Y	R
Overall Rating	R	R	R	Y	Y	Y

Budget

The state is expected to receive $675 million through FY27 from federal Broadband Equity, Access and Deployment (BEAD) grant programs, requring a detailed spending plan. OBAE has fully spent or obligated appropriations for the Navajo Nation ($3 million), library expansions ($1 million), and expansion projects in northern New Mexico and Rio Arriba and Santa Fe counties ($372.9 thousand and $259.7 thousand). OBAE received another $25 million from the 2023 legislative session in July, included in the budget table to reflect total available funding.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	Percent of Appropriations Spent
$137,680.6	$130,307.3	$267,987.9	$45,553.0	$222,434.9	17.0%

[1] State funding includes connect New Mexico and other DoIT funds. Federal funding includes $123 million from ARPA funds, $1.5 million in CARES Act funding, $5 million from the BEAD planning grant, and $741 thousand from Digital Equity grants.

Schedule

OBAE submitted its state digital equity plan and is on track to meet deadlines for federal spending plans due in December 2023. Managing a variety of appropriations with different expenditure and reporting deadlines poses risk, but OBAE is using a grant tracking system and hired grant and compliance managers to mitigate risk.

Risk

Delays to establishing the council and staffing the office resulted in delays, and the agency is seeking to right size its operations in FY25 and become independent from DoIT. OBAE's growth has allowed the agency to make progress on awarding Connect New Mexico fund dollars and developing needed plans to access new federal funds. However, OBAE expects several staff and leadership changes, which may affect the agency's capacity to administer funds in future quarters, posing risk
.

OVERVIEW

Project Phase	Planning
Start Date	7/1/21
Est. End Date	Ongoing
Est. Total Cost	TBD

Project Description:

The Statewide Broadband Program will support the implementation and expansion of broadband statewide, including uses of funds from the Connect New Mexico Fund.

OVERVIEW	
Project Phase	Phase 2 Initiation
Start Date	12/18/13
Est. End Date	6/30/19
Revised	6/28/27
Est. Total Cost	$65,581.9
Revised	$70,838.6

Project Description:

The child support enforcement system (CSES) replacement project will replace the more than 20-year-old child support enforcement system with a flexible, user-friendly solution to enhance the department's ability to comply with and meet federal performance measures.

Child Support Enforcement System Replacement Project

Overall Status

So far, the Human Services Department (HSD) has completed improvements to the system design (refactoring) and upgraded the old system to a new, modern cloud platform (replatforming) in February 2022. Phase two is now underway for a complete replacement of the system with new architecture. The agency onboarded and received federal contract approvals for its project management office vendor and has developed a tentative timeline for planning and implementation. However, delays to the expected completion date pose increased risk to the project this quarter.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	Y	Y	Y	R	R	R
Schedule	Y	Y	Y	R	R	R
Risk	Y	Y	Y	Y	Y	Y
Overall Rating	Y	Y	Y	Y	Y	R

Budget

The agency did not request additional funds for FY24. The project continues to cite a total estimated cost of $76 million—up from $70 million—resulting from expanding the project timeline. The agency is on track to develop its advanced planning document by April 2024 for federal partners and anticipates requesting an additional $7.6 million in state funds and an estimated $14.8 million in federal funds for FY25.

Budget Status Overview
(in thousands)

State*	Federal	Total Available Funding	Spent to Date	Balance	Percent of Appropriations Spent
$13,418.6	$19,448.0	$32,866.6	$14,773.8	$18,092.8	44.9%

*Includes $3.4 million from agency fund balances in FY16.

Schedule

The project was expected to be completed in August 2026 but is now expected to be completed in June 2027—a change that was approved by the executive steering committee in April 2023. HSD has developed an initial timeline for planning processes, a request for proposal (RFP) for implementation services, and completion of a feasibility study—required by federal partners—through the next fiscal year. The agency should ensure its proposed timelines allow for adequate time for RFP development and award prior to its projected 2027 completion date.

Risk

The agency submitted planning documents to the federal Office of Child Support Though prior changes to schedule and the increased budget pose risk to the project, the agency has made progress on receiving federal approvals for project management contracts and reports hiring key project and agency staff to support its IT initiatives, including a chief information officer and chief information security officer.

Medicaid Management Information System Replacement Project

Overall Status

The project has experienced several substantial delays and increases to the project budget. The Human Services Department (HSD) is hiring key staff and has made progress on receiving approvals for federal funding. After several vendor changes and delays, the agency has deployed its system integration platform, currently used for transfering files and other data from the agency's ASPEN system. HSD has also submitted its most recent federal advanced planning update.

	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	R	Y	Y	Y	Y	Y
Schedule	R	R	R	R	R	R
Risk	R	Y	Y	Y	R	R
Overall Rating	R	Y	Y	Y	R	R

Budget

HSD was approved for its advanced planning update for the 2023 federal fiscal year and is awaiting a response on its FFY24 update. The agency was appropriated $7.4 million in state funds for FY24, with an associated $67.5 million federal match. HSD has received $331.9 million from federal partners so far. However, the agency submitted a new overall project budget totaling $418.3 million—an increase of $28.5 million, or 7.3 percent—posing substantial risk given the continued escalation of costs.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	Percent of Appropriations Spent
$37,757.6	$331,864.5	$369,480.9	$198,893.8	$170,587.1	53.8%

Schedule

Prior substantial delays in the project and the need for integration with various other agency systems has posed moderate risk. However, the agency is making progress on its planned module deployment schedule and successfully submitted its July 2023 federal planning update, with a response expected in September.

Risk

HSD is making progress replacing key project and agency staff, including a project director, chief information officer, chief information security officer, and an operations manager in the next quarter. The first use case for the system integration platform—file transfers—is currently in place and the unified portal design is completed. The agency has deployment plans in place for its other modules, but additional cost increases continue to pose a substantial risk to the project.

OVERVIEW

Project Phase	Implementation
Start Date	12/18/13
Est. End Date	12/30/21
Revised	8/31/26
Est. Total Cost	$221,167.8
Revised	$346,319.8
Revised	$389,758.7
Revised	$418,317.6

Project Description:

The Medicaid management system replacement project will replace the current Medicaid management information system (MMIS) and supporting applications, including the Medicaid information technology architecture, to align with federal Centers for Medicare and Medicaid Services (CMS) requirements.

OVERVIEW

Project Phase	Implementation
Start Date	9/1/17
Est. End Date	10/31/22
Revised	6/31/25
Est. Total Cost	$36,000.0
Revised	$71,068.0

Project Description:

The comprehensive child welfare information system (CCWIS) replacement project—also known as the New Mexico Impact Project—will replace the legacy Family Automated Client Tracking System (FACTS) with a modular, integrated system to meet the federal Administration on Children and Families requirements.

Comprehensive Child Welfare Information System Replacement Project/New Mexico Impact Project

Overall Status

The Children, Youth and Families Department (CYFD) obtained approval for a simplified cost allocation for the comprehensive child welfare information system replacement—now called the New Mexico Impact Project—reducing risk. However, risk remains moderate given prior delays and leadership changes, but CYFD is completing its procurement, which should provide greater clarity on the overall project budget and timeline once completed.

	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	R	Y	R	R	R	R
Schedule	R	R	R	R	R	R
Risk	R	Y	Y	Y	Y	Y
Overall Rating	R	Y	Y	Y	Y	Y

Budget

CYFD is receiving new state and federal funds for FY24 and was approved for a simplified federal cost allocation methodology. An updated project budget is under executive review, which will provide greater budget clarity following the closing of the agency's procurement. However, budgetary risk remains high pending release of new budget estimates and the overall project cost could still increase. CYFD expects approval of the new budget in the next quarter.

Budget Status Overview
(in thousands)

State	Federal (ACF)	Medicaid Revenue	Total Funding*	Spent to Date	Balance	Percent of Appropriations Spent
$34,963.1	$3,549.8	$4,899.4	$43,412.3	$12,779.0	$30,663.3	29.4%

*$9.3 million in prior historical funds are expended, expired, or inactive.

Schedule

Procurement delays have pushed implementation of the vendor contract beyond the expected July 2023 date, which may contribute to subsequent delays for other contractors. However, the agency has completed its installation of county network hardware, and the statewide Wi-Fi installation and security updates are in progress.

Risk

The simplified cost allocations should significantly improve budget and schedule risks for the project in future quarters, as pending federal approvals have been the primary impetus behind prior schedule delays. However, procurement delays contribute to project risk as well as uncertainty surrounding the total expected project cost. Updated budget estimates following the procurement could either improve or escalate project risk, depending on whether the estimates are similar or larger than the initial cost.

Offender Management System Replacement Project

Overall Status

The Corrections Department (NMCD) went live with its offender management system shortly after the close of the fiscal year, providing automated and streamlined operations for corrections and other staff within the anticipated budget. The agency has completed training prior to the system going live to ensure business users were prepared for the deployment of the system and will undergo lessons learned closer to the six-month evaluation of the system.

	FY21 Rating	FY22 Rating	FY23 Rating	FY23 Q2	FY23 Q3	FY23 Rating
Budget	G	G	G	G	G	G
Schedule	Y	Y	Y	Y	Y	Y
Risk	Y	Y	G	G	G	G
Overall Rating	Y	Y	Y	Y	Y	G

Budget

The project spent nearly all available appropriations except for $10,852 that was reverted from the state computer systems enhancement fund appropriation. NMCD expects the system to cost around $500 thousand per year to operate and maintain, with a 2.5 percent cap on cost increases through at least 2028.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	Percent of Appropriations Spent
$14,230.2		$16,570.7	$16,559.9	$10.8	99.9%

[1]Amount includes $2.3 million contributed from business areas and the agency operating budget.

Schedule

The agency completed training and testing, with a live launch completed at the end of July 2023. The agency is starting to see a decrease in the number of help desk tickets needing resolution and has planned for a six-month evaluation of the system, along with lessons learned.

Risk

System functionalities include modules for accessing offender demographics and personal information, court and disposition information, offender relationships, good-time calculations, and docket assignments. The agency successfully implemented the system within budget, with small contributions from the agency operating budget, and largely within schedule, with only minor delays due to testing and training. Train-the-trainer models implemented at the agency contribute to NMCD's capacity to provide internal maintenance and operations of the system.

OVERVIEW

Project Phase	Implementation
Start Date	5/1/15
Est. End Date	6/30/19
Revised	6/30/22
Est. Total Cost	$14,230.0

Project Description:

The offender management system replacement project will replace the legacy client server offender management system with a commercial-off-the-shelf (COTS), web-based solution. The COTS solution has 17 modules associated with agency requirements.

OVERVIEW

Project Phase	Planning
Start Date	7/1/21
Est. End Date	6/30/24
Est. Total Cost	$6,738.0

Project Description:

The electronic health records (eHR) project will replace the existing paper healthcare record system at the Correction's Department to allow systems to integrate and exchange patient information among providers and improve continuity of care for New Mexico's roughly 5,700 inmates.

Electronic Health Records Project

Overall Status

The Corrections Department (NMCD) is currently in the planning phase for the electronic health records (EHR) project but is planning to pursue implementation certification in August 2023, as well as certification of remaining budget balances ($2.7 million). However, the agency is pushing the project completion date to October 2024, originally June 2024, now that the vendor has an initial project schedule.

	FY21 Rating	FY22 Rating	FY23 Rating	FY23 Q2	FY23 Q3	FY23 Rating
Budget	NEW	NEW	G	G	G	G
Schedule	NEW	NEW	G	G	G	G
Risk	NEW	NEW	G	G	G	G
Overall Rating	NEW	NEW	G	G	G	G

Budget

In FY20, $750 thousand was appropriated to the agency to begin the project. However, as part of legislative action to bring the state back to solvency during the pandemic, the monies appropriated for the project were recouped. During the FY21 funding cycle, NMCD was appropriated $500 thousand to initiate planning and an additional $6.2 million to continue the project in FY22. The agency continues to spend funds and is seeking reauthorization of balances in FY25.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	Percent of Appropriations Spent
$6,738.0		$6,738.0	$2,615.4	$4,122.6	38.8%

Schedule

NMCD completed a sole source procurement for the professional services component of the project and is holding kickoff meetings with the vendor in July 2023. The agency faced risk of delays but is intending to increase staff to meet the original timeline of June 2024. Continued progress on meeting new deadlines will help mitigate any schedule risks in future quarters.

Risk

The agency continues to make progress on contracting and vendor onboarding, with meetings and bootcamps being held with the vendor in the following quarter. The agency's IT vacancy rates continue to pose some level of risk, but the project is adequately funded at this time and NMCD is working with additional contractors to interface with the Health Information Exchange and possibly the Department of Health's eHR system, once built.

Records Management System Project/Computer Aided Dispatch Projects

Overall Status

The Department of Public Safety (DPS), pursuing both the records management system (RMS) and computer-aided dispatch (CAD) projects simultaneously, has divorced the project timelines after going live with RMS in April 2023. NMCD continues to refine interfaces for RMS and, for CAD, continues with geographic information system upgrades. However, delays to these upgrades resulted in a postponed launch date for CAD, now expected in October 2023.

	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	G	G	G	G	G	G
Schedule	Y	Y	Y	Y	Y	Y
Risk	Y	G	G	Y	Y	Y
Overall Rating	Y	G	G	Y	Y	Y

Budget

The agency did not request additional funds to support the projects for FY24. The agency reported no additional spending on CAD in the fourth quarter due to delays in invoicing but continues to spend available funds on enhancements and refinements to the RMS from the available balance. DPS expects an additional $2.6 million to be billed for the project after going live with CAD.

Budget Status Overview
(in thousands)

	State	Federal	Total Available Funding	Spent to Date	Balance	Percent of Appropriations Spent
RMS	$7,381.3		$7,381.3	$4,116.7	$3,005.3	55.8%
CAD	$3,000.0		$3,000.0	$1,309.6	$1,690.4	43.7%

Schedule

DPS went live with RMS but has delayed the launch of CAD. The agency's schedule risk remains moderate given these delays, but RMS activities remain low risk because the agency continues to refine its interfaces. The agency moved CAD implementation to October, partly because state police need to be available for training and will busy with the State Fair and Balloon Fiesta.

Risk

Since RMS has been implemented, the risk for that project is low, but the continued delays for CAD contribute to project risk. DPS will undergo a secondary review of RMS processes and complete first responder training and warrants testing in the coming months. Complex geographic information system enhancements for CAD are still underway, posing risk.

OVERVIEW

RMS

Project Phase	Implementation
Start Date	5/10/16
Est. End Date	6/30/21
Revised	3/1/23
Est. Total Cost	$7,381.3

CAD

Project Phase	Implementation
Start Date	9/23/20
Est. End Date	12/21/21
Revised	10/31/23
Est. Total Cost	$3,000.0

Project Description:

The records management system (RMS) project will replace various nonpayer record storage with an integrated records management system.

The computer aided dispatch (CAD) project will implement a new dispatch system because the current system is no longer supported.

OVERVIEW

Project Phase	Initiation
Start Date	4/28/22
Est. End Date	6/30/23
Revised	6/30/25
Est. Total Cost	$6,210.0

Project Description:

The intelligence-led policing project will integrate collected data from several existing systems into a central repository that will leverage data analytics, artificial intelligence, and data visualization for more efficient and more comprehensive investigations and policing efforts.

Intelligence-Led Policing Project

Overall Status

The Department of Public Safety (DPS) is contracting the New Mexico Institute of Mining and Technology Institute for Complex Additive Systems Analysis (ICASA) and Amazon Web Services, through Carahsoft, for its intelligence-led policing project and has completed vendor kickoff in June. The vendors will also complete assessments on data governance needs and architectural needs for the data repository. Then, the agency will implement a proof of concept and create the data repository for DPS data, Albuquerque Police Department, and Eddy County initially.

	FY21 Rating	FY22 Rating	FY23 Rating	FY23 Q2	FY23 Q3	Rating
Budget	NEW	NEW	G	G	G	G
Schedule	NEW	NEW	G	G	Y	Y
Risk	NEW	NEW	G	G	G	G
Overall Rating	NEW	NEW	G	G	G	G

Budget

The agency is receiving an additional $2.2 million in FY24 to continue the planning and implementation phases. The agency reports an anticipated nonrecurring cost of $6.2 million and recurring costs over the first five years of $15.9 million. The agency also reports additional spending in the fourth quarter of $162.1 thousand.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	Percent of Appropriations Spent
$5,585.0		$5,585.0	$429.6	$3,112.5	7.7%

Schedule

DPS is planning for a data repository to be rolled out by 2024 with an overall expected completion date of June 2025. The system will be hosted at DPS, but individual users and agencies can use their own data analytics and visualization tools with the data. The agency continues to make progress on the needed assessments and is planning to review other state systems, such as New Jersey.

Risk

The agency continues to address data governance concerns with partner organizations and should have additional recommendations for that and other architectural needs after completion of the assessments by the vendor. The agency is planning to implement a proof of concept prior to implementing the system statewide, which should improve risk and allow for additional testing and training internally prior to full roll out of the system.

New Mexico Longitudinal Data System Project

Overall Status

The Higher Education Department (HED) is citing a new budget and schedule changes to accommodate the other project phases, posing risk. HED is nearing the end of phase one and has ingested all 11 data sets from partner agencies. The agency reported small delays in deploying the master unique identifier and issues with data cleanup that will be resolved next quarter. The agency plans to release initial visualizations in August 2023 to cover wage data, kindergarten readiness, and postsecondary progression.

	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	NEW	G	G	G	Y	R
Schedule	NEW	G	Y	Y	Y	R
Risk	NEW	Y	Y	Y	Y	Y
Overall Rating	NEW	G	G	G	Y	R

Budget

HED is now citing total project costs of $14.1 million—a $4.1 million increase—posing increased risk. The initial budget of $9.9 million is now being reported as phase one costs only. The agency was budgeted $2.5 million in federal funds in 2023 but will only receive around $1.5 million. The Public Education Department is using $2.5 million from the federal grant to create a new kindergarten-12th grade common data system to serve as the primary source of K-12 data. The agency is nearly fully funded for phase one but will request additional state funds in FY25 for phase two.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	Percent of Appropriations Spent
$3,954.3	$3,500.0	$7,454.3	$3,251.0	$4,203.3	43.6%

[1]Amount includes $5.6 thousand from WSD and $23.7 thousand from HED. Federal amount includes $500 thousand from ECECD and $559 thousand from the Bill and Melinda Gates Foundation.

Schedule

Although expected July 2023, data visualizations will not be ready until August 2023 due to data discrepancies and needed data cleanup activities. Further, to accommodate the other project phases, HED extended the completion date to September 2026, resulting in increased schedule risk this quarter.

Risk

Project delays continue to impact the timelines for delivering initial visualizations, and the agency has increased the budget and expanded the timeline, posing substantial risk. The new project management team of both internal and external project management staff continue to support project development activities.

OVERVIEW

Project Phase	Implementation (Phase 1)
Start Date	8/27/20
Est. End Date	6/30/24
Revised (Phase 2)	9/30/26
Est. Total Cost	$9,930.0
Revised	$14.100.0

Project Description:

The New Mexico longitudinal data system project will comprehensively aggregate and match New Mexico's education and workforce data into a single cloud data platform. Partner agencies include the Early Childhood Education and Care Department, the Public Education Department, the Department of Workforce Solutions, and the Division of Vocational Rehabilitation.

OVERVIEW	
Project Phase	Implementation
Start Date	5/23/18
Est. End Date	9/30/233
Est. Total Cost	$7,297.0 BCD Phase

Project Description:

The permitting and inspection software modernization project will modernize and replace the agency's existing legacy permitting and inspection software, Accela.

Permitting and Inspection Software Modernization Project

Overall Status

The Regulation and Licensing Department (RLD) completed several boards as part of its certified project and is implementing 17 other boards to finish the modernization in the coming quarter. While the project began in 2018, the project timeline was significantly shortened due to a cyberattack in October 2022 that compromised the legacy renewal process. The agency plans to pursue additional phases for alcoholic beverage and cannabis licensing outside this certified project.

	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Rating
Budget	G	G	G	Y	G	G
Schedule	Y	Y	Y	Y	Y	Y
Risk	Y	G	G	G	Y	Y
Overall Rating	Y	G	G	Y	Y	Y

Budget

Although funds are not available until the following quarter and, therefore, will not be reported in the budget table, RLD completed the additional 17 boards and is pursuing additional refinements to its initial set of six boards through a $5 million special appropriation. This phase of the project is expected to close under budget from initial estimates. RLD reconciled spending this quarter, which improves budget risk.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding*	Spent to Date	Balance	Percent of Appropriations Spent
$7,297.0		$7,297.0	$6,501.2	$795.8	89.1%

*$4.4 million is from various RLD fund balances. Includes a $5 million special appropriation to implement additional boards.

Schedule

The first six boards have moved to production. All planned boards for this phase are live for renewals and new applications in Salesforce, including four new boards implemented in June: home inspectors, landscape architects, nutritionist, and chiropractors. In addition, in the first quarter of FY24, RLD is completing the remaining 17 boards and is planning enhancements and maintenance of the system that will be ongoing beyond this certified project phase.

Risk

RLD's accelerated timeline has posed a risk to the project. However, the agency has managed budgetary risks and continues to successfully implement additional boards in line with projected timelines. Invoicing for the last set of six boards was completed, so spending figures are up to date. RLD updates the project certification committee on the status of the special appropriation every quarter, also helping mitigate risk.

Tables

HB2 - FY25 General Fund Appropriations Summary by Agency

(In thousands)

#	AGENCY	FY24 General Fund Adj. OpBud	FY25 Total General Fund Request	FY25 Total General Fund Growth	FY25 General Fund Increase %	FY25 LFC Rec	FY25 LFC Rec Over/(Under) FY24 OpBud	FY25 LFC Rec Increase %	#
1									1
2	**FEED BILL:**								2
3	11100 Legislative Council Service	$ 8,887.2	$ -	$ (8,887.2)	-100.0%	$ *10,623.9*	$ 1,736.7	19.5%	3
4	11200 Legislative Finance Committee	$ 5,947.5	$ 6,091.8	$ 144.3	2.4%	$ *6,244.9*	$ 297.4	5.0%	4
5	11400 Senate Chief Clerk	$ 3,106.2	$ -	$ (3,106.2)	-100.0%	$ *3,367.1*	$ 260.9	8.4%	5
6	11500 House Chief Clerk	$ 3,097.1	$ -	$ (3,097.1)	-100.0%	$ *3,357.3*	$ 260.2	8.4%	6
7	11700 Legislative Education Study Committee	$ 1,767.6	$ 1,856.5	$ 88.9	5.0%	$ *1,856.5*	$ 88.9	5.0%	7
8	11900 Legislative Building Services	$ -	$ -	$ -	-	$ -	$ -	-	8
9	13100 Legislature	$ 5,905.3	$ -	$ (5,905.3)	-100.0%	$ *2,855.0*	$ (3,050.3)	-51.7%	9
10									10
11	**LEGISLATIVE:**	**$ 28,710.9**	**$ 7,948.3**	**$ (20,762.6)**	**-72%**	**$ 28,304.7**	**$ (406.2)**	**-1.4%**	11
12									12
13	**GENERAL APPROPRIATIONS ACT:**								13
14	11100 Legislative Council Service	$ -	$ -	$ -	-	$ -	$ -	-	14
15	11100 Energy Council Dues	$ -	$ -	$ -	-	$ -	$ -	-	15
16	11200 Legislative Finance Committee	$ -	$ -	$ -	-	$ -	$ -	-	16
17	11400 Senate Chief Clerk	$ -	$ -	$ -	-	$ -	$ -	-	17
18	11500 House Chief Clerk	$ -	$ -	$ -	-	$ -	$ -	-	18
19	11700 Legislative Education Study Committee	$ -	$ -	$ -	-	$ -	$ -	-	19
20	11900 Legislative Building Services	$ 5,452.3	$ 5,668.7	$ 216.4	4.0%	$ 5,724.9	$ 272.6	5.0%	20
21	13100 Legislature	$ -	$ -	$ -	-	$ -	$ -	-	21
22									22
23	**LEGISLATIVE:**	**$ 5,452.3**	**$ 5,668.7**	**$ 216.4**	**4.0%**	**$ 5,724.9**	**$ 272.6**	**5.0%**	23
24									24
25	20800 New Mexico Compilation Commission	$ 462.5	$ 462.5	$ -	0.0%	$ 462.5	$ -	0.0%	25
26	21000 Judicial Standards Commission	$ 1,093.5	$ 1,112.6	$ 19.1	1.7%	$ 1,112.6	$ 19.1	1.7%	26
27	21500 Court of Appeals	$ 8,683.9	$ 9,787.7	$ 1,103.8	12.7%	$ 9,140.4	$ 456.5	5.3%	27
28	21600 Supreme Court	$ 8,086.8	$ 9,829.3	$ 1,742.5	21.5%	$ 8,446.2	$ 359.4	4.4%	28
29	21800 Administrative Office of the Courts	$ 42,450.6	$ 63,006.8	$ 20,556.2	48.4%	$ 46,524.5	$ 4,073.9	9.6%	29
30	23100 First Judicial District Court	$ 12,926.2	$ 13,290.8	$ 364.6	2.8%	$ 13,290.8	$ 364.6	2.8%	30
31	23200 Second Judicial District Court	$ 32,465.8	$ 34,468.6	$ 2,002.8	6.2%	$ 33,085.6	$ 619.8	1.9%	31
32	23300 Third Judicial District Court	$ 13,130.4	$ 13,536.5	$ 406.1	3.1%	$ 13,536.5	$ 406.1	3.1%	32
33	23400 Fourth Judicial District Court	$ 5,275.3	$ 5,647.3	$ 372.0	7.1%	$ 5,549.1	$ 273.8	5.2%	33
34	23500 Fifth Judicial District Court	$ 13,161.8	$ 13,477.1	$ 315.3	2.4%	$ 13,477.1	$ 315.3	2.4%	34
35	23600 Sixth Judicial District Court	$ 7,148.4	$ 7,557.0	$ 408.6	5.7%	$ 7,491.4	$ 343.0	4.8%	35
36	23700 Seventh Judicial District Court	$ 4,861.6	$ 4,894.7	$ 33.1	0.7%	$ 4,894.7	$ 33.1	0.7%	36
37	23800 Eighth Judicial District Court	$ 6,110.2	$ 6,635.9	$ 525.7	8.6%	$ 6,538.2	$ 428.0	7.0%	37
38	23900 Ninth Judicial District Court	$ 6,398.2	$ 6,729.5	$ 331.3	5.2%	$ 6,698.3	$ 300.1	4.7%	38
39	24000 Tenth Judicial District Court	$ 2,263.2	$ 2,386.4	$ 123.2	5.4%	$ 2,386.4	$ 123.2	5.4%	39
40	24100 Eleventh Judicial District Court	$ 13,831.4	$ 14,589.4	$ 758.0	5.5%	$ 14,295.9	$ 464.5	3.4%	40
41	24200 Twelfth Judicial District Court	$ 6,612.8	$ 6,976.7	$ 363.9	5.5%	$ 6,976.7	$ 363.9	5.5%	41
42	24300 Thirteenth Judicial District Court	$ 14,289.1	$ 14,546.7	$ 257.6	1.8%	$ 14,546.7	$ 257.6	1.8%	42
43	24400 Bernalillo County Metropolitan Court	$ 29,925.0	$ 31,118.4	$ 1,193.4	4.0%	$ 31,118.4	$ 1,193.4	4.0%	43
44	25100 First Judicial District Attorney	$ 8,483.7	$ 8,583.7	$ 100.0	1.2%	$ 8,583.7	$ 100.0	1.2%	44
45	25200 Second Judicial District Attorney	$ 29,723.8	$ 35,604.2	$ 5,880.4	19.8%	$ 31,179.5	$ 1,455.7	4.9%	45
46	25300 Third Judicial District Attorney	$ 6,767.3	$ 7,278.4	$ 511.1	7.6%	$ 7,055.7	$ 288.4	4.3%	46
47	25400 Fourth Judicial District Attorney	$ 4,549.8	$ 4,778.6	$ 228.8	5.0%	$ 4,749.8	$ 200.0	4.4%	47
48	25500 Fifth Judicial District Attorney	$ 7,413.3	$ 8,168.1	$ 754.8	10.2%	$ 7,615.4	$ 202.1	2.7%	48
49	25600 Sixth Judicial District Attorney	$ 4,045.4	$ 5,007.5	$ 962.1	23.8%	$ 4,191.0	$ 145.6	3.6%	49
50	25700 Seventh Judicial District Attorney	$ 3,683.4	$ 3,793.0	$ 109.6	3.0%	$ 3,793.0	$ 109.6	3.0%	50
51	25800 Eighth Judicial District Attorney	$ 4,220.7	$ 4,684.0	$ 463.3	11.0%	$ 4,457.9	$ 237.2	5.6%	51
52	25900 Ninth Judicial District Attorney	$ 4,375.6	$ 4,660.5	$ 284.9	6.5%	$ 4,623.4	$ 247.8	5.7%	52
53	26000 Tenth Judicial District Attorney	$ 2,086.9	$ 2,123.9	$ 37.0	1.8%	$ 2,123.9	$ 37.0	1.8%	53
54	26100 Eleventh Judicial District Attorney, Div I	$ 6,686.5	$ 8,446.8	$ 1,760.3	26.3%	$ 7,094.5	$ 408.0	6.1%	54
55	26200 Twelfth Judicial District Attorney	$ 4,874.4	$ 5,602.8	$ 728.4	14.9%	$ 5,056.5	$ 182.1	3.7%	55
56	26300 Thirteenth Judicial District Attorney	$ 8,329.6	$ 9,208.4	$ 878.8	10.6%	$ 8,617.7	$ 288.1	3.5%	56
57	26400 Administrative Office of the District Attorneys	$ 3,279.9	$ 4,938.7	$ 1,658.8	50.6%	$ *3,389.2*	$ 109.3	3.3%	57
58	26500 Eleventh Judicial District Attorney, Division II	$ 3,436.8	$ 3,858.1	$ 421.3	12.3%	$ 3,436.8	$ -	0.0%	58
59	28000 New Mexico Public Defender Department	$ 71,705.5	$ 86,617.7	$ 14,912.2	20.8%	$ 75,558.8	$ 3,853.3	5.4%	59
60									60
61	**JUDICIAL:**	**$ 402,839.3**	**$ 463,408.3**	**$ 60,569.0**	**15.0%**	**$ 421,098.8**	**$ 18,259.5**	**4.5%**	61
62									62
63	30500 Attorney General	$ 16,632.5	$ 17,711.2	$ 1,078.7	6.5%	$ 16,679.2	$ 46.7	0.3%	63
64	30800 State Auditor	$ 4,039.6	$ 5,905.5	$ 1,865.9	46.2%	$ 4,160.8	$ 121.2	3.0%	64
65	33300 Taxation and Revenue Department	$ 79,165.9	$ 84,757.2	$ 5,591.3	7.1%	$ 81,803.2	$ 2,637.3	3.3%	65
66	33700 State Investment Council	$ -	$ -	$ -	-	$ -	$ -	-	66
67	34000 Administrative Hearings Office	$ 2,148.2	$ 2,613.3	$ 465.1	21.7%	$ 2,191.2	$ 43.0	2.0%	67
68	34100 Department of Finance and Administration	$ 45,811.0	$ 39,889.1	$ (5,921.9)	-12.9%	$ 24,762.3	$ (21,048.7)	-45.9%	68
69	34200 Public School Insurance Authority	$ -	$ -	$ -	-	$ -	$ -	-	69
70	34300 Retiree Health Care Authority	$ -	$ -	$ -	-	$ -	$ -	-	70
71	34400 DFA Special Appropriations	$ 8,426.6	$ -	$ (8,426.6)	-100.0%	$ 8,909.8	$ 483.2	5.7%	71
72	35000 General Services Department	$ 20,107.5	$ 25,813.0	$ 5,705.5	28.4%	$ 20,707.0	$ 599.5	3.0%	72
73	35200 Educational Retirement Board	$ -	$ -	$ -	-	$ -	$ -	-	73
74	35400 New Mexico Sentencing Commission	$ 1,388.6	$ 1,727.5	$ 338.9	24.4%	$ 1,514.3	$ 125.7	9.1%	74
75	35600 Governor	$ 6,259.8	$ 6,359.8	$ 100.0	1.6%	$ 6,359.8	$ 100.0	1.6%	75
76	36000 Lieutenant Governor	$ 668.6	$ 768.6	$ 100.0	15.0%	$ 768.6	$ 100.0	15.0%	76
77	36100 Department of Information Technology	$ 7,090.4	$ 16,562.5	$ 9,472.1	133.6%	$ 9,048.0	$ 1,957.6	27.6%	77
78	36600 Public Employees Retirement Association	$ 55.7	$ 64.0	$ 8.3	14.9%	$ 55.7	$ -	0.0%	78
79	36900 State Commission of Public Records	$ 3,063.4	$ 3,136.5	$ 73.1	2.4%	$ 3,063.4	$ -	0.0%	79
80	37000 Secretary of State	$ 16,212.1	$ 19,883.6	$ 3,671.5	22.6%	$ 16,977.5	$ 765.4	4.7%	80
81	37800 Personnel Board	$ 4,336.0	$ 4,471.5	$ 135.5	3.1%	$ 4,367.2	$ 31.2	0.7%	81
82	37900 Public Employee Labor Relations Board	$ 285.3	$ 307.1	$ 21.8	7.6%	$ 297.9	$ 12.6	4.4%	82
83	39400 State Treasurer	$ 4,469.5	$ 5,806.3	$ 1,336.8	29.9%	$ 4,561.2	$ 91.7	2.1%	83
84									84
85	**GENERAL CONTROL**	**$ 220,160.7**	**$ 235,776.7**	**$ 15,616.0**	**7.1%**	**$ 206,227.1**	**$ (13,933.6)**	**-6.3%**	85
86									86
87	40400 Board of Examiners for Architects	$ -	$ -	$ -	-	$ -	$ -	-	87

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

HB2 - FY25 General Fund Appropriations Summary by Agency

(In thousands)

	AGENCY	FY24 General Fund Adj. OpBud	FY25 Total General Fund Request	FY25 Total General Fund Growth	FY25 General Fund Increase %	FY25 LFC Rec	FY25 LFC Rec Over/(Under) FY24 OpBud	FY25 LFC Rec Increase %	
88	41000 Ethics Commission	$ 1,510.2	$ 1,676.4	$ 166.2	11.0%	$ 1,676.4	$ 166.2	11.0%	88
89	41700 Border Authority	$ 495.0	$ 549.4	$ 54.4	11.0%	$ 522.2	$ 27.2	5.5%	89
90	41800 Tourism Department	$ 24,429.4	$ 28,271.2	$ 3,841.8	15.7%	$ 25,495.0	$ 1,065.6	4.4%	90
91	41900 Economic Development Department	$ 19,875.3	$ 23,173.0	$ 3,297.7	16.6%	$ 20,936.8	$ 1,061.5	5.3%	91
92	42000 Regulation and Licensing Department	$ 18,069.5	$ 19,645.6	$ 1,576.1	8.7%	$ 18,769.5	$ 700.0	3.9%	92
93	43000 Public Regulation Commission	$ 12,507.6	$ 13,910.5	$ 1,402.9	11.2%	$ 12,426.0	$ (81.6)	-0.7%	93
94	44000 Office Superintendent of Insurance	$ -	$ -	$ -	-	$ -	$ -	-	94
95	44600 Medical Board	$ -	$ -	$ -	-	$ -	$ -	-	95
96	44900 Board of Nursing	$ -	$ -	$ -	-	$ -	$ -	-	96
97	46000 New Mexico State Fair	$ 375.0	$ 375.0	$ -	0.0%	$ 375.0	$ -	0.0%	97
98	46400 State Brd of Lic for Engin & Land Surveyors	$ -	$ -	$ -	-	$ -	$ -	-	98
99	46500 Gaming Control Board	$ 6,642.3	$ 7,287.7	$ 645.4	9.7%	$ 6,642.3	$ -	0.0%	99
100	46900 State Racing Commission	$ 2,871.3	$ 4,409.8	$ 1,538.5	53.6%	$ 2,987.4	$ 116.1	4.0%	100
101	47900 Board of Veterinary Medicine	$ -	$ -	$ -	-	$ -	$ -	-	101
102	49000 Cumbres and Toltec Scenic Railroad Comm	$ 362.8	$ 380.0	$ 17.2	4.7%	$ 380.0	$ 17.2	4.7%	102
103	49100 Office of Military Base Planning and Support	$ 304.1	$ 304.5	$ 0.4	0.1%	$ 304.5	$ 0.4	0.1%	103
104	49500 Spaceport Authority	$ 4,246.7	$ 4,626.0	$ 379.3	8.9%	$ 3,846.7	$ (400.0)	-9.4%	104
105									105
106	**COMMERCE & INDUSTRY**	**$ 91,689.2**	**$ 104,609.1**	**$ 12,919.9**	**14%**	**$ 94,361.8**	**$ 2,672.6**	**2.9%**	106
107									107
108	50500 Cultural Affairs Department	$ 41,434.1	$ 45,228.1	$ 3,794.0	9.2%	$ 42,710.6	$ 1,276.5	3.1%	108
109	50800 New Mexico Livestock Board	$ 4,517.1	$ 6,107.0	$ 1,589.9	35.2%	$ 4,743.0	$ 225.9	5.0%	109
110	51600 Department of Game and Fish	$ -	$ -	$ -	-	$ -	$ -	-	110
111	52100 Energy, Minerals and Natural Resources Depart.	$ 35,439.6	$ 50,564.6	$ 15,125.0	42.7%	$ 39,192.7	$ 3,753.1	10.6%	111
112	52200 Youth Conservation Corps	$ -	$ -	$ -	-	$ -	$ -	-	112
113	53900 Commissioner of Public Lands	$ -	$ -	$ -	-	$ -	$ -	-	113
114	55000 State Engineer	$ 30,665.4	$ 34,034.9	$ 3,369.5	11.0%	$ 32,882.3	$ 2,216.9	7.2%	114
115									115
116	**AGRICULTURE, ENERGY, & NATURAL RESOURCES:**	**$ 112,056.2**	**$ 135,934.6**	**$ 23,878.4**	**21.3%**	**$ 119,528.6**	**$ 7,472.4**	**6.7%**	116
117									117
118	60100 Commission on the Status of Women	$ 302.9	$ 611.0	$ 308.1	101.7%	$ 318.0	$ 15.1	5.0%	118
119	60300 Office of African American Affairs	$ 1,071.7	$ 1,546.6	$ 474.9	44.3%	$ 1,071.7	$ -	0.0%	119
120	60400 Comm for Deaf and Hard-of-Hearing Persons	$ 1,651.7	$ 2,141.3	$ 489.6	29.6%	$ 1,651.7	$ -	0.0%	120
121	60500 Martin Luther King, Jr. Commission	$ 368.3	$ 452.2	$ 83.9	22.8%	$ 386.7	$ 18.4	5.0%	121
122	60600 Commission for the Blind	$ 2,533.0	$ 2,743.1	$ 210.1	8.3%	$ 2,743.1	$ 210.1	8.3%	122
123	60900 Indian Affairs Department	$ 4,598.6	$ 5,200.6	$ 602.0	13.1%	$ 4,718.6	$ 120.0	2.6%	123
124	61100 Early Childhood Education and Care Department	$ 328,079.7	$ 477,603.9	$ 149,524.2	45.6%	$ 347,719.7	$ 19,640.0	6.0%	124
125	62400 Aging and Long-Term Services Department	$ 65,372.5	$ 79,969.9	$ 14,597.4	22.3%	$ 70,452.3	$ 5,079.8	7.8%	125
126	63000 Human Services Department	$ 1,611,088.7	$ 2,297,521.3	$ 686,432.6	42.6%	$ 1,950,971.6	$ 339,882.9	21.1%	126
127	63100 Workforce Solutions Department	$ 11,166.1	$ 17,435.5	$ 6,269.4	56.1%	$ 11,528.5	$ 362.4	3.2%	127
128	63200 Workers' Compensation Administration	$ -	$ -	$ -	-	$ -	$ -	-	128
129	64400 Division of Vocational Rehabilitation	$ 6,608.2	$ 7,347.4	$ 739.2	11.2%	$ 6,867.3	$ 259.1	3.9%	129
130	64500 Governor's Commission on Disability	$ 1,498.3	$ 1,819.6	$ 321.3	21.4%	$ 1,513.2	$ 14.9	1.0%	130
131	64700 Developmental Disabilities Council	$ 9,029.2	$ 11,657.6	$ 2,628.4	29.1%	$ 9,300.1	$ 270.9	3.0%	131
132	66200 Miners' Hospital of New Mexico	$ -	$ 6,550.0	$ 6,550.0	-	$ -	$ -	-	132
133	66500 Department of Health	$ 389,197.3	$ 205,030.4	$ (184,166.9)	-47.3%	$ 195,704.6	$ (193,492.7)	-49.7%	133
134	66700 Department of Environment	$ 25,487.7	$ 34,639.7	$ 9,152.0	35.9%	$ 26,752.4	$ 1,264.7	5.0%	134
135	66800 Office of the Natural Resources Trustee	$ 693.4	$ 762.6	$ 69.2	10.0%	$ 721.5	$ 28.1	4.1%	135
136	67000 Veterans' Services Department	$ 7,178.0	$ 13,271.6	$ 6,093.6	84.9%	$ 7,539.0	$ 361.0	5.0%	136
137	68000 Office of Family Representation and Advocacy	$ 7,530.0	$ 16,475.4	$ 8,945.4	118.8%	$ 8,819.9	$ 1,289.9	17.1%	137
138	69000 Children, Youth and Families Department	$ 254,840.0	$ 293,065.7	$ 38,225.7	15.0%	$ 257,359.2	$ 2,519.2	1.0%	138
139									139
140	**HEALTH, HOSPITALS, & HUMAN SERVICES:**	**$ 2,728,295.3**	**$ 3,475,845.4**	**$ 747,550.1**	**27.4%**	**$ 2,906,139.1**	**$ 177,843.8**	**6.5%**	140
141									141
142	70500 Department of Military Affairs	$ 9,082.4	$ 11,969.0	$ 2,886.6	31.8%	$ 9,530.0	$ 447.6	4.9%	142
143	76000 Parole Board	$ 755.9	$ 929.7	$ 173.8	23.0%	$ *783.8*	$ 27.9	3.7%	143
144	76500 Juvenile Parole Board	$ 7.6	$ 7.6	$ -	0.0%	$ -	$ (7.6)	-100.0%	144
145	77000 Corrections Department	$ 343,844.2	$ 365,556.4	$ 21,712.2	6.3%	$ 332,422.3	$ (11,421.9)	-3.3%	145
146	78000 Crime Victims Reparation Commission	$ 11,766.1	$ 16,236.1	$ 4,470.0	38.0%	$ 12,921.8	$ 1,155.7	9.8%	146
147	79000 Department of Public Safety	$ 165,240.7	$ 174,438.1	$ 9,197.4	5.6%	$ 170,155.8	$ 4,915.1	3.0%	147
148	79500 Homeland Security and Emergency Mgmt	$ 3,582.2	$ 5,695.8	$ 2,113.6	59.0%	$ 3,758.5	$ 176.3	4.9%	148
149									149
150	**PUBLIC SAFETY:**	**$ 534,279.1**	**$ 574,832.7**	**$ 40,553.6**	**7.6%**	**$ 529,572.2**	**$ (4,706.9)**	**-0.9%**	150
151									151
152	80500 Department of Transportation	$ -	$ 4,000.0	$ 4,000.0	-	$ -	$ -	-	152
153									153
154	**TRANSPORTATION:**	**$ -**	**$ 4,000.0**	**$ 4,000.0**	**-**	**$ -**	**$ -**	**-**	154
155									155
156	92400 Public Education Department	$ 23,589.1	$ 27,504.6	$ 3,915.5	16.6%	$ 23,940.6	$ 351.5	1.5%	156
157	92500 Public Education Dept.-Special Approps	$ 24,596.6	$ 60,959.0	$ 36,362.4	147.8%	$ 46,000.0	$ 21,403.4	87.0%	157
158	93000 Regional Education Cooperatives	$ 1,350.0	$ 1,500.0	$ 150.0	11.1%	$ 1,350.0	$ -	0.0%	158
159	94000 Public School Facilities Authority	$ -	$ -	$ -	-	$ -	$ -	-	159
160									160
161	**OTHER EDUCATION:**	**$ 49,535.7**	**$ 89,963.6**	**$ 40,427.9**	**81.6%**	**$ 71,290.6**	**$ 21,754.9**	**43.9%**	161
162									162
163	95000 Higher Education Department	$ 185,184.3	$ 202,236.6	$ 17,052.3	9.2%	$ 185,934.3	$ 750.0	0.4%	163
164	95200 University of New Mexico	$ 433,476.6	$ 458,204.0	$ 24,727.4	5.7%	$ 449,642.8	$ 16,166.2	3.7%	164
165	95400 New Mexico State University	$ 267,917.8	$ 267,917.8	$ -	0.0%	$ 277,614.6	$ 9,696.8	3.6%	165
166	95600 New Mexico Highlands University	$ 42,009.1	$ 42,009.1	$ -	0.0%	$ 43,021.1	$ 1,012.0	2.4%	166
167	95800 Western New Mexico University	$ 32,125.0	$ 32,125.0	$ -	0.0%	$ 33,178.4	$ 1,053.4	3.3%	167
168	96000 Eastern New Mexico University	$ 63,740.9	$ 63,740.9	$ -	0.0%	$ 65,549.4	$ 1,808.5	2.8%	168
169	96200 NM Institute of Mining and Technology	$ 49,673.0	$ 49,673.0	$ -	0.0%	$ 52,042.7	$ 2,369.7	4.8%	169
170	96400 Northern New Mexico College	$ 14,678.3	$ 14,678.3	$ -	0.0%	$ 14,996.4	$ 318.1	2.2%	170
171	96600 Santa Fe Community College	$ 18,903.8	$ 18,903.8	$ -	0.0%	$ 19,203.0	$ 299.2	1.6%	171
172	96800 Central New Mexico Community College	$ 76,672.5	$ 76,672.5	$ -	0.0%	$ 78,723.0	$ 2,050.5	2.7%	172
173	97000 Luna Community College	$ 9,488.5	$ 9,488.5	$ -	0.0%	$ 9,873.4	$ 384.9	4.1%	173
174	97200 Mesalands Community College	$ 5,203.5	$ 5,203.5	$ -	0.0%	$ 5,316.6	$ 113.1	2.2%	174
175	97400 New Mexico Junior College	$ 8,527.3	$ 8,707.0	$ 179.7	2.1%	$ 8,903.0	$ 375.7	4.4%	175
176	97500 Southeast New Mexico College	$ 5,475.2	$ 5,475.2	$ -	0.0%	$ 5,590.0	$ 114.8	2.1%	176

HB2 - FY25 General Fund Appropriations Summary by Agency
(In thousands)

	AGENCY	FY24 General Fund Adj. OpBud	FY25 Total General Fund Request	FY25 Total General Fund Growth	FY25 General Fund Increase %	FY25 LFC Rec	FY25 LFC Rec Over/(Under) FY24 OpBud	FY25 LFC Rec Increase %	
177	97600 San Juan College	$ 31,847.0	$ 31,847.0	$ -	0.0%	$ 32,769.8	$ 922.8	2.9%	177
178	97700 Clovis Community College	$ 12,563.6	$ 12,563.6	$ -	0.0%	$ 12,834.7	$ 271.1	2.2%	178
179	97800 New Mexico Military Institute	$ 4,501.9	$ 4,501.9	$ -	0.0%	$ 4,642.7	$ 140.8	3.1%	179
180	97900 NM School for the Blind and Visually Impaired	$ 2,228.4	$ 228.4	$ (2,000.0)	-89.8%	$ 2,334.3	$ 105.9	4.8%	180
181	98000 New Mexico School for the Deaf	$ 5,239.7	$ 5,239.7	$ -	0.0%	$ 5,490.9	$ 251.2	4.8%	181
182									182
183	**HIGHER EDUCATION:**	**$ 1,269,456.4**	**$ 1,309,415.8**	**$ 39,959.4**	**3.1%**	**$ 1,307,661.1**	**$ 38,204.7**	**3.0%**	183
184									184
185	99300 Public School Support	$ 4,126,185.9	$ 4,402,208.7	$ 276,022.8	6.7%	$ 4,347,538.5	$ 221,352.6	5.4%	185
186									186
187	**PUBLIC SCHOOL SUPPORT:**	**$ 4,126,185.9**	**$ 4,402,208.7**	**$ 276,022.8**	**6.7%**	**$ 4,347,538.5**	**$ 221,352.6**	**5.4%**	187
188									188
189		$ -	$ -	$ -	-	$ -	$ -	-	189
190		$ -	$ -	$ -	-	$ -	$ -	-	190
191	Compensation -2% COLA 2%AP (Agencies/Higher Ed-Schools in SEG)	$ -	$ -	$ -	-	$ 87,568.0	$ 87,568.0	-	191
192	GSD Health Premiums - Addl 10%	$ -	$ -	$ -	-	$ 9,370.0	$ 9,370.0	-	192
193		$ -	$ -	$ -	-		$ -	-	193
194									194
195	**COMPENSATION/OTHER**	**$ -**	**$ -**	**$ -**	**-**	**$ 96,938.0**	**$ 96,938.0**	**0.0%**	195
196									196
197	**TOTAL GENERAL APPROPRIATION ACT**	**$ 9,539,950.1**	**$ 10,801,663.6**	**$ 1,261,713.5**	**13.2%**	**$ 10,106,080.7**	**$ 566,130.6**	**5.9%**	197
198									198
199	**TOTAL FEED BILL AND GENERAL APPROPRIATION ACT**	**$ 9,568,661.0**	**$ 10,809,611.9**	**$ 1,240,950.9**	**13.0%**	**$ 10,134,385.3**	**$ 565,724.3**	**5.9%**	199

Table 2: U.S. and New Mexico Economic Indicators

U.S. and New Mexico Economic Indicators

		FY23		FY24		FY25		FY26		FY27		FY28	
		Aug 23 Forecast	**Dec 23 Forecast**	Aug 23 Forecast	**Dec 23 Forecast**	Aug 23 Forecast	**Dec 23 Forecast**	Aug 23 Forecast	**Dec 23 Forecast**	Aug 23 Forecast	**Dec 23 Forecast**	Aug 23 Forecast	**Dec 23 Forecast**
	National Economic Indicators												
S&P Global	US Real GDP Growth (annual avg.,% YOY)*	2.3	2.4	1.1	2.4	1.5	2.1	1.7	1.2	1.8	1.5	1.8	1.8
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	1.7	1.6	1.1	2.4	1.8	1.4	2.7	2.0	2.7	2.3	2.6	2.4
S&P Global	US Inflation Rate (CPI-U, annual avg., % YOY)**	4.1	4.1	2.8	2.4	2.5	2.3	2.3	2.3	2.3	2.1	2.2	2.2
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	6.3	6.3	3.1	3.2	2.3	2.4	2.0	2.2	2.0	2.2	2.0	2.2
S&P Global	Federal Funds Rate (%)	5.0	3.8	5.4	5.5	3.6	4.8	2.6	3.4	2.6	2.7	2.6	2.6
Moody's	Federal Funds Rate (%)	3.8	3.8	5.3	5.3	3.9	4.7	2.7	3.7	2.5	3.0	2.5	2.9
	New Mexico Labor Market and Income Data												
BBER	NM Non-Agricultural Employment Growth (%)	2.8	3.0	1.0	1.0	0.1	0.2	0.3	0.3	0.5	0.5	0.6	0.5
Moody's	NM Non-Agricultural Employment Growth (%)	2.8	2.8	1.5	1.6	0.5	0.5	0.5	0.3	0.2	0.1	0.2	0.1
BBER	NM Nominal Personal Income Growth (%)***	2.5	2.1	5.4	4.3	4.5	4.6	4.4	4.8	4.3	4.5	4.5	4.4
Moody's	NM Nominal Personal Income Growth (%)***	2.5	1.9	6.4	4.2	4.6	4.3	4.0	4.2	4.2	4.3	4.1	4.3
BBER	NM Total Wages & Salaries Growth (%)	9.3	8.4	4.0	5.5	3.8	3.8	3.7	3.6	3.7	3.7	3.7	3.8
Moody's	NM Total Wages & Salaries Growth (%)	10.1	8.3	6.1	5.8	4.4	4.6	3.9	4.1	3.5	3.7	3.4	3.7
BBER	NM Private Wages & Salaries Growth (%)	9.3	8.4	4.4	6.0	3.7	3.7	3.7	3.6	3.7	3.7	3.7	3.9
BBER	NM Real Gross State Product (% YOY)	1.7	1.8	1.2	1.6	1.9	1.7	1.6	1.2	1.7	1.6	1.7	1.9
Moody's	NM Real Gross State Product (% YOY)	1.9	2.0	1.2	2.1	1.4	1.0	2.5	1.7	2.4	1.9	2.3	1.9
CREG	NM Gross Oil Price ($/barrel)	$80.50	$80.65	$74.50	$79.50	$73.00	$75.00	$71.00	$69.50	$70.00	$69.00	$70.00	$69.00
CREG	NM Net Oil Price ($/barrel)*****	$70.52	$70.65	$65.41	$69.80	$64.09	$65.85	$62.34	$61.02	$61.46	$60.58	$61.46	$60.58
BBER	Oil Volumes (million barrels)	656	656	652	652	648	648	648	648	653	652	659	655
CREG	NM Taxable Oil Volumes (million barrels)	659	658	695	685	725	710	760	725	775	735	785	745
	NM Taxable Oil Volumes (%YOY growth)	24.0%	23.7%	5.5%	4.2%	4.3%	3.6%	4.8%	2.1%	2.0%	1.4%	1.3%	1.4%
CREG	NM Gross Gas Price ($ per thousand cubic feet)****	$5.65	$5.40	$3.60	$3.45	$3.95	$3.80	$4.20	$4.10	$4.30	$3.95	$4.40	$4.00
CREG	NM Net Gas Price ($ per thousand cubic feet)*****	$4.28	$4.03	$2.49	$2.36	$2.78	$2.64	$2.99	$2.89	$3.08	$2.77	$3.17	$2.81
BBER	Gas Volumes (billion cubic feet)	3,187	3,232	3,094	3,227	3,042	3,156	3,048	3,168	3,082	3,193	3,141	3,232
CREG	NM Taxable Gas Volumes (billion cubic feet)	3,230	3,234	3,410	3,275	3,555	3,320	3,580	3,340	3,615	3,345	3,635	3,350
	NM Taxable Gas Volumes (%YOY growth)	24.4%	24.6%	5.6%	1.3%	4.3%	1.4%	0.7%	0.6%	1.0%	0.1%	0.6%	0.1%

Notes
* Real GDP is BEA chained 2012 dollars, billions, annual rate
** CPI is all urban, BLS 1982-84=1.00 base
***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins
****The gross gas prices are estimated using a formula of NYMEX, EIA, and S&P Global future prices
*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties
Sources: BBER - October 2023 FOR-UNM baseline. S&P Global Insight - November 2023 baseline.

DFA Notes
* Real GDP is BEA chained 2012 dollars, billions, annual rate
** CPI is all urban, BLS 1982-84=1.00 base.
***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins
****The gross gas prices are estimated using a formula of NYMEX, EIA, and Moodys January future prices
*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties
Sources: Moody's baseline

Table 3: General Fund Consensus Revenue Estimate

General Fund Consensus Revenue Estimate - December 2023

Revenue Source	FY23 Aug 23 Est.	FY23 Dec 23 Prelim.	FY23 Change from Prior (Aug 23)	FY23 % Change from FY22	FY23 $ Change from FY22	FY24 Aug 23 Est.	FY24 Dec 23 Est.	FY24 Change from Prior (Aug 23)	FY24 % Change from FY23	FY24 $ Change from FY23	FY25 Aug 23 Est.	FY25 Dec 23 Est.	FY25 Change from Prior (Aug 23)	FY25 % Change from FY24	FY25 $ Change from FY24
Base Gross Receipts Tax	4,016.9	4,062.5	45.6	14.9%	526.2	3,978.1	4,064.2	86.1	0.0%	1.7	4,130.9	4,155.8	24.9	2.3%	91.6
F&M Hold Harmless Payments	(111.5)	(111.3)	0.2	2.6%	(2.8)	(103.7)	(103.5)	0.2	-7.0%	7.8	(94.9)	(94.3)	0.6	-8.9%	9.2
NET Gross Receipts Tax	3,905.4	3,951.2	45.8	15.3%	523.3	3,874.4	3,960.7	86.3	0.2%	9.5	4,036.0	4,061.5	25.5	2.5%	100.8
Compensating Tax	94.2	94.0	(0.3)	48.8%	30.8	93.3	94.0	0.7	0.0%	0.0	96.9	96.1	(0.8)	2.3%	2.1
TOTAL GENERAL SALES	3,999.6	4,045.2	45.6	15.9%	554.1	3,967.7	4,054.7	87.0	0.2%	9.5	4,132.9	4,157.6	24.7	2.5%	102.9
Tobacco Products and Cigarette Taxes	80.7	81.1	0.4	-2.0%	(1.7)	80.0	78.1	(1.9)	-3.7%	(3.0)	78.7	76.8	(1.9)	-1.7%	(1.3)
Liquor Excise	24.5	24.5	(0.0)	-2.1%	(0.5)	24.9	24.9	(0.1)	1.5%	0.4	25.1	25.0	(0.1)	0.8%	0.2
Cannabis Excise	24.5	24.5	0.0	383.3%	19.5	26.5	34.0	7.5	38.6%	9.5	28.5	33.6	5.1	-1.2%	(0.4)
Insurance Taxes	388.7	390.9	2.2	21.8%	70.0	411.4	410.3	(1.1)	5.0%	19.4	496.2	484.8	(11.4)	18.2%	74.5
Motor Vehicle Excise	163.2	164.7	1.5	6.1%	9.5	164.7	165.5	0.8	0.5%	0.8	163.9	166.4	2.5	0.6%	0.9
Gaming Excise	72.5	72.1	(0.4)	5.4%	3.7	65.3	66.0	0.7	-8.4%	(6.1)	65.9	66.1	0.2	0.2%	0.1
Leased Vehicle & Other	4.1	3.7	(0.4)	-49.3%	(3.6)	4.2	4.0	(0.2)	8.3%	0.3	4.5	4.4	(0.1)	10.4%	0.4
TOTAL SELECTIVE SALES	758.2	763.8	5.6	14.9%	99.1	777.0	782.8	5.7	2.5%	18.9	862.8	857.2	(5.7)	9.5%	74.4
Personal Income Tax	2,653.5	2,514.7	(138.8)	8.0%	187.1	2,499.2	2,482.1	(17.1)	-1.3%	(32.6)	2,592.4	2,537.1	(55.3)	2.2%	55.0
Gross Corporate Income Tax	534.4	539.3	4.9	33.4%	134.9	521.6	544.7	23.1	1.0%	5.4	521.9	540.3	18.4	-0.8%	(4.4)
CIT Refundable Credits	(87.1)	(100.2)	(13.1)	65.6%	(39.7)	(160.9)	(160.9)	(0.0)	60.6%	(60.7)	(216.6)	(216.6)	(0.0)	34.6%	(55.7)
NET Corporate Income Tax	447.3	439.1	(8.2)	27.7%	95.2	360.7	383.8	23.1	-12.6%	(55.3)	305.3	323.7	18.4	-15.7%	(60.1)
TOTAL INCOME TAXES	3,100.8	2,953.8	(147.0)	10.6%	282.4	2,859.9	2,865.9	6.0	-3.0%	(87.9)	2,897.7	2,860.8	(36.9)	-0.2%	(5.1)
Gross Oil and Gas School Tax	2,019.0	1,987.8	(31.2)	6.5%	122.0	1,774.0	1,817.7	43.7	-8.6%	(170.1)	1,862.0	1,826.0	(36.0)	0.5%	8.3
Excess to TSR or Early Childhood Trust Fund	(1,181.0)	(1,149.8)	31.2	-14.2%	190.3	(622.4)	(672.4)	(50.0)	-41.5%	477.4	(466.7)	(428.1)	38.6	-36.3%	244.3
Excess to STPF	-	-	-	-	-	-	-	-	-	-	(243.7)	(252.5)	(8.8)	-	(252.5)
NET Oil & Gas School Tax	838.0	838.0	0.0	59.4%	312.3	1,151.5	1,145.3	(6.2)	36.7%	307.3	1,151.5	1,145.4	(6.1)	0.0%	0.1
Oil Conservation Tax	111.2	110.0	(1.2)	10.3%	10.3	101.1	114.8	13.7	4.4%	4.8	105.2	112.2	7.0	-2.3%	(2.6)
Resources Excise Tax	8.1	9.2	1.1	5.6%	0.5	8.5	7.9	(0.6)	-14.1%	(1.3)	8.9	7.9	(1.0)	0.0%	-
Natural Gas Processors Tax	34.8	35.1	0.3	244.5%	24.9	56.7	54.3	(2.4)	54.7%	19.2	28.3	24.4	(3.9)	-55.2%	(30.0)
TOTAL SEVERANCE TAXES	992.1	992.3	0.2	54.0%	348.0	1,317.8	1,322.3	4.5	33.3%	330.1	1,293.9	1,289.9	(4.1)	-2.5%	(32.5)
LICENSE FEES	60.1	63.7	3.6	12.3%	7.0	58.4	61.8	3.5	-3.0%	(1.9)	58.6	60.8	2.3	-1.6%	(1.0)
LGPF Interest	887.1	891.4	4.3	13.1%	103.6	1,196.2	1,201.6	5.4	34.8%	310.2	1,313.6	1,326.1	12.5	10.4%	124.5
STO Interest	180.9	181.4	0.5	-253.3%	299.7	247.9	291.4	43.5	60.7%	110.0	271.5	272.3	0.8	-6.6%	(19.1)
STPF Interest	265.8	265.8	(0.0)	7.9%	19.4	289.6	289.6	-	9.0%	23.8	326.3	328.2	1.9	13.3%	38.6
TOTAL INTEREST	1,333.8	1,338.6	4.8	46.1%	422.6	1,733.7	1,782.6	48.9	33.2%	444.0	1,911.4	1,926.6	15.2	8.1%	144.0
Gross Federal Mineral Leasing	3,192.3	3,192.3	-	41.5%	935.6	2,644.0	2,663.0	19.0	-16.6%	(529.4)	2,591.8	2,611.2	19.4	-1.9%	(51.7)
Excess to Early Childhood Trust Fund	(2,073.1)	(2,073.0)	0.1	38.1%	(571.4)	(999.0)	(1,018.1)	(19.1)	-50.9%	1,054.9	(647.5)	(663.1)	(15.6)	-34.9%	355.0
Excess to STPF	-	-	-	-	-	-	-	-	-	-	(299.3)	(303.2)	(3.9)	-	(303.2)
NET Federal Mineral Leasing	1,119.3	1,119.4	0.1	48.2%	364.2	1,645.0	1,644.9	(0.1)	46.9%	525.5	1,645.0	1,644.9	(0.1)	0.0%	(0.0)
State Land Office	82.4	77.5	(4.9)	46.4%	24.6	57.5	57.5	-	-25.8%	(20.0)	52.9	52.9	-	-8.0%	(4.6)
TOTAL RENTS & ROYALTIES	1,201.7	1,196.9	(4.8)	48.1%	388.8	1,702.5	1,702.4	(0.1)	42.2%	505.5	1,697.9	1,697.8	(0.1)	-0.3%	(4.6)
TRIBAL REVENUE SHARING	80.2	78.2	(2.0)	9.4%	6.7	79.3	80.7	1.4	3.2%	2.5	80.6	81.9	1.3	1.5%	1.2
MISCELLANEOUS RECEIPTS	39.6	46.7	7.1	13.3%	5.5	39.7	39.7	-	-15.1%	(7.1)	40.2	40.2	-	1.4%	0.6
REVERSIONS	75.0	110.5	35.5	-64.4%	(199.9)	75.0	75.0	-	-32.1%	(35.5)	75.0	75.0	-	0.0%	-
TOTAL RECURRING	11,641.1	11,589.7	(51.5)	19.8%	1,914.4	12,611.0	12,767.8	156.9	10.2%	1,178.1	13,051.0	13,047.8	(3.2)	2.2%	280.0
2023 Nonrecurring Legislation	(695.2)	(694.6)	0.6	-	-	(9.3)	(12.7)	(3.4)	-98.2%	681.9	-	-	-	-	12.7
2022 Nonrecurring Legislation	(86.8)	(80.9)	5.9	-91.0%	816.7	-	(6.7)	-	-91.8%	74.2	-	-	-	-	6.7
2021 Nonrecurring Legislation	(0.6)	(0.6)	-	-88.5%	4.6	-	-	-	-100.0%	0.6	-	-	-	-	-
Other Nonrecurring	-	76.5	-	-	76.5	-	-	-	-	-	-	-	-	-	-
TOTAL NONRECURRING	(782.6)	(699.6)	83.0	-22.5%	203.3	(9.3)	(19.4)	(10.1)	-97.2%	680.3	-	-	-	-	19.4
GRAND TOTAL General Fund	10,858.5	10,890.1	31.5	24.1%	2,117.6	12,601.7	12,748.5	146.8	17.1%	1,858.4	13,051.0	13,047.8	(3.2)	2.3%	299.3

General Fund Financial Summary
LFC Recommendation, December 2023
(millions of dollars)

December 18, 2023
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	Prelim. FY2023	Estimate FY2024	Estimate FY2025
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
August 2023 Consensus Revenue Estimate	$ 11,641.1	$ 12,611.0	$ 13,051.0
December 2023 Consensus Revenue Update	$ (51.5)	$ 156.9	$ (3.2)
2024 Regular Session Recurring Revenue Legislation			$ (200.0)
Total Recurring Revenue	$ 11,589.7	$ 12,767.8	$ 12,847.8
Percent Change in Recurring Revenue	*19.8%*	*10.2%*	*0.6%*
Nonrecurring Revenue			
Nonrecurring Reversions from the Federal CRF/CARES	$ -	$ -	$ -
2021/2022 Nonrecurring Revenue Legislation	$ (87.4)	$ -	$ -
2023 Legislative Session Nonrecurring Revenue Legislation	$ (695.2)	$ (9.3)	$ -
2024 Regular Session Recurring Revenue Legislation	$ 83.0	$ (10.1)	
Total Nonrecurring Revenue	$ (699.6)	$ (19.4)	$ -
TOTAL REVENUE	**$ 10,890.1**	**$ 12,748.4**	**$ 12,847.8**
APPROPRIATIONS			
Recurring Appropriations			
2022 Regular Session Recurring Legislation & Feed Bill	$ 8,404.3	$ -	
2023 Regular Session Recurring Legislation & Feed Bill	$ 19.7	$ 9,568.7	
2024 Regular Session Recurring Legislation & Feed Bill[3]		$ 9.0	$ 10,236.3
Total Operating Budget	$ 8,424.0	$ 9,577.7	$ 10,236.3
Nonrecurring Appropriations			
2022 Regular Session ARPA Related Nonrecurring	$ 309.5	$ -	
2022 Regular Session Nonrecurring	$ 100.0	$ -	
2023 Regular Session ARPA Related Nonrecurring[2]	$ 85.5	$ -	
2023 Regular Session Nonrecurring	$ 1,517.5	$ 1,845.4	
2024 Regular Session Nonrecurring Legislation[3]		$ 847.2	$ 2,530.0
	$ 2,012.5	$ 2,692.7	$ 2,530.0
Subtotal Recurring and Nonrecurring Appropriations	$ 10,436.5	$ 12,270.4	$ 12,766.3
Audit Adjustments			
Estimated 2023 GAA Undistributed Nonrecurring Appropriations[1]	$ (428.5)	$ 428.5	
2022 GAA Undistributed Nonrecurring Appropriations[1]	$ 448.1		
TOTAL APPROPRIATIONS	**$ 10,456.1**	**$ 12,698.9**	**$ 12,766.3**
Transfer to (from) Operating Reserves	$ 829.0	$ 49.5	$ 81.5
Transfer to (from) Appropriation Contingency Fund (ARPA Funds)	$ (395.0)	$ -	$ -
TOTAL REVENUE LESS TOTAL APPROPRIATIONS	$ 434.0	$ 49.5	$ 81.5
GENERAL FUND RESERVES			
Beginning Balances	$ 3,679.6	$ 4,042.8	$ 2,912.5
Transfers from (to) Appropriations Account	$ 829.0	$ 49.5	$ 81.5
Revenue and Reversions	$ 1,216.8	$ 903.1	$ 524.6
Appropriations, Expenditures and Transfers Out	$ (1,682.6)	$ (1,717.7)	$ (448.1)
Ending Balances	**$ 4,042.8**	**$ 3,277.8**	**$ 3,070.6**
Reserves as a Percent of Recurring Appropriations	*48.0%*	*34.2%*	*30.0%*

Notes:

1) Many nonrecurring appropriations, including specials and supplementals in the GAA, had authorization to spend in multiple fiscal years - amounts that were not distributed in the first year become encumbrances for the next year.

2) HB2 included $227.5 million of spending from ARPA funds in FY23 and $95 million of swaps of previous ARPA appropriations to general fund sources for a net spending of $132.5 million of ARPA. The governor vetoed language sourcing $23 million of appropriations to ARPA funds for GSD. Legal authority is unclear for those funds to then be general fund. This report assumes the $23 million appropriation is vetoed with language veto.

3) LFC recommendation includes $100 million in recurring and nonrecurring spending that is undesignated.

* Note: totals may not foot due to rounding

General Fund Financial Summary
LFC Recommendation, December 2023
RESERVE DETAIL
(millions of dollars)

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	Estimate FY2023	Estimate FY2024	Estimate FY2025
OPERATING RESERVE			
Beginning Balance	$ 565.8	$ 596.6	$ 592.1
Transfers from tax stabilization reserve to restore balance to 1 percent [4]	$ -	$ -	$ -
BOF Emergency Appropriations/Reversions	$ (2.5)	$ (4.0)	$ (4.0)
Transfers from (to) Appropriation Account[9]	$ 829.0	$ 49.5	$ 81.5
Transfers to Tax Stabilization Reserve	$ (723.9)	$ -	$ -
Disaster Allotments [1]	$ (71.9)	$ -	$ -
Transfer from (to) ACF/Other Appropriations	$ -	$ (50.0)	$ -
Revenues and Reversions	$ -	$ -	$ -
Transfers from tax stabilization reserve[5]	$ -	$ -	$ -
Ending Balance	$ 596.6	$ 592.1	$ 669.6
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	$ 460.7	$ 54.5	$ 96.5
Disaster Allotments	$ (12.8)	$ (16.0)	$ (16.0)
ARPA Appropriation from 2021 Second Special Session	$ -	$ -	$ -
Other ARPA Appropriations (including 2022, 2023 Regular Sessions)	$ (395.0)	$ -	$ -
Transfers In [9]	$ -	$ 50.0	$ -
Revenue and Reversions	$ 1.6	$ 8.0	$ 8.0
Audit and Pre-Audit Adjustments			
Ending Balance	$ 54.5	$ 96.5	$ 88.5
STATE SUPPORT FUND			
Beginning Balance	$ 49.5	$ 10.4	$ 10.4
Revenues [2]	$ -	$ -	$ -
Appropriations to State Support Reserve Fund [6]	$ -	$ -	$ -
Impact Aid Liability FY20	$ (39.1)		
Impact Aid Liability FY21	$ -	$ -	$ -
Audit Adjustments	$ -	$ -	$ -
Ending Balance	$ 10.4	$ 10.4	$ 10.4
TOBACCO SETTLEMENT PERMANENT FUND (TSPF)[8]			
Beginning Balance	$ 300.2	$ 330.8	
Transfers In [3]	$ 23.6	$ 32.5	
Appropriation to Tobacco Settlement Program Fund [3]	$ (11.5)	$ (16.3)	
Gains(Losses)	$ 18.5	$ 18.2	
Additional Transfers from (to) TSPF	$ -	$ -	
Ending Balance	$ 330.8	$ 365.2	
TAX STABILIZATION RESERVE (RAINY DAY FUND)			
Beginning Balance	$ 2,303.4	$ 3,050.5	$ 2,213.5
Revenues from Excess Oil and Gas Emergency School Tax	$ 1,149.8	$ 672.4	$ 428.1
Gains(Losses)	$ 23.3	$ 122.0	$ 88.5
Transfers In (From Operating Reserve)	$ 723.9	$ -	$ -
Transfer Out to Operating Reserve [4,5]	$ -	$ -	$ -
Transfer Out to Higher Education Endowment Fund	$ -	$ (959.0)	$ -
Transfer Out to Early Childhood Trust Fund [7]	$ (1,149.8)	$ (672.4)	$ (428.1)
Ending Balance	$ 3,050.5	$ 2,213.5	$ 2,302.1
Percent of Recurring Appropriations	*36.2%*	*23.1%*	
TOTAL GENERAL FUND ENDING BALANCES	**$ 4,042.8**	**$ 3,277.8**	**$ 3,070.6**
Percent of Recurring Appropriations	*48.0%*	*34.2%*	*30.0%*

Notes:

1) DFA using operating reserve to cover disaster allotments due to low balance in the appropriation contingency fund. FY20 includes $35.5 million for COVID-19 related responses.

2) Laws 2021, Chapter 137 (HB2, Section 10-11) includes a $15.5 million transfer from the repealed K-3 Plus Program Fund to the state support reserve.

3) LFC recommendation includes removal from reserves. Laws 2021, Chapter 60 (SB 187) allows use of 100% of revenue for tobacco program fund in FY22.

4) Laws 2020, Chapter 34 (House Bill 341) transfers from the tax stabilization reserve to the operating reserve if operating reserve balances are below one percent of appropriations, up to an amount necessary for the operating reserve to be one percent of total appropriations. Transfer shown here in future year as the transfer occurs after all appropriations and revenues during the audit and cannot be used for spending in the current year.

5) 2022 GAA authorized a transfer of up to $120 million from the TSR in FY23 to cover shortfalls.

6) Laws 2022, Chapter 54 (HB2, Section 5-112) includes a $30 million appropriation to the state support reserve fund.

7) Laws 2020, Chapter 3 (HB83, Section 4) provides that oil and gas school tax revenue in excess of the five-year average be transferred to the Early Childhood Trust Fund instead of the tax stabilization reserves if reserve balances exceed 25 percent of recurring appropriations.

8) The LFC recommendation includes removal of the Tobacco Settlement Permanent Fund from reserve calculations.

9) Laws 2022, Chapter 54 includes authority of up to $120 million from the operating reserve to the appropriation account to cover expenses. SB192 of the 2023 regular session includes authority for an additional $430 million.

* Note: totals may not foot due to rounding

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
1	5	Compilation Commission	For group health insurance contributions in fiscal year 2025.	$2.2				$2.2						1
2	5	Court of Appeals	For repairs and repurposing of space in the Pamela M. Minzer law center.	$227.0				$227.0						2
3	5	Court of Appeals	For information technology hardware.	$221.9				$221.9						3
4	5	Court of Appeals	To replace the building-wide phone system and for video conferencing equipment.	$116.2				$116.2						4
5	5	Court of Appeals	For security screening and building safety equipment.	$117.7				$117.7						5
6	5	Court of Appeals	To purchase a vehicle.	$38.0				$38.0						6
7	5	Supreme Court	For information technology hardware.	$185.3				$185.3						7
8	5	Supreme Court	For a copier and a copy vending system.	$10.0				$10.0						8
9	5	Supreme Court	For a records management system to improve access to Supreme Court filings orders and historical documents.	$228.5				$228.5						9
10	5	Administrative Office of the Courts	To develop and update research and training materials for the judicial system. Any unexpended balances remaining at the end of fiscal year 2025 from this appropriation shall not revert and may be expended in fiscal year 2026.	$300.0				$300.0	$300.0				$300.0	10
11	5	Administrative Office of the Courts	To design, construct, renovate, furnish and equip a magistrate court in Clovis in Curry county	$3,000.0				$3,000.0						11
12	5	Administrative Office of the Courts	For court technology upgrades.	$30,000.0				$30,000.0						12
13	5	Administrative Office of the Courts	For group health insurance contributions in fiscal year 2025.	$167.8				$167.8						13
14	5	Administrative Office of the Courts	For a program manager for the pretrial justice program. Any unexpended balance remaining at the end of fiscal year 2025 shall not revert and may be expended in fiscal year 2026.	$207.5				$207.5						14
15	5	Administrative Office of the Courts	For nineteen pretrial program positions at five new sites.	$1,542.8				$1,542.8						15
16	5	Administrative Office of the Courts	To design, construct, renovate, furnish and equip a magistrate court in Santa Fe in Santa Fe county	$10,000.0				$10,000.0						16
17	5	Administrative Office of the Courts	For security equipment in judicial facilities statewide.	$2,587.9				$2,587.9						17
18	5	Administrative Office of the Courts	To provide staff, equipment, resources and services for self-represented litigants statewide.	$575.0				$575.0						18
19	5	Administrative Office of the Courts	For technology projects at the court of appeals, the supreme court and district courts subject to review by the judicial technology council.						$2,000.0				$2,000.0	19

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
20	5	Administrative Office of the Courts	For the substitute care advisory council, contingent on enactment of legislation of the second session of the fifty-sixth legislature transferring the substitute care advisory council to the administrative office of the courts.						$400.0				$400.0	20
21	5	First Judicial District Court	For group health insurance contributions in fiscal year 2025.	$23.9				$23.9						21
22	5	First Judicial District Court	For information technology hardware.	$90.0				$90.0						22
23	5	Second Judicial District Court	For the foreclosure settlement facilitation program. The other state funds appropriation is from the mortgage regulatory fund.			$886.6		$886.6			$400.0		$400.0	23
24	5	Second Judicial District Court	For group health insurance contributions in fiscal year 2025.	$156.7				$156.7						24
25	5	Second Judicial District Court	For judicial district court and magistrate court security, technology and connectivity upgrades.	$1,790.8				$1,790.8						25
26	5	Third Judicial District Court	To purchase radios.	$30.8				$30.8						26
27	5	Third Judicial District Court	To purchase vehicles.	$61.1				$61.1						27
28	5	Third Judicial District Court	For information technology hardware.	$127.6				$127.6						28
29	5	Third Judicial District Court	For group health insurance contributions in fiscal year 2025.	$46.4				$46.4						29
30	5	Fourth Judicial District Court	For information technology hardware.	$28.1				$28.1						30
31	5	Fourth Judicial District Court	For network switches.	$18.1				$18.1						31
32	5	Sixth Judicial District Court	To purchase vehicles.	$55.0				$55.0						32
33	5	Sixth Judicial District Court	For information technology hardware.	$28.9				$28.9						33
34	5	Sixth Judicial District Court	For group health insurance contributions in fiscal year 2025.	$3.9				$3.9						34
35	5	Seventh Judicial District Court	For group health insurance contributions in fiscal year 2025.	$8.5				$8.5						35
36	5	Eighth Judicial District Court	For facilities improvements.	$90.0				$90.0						36
37	5	Eighth Judicial District Court	To purchase a vehicle.	$46.0				$46.0						37
38	5	Ninth Judicial District Court	For magistrate court security in Curry county.	$50.0				$50.0						38
39	5	Ninth Judicial District Court	For judicial district court and magistrate court security in Roosevelt county.	$65.0				$65.0						39
40	5	Ninth Judicial District Court	For a personnel filing system.	$67.0				$67.0						40
41	5	Tenth Judicial District Court	For an architectural and engineering assessment for the judiciary portion of the county courthouse in Tucumcari.	$56.1				$56.1						41

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
42	5	Eleventh Judicial District Court	For facilities improvements.	$140.2				$140.2						42
43	5	Eleventh Judicial District Court	For group health insurance contributions in fiscal year 2025.	$21.6				$21.6						43
44	5	Eleventh Judicial District Court	For information technology hardware.	$73.4				$73.4						44
45	5	Twelfth Judicial District Court	For group health insurance contributions in fiscal year 2025.	$2.8				$2.8						45
46	5	Twelfth Judicial District Court	For information technology hardware.	$20.9				$20.9						46
47	5	Thirteenth Judicial District Court	For group health insurance contributions in fiscal year 2025.	$22.0				$22.0						47
48	5	Bernalillo County Metropolitan Court	For network switches.	$531.4				$531.4						48
49	5	Bernalillo County Metropolitan Court	For facilities improvements.	$170.0				$170.0	$170.0				$170.0	49
50	5	Bernalillo County Metropolitan Court	For information technology infrastructure.	$37.0				$37.0						50
51	5	Bernalillo County Metropolitan Court	For technology and connectivity upgrades.	$93.2				$93.2	$531.4				$531.4	51
52	5	Bernalillo County Metropolitan Court	For personal services and employee benefits to address the case backlog.	$200.0				$200.0						52
53	5	Bernalillo County Metropolitan Court	For group health insurance contributions in fiscal year 2025.	$82.9				$82.9						53
54	5	Administrative Office of the District Attorneys	To the district attorney fund.	$250.0				$250.0	$250.0				$250.0	54
55	5	Law Offices of the Public Defender	For recruitment and retention initiatives.	$196.0				$196.0						55
56	5	Law Offices of the Public Defender	For rural staffing and discovery technology.	$310.0				$310.0	$110.0				$110.0	56
57	5	Attorney General	For a crime gun intelligence center pilot program. The other state funds appropriation is from the consumer settlement fund.	$1,500.0				$1,500.0		$1,500.0			$1,500.0	57
58	5	Attorney General	For forensic genetic genealogy testing. The other state funds appropriation is from the consumer settlement fund.	$400.0				$400.0		$400.0			$400.0	58
59	5	Attorney General	For an enterprise case management platform.	$950.0				$950.0						59
60	5	Attorney General	For litigation of the tobacco master settlement agreement.	$1,200.0				$1,200.0	$800.0				$800.0	60
61	5	Auditor	To assist small local public bodies in attaining financial compliance.	$2,000.0				$2,000.0	$1,000.0				$1,000.0	61
62	5	Auditor	To conduct a classification and compensation study for the office of the state auditor.	$200.0				$200.0						62
63	5	Auditor	For virtual server infrastructure.	$153.0				$153.0	$143.0				$143.0	63
64	5	Taxation and Revenue Department	For call center contractual services.	$600.0				$600.0						64
65	5	Taxation and Revenue Department	To develop, enhance and maintain the systems of record.	$4,141.1				$4,141.1	$2,966.9				$2,966.9	65

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
66	5	Taxation and Revenue Department	To implement tax and motor vehicle code changes mandated in legislation.	$5,000.0				$5,000.0						66
67	5	Administrative Hearings Office	For case management development project annual hosting, file maintenance, security audits and annual support.	$29.5				$29.5						67
68	5	Department of Finance and Administration	For a state-wide capital outlay tracking software.	$1,000.0				$1,000.0						68
69	5	Department of Finance and Administration	To replace aging and broken furnishings.	$750.0				$750.0						69
70	5	Department of Finance and Administration	To the firefighter recruitment fund.	$35,000.0				$35,000.0						70
71	5	Department of Finance and Administration	To provide matching assistance to local entities for matching local and federal funds.	$100,000.0				$100,000.0	$20,000.0				$20,000.0	71
72	5	Department of Finance and Administration	To the department of finance and administration to fund the the conservation legacy permanent fund.	$100,000.0				$100,000.0						72
73	5	Department of Finance and Administration	For regional recreation centers and quality of life grants statewide.						$50,000.0				$50,000.0	73
74	5	Department of Finance and Administration	For capacity building grants to councils of government, technical assistance providers and local governments.						$1,000.0				$1,000.0	74
75	5	Department of Finance and Administration	For transitional housing and shelter facilities for victims of domestic violence.						$10,000.0				$10,000.0	75
76	5	Department of Finance and Administration	For matching funds for local infrastructure projects.						$58,000.0				$58,000.0	76
77	5	Public School Insurance Authority	For employee healthcare costs related to coronavirus disease treatment, testing and vaccinations.	$35,500.0				$35,500.0						77
78	5	Public School Insurance Authority	To promote the health, safety and welfare of school districts, students, staff, faculty and the community.	$20,000.0				$20,000.0						78
79	5	Retiree Health Care Authority	For the retiree health care fund.	$150,000.0				$150,000.0						79
80	5	General Services Department	For the facilities management program.	$500.0				$500.0						80
81	5	General Services Department	To purchase vehicles. The other state funds appropriation is from the state transportation pool fund balance.	$2,250.0				$2,250.0	$1,500.0	$500.0			$2,000.0	81
82	5	General Services Department	For health care costs, including costs related to the testing and treatment of coronavirus disease. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd. S.S.).						$55,000.0				$55,000.0	82
83	5	New Mexico Sentencing Commission	For grants awarded under the Crime Reduction Grant Act.	$4,000.0				$4,000.0	$4,000.0				$4,000.0	83

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
84	5	Department of Information Technology	Digital trunk radio system subscriptions for emergency responders statewide.	$2,800.0				$2,800.0						84
85	5	Department of Information Technology	For the equipment replacement fund to replace network switches statewide.						$500.0				$500.0	85
86	5	Office of Broadband	To support implementation of the statewide broadband plan.	$250,000.0				$250,000.0	$25,000.0				$25,000.0	86
87	5	Secretary of State	For the purchase and implementation of a new campaign finance information system solution.	$2,000.0				$2,000.0						87
88	5	Secretary of State	For network switch replacements.	$175.0				$175.0						88
89	5	Border Authority	For meetings of the New Mexico-Chihuahua commission and the New Mexico-Sonora commission.	$50.0				$50.0						89
90	5	Tourism	To enhance and increase Route 66 related tourism, and to match federal grant opportunities.	$5,000.0				$5,000.0						90
91	5	Tourism	For national marketing and advertising, including to enhance and increase Route 66 tourism and for outreach related to the one hundredth anniversary of Zozobra.	$15,000.0				$15,000.0	$15,000.0				$15,000.0	91
92	5	Tourism	For centralized state agency marketing campaigns through the marketing excellence bureau.	$2,000.0				$2,000.0						92
93	5	Tourism	For grants to tribal and local governments for tourism-related infrastructure projects through the destination forward grant program through fiscal year 2026.	$3,000.0				$3,000.0	$1,500.0				$1,500.0	93
94	5	Tourism	To contract for services for an athletic competition for people with disabilities.						$300.0				$300.0	94
95	5	Economic Development Department	To provide matching funds for a national science foundation grant through fiscal year 2028.	$20,000.0				$20,000.0						95
96	5	Economic Development Department	For a clean energy marketing and recruitment campaign through fiscal year 2026.	$2,000.0				$2,000.0						96
97	5	Economic Development Department	For the healthy food financing initiative.	$1,000.0				$1,000.0						97
98	5	Economic Development Department	For a pilot program to launch new high-technology businesses in the state and provide mentorship through fiscal year 2026.	$2,000.0				$2,000.0						98
99	5	Economic Development Department	For a business marketing and recruitment campaign focusing on international markets through fiscal year 2027.	$4,000.0				$4,000.0						99
100	5	Economic Development Department	To the development training fund for the job training incentive program. Any unexpended balances remaining at the end of fiscal year 2025 shall not revert and may be expended in future fiscal years.	$5,000.0				$5,000.0						100

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
101	5	Economic Development Department	To the local economic development act fund for economic development projects pursuant to the Local Economic Development Act. Any unexpended balances remaining at the end of fiscal year 2025 from this appropriation shall not revert and may be expended in future fiscal years.	$30,000.0				$30,000.0						101
102	5	Economic Development Department	For operational costs related to the media academy through fiscal year 2026.	$4,000.0				$4,000.0						102
103	5	Economic Development Department	For trail and outdoor infrastructure grants.						$10,000.0				$10,000.0	103
104	5	Regulation and Licensing Department	To implement, enhance and upgrade a seed to sale software solution for the cannabis control division.	$1,500.0				$1,500.0						104
105	5	Regulation and Licensing Department	For construction industries division and manufactured housing division licensing platform enhancements and for development and implementation of digital applications for the elevator safety act.	$1,500.0				$1,500.0						105
106	5	Public Regulation Commission	For IT purchases.	$2,500.0				$2,500.0	$500.0				$500.0	106
107	5	Public Regulation Commission	To purchase vehicles for the pipeline safety division.		$160.0		$240.0	$400.0		$160.0		$240.0	$400.0	107
108	5	Public Regulation Commission	To cover plaintiff's legal costs related to the DeAguero v. PRC case No. D-101-CV-2018-02725.	$900.8				$900.8	$408.0				$408.0	108
109	5	Public Regulation Commission	For costs related to transition the commission to a new building.	$190.0				$190.0	$190.0				$190.0	109
110	5	Office of the Superintendent of Insurance	For the elimination of the patient compensation fund deficit, as currently estimated, that is attributable to independent doctors and facilities.	$31,600.0				$31,600.0	$35,900.0				$35,900.0	110
111	5	Office of the Superintendent of Insurance	For the reduction of the patient's compensation fund surcharges for rural hospitals to promote availability of health care in rural areas.	$10,000.0				$10,000.0	$10,000.0				$10,000.0	111
112	5	Office of the Superintendent of Insurance	For salary adjustment increases to improve staff retention.	$1,312.0				$1,312.0		$1,312.0			$1,312.0	112
113	5	Office of the Superintendent of Insurance	For risk-focused financial analysis services through fiscal year 2026.								$2,100.0		$2,100.0	113
114	5	State Racing Commission	For a positron emission tomography scanner to continuously track the health of all equine athletes that run on New Mexico racetracks.	$1,000.0				$1,000.0						114
115	5	State Racing Commission	For a task force to study and analyze New Mexico racetracks.	$75.0				$75.0	$75.0				$75.0	115
116	5	Spaceport Authority	To conduct an orbital launch contest for companies that successfully launch from Spaceport America.	$2,000.0				$2,000.0						116

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
117	5	Cultural Affairs Department	For enhancing collection databases at museums and historic sites.	$300.0				$300.0						117
118	5	Cultural Affairs Department	For outreach to celebrate 100th anniversary of Zozobra.	$200.0				$200.0						118
119	5	Cultural Affairs Department	For the rural libraries endowment fund.	$15,000.0				$15,000.0						119
120	5	Cultural Affairs Department	To fund economic development activities centered at Los Luceros historic site. The cultural affairs department shall report metrics and use of the funds, including attendance numbers, to the legislative finance committee by September 1, 2024.						$300.0				$300.0	120
121	5	Energy, Minerals and Natural Resources Department	To retain outside legal counsel for litigation defense.	$250.0				$250.0	$250.0				$250.0	121
122	5	Energy, Minerals and Natural Resources Department	To implement and develop climate risk map software.	$75.0				$75.0						122
123	5	Energy, Minerals and Natural Resources Department	To energy, minerals and natural resources to support the development of the electric vehicle tax credit program.	$500.0				$500.0						123
124	5	Energy, Minerals and Natural Resources Department	To develop the Rio Grande trail commission office.	$225.0				$225.0	$225.0				$225.0	124
125	5	Energy, Minerals and Natural Resources Department	To match federal funds for grants programs under the Infrastructure Investment and Jobs Act.	$1,705.0				$1,705.0	$1,705.0				$1,705.0	125
126	5	Energy, Minerals and Natural Resources Department	For inspection and compliance backlogs in the oil conservation division.						$2,525.0				$2,525.0	126
127	5	State Engineer	For acequia projects statewide. Any unexpended balances remaining at the end of fiscal year 2025 shall not revert and may be expended through fiscal year 2027.	$1,000.0				$1,000.0						127
128	5	State Engineer	For water right adjudication work including hydrographic surveying, for expenditure in fiscal years 2025 through 2027.		$5,000.0			$5,000.0		$5,000.0			$5,000.0	128
129	5	State Engineer	To support and fund indian water rights settlements, for expenditure in fiscal years 2025 through 2027.	$40,000.0				$40,000.0	$5,000.0				$5,000.0	129
130	5	State Engineer	For operation and maintenance of water measurement and metering stations statewide.	$500.0				$500.0	$500.0				$500.0	130
131	5	State Engineer	to the irrigation works construction fund.	$5,000.0				$5,000.0						131
132	5	State Engineer	To the improvement of the Rio Grande income fund.	$2,000.0				$2,000.0						132
133	5	Early Childhood Education and Care Department	For a home visiting per-child payment pilot program.	$10,000.0				$10,000.0						133

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
134	5	Early Childhood Education and Care Department	For low-interest loans, in partnership with New Mexico financing authority, to increase infant and toddler care in the state's childcare deserts.	$5,000.0				$5,000.0						134
135	5	Early Childhood Education and Care Department	For consumer education software to provide families with awareness of where to find early childhood services across the state.	$3,500.0				$3,500.0	$3,500.0				$3,500.0	135
136	5	Early Childhood Education and Care Department	To continue to develop a coordinated intake and referral system accessible to internal and external parties linking and connecting New Mexico families to home visiting services.	$2,000.0				$2,000.0	$2,000.0				$2,000.0	136
137	5	Early Childhood Education and Care Department	To increase endowments to New Mexico's higher education institutions that are implementing strategies to support recruitment and retention of bilingual and indigenous students.	$3,000.0				$3,000.0						137
138	5	Aging and Long-Term Services Department	For an appropriate marketing strategy and educational outreach to connect the aging population and their caregivers to available resources.	$2,000.0				$2,000.0	$1,000.0				$1,000.0	138
139	5	Aging and Long-Term Services Department	For emergencies, disaster preparedness, urgent supplemental programmatic needs and planning to serve seniors.	$600.0				$600.0	$600.0				$600.0	139
140	5	Aging and Long-Term Services Department	To the Kiki Saavedra senior dignity fund for expenditure in fiscal year 2025 and subsequent fiscal years to address high-priority services for senior citizens in New Mexico, including transportation, food insecurity, physical and behavioral health, case management and caregiving.	$25,000.0				$25,000.0						140
141	5	Aging and Long-Term Services Department	To enhance technological advances in the aging and long-term services ecosystem across the state.	$1,500.0				$1,500.0						141
142	5	Health Care Authority Department	For needed enhancements to the aspen eligibility and enrollment application system.	$1,122.0			$2,278.0	$3,400.0	$1,122.0			$2,278.0	$3,400.0	142
143	5	Health Care Authority Department	For child support enforcement system upgrades.	$1,292.0			$2,508.0	$3,800.0						143
144	5	Health Care Authority Department	To provide continued emergency assistance to food banks throughout New Mexico.	$5,000.0				$5,000.0						144
145	5	Health Care Authority Department	To purchase a backup generator.	$200.0				$200.0						145

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
146	5	Health Care Authority Department	For continued costs associated with the supplemental nutrition assistance program's settlement agreement and reinvestment plan with the United States' department of agriculture food and nutrition services to improve the administrative efficiency of New Mexico's supplemental nutrition assistance program.	$6,710.3				$6,710.3	$3,210.3				$3,210.3	146
147	5	Health Care Authority Department	For the office of inspector general to provide independent audits or reviews of health care authority programs and operations for the purpose of promoting the economy, efficiency, and integrity and to detect and prevent fraud, waste and abuse.	$770.5			$879.5	$1,650.0						147
148	5	Health Care Authority Department	For the health care receivership fund.	$5,000.0				$5,000.0						148
149	5	Health Care Authority Department	For enhancements to bolster the automated system's capacity for supplemental nutrition assistance program initiatives.	$17,246.0				$17,246.0						149
150	5	Health Care Authority Department	For transition costs to become the health care authority department.	$2,787.0			$3,205.3	$5,992.3	$2,787.0			$3,205.3	$5,992.3	150
151	5	Health Care Authority Department	To complete the final payment of a three-year payment plan for oracle licenses.	$495.0			$1,005.0	$1,500.0						151
152	5	Health Care Authority Department	To defray operating losses for rural regional hospitals, health clinics, providers and federally qualified health centers who are increasing access to primary care, maternal and child health and behavioral health services through new and expanded services in medically underserved areas. The contracted entities must be enrolled as medicaid providers and propose to deliver services which are eligible for medicaid or medicare reimbursement. The health care authority shall ensure the contracted amounts for new or expanded healthcare services do not duplicate existing services, are sufficient to cover start-up costs except for land and construction costs, require coordination of care, are reconciled, audited and meet performance standards and metrics established by the department. Any unexpended balances remaining at the end of fiscal year 2025 from this appropriation shall not revert and may be expended through fiscal year 2027.	$120,000.0				$120,000.0	$120,000.0				$120,000.0	152

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
153	5	Health Care Authority Department	For the state health benefits fund to pay medical, dental vision, prescription drug and employee assistance claims and administrative fees.	$60,000.0				$60,000.0						153
154	5	Health Care Authority Department	For costs associated with operating the New Mexico 988 crisis and access line						$5,921.5				$5,921.5	154
155	5	Health Care Authority Department	For medicaid health and behavioral health service expansion.						$58,000.0				$58,000.0	155
156	5	Developmental Disabilities Council	For a state agency accessibility project.	$800.0				$800.0						156
157	5	Developmental Disabilities Council	For special education ombudsman support.	$60.0				$60.0						157
158	5	Developmental Disabilities Council	For a rate study for guardianship services.	$60.0				$60.0	$60.0				$60.0	158
159	5	Developmental Disabilities Council	For guardianship waitlist management.	$648.0				$648.0	$200.0				$200.0	159
160	5	Developmental Disabilities Council	For the Marilyn Martinez state jobs program.	$60.0				$60.0						160
161	5	Developmental Disabilities Council	For advanced training for guardianship professionals.	$40.0				$40.0						161
162	5	Miners' Hospital	To eliminate debt service for the Miner's hospital.						$3,600.0				$3,600.0	162
163	5	Department of Health	For the statewide fruit and vegetable prescription program.	$500.0				$500.0						163
164	5	Department of Health	To contract with clinicians who can diagnose, stage and treat syphilis to prevent congenital syphilis among infants.	$500.0				$500.0	$500.0				$500.0	164
165	5	Department of Health	To replace outdated information technology equipment at public health offices and to build compliant pharmacy warehouse inventory software.	$675.0				$675.0						165
166	5	Department of Health	To study uranium tailings at a site near Gallup.	$500.0				$500.0						166
167	5	Department of Health	To purchase furniture and equipment for resident care at Fort Bayard medical center.	$283.8				$283.8	$283.8				$283.8	167
168	5	Department of Health	For document destruction and to replace the obsolete security system at Los Lunas community program's secure intermediate care facility.	$190.0				$190.0	$190.0				$190.0	168
169	5	Department of Health	To support the New Mexico rehabilitation center's efforts to achieve accreditation through the adult accredited residential treatment center program for substance abuse.	$2,100.0				$2,100.0	$2,100.0				$2,100.0	169
170	5	Department of Health	For operational costs at the New Mexico veterans' home.	$2,366.2				$2,366.2	$2,366.2				$2,366.2	170
171	5	Department of the Environment	For enhancing compliance assurance activities to hold polluters accountable.	$1,000.0				$1,000.0	$1,000.0				$1,000.0	171

	Sec.	Agency	Item	Agency Request GF	OSF	INT	FF	Total	LFC Recommendation GF	OSF	INT	FF	Total	
172	5	Department of the Environment	To improve core business operations. Any unexpended balances remaining at the end of fiscal year 2025 from this appropriation shall not revert and may be expended in subsequent fiscal years.	$1,000.0				$1,000.0						172
173	5	Department of the Environment	To develop and implement a surface water discharge permitting program.	$600.0				$600.0	$600.0				$600.0	173
174	5	Department of the Environment	To develop and implement initiatives that protect the public from exposure to emerging contaminants, including per- and poly-fluorinated alkyl substances.	$1,000.0				$1,000.0	$1,000.0				$1,000.0	174
175	5	Office of Natural Resources Trustee	To support ongoing natural damage assessments.	$2,000.0				$2,000.0						175
176	5	Veterans' Services	For a mobile unit to expand outreach services to veterans and their families statewide.	$600.0				$600.0	$600.0				$600.0	176
177	5	Office of Family Representation	For furniture and equipment.	$183.7				$183.7						177
178	5	Children, Youth and Families Department	For the purchase of fifty new leased vehicles.	$3,000.0				$3,000.0						178
179	5	Children, Youth and Families Department	For technical assistance revising and re-submitting the state's federal Title IV-E prevention program plan and review of Children, Youth and Families Department processes to ensure the maximum draw down of federal funds for protective services, delivered by a vendor with experience developing a state plan that has been approved by the federal Administration for Children and Families.						$200.0				$200.0	179
180	5	Department of Military Affairs	For running shoes for the New Mexico youth challenge cadets in Roswell.	$20.0				$20.0						180
181	5	Department of Military Affairs	To design, install and complete the infrastructure for the prefabricated shelter at the New Mexico national guard complex.	$500.0				$500.0	$500.0				$500.0	181
182	5	Corrections Department	To improve broadband efficiency and reliability of current services agency wide.	$360.0				$360.0	$360.0				$360.0	182
183	5	Corrections Department	To implement the medication-assisted treatment program.	$750.0				$750.0						183
184	5	Crime Victims Reparation Commission	For crime victim reimbursements.	$750.0				$750.0						184
185	5	Crime Victims Reparation Commission	For contractual services, contingent on a reduction of one million five hundred thousand dollars ($1,500,000) in federal grants under the Victims of Crime Act.						$1,500.0				$1,500.0	185
186	5	Department of Public Safety	To continue the police officer job task analysis for the New Mexico law enforcement academy board.	$750.0				$750.0						186

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
187	5	Department of Public Safety	For the law enforcement program of the department of public safety to upgrade and replace body and in-car camera systems.						$1,000.0				$1,000.0	187
188	5	Homeland Security and Emergency Management	For personal services and employee benefits to match funds from the federal emergency management agency. Any unexpended balances remaining at the end of fiscal year 2025 shall not revert and may be expended through fiscal year 2026.	$1,226.5				$1,226.5						188
189	5	Homeland Security and Emergency Management	For the state fire marshal's office to conduct a feasibility study to assess the practicality, cost-benefit, and site selection process for a satellite fire training academy. Any unexpended balances remaining at the end of fiscal year 2025 from this appropriation shall revert to the general fund.						$100.0				$100.0	189
190	5	Department of Transportation	For major infrastructure road projects.	$300,000.0				$300,000.0	$40,000.0				$40,000.0	190
191	5	Department of Transportation	For roadway beautification in fiscal year 2025.	$10,000.0				$10,000.0						191
192	5	Department of Transportation	For planning, design, right-away and construction of wildlife corridors to mitigate wildlife-vehicle collisions on state-managed roads.	$30,000.0				$30,000.0						192
193	5	Public Education Department	To replace aging computers and furniture.	$255.0				$255.0						193
194	5	Public Education Department	For legal fees related to defending the state in Martinez v. state of New Mexico No. D-101-CV-2014-00793 and Yazzie v. state of New Mexico No. D-101-CV-2014-02224.	$500.0				$500.0						194
195	5	Public Education Department	For career technical education. The other state funds appropriation includes eight million dollars ($8,000,000) from the public education reform fund and three million dollars ($3,000,000) from the career technical education fund.							$11,000.0			$11,000.0	195
196	5	Public Education Department	For public schools not eligible for K-12 plus program units in fiscal year 2025 but planning to increase the number of instructional days to become eligible for K-12 plus program units in fiscal year 2026. The other state funds appropriation is from the public education reform fund.							$5,000.0			$5,000.0	196
197	5	Public Education Department	For security and surveillance equipment at the school of dreams academy in Los Lunas.						$200.0				$200.0	197

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
198	5	Public Education Department	To support schools with the highest ranked family income index pursuant to Section 22-8F-3 NMSA 1978 in providing supplemental services to at-risk students. The other state funds appropriation is from the public education reform fund.	$15,000.0				$15,000.0		$10,000.0			$10,000.0	198
199	5	Public Education Department	For a school calendar management software solution.	$750.0				$750.0						199
200	5	Public Education Department	For attendance improvement interventions, including evidence-based programs to train educators on social emotional skills and self-regulation and improve school safety.	$20,000.0				$20,000.0	$5,000.0				$5,000.0	200
201	5	Public Education Department	For cybersecurity attack prevention for school districts and the public education department.	$2,000.0				$2,000.0						201
202	5	Public Education Department	For salary differentials for school districts to attract and retain special education teachers and other hard to fill positions.	$32,027.6				$32,027.6						202
203	5	Public Education Department	To create safe and supportive learning environments by implementing behavioral health prevention programming, training and supports for staff, students, and families.	$8,000.0				$8,000.0						203
204	5	Public Education Department	For regional summits, in partnership with participating regional education cooperatives, to provide listening and informational sessions with school staff, parents, and community members.	$300.0				$300.0						204
205	5	Public Education Department	To implement provisions of the Bilingual Multicultural Education Act.	$5,000.0				$5,000.0						205
206	5	Public Education Department	For pilot residency programs for principals, school counselors and school social workers.	$3,800.0				$3,800.0						206
207	5	Public Education Department	To implement provisions of the Black Education Act.	$400.0				$400.0						207
208	5	Public Education Department	For stipends to student teachers for time spent teaching in a New Mexico public school as required by Subsection C of Section 22-10A-6 NMSA 1978.	$6,500.0				$6,500.0						208
209	5	Public Education Department	For the learning management system that delivers learning resources to students, educators and administrators outside of the classroom setting.	$3,152.5				$3,152.5						209

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
210	5	Public Education Department	For community school and family engagement initiatives. Up to four hundred thousand dollars ($400,000) may be used by the public education department to evaluate student outcomes and implementation and accredit community schools. The other state funds appropriation includes four million dollars ($4,000,000) from the public education reform fund and four million dollars ($4,000,000) from the community schools fund.	$15,000.0				$15,000.0		$8,000.0			$8,000.0	210
211	5	Public Education Department	For outdoor and environmental education programs that support instruction aligned with academic standards.	$1,725.0				$1,725.0						211
212	5	Public Education Department	To provide support to school districts to ensure data is submitted accurately and on time.	$1,000.0				$1,000.0						212
213	5	Public Education Department	For the development of an application for local education agencies that consolidates requests for federal funds.	$2,000.0				$2,000.0						213
214	5	Public Education Department	To the career technical education fund for high-quality career technical education programs.		$28,500.0			$28,500.0						214
215	5	Public Education Department	For post-secondary advisement, supports, and resources for counselor professional development.	$300.0				$300.0						215
216	5	Public Education Department	For creating an online, digital repository for educators and students to complete and file Next Step Plans.	$1,000.0				$1,000.0						216
217	5	Public Education Department	For high-quality and timely data analysis to improve public education department and program operations.	$6,000.0				$6,000.0						217
218	5	Public Education Department	For the development of an instructional scope focused on the arts and for professional development for educators and administrators on the implementation of fine arts standards.	$500.0				$500.0						218
219	5	Public Education Department	For scheduled replacement of student technological devices.	$33,000.0				$33,000.0						219
220	5	Public Education Department	For peer to peer tutoring.	$2,500.0				$2,500.0						220
221	5	Public Education Department	For high school students assessed as ready for college-level coursework.	$100.0				$100.0						221
222	5	Public Education Department	For the implementation of a holistic intervention framework that guides educators to intervene when students need additional supports.	$3,312.0				$3,312.0						222
223	5	Public Education Department	To expand early college high school programs, which simultaneously offer a high school diploma and a college-level credential or degree.	$860.0				$860.0						223

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
224	5	Public Education Department	For safety and statewide deployment of mobile panic buttons at public schools.	$1,000.0				$1,000.0						224
225	5	Public Education Department	For planning and implementation of structured literacy training for educators, academic interventions for students and resources for families.	$30,000.0				$30,000.0	$3,000.0				$3,000.0	225
226	5	Public Education Department	For a school personnel recruitment marketing campaign.	$1,000.0				$1,000.0						226
227	5	Public Education Department	For an educator evaluation system and educator licensure advancement process, including advancement through micro-credentials.	$2,000.0				$2,000.0	$1,100.0				$1,100.0	227
228	5	Public Education Department	For school districts and charter schools to support math achievement.	$6,500.0				$6,500.0						228
229	5	Public Education Department	For an educator evaluation system.	$2,000.0				$2,000.0						229
230	5	Public Education Department	For the recruitment and retention of educator fellow positions.	$23,480.0				$23,480.0						230
231	5	Public Education Department	For the review of all New Mexico approved Educator Preparation Programs for continuous improvement.	$26.0				$26.0						231
232	5	Public Education Department	For out-of-school learning opportunities.	$80,000.0				$80,000.0						232
233	5	Public Education Department	For the implementation of the Family and Youth Resources Act.	$1,000.0				$1,000.0						233
234	5	Public Education Department	For a unified emergency response communications system.	$15,000.0				$15,000.0						234
235	5	Public Education Department	For post-secondary advisement, including supports and resources for developing graduate profiles in every New Mexico high school.	$405.0				$405.0						235
236	5	Public Education Department	To develop digital communication, creative thinking, and problem-solving skills using software.	$1,000.0				$1,000.0						236
237	5	Public Education Department	To the career technical education fund for the development of college and career pathways by integrating high-quality technical education, work-based learning, and core academics inside and outside of school.		$19,000.0			$19,000.0						237
238	5	Public Education Department	To the Indian Education Fund to implement provisions of the Indian Education Act.	$24,000.0				$24,000.0						238
239	5	Public Education Department	For the support of grandparents responsible for the care of their grandchildren, including professional learning for educators whose students are cared for by their grandparents.	$500.0				$500.0						239
240	5	Public Education Department	To provide services for students experiencing homelessness.	$2,000.0				$2,000.0						240
241	5	Public Education Department	For the high-dosage tutoring program.	$5,000.0				$5,000.0						241

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
242	5	Public Education Department	To implement provisions of the Hispanic Education Act.	$1,205.0				$1,205.0						242
243	5	Public Education Department	To the career technical education fund for work-based learning initiatives and career technical student organizations.		$2,500.0			$2,500.0						243
244	5	Public Education Department	To the Indian Education Fund for tribal and rural out of school time learning programs.	$6,500.0				$6,500.0						244
245	5	Public Education Department	For school improvement and implementation grants.	$20,000.0				$20,000.0						245
246	5	Public Education Department	For trainings to support school districts and charter schools in creating safe school environments.	$500.0				$500.0						246
247	5	Public Education Department	For professional development for school leaders.	$5,000.0				$5,000.0						247
248	5	Public Education Department	To support increased transportation costs for schools to meet a minimum of one hundred eighty instructional days.	$2,900.0				$2,900.0						248
249	5	Public Education Department	For regional and statewide school safety summits.	$200.0				$200.0						249
250	5	Public Education Department	To provide internet access and technological support to students.	$11,300.0				$11,300.0						250
251	5	Public Education Department	For teacher residency programs pursuant to the Teacher Residency Act.	$17,892.0				$17,892.0						251
252	5	Public Education Department	For the implementation of accountability measures as allowed through the state's every student succeeds act plan and school accreditation status.	$32,000.0				$32,000.0						252
253	5	Public Education Department	For teacher professional development.	$4,000.0				$4,000.0						253
254	5	Public Education Department	For science, technology, engineering, arts, and math programs and initiatives.	$4,608.0				$4,608.0						254
255	5	Public Education Department	To provide technical assistance for school districts and charter schools to support the education of students from low-income families.	$80.0				$80.0						255
256	5	Public Education Department	To train secondary educators in evidence-based reading instruction.	$5,100.0				$5,100.0						256
257	5	Public Education Department	For summer internship opportunities for working-age high school students.	$13,100.0				$13,100.0						257
258	5	Public Education Department	For a statewide student information system to be used by all local education agencies.	$10,000.0				$10,000.0						258
259	5	Public Education Department	For the creation of an online software platform to improve the embargo process and to provide accessibility to certified school data.	$1,000.0				$1,000.0						259
260	5	Public Education Department	For statewide educator induction and mentorship.	$150.0				$150.0						260

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
261	5	Public Education Department	For the implementation of special education initiatives by the public education department, including providing technical assistance and implementing a statewide individualized educational program process.	$11,000.0				$11,000.0	$5,000.0				$5,000.0	261
262	5	Public Education Department	For the development of an application programming interface to transfer data from assessment vendors to the public education department and that uses the Ed-Fi data collection standard.	$1,000.0				$1,000.0						262
263	5	Public Education Department	For the tribal education trust fund, contingent on legislation of the second session of the fifty-sixth legislature creating the trust fund.						$50,000.0				$50,000.0	263
264	5	Higher Education Department	For the minority doctoral loan repayment program.	$1,000.0				$1,000.0						264
265	5	Higher Education Department	For the teacher loan repayment program.	$20,000.0				$20,000.0	$5,000.0				$5,000.0	265
266	5	Higher Education Department	To establish an endowment to supplement not supplant school of medicine faculty recruitment, development, compensation, and retention at the University of New Mexico health sciences.	$15,000.0				$15,000.0						266
267	5	Higher Education Department	For the health professional loan repayment program.	$15,100.0				$15,100.0	$15,000.0				$15,000.0	267
268	5	Higher Education Department	For expanding enrollment in and graduation from nursing programs at public higher education institutions	$10,000.0				$10,000.0						268
269	5	Higher Education Department	To provide a one percent compensation increase to certain job family categories at the university of New Mexico hospital.	$4,150.0				$4,150.0						269
270	5	Higher Education Department	For distribution to the higher education institutions of New Mexico for building renewal and replacement and facility demolition. A report of building renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of building renewal and replacement funding to cover institutional salaries, or any other ineligible purpose as defined in the New Mexico higher education department space policy, funding shall not be released to the higher education institutions.						$32,500.0				$32,500.0	270

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
271	5	Higher Education Department	For distribution to the higher education institutions of New Mexico for equipment renewal and replacement. A report of equipment renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of equipment renewal and replacement funding to cover institutional salaries, funding shall not be released to the higher education institution.						$5,000.0				$5,000.0	271
272	5	Higher Education Department	For distribution to public post-secondary institutions statewide to support dual credit programs for New Mexico high school students.						$1,000.0				$1,000.0	272
273	5	Higher Education Department	To provide scholarships to graduates of New Mexico high schools who are enrolled full-time in a master's or doctoral degree program at a graduate-degree-granting state university in New Mexico in a science, technology, engineering, or mathematics program provided that no student shall receive an award amount greater than seven thousand two hundred dollars ($7,200) per academic year. Any unexpended funds remaining at the end of fiscal year 2025 from this appropriation shall not revert and may be expended through fiscal year 2027.						$10,000.0				$10,000.0	273
274	5	Higher Education Department	To provide matching funds to state research universities to support innovative applied research that advances knowledge and creates new products and production processes in the fields of agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, water resources, aerospace, telecommunications, manufacturing science or similar research areas. The other state funds appropriation is from the technology enhancement fund.						$10,000.0				$10,000.0	274

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
275	5	Higher Education Department	For endowed faculty teaching positions and student financial aid, including scholarships and paid practicums in bachelor and master degree social worker programs at New Mexico public and tribal institutions of higher education to expand enrollment and the number of graduates able to work in the behavioral health, child welfare and school systems. The higher education department shall distribute funding based on the number of New Mexico residents enrolled in programs in fiscal year 2024 and must obtain certification from each higher education institution that the endowment revenue will supplement and not supplant spending at the institution's social worker program before making an endowment award.						$10,000.0				$10,000.0	275
276	5	University of New Mexico	For the Consortium of Higher-Education Computing Communication Services (CHECS) Cyber Security Initiative.	$11,500.0				$11,500.0						276
277	5	University of New Mexico	To purchase and replace equipment for the office of the medical investigator.	$3,065.1				$3,065.1	$3,465.1				$3,465.1	277
278	5	University of New Mexico	To establish an endowment to supplement not supplant School of Medicine faculty recruitment, development, compensation, and retention at the University of New Mexico Health Sciences	$50,000.0				$50,000.0						278
279	5	University of New Mexico	To purchase and replace the existing bus fleet.	$5,250.0				$5,250.0						279
280	5	University of New Mexico	for the design, acquisition, and installation of new or improved building access control systems including hardware, software, wiring, and alarms on student- and community-facing facilities and update the aging UNM police vehicle fleet.	$15,000.0				$15,000.0						280
281	5	University of New Mexico	For the health sciences center for the learning environment office for expenditure through fiscal year 2027, with no more than five hundred seventy-five thousand dollars ($575,000) expended in each fiscal year.						$1,725.0				$1,725.0	281
282	5	New Mexico State University	To the board of regents at New Mexico State University to enhance salaries and benefits for graduate students serving as Graduate Assistants at NMSU. Any unexpended balances remaining at the end of fiscal year 2025 shall not revert to the general fund and may be expended through fiscal year 2029.	$17,500.0				$17,500.0						282

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
283	5	New Mexico State University	To the board of regents at New Mexico State University for phase 2 construction, equipment, and supplies for the New Mexico Reforestation Center.	$40,509.3				$40,509.3						283
284	5	New Mexico State University	To the board of regents at New Mexico State University for operation and management of the New Mexico Reforestation Center. Any unexpended balances remaining at the end of fiscal year 2025 from this appropriation shall not revert and may be expended through fiscal year 2029.	$7,031.6				$7,031.6						284
285	5	New Mexico State University	For the space commercialization program.	$1,950.0				$1,950.0						285
286	5	New Mexico State University	To the board of regents at New Mexico State University to support continued expansion of online degrees and programs.	$11,500.0				$11,500.0						286
287	5	New Mexico State University	For a creative media institute facility in Las Cruces.						$10,000.0				$10,000.0	287
288	5	New Mexico State University	For advanced manufacturing for expenditure through fiscal year 2027, with no more than five hundred and eight-three thousand three hundred and thirty-three dollars expended in each fiscal year.						$1,750.0				$1,750.0	288
289	5	Western New Mexico University	For scholars program at western New Mexico university.	$1,000.0				$1,000.0						289
290	5	Western New Mexico University	To purchase fleet vehicles for western New Mexico university.	$90.0				$90.0						290
291	5	Western New Mexico University	For cyber security infrastructure improvements at western New Mexico university.	$120.0				$120.0						291
292	5	Western New Mexico University	For production and promotion of publications through mimbres press at western New Mexico university.	$50.0				$50.0						292
293	5	Western New Mexico University	For equipment purchases in kinesiology at western New Mexico university	$175.0				$175.0						293
294	5	Western New Mexico University	For purchase of electric utility vehicles at western New Mexico university.	$150.0				$150.0						294
295	5	Northern New Mexico College	To northern New Mexico college for business management and student information systems.	$3,000.0				$3,000.0						295
296	5	Northern New Mexico College	To Northern New Mexico College for water systems and fire safety emergency repairs.	$100.0				$100.0						296
297	5	Santa Fe Community College	For stabilizing operations and staffing for the KSFR radio station owned by Santa Fe Community College.	$400.0				$400.0						297
298	5	Santa Fe Community College	To design student enrollment, advisement, financial aid, and support systems to be implemented in student information system.	$1,500.0				$1,500.0						298

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
299	5	Central New Mexico College	To design student enrollment, advisement, financial aid, and support systems to be implemented in student information system.	$2,000.0				$2,000.0						299
300	5	Luna Community College	For cybersecurity initiatives.	$500.0				$500.0						300
301	5	Luna Community College	To purchase and replace auto collision equipment.	$100.0				$100.0						301
302	5	Luna Community College	For implementing a Student Information System at Luna Community College that reduces barriers to access and success.	$1,000.0				$1,000.0						302
303	5	Luna Community College	For modern audio/visual equipment in the Media Education Center at Luna Community College.	$150.0				$150.0						303
304	5	San Juan College	To design student enrollment, advisement, financial aid, and support systems to be implemented in student information system.	$1,000.0				$1,000.0						304
305	5	Clovis Community College	To replace aging fleet vehicles at Clovis Community College.	$269.2				$269.2						305
306	5	New Mexico School for the Deaf	To purchase upgrades for video security, card reader and alert systems at the NMSD to improve safety measures.	$204.6				$204.6						306
307	5	Computer System Enhancement Fund	0						$28,211.2				$28,211.2	307
308	5 LO	Administrative Office of the Courts	The period of time for expending the one hundred thousand dollars ($100,000) appropriated from the general fund in Subparagraph 4 of Paragraph C of Section 2 of Chapter 208 of Laws 2023 for operating costs of providing legal services through the modest means helpline is extended through fiscal year 2025 and may be used for legal services to support the New Mexico volunteer attorney program.											308
309	5 LO	Administrative Office of the Courts	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the general fund in Paragraph C of Section 2 of Chapter 1 of Laws 2021 (1st S.S.) to address expungement of arrest and conviction records for certain cannabis-related offenses is extended through fiscal year 2027.											309
310	5 LO	Administrative Office of the Courts	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the general fund in Subparagraph 2 of Paragraph C of Section 2 of Chapter 208 of Laws of 2023 for the judicial information division to improve online access to court records statewide is extended through fiscal year 2025.											310

“5 LO” indicates a Section 5 language-only appropriation. Highlighted items are included in the LFC recommendation.

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
311	5 LO	Administrative Office of the Courts	The period of time for expending the two million dollars ($2,000,000) appropriated from the general fund in Subsection 13 of Section 5 of Chapter 210 of Laws of 2023 for judicial district court and magistrate court security, technology and connectivity upgrades is extended through fiscal year 2025.											311
312	5 LO	Administrative Office of the Courts	The period of time for expending the one hundred thousand dollars ($100,000) appropriated in subsection C(4) of section 2 of chapter 208 of laws 2023 for operating costs of providing legal services through the modest means helpline is extended through fiscal year 2025 and is amended to read:' for legal services to support the NM volunteer attorney program'.											312
313	5 LO	Administrative Office of the Courts	The period of time for expending the two million dollars ($2,000,000) appropriated in Subsection 16 of Section 5 of Chapter 210 of Laws 2023 for a two-year pilot program to create judicial clerkships for district court judges in rural areas is extended through fiscal year 2027 and may be used for a pilot program to create legal clerkships for recent law school graduates in rural areas.											313
314	5 LO	Administrative Office of the Courts	The period of time for expending the one million sixty thousand dollars ($1,060,000) appropriated from the general fund in Subsection 8 of Section 5 of Chapter 210 of Laws 2023 for technology projects subject to review by the judicial technology council is extended through fiscal year 2025.											314
315	5 LO	Administrative Office of the Courts	The period of time for expending the sixteen million dollars ($16,000,000) appropriated from the general fund in Subsection 10 of Section 5 of Chapter 210 of Laws 2023 to purchase hardware, software, equipment and project management services to upgrade remote and hybrid judicial proceedings across the state is extended through fiscal year 2025.											315

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
316	5 LO	Administrative Office of the District Attorneys	Any unexpended balances remaining at the end of fiscal year 2024 from revenues received in fiscal year 2024 and prior years by a district attorney from any Native American tribe, pueblo or political subdivision pursuant to a contract, memorandum of understanding, joint powers agreement or grant shall not revert and shall remain with the recipient district attorney's office for expenditure in fiscal year 2025. Prior to November 1, 2024, the administrative office of the district attorneys shall provide the department of finance and administration and the legislative finance committee a detailed report documenting the amount of all funds received from Native American tribes, pueblos and political subdivisions pursuant to a contract, memorandum of understanding, joint powers agreement or grant that do not revert at the end of fiscal year 2024 for each of the district attorneys and the administrative office of the district attorneys.											316
317	5 LO	Administrative Office of the District Attorneys	Any unexpended balances remaining at the end of fiscal year 2024 from revenues received in fiscal year 2024 and prior years by a district attorney or the administrative office of the district attorneys from the United States department of justice pursuant to the southwest border prosecution initiative shall not revert and shall remain with the recipient district attorney's office for expenditure in fiscal year 2025. Prior to November 1, 2024, the administrative office of the district attorneys shall provide to the department of finance and administration and the legislative finance committee a detailed report documenting the amount of all southwest border prosecution initiative funds that do not revert at the end of fiscal year 2024 for each of the district attorneys and the administrative office of the district attorneys.											317

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
318	5 LO	Attorney General	The period of time for expending the two million dollars ($2,000,000) appropriated from the general fund and the two million dollars ($2,000,000) appropriated from the consumer settlement fund in Subsection 27 of Section 5 of Chapter 54 of Laws 2022 as extended in Subsection 29 of Section 5 of Chapter 210 of Laws 2023 for litigation of the Rio Grande compact is extended through fiscal year 2025.											318
319	5 LO	Attorney General	The period of time for expending the six million four hundred thousand dollars ($6,400,000) appropriated from the consumer settlement fund in Subsection 23 of Section 5 of Chapter 137 of Laws 2021 as extended in Subsection 28 of Section 5 of Chapter 210 of Laws 2023 for interstate water litigation costs is extended through fiscal year 2025.											319
320	5 LO	Attorney General	The time period for expending the eight million ($8,000,000) appropriated from the consumer settlement fund in Chapter 210, Section 5, Item 031 of Laws of 2023 to address the harms to the state and its communities resulting from the Gold King mine related is extended through fiscal year 2025.											320
321	5 LO	Attorney General	The time period for expending the one million ($1,000,000) appropriated from the consumer settlement fund in chapter 2 of the laws of 2022 to create the partnership in native American communities network grant is extended through fiscal year 2026.											321
322	5 LO	Attorney General	The time period for expending the one hundred fifty thousand ($150,000) appropriated from the general fund in chapter 3, section 12, subsection B of laws of 2022 for salary and benefits for a missing indigenous persons specialist is extended through fiscal year 2025.											322
323	5 LO	Taxation and Revenue Department	Subject to approval of and expenditure plan by the state board of finance, the taxation and revenue department may request up to two million dollars ($2,000,000) from the appropriation contingency fund to implement tax and motor vehicle code changes.											323

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
324	5 LO	Department of Finance and Administration	The period of time for expending the three hundred thousand dollars ($300,000) appropriated from the general fund contained in Subsection 52 of Section 5 of Chapter 210 of Laws 2023 for information technology infrastructure upgrades is extended through fiscal year 2025.											324
325	5 LO	Department of Finance and Administration	The period of time for expending the five million dollars ($5,000,000) appropriated from the general fund in Subsection 51 of Section 5 of Chapter 210 of Laws 2023 for infrastructure upgrades in response to the McBride fire in Ruidoso and Lincoln county is extended through fiscal year 2025.											325
326	5 LO	Department of Finance and Administration	The four million dollars ($4,000,000) appropriated to the department of finance and administration in Subsection 7 of Section 10 of Chapter 54 of Laws 2022 to support police training shall not be used for its original purpose but is appropriated to the general services department through fiscal year 2028 to design, construct, furnish and equip a reality-based law enforcement training facility.											326
327	5 LO	New Mexico Sentencing Commission	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the consumer settlement fund at the office of the attorney general in Subsection 38 of Section 5 of Chapter 137 of Laws 2021 to study and redraft the Criminal Code and other criminal statutes is extended through fiscal year 2025.											327
328	5 LO	Department of Information Technology	The period of time for expending the ten million dollars ($10,000,000) appropriated from the general fund in Subsection 65 of Section 5 of Chapter 210 of Laws 2023 to improve cybersecurity statewide, including up to three million dollars ($3,000,000) for incident response at the regulation and licensing department is extended through fiscal year 2025.											328
329	5 LO	Department of Information Technology	The period of time for expending the three million dollars ($3,000,000) appropriated from the general fund in Subsection 66 of Section 5 of Chapter 210 of Laws 2023 to improve cybersecurity at higher education institutions, including the consortium of higher education computing communication services is extended through fiscal year 2025.											329

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
330	5 LO	Department of Information Technology	The period of time for expending the two million five hundred thousand ($2,500,000) appropriated from the general fund in Subsection 67 of Section 5 of Chapter 210 of Laws 2023 for to improve cybersecurity for schools and school districts statewide is extended through fiscal year 2025.											330
331	5 LO	Department of Information Technology	Five million dollars ($5,000,000) of the three million dollars ($3,000,000) appropriated from the general fund in Subsection 66 of Section 5 of Chapter 210 of Laws 2023 and the two million five hundred ($2,500,000) thousand dollars appropriated from the general fund in Subsection 67 of Section 5 of Chapter 210 of Laws 2023 shall not be used for the original purpose but shall be used in fiscal year 2025 for a software tool to provide cybersecurity and cyber vulnerability information for state agencies, including insights, assessment and notification management of the vendor ecosystem and supply chains, with unlimited access for state agencies, including a history of previous statewide deployments. The department shall ensure any contract entered into pursuant to this appropriation shall be for a product or service that has completed the readiness assessment required by the joint authorization board for the federal risk and authorization management program of the general services administration and that the product or service maintains that certification throughout the life of the contract.											331
332	5 LO	Public Employee Labor Relations Board	The period of time for expending the twenty-five thousand dollars ($25,000) appropriated from the general fund in Subsection 46 of Section 5 of Chapter 54 of Laws 2022 and reauthorized in Subsection 71 of Section 5 of Chapter 210 of Laws 2023 for website, telecommunications costs, furniture, information technology needs and personal services and employee benefits is extended through fiscal year 2025.											332

	Sec.	Agency	Item	Agency Request					LFC Recommendation					
				GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
333	5 LO	Cultural Affairs Department	The period of time for expending the six million dollars ($6,000,000) appropriated from the general fund in Subsection 93 of Section 5 of Chapter 210 of Laws 2023 for exhibit development is extended through fiscal year 2025.											333
334	5 LO	State Engineer	The period of time for expending the two million dollars ($2,000,000) appropriated to the state engineer in Subsection 101 of Section 5 in Chapter 210 of Laws 2023 is extended through fiscal year 2025.											334
335	5 LO	State Engineer	The period of time for expending the ten million dollars ($10,000,000) appropriated to the state engineer in Subsection 31 of Section 10 of Chapter 54 of Laws 2022, and partially amended by Subsection 103 of Section 5 of Chapter 210 of Laws 2023, is extended through fiscal year 2027.											335
336	5 LO	State Engineer	The period of time for expending the thirty million three hundred thousand dollars ($30,300,000) appropriated to the state engineer in Subsection 32 of Section 10 of Chapter 54 of Laws 2022, and partially amended by Subsection 104 of Section 5 of Chapter 210 of Laws 2023, is extended through fiscal year 2027.											336
337	5 LO	State Engineer	The period of time for expending the six million dollars ($6,000,000) appropriated to the state engineer in Subsection 74 of Section 5 of Chapter 54, Laws 2022 is extended through fiscal year 2027.											337
338	5 LO	State Engineer	The period of time for expending the thirty-five million dollars ($35,000,000) appropriated to the state engineer in Subsection 105 of Section 5 in Chapter 210 of Laws 2023 is extended through fiscal year 2028.											338
339	5 LO	State Engineer	The period of time for expending the ten million dollars ($10,000,000) appropriated to the state engineer in Subsection 106 of Section 5 in Chapter 210 of Laws 2023 is extended through fiscal year 2028.											339
340	5 LO	State Engineer	The period of time for expending the two million dollars ($2,000,000) appropriated to the state engineer in Subsection 107 of Section 5 in Chapter 210 of Laws 2023 is extended through fiscal year 2025.											340
341	5 LO	State Engineer	The period of time for expending the seven million five hundred thousand dollars ($7,500,000) appropriated to the state engineer in Subsection 110 of Section 5 in Chapter 210 of Laws 2023 is extended through fiscal year 2028.											341

	Sec.	Agency	Item	Agency Request					LFC Recommendation					
				GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
342	5 LO	Health Care Authority Department	Any unexpended balances attributable to the federal matching increase from section 9817 of the American Rescue Plan Act of 2021 accrued by the medical assistance program of the health care authority remaining at the end of fiscal year 2021, fiscal year 2022 and fiscal year 2023 from appropriations made from the general fund shall not revert and my be expended in fiscal year 2023 through fiscal year 2025 to support reinvestment in the expansion, enhancement or strengthening of the home and community-based services as required in section 9817 of the American Rescue Plan Act of 2021, including eliminating the wait list for the 1915(c) development disabilities medicaid waivers and implementing the temporary home and community-based services provider economic recovery payments.											342
343	5 LO	Health Care Authority Department	The period of time for expending the four million one hundred thousand one hundred dollars ($4,100,100) appropriated from the general fund in Subsection 117 of Section 5 of Chapter 210 of Laws 2023 is extended through fiscal year 2025.											343
344	5 LO	Workforce Solutions Department	The period of time for expending the fourteen million five hundred thousand ($14,500,000) appropriated from the other state funds in Subsection 128 of Section 5 of Chapter 210 of Laws 2023 to assist displaced workers in affected communities pursuant to Section 62-18-16 NMSA 1978, including five million dollars ($5,000,000) for energy transition is extended through fiscal year 2025.											344
345	5 LO	Department of the Environment	The period of time for expending the four million dollars ($4,000,000) appropriated in Subsection 141 of Section 5 of Chapter 208 of Laws 2023 to develop and implement actions related to climate change is extended through fiscal year 2025.											345
346	5 LO	Department of the Environment	The period of time for expending the two million five hundred thousand dollars ($2,500,000) appropriated from Gold King mine settlement funds in Subsection 78 of Section 5 of Chapter 137 of Laws 2021 for protection and restoration of the environment is extended through fiscal year 2025.											346

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
347	5 LO	Department of the Environment	The period of time for expending the one million dollars ($1,000,000) appropriated in Subsection 149 of Section 5 of Chapter 208 of Laws 2023 for the water protection division to support the regionalization of small water systems is extended through fiscal year 2025.											347
348	5 LO	Department of the Environment	The period of time for expending the two million eight hundred thirty-nine thousand seven hundred dollars ($2,839,700) appropriated in Subsection 150 of Section 5 of Chapter 210 of Laws 2023 to match federal funds for cleanup of superfund hazardous waste sites in New Mexico is extended through fiscal year 2025.											348
349	5 LO	Department of the Environment	The period of time for expending the six hundred eighty thousand dollars ($680,000) appropriated in Subsection 153 of Section 5 of Chapter 208 of Laws 2023 to develop a surface water discharge permitting program is extended through fiscal year 2025.											349
350	5 LO	Office of Family Representation	The period of time for expending one hundred eighty three thousand seven hundred dollars ($183,700) of the three hundred thousand dollars ($300,000) appropriated from the general fund in Subsection 159 of Section 5 of Chapter 210 of Laws 2023 to purchase furniture and equipment is extended through fiscal year 2025.											350
351	5 LO	Children, Youth and Families Department	The period of time for expending the three millions dollars ($3,000,000) appropriated from the general fund in Section 5 of Chapter 210 of Laws 2023 to the children, youth, and families department for workforce strategies is extended through fiscal year 2025 for social worker development , including technical assistance to implement strategies to recruit licensed social workers, recruitment and retention incentives for licensed social work graduates, case-load improvement cross training, evidence-based core competency model development, evidence-based social work hiring practices, and social work leadership and mentorship.											351

	Sec.	Agency	Item	Agency Request					LFC Recommendation					
				GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
352	5 LO	Corrections Department	The period of time for expending the one million dollars ($1,000,000) appropriated from the general fund in Subsection 168 of Section 5 of Chapter 210 of Laws 2023 for converting paper offender files to electronic records is extended through fiscal year 2025.											352
353	5 LO	Corrections Department	The period of time for expending the one million dollars ($1,000,000) appropriated from the consumer settlement fund in Subsection 11 of Section 11 of Chapter 210 of Laws 2023 for medication-assisted treatment in prisons is extended through fiscal year 2025.											353
354	5 LO	Department of Public Safety	The period of time for expending one million four hundred sixty one eight hundred dollars ($1,461,800) to purchase equipment for the New Mexico state police, including ballistic shields and plates, tasers and ammunition is extended through fiscal year 2025.											354
355	5 LO	Department of Public Safety	The period of time for expending the one hundred thousand dollars ($100,000) appropriated from the general fund in Subsection 98 of Section 5 of Chapter 73 of Laws 2018 to maintain a flash roll for criminal investigations by the New Mexico state police is extended through fiscal year 2026. Any unexpended balances from this appropriation remaining at the end of fiscal year 2026 shall not revert.											355
356	5 LO	Department of Public Safety	The period of time for expending five hundred thousand ($500,000) to conduct a police officer job task analysis for the New Mexico law enforcement academy board or other primary entity responsible for police officer training is extended through fiscal year 2025.											356
357	5 LO	Department of Public Safety	The period of time for expending the eight hundred ninety-two thousand eight hundred dollars ($892,800) appropriated from the general fund in Subsection 98 of Section 5 of Chapter 54 of Laws 2022 for advanced training initiatives for commissioned New Mexico state police officers is extended through fiscal year 2025.											357

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
358	5 LO	New Mexico State University	The period of time for expending the ten million dollars ($10,000,000) appropriated from the general fund in Subsection 232 of Section 5 of Chapter 210 of Laws 2023 for land acquisition, planning, design and construction of the New Mexico reforestation center is extended through fiscal year 2025.											358
359	6	Compilation Commission	For group health insurance premiums in fiscal year 2024.	$2.2				$2.2						359
360	6	Administrative Office of the Courts	For group health insurance contributions in fiscal year 2024.	$167.8				$167.8						360
361	6	Administrative Office of the Courts	To fund a shortfall for the jury and witness program.	$500.0				$500.0	$1,500.0				$1,500.0	361
362	6	Administrative Office of the Courts	to fund a shortfall for the magistrate court leases	$300.0				$300.0	$300.0				$300.0	362
363	6	First Judicial District Court	For group health insurance contributions in fiscal year 2024.	$23.9				$23.9						363
364	6	Second Judicial District Court	For group health insurance contributions in fiscal year 2024.	$156.7				$156.7						364
365	6	Third Judicial District Court	For group health insurance contributions in fiscal year 2024.	$46.4				$46.4						365
366	6	Sixth Judicial District Court	For group health insurance contributions in fiscal year 2024.	$4.0				$4.0						366
367	6	Ninth Judicial District Court	For group health insurance contributions in fiscal year 2024.	$13.4				$13.4						367
368	6	Eleventh Judicial District Court	For group health insurance contributions in fiscal year 2024.	$21.6				$21.6						368
369	6	Twelfth Judicial District Court	For group health insurance contributions in fiscal year 2024.	$2.8				$2.8						369
370	6	Thirteenth Judicial District Court	For group health insurance contributions in fiscal year 2024.	$22.0				$22.0						370
371	6	Second Judicial District Attorney	For a prior year shortfall in the personal services and employee benefits category.	$982.6				$982.6	$982.6				$982.6	371
372	6	Second Judicial District Attorney	For personal services and employee benefits to fully staff the office.	$3,000.0				$3,000.0	$1,000.0				$1,000.0	372
373	6	Administrative Hearings Office	For classification and compensation changes to implement state personnel office recommendations.	$132.6				$132.6						373
374	6	Department of Finance and Administration	To the federal grants management division for dashboard system improvements.	$400.0				$400.0	$100.0				$100.0	374
375	6	Department of Finance and Administration	To address a projected shortfall in personal service and employee benefits.	$1,750.0				$1,750.0	$1,750.0				$1,750.0	375
376	6	Department of Finance and Administration	For shortfalls in the fiscal agent contract special appropriation.	$150.0				$150.0	$150.0				$150.0	376
377	6	Department of Finance and Administration	For staffing, rent and equipment to assist with the transition of the statewide human resources, accounting, and reporting unit to the department of finance and administration.	$4,500.0				$4,500.0						377

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
378	6	General Services Department	For shortfalls in employee group health benefits program.	$69,800.0				$69,800.0	$69,800.0				$69,800.0	378
379	6	General Services Department	For shortfalls in the contractual category for life insurance premiums in the risk management division.	$2,596.7				$2,596.7						379
380	6	General Services Department	For the facilities management program.	$1,000.0				$1,000.0						380
381	6	General Services Department	For shortfalls in the employee group health benefits program.	$80,400.0				$80,400.0	$25,400.0				$25,400.0	381
382	6	Lt. Governor	To address a projected shortfall in personal services and employee benefits.	$100.0				$100.0	$100.0				$100.0	382
383	6	Secretary of State	For the purchase and implementation of an automated voter registration system to enhance voter accessibility, accuracy, and security.	$500.0				$500.0						383
384	6	Secretary of State	For the purchase and implementation of electronic petition software.	$60.0				$60.0	$60.0				$60.0	384
385	6	Secretary of State	For plaintiff's attorney's fees in the case of republican party of New Mexico, et al., v. King No. 1:11-cv-00900-WJ-KBM.	$1,000.0				$1,000.0	$1,000.0				$1,000.0	385
386	6	Secretary of State	To fulfill the legal settlement agreement in the case of Southwest Public Policy Institute v. New Mexico Secretary of State No. D-101-CV-202201994.	$22.0				$22.0	$22.0				$22.0	386
387	6	Economic Development Department	To correct prior accounting errors from fiscal years 2012 and 2016.	$89.7				$89.7	$89.7				$89.7	387
388	6	Regulation and Licensing Department	For prior year deficits in the cannabis control division.	$210.0				$210.0						388
389	6	Regulation and Licensing Department	For prior year deficits in the manufactured housing division.	$500.1				$500.1						389
390	6	Regulation and Licensing Department	For operating expenses of the cannabis control division.		$683.5			$683.5						390
391	6	Regulation and Licensing Department	For operating expenses of the manufactured housing division. The other state funds appropriation to the manufactured housing program of the regulation and licensing department contained in Section 4 of Laws 2023, Chapter 210 is reduced in the personal services and employee benefits category by one million two hundred two thousand five hundred dollars ($1,202,500) and in the contractual services category by eighty-two thousand five hundred dollars ($82,500).	$1,285.0				$1,285.0						391
392	6	Public Regulation Commission	To address projected shortfalls in personnel services and employee benefits	$844.4				$844.4	$844.4				$844.4	392
393	6	Office of the Superintendent of Insurance	For risk-focused financial analysis services.			$530.0		$530.0	$1,500.0				$1,500.0	393

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
394	6	Office of the Superintendent of Insurance	For personal services and employee benefits. The other state funds appropriation is from the insurance operations fund.	$377.6				$377.6		$377.6			$377.6	394
395	6	Aging and Long-Term Services Department	To supplement personnel services and employee benefits in fiscal year 2024.	$3,000.0				$3,000.0						395
396	6	Health Care Authority Department	For temporary positions in the income support division to support employment in rural areas and improve income support division customer service and timeliness of supplemental nutrition assistance payments.	$1,043.0			$2,156.3	$3,199.3						396
397	6	Health Care Authority Department	For contractual staff support related to the public health emergency.	$26,267.7			$78,802.9	$105,070.6						397
398	6	Developmental Disabilities Council	For prior year shortfalls in the office of guardianship.	$94.9				$94.9	$94.9				$94.9	398
399	6	Miners' Hospital	For shortfalls related to hospital operations.	$3,500.0				$3,500.0	$3,500.0				$3,500.0	399
400	6	Department of Health	To correct a deficit from the vaccine incentive program.	$3,000.0				$3,000.0	$3,000.0				$3,000.0	400
401	6	Department of Health	To correct a deficiency in the facilities management program from fiscal year 2023.	$5,600.0				$5,600.0	$5,600.0				$5,600.0	401
402	6	Department of Health	To correct a deficiency in the personal services and employee benefits category from fiscal year 2022.	$433.7				$433.7	$433.7				$433.7	402
403	6	Department of Health	For salary adjustments to the minimum of the pay band for information technology employees.	$60.0				$60.0						403
404	6	Department of Health	For personnel costs and operational expenses at the scientific laboratory.	$1,400.0				$1,400.0						404
405	6	Department of Health	To address a projected shortfall in personal services and employee benefits at Fort Bayard medical center.	$1,877.8				$1,877.8						405
406	6	Department of Health	To address a projected shortfall in personal services and employee benefits at the Los Lunas community program.	$1,211.8				$1,211.8						406
407	6	Department of Health	To address projected shortfalls in costs associated with facility operations.	$697.7				$697.7						407
408	6	Department of Health	To provide necessary services for patient care at the New Mexico behavioral health institute.	$6,580.3				$6,580.3						408
409	6	Department of Health	For computer hardware and software related costs in the facilities management division.	$900.2				$900.2						409
410	6	Department of Health	To provide investigations of abuse, neglect and exploitation of participants receiving services in the developmental disability waiver program.	$150.0				$150.0	$150.0				$150.0	410
411	6	Veterans' Services	For a prior year shortfall created by oversight transfer of the New Mexico veterans home.	$881.4				$881.4						411
412	6	Office of Family Representation	For legal representation for Children's Code cases.	$878.6				$878.6						412

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
413	6	Children, Youth and Families Department	To correct the deficit in the FACTS child care payments fund.	$1,200.0				$1,200.0	$1,200.0				$1,200.0	413
414	6	Department of Military Affairs	For equipment upgrades and repairs for the New Mexico air national guard facilities at Kirtland air force base.	$75.0				$75.0	$75.0				$75.0	414
415	6	Department of Military Affairs	To improve cybersecurity.	$53.0				$53.0						415
416	6	Department of Military Affairs	For personal services and employee benefits.	$80.0				$80.0						416
417	6	Corrections Department	To expand reentry services, treatment programs and housing opportunities in the reentry program. The other state funds appropriation is from the penitentiary income fund.		$2,000.0			$2,000.0		$2,000.0			$2,000.0	417
418	6	Corrections Department	For the continued urinalysis testing of criminal justice involved offenders ordered to terms of probation by the sentencing Court or to terms of parole established by the New Mexico Parole Board. The other state funds appropriation is from the penitentiary income fund.		$500.0			$500.0		$500.0			$500.0	418
419	6	Homeland Security and Emergency Management	For outstanding invoices for prior year purchases of telecommunications and radio services.	$489.9				$489.9	$489.9				$489.9	419
420	6	Homeland Security and Emergency Management	To resolve a negative fund balance in the department's severance tax bond capital outlay fund.	$750.0				$750.0	$750.0				$750.0	420
421	6	Public Education Department	For legal settlement agreements in Brown v. Stewart No. D-202-CV-2021-04628 and Apodaca v. Public Education Department No. 1:19-cv-00288-NF-KHR.	$250.0				$250.0	$250.0				$250.0	421
422	6	Public Education Department	For a budgetary shortfall in providing universal free school meals pursuant to the Healthy Hunger-Free Students' Bill of Rights Act.	$14,678.8				$14,678.8						422
423	6	Public Education Department	For a budgetary shortfall in the state equalization guarantee distribution for K-12 plus.	$63,152.2				$63,152.2						423
424	6	New Mexico State University	To the board of regents at New Mexico State University to cover the state employee health insurance shortfall.	$7,660.5				$7,660.5						424
425	6	New Mexico Military Institute	To cover compensation shortfalls at the New Mexico Military Institute.	$1,321.3				$1,321.3						425
426	6	New Mexico School for the Blind and the Visually Impaired	To cover prior year risk management insurance premium shortfalls.	$514.4				$514.4	$514.4				$514.4	426
427	6	New Mexico School for the Blind and the Visually Impaired	To cover salary shortfalls.	$600.0				$600.0						427
428	6	New Mexico School for the Deaf	To address salary shortfalls at the New Mexico School for the Deaf.	$250.0				$250.0						428
429	7	Administrative Office of the Courts	To purchase and deploy a new storage solution.			$848.5		$848.5						429

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
430	7	Administrative Hearings Office	To continue and expand development of its case management and electronic filing system and modernization project.			$266.2		$266.2			$266.2		$266.2	430
431	7	Department of Finance and Administration	For statewide capital outlay tracking software.								$1,000.0		$1,000.0	431
432	7	Secretary of State	For an automated voter registration system.								$500.0		$500.0	432
433	7	Regulation and Licensing Department	To initiate and implement Phase V of IT replacement project.		$2,750.0	$750.0		$3,500.0		$2,750.0	$750.0		$3,500.0	433
434	7	Cultural Affairs Department	For cybersecurity upgrades and compliance.			$425.0		$425.0						434
435	7	Commissioner of Public Lands	To improve the functionality, efficiency and data quality for the land information management system. The other state funds appropriation is from the state lands maintenance fund.		$1,700.0			$1,700.0		$1,700.0			$1,700.0	435
436	7	Commissioner of Public Lands	To upgrade technical components and improve the functionality, efficiency and data quality for the oil and gas royalty administration and processing system (RAPS). The other state funds appropriation is from the state lands maintenance fund.		$6,000.0			$6,000.0		$6,000.0			$6,000.0	436
437	7	State Engineer	To modernize water rights adjudication tracking system web applications and database platforms.			$225.0		$225.0			$225.0		$225.0	437
438	7	Early Childhood Education and Care Department	To plan, configure and implement enterprise content management system.			$500.0		$500.0		$500.0			$500.0	438
439	7	Health Care Authority Department	The period of time for expending the two million seventy thousand seven hundred dollars ($2,070,700) appropriated from the computer systems enhancement fund and eighteen million six hundred thirty-five thousand nine hundred ($18,635,900) appropriated from federal funds.	$2,070.7			$18,635.9	$20,706.6						439
440	7	Health Care Authority Department	The period of time for expending the seven million six hundred one thousand dollars ($7,601,000) appropriated from the computer systems enhancement fund and fourteen million seven hundred fifty-four thousand dollars ($14,754,000) appropriated from federal funds.	$7,601.0			$14,754.0	$22,355.0						440
441	7	Health Care Authority Department	The period of time for expending the seventy thousand dollars ($70,000) appropriated from the computer systems enhancement fund and six hundred thirty thousand dollars ($630,000) appropriated from federal funds	$70.0			$630.0	$700.0			$70.0	$630.0	$700.0	441
442	7	Health Care Authority Department	To continue the all payer claims database project. The other state appropriation is from the medical assistance program of the human services department.							$766.1	$600.0		$1,366.1	442

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
443	7	Workforce Solutions Department	To modernize the unemployment insurance enterprise case management system.	$2,300.0			$8,932.7	$11,232.7			$2,300.0	$8,932.7	$11,232.7	443
444	7	Workforce Solutions Department	To secure the necessary palo alto firewall and switches, and professional services to purchase and replace the equipment.	$230.0				$230.0						444
445	7	Workers' Compensation Administration	To provide funding for phase II of the WCA's IT modernization project			$1,875.0		$1,875.0		$1,875.0			$1,875.0	445
446	7	Department of Health	To continue the implementation of an all payers claims database.		$766.1	$600.0		$1,366.1						446
447	7	Department of Health	To modernize and rebuild the department website.			$2,180.0		$2,180.0						447
448	7	Department of Health	To implement comprehensive security tools.			$862.9		$862.9						448
449	7	Department of Health	To implement a network and endpoint recalibration.			$5,164.1		$5,164.1						449
450	7	Department of Health	To implement broadband optimization and a disaster recovery site.			$2,628.3		$2,628.3						450
451	7	Department of the Environment	To complete the implementation of document digitization.			$1,600.0		$1,600.0			$1,600.0		$1,600.0	451
452	7	Department of the Environment	To migrate legacy applications to the cloud, implement a digital public portal, and modernize applications.			$1,600.0		$1,600.0			$800.0		$800.0	452
453	7	Corrections Department	To continue the implementation of an electronic heath records system.			$1,925.0		$1,925.0			$1,925.0		$1,925.0	453
454	7	Department of Public Safety	To continue the implementation of an asset management tracking system.			$700.0		$700.0			$700.0		$700.0	454
455	7	Department of Public Safety	To continue the modernization of the criminal justice information system and national crime information system.			$8,000.0		$8,000.0			$4,000.0		$4,000.0	455
456	7	Public Education Department	To enhance and integrate current IT operating systems.			$3,171.2		$3,171.2						456
457	7	Public Education Department	To implement a commercial off-the-shelf communication software solution.			$1,130.0		$1,130.0						457
458	7	Public Education Department	To implement a department-wide digitization and records retention system.			$2,750.0		$2,750.0			$2,750.0		$2,750.0	458
459	7	Higher Education Department	To continue the longitudinal data system project.			$3,725.0		$3,725.0			$3,725.0	$864.0	$4,589.0	459
460	7	Higher Education Department	For continuation of shared services enterprise resource planning system implementation.			$28,000.0		$28,000.0			$7,000.0		$7,000.0	460

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
461	7 LO	Administrative Office of the Courts	The period of time for expending the one hundred twelve thousand six hundred dollars ($112,600) appropriated from the computer systems enhancement fund in Subsection 2 of Section 7 of Chapter 83 of Laws of 2020 and as extended in Subsection 1 of Section 7 of Chapter 54 of Laws 2022 to implement an integrated electronic court notices solution for the court's case management system is extended through fiscal year 2025 and may be used for improvements to the case management, electronic filing or reporting systems.											461
462	7 LO	Administrative Office of the District Attorneys	The period of time for expending the two million five hundred sixty-four thousand dollars ($2,564,000) appropriated from the computer systems enhancement fund and the one hundred seventy thousand dollars ($170,000) appropriated from fund balances in Subsection 2 of Section 7 of Chapter 54 of Laws 2022 to purchase an enterprise comprehensive case management system through a competitive bid process is extended through fiscal year 2025.											462
463	7 LO	Law Offices of the Public Defender	The period of time for expending the two million three hundred fifty dollars ($2,350,000) appropriated from the computer systems enhancement fund in Subsection 4 of Section 7 of Chapter 54 of Laws 2022 for a scanning and survivable storage project is extended through fiscal year 2025.											463
464	7 LO	Department of Finance and Administration	The period of time for expending the one million two hundred fifty thousand dollars ($1,250,000) appropriated from the computer systems enhancement fund in Subsection 8 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 8 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 5 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 9 of Section 7 of Chapter 54 of Laws 2022 and as extended in Subsection 5 of Section 7 of Chapter 210 of Laws 2023 for the implementation of an enterprise budget system is extended through fiscal year 2025.											464

“7 LO” indicates a Section 7 language-only appropriation. Highlighted items are included in the LFC recommendation.

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
465	7 LO	Department of Finance and Administration	The period of time for expending the four million dollars ($4,000,000) appropriated from the computer systems enhancement fund in Subsection 10 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 4 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 10 of Section 7 of Chapter 54 of Laws 2022 and as extended in Subsection 6 of Section 7 of Chapter 210 of Laws 2023 for the implementation of an enterprise budget system is extended through fiscal year 2025.											465
466	7 LO	Commissioner of Public Lands	The period of time for expending the two million dollars ($2,000,000) appropriated from the state lands maintenance fund in Subsection 18 of Section 7 of Chapter 54 of Laws 2022 to continue the modernization of software and for the addition of renewable energy project financial management and support capabilities is extended through fiscal year 2025.											466
467	7 LO	State Engineer	The period of time for expending the one million eight hundred seventeen thousand four hundred dollars ($1,817,400) appropriated from the computer systems enhancement fund in Subsection 20 of Section 7 of Chapter 54 of Laws 2022 to modernize and replace the existing water rights adjudication tracking system is extended through fiscal year 2025.											467
468	7 LO	Aging and Long-Term Services Department	The period of time for expending the two hundred eighty thousand three hundred dollars ($280,300) appropriated from the computer systems enhancement fund and the two million two hundred ninety-one thousand six hundred dollars ($2,291,600) appropriated from federal funds in Subsection 21 of Section 7 of Chapter 83 of Laws 2020 and as extended in Subsection 21 of Section 7 of Chapter 54 of Laws 2022 to consolidate and modernize information technology systems for integration with the human services department's medicaid management information system replacement project is extended through fiscal year 2025.											468

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
469	7 LO	Health Care Authority Department	The period of time for expending the one million seven hundred eighty-three thousand six hundred dollars ($1,783,600) appropriated from the computer systems enhancement fund and the three million four hundred sixty-two thousand two hundred eighty-two ($3,462,282) appropriated from federal funds in Subsection 22 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 13 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 24 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 18 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of the child support enforcement replacement project is extended through fiscal year 2025.											469
470	7 LO	Health Care Authority Department	The period of time for expending the two million eight hundred thirty-two thousand five hundred dollars ($2,832,500) appropriated from the computer systems enhancement fund and the five million four hundred ninety-eight thousand four hundred dollars ($5,498,400) appropriated from federal funds in Subsection 22 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 26 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 20 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of the child support enforcement replacement project is extended through fiscal year 2025.											470
471	7 LO	Health Care Authority Department	The period of time for expending the four million eight hundred seventy-five thousand two hundred dollars ($4,875,200) appropriated from the computer systems enhancement fund and the nine million four hundred sixty-three thousand seven hundred dollars ($9,463,700) appropriated from federal funds in Subsection 22 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 26 of Section 7 of Chapter 54 of Laws 2022 to continue the implementation of the child support enforcement replacement project is extended through fiscal year 2025.											471

	Sec.	Agency	Item	Agency Request					LFC Recommendation					
				GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
472	7 LO	Health Care Authority Department	The period of time for expending the one million two hundred fifty-five thousand six hundred dollars ($1,255,600) appropriated from the computer systems enhancement fund and the eleven million three hundred thousand five hundred ($11,300,500) appropriated from federal funds in Subsection 22 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 14 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 24 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 19 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2025.											472
473	7 LO	Health Care Authority Department	The period of time for expending the four million one hundred four thousand one hundred dollars ($4,104,100) appropriated from the computer systems enhancement fund and the thirty-six million one hundred forty-six thousand three hundred dollars ($36,146,300) appropriated from federal funds in Subsection 23 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 27 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 21 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2025.											473
474	7 LO	Health Care Authority Department	The period of time for expending the one million two hundred eight thousand nine hundred dollars ($1,208,900) appropriated from the computer systems enhancement fund and the ten million eight hundred twelve thousand eight hundred dollars ($10,812,800) appropriated from federal funds in Subsection 17 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 22 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2025.											474

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
475	7 LO	Health Care Authority Department	The period of time for expending the eight million four hundred thousand dollars ($8,400,000) appropriated from the computer systems enhancement fund and the sixty-eight million forty-one thousand five hundred dollars ($68,041,500) appropriated from federal funds in Subsection 23 of Section 7 of Chapter 54 of Laws 2022 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2025.											475
476	7 LO	Workers' Compensation Administration	The period of time for expending the two million dollars ($2,000,000) appropriated from the workers' compensation fund in Subsection 18 of Section 7 of Chapter 137 of Laws 2021 and as extended in Subsection 23 of Section 7 of Chapter of Laws 2023 to modernize information technology systems and applications is extended through fiscal year 2025.											476
477	7 LO	Department of Health	The period of time for expending the four million dollars ($4,000,000) appropriated from the computer systems enhancement fund in Subsection 24 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 40 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 30 of Section 7 of Chapter 210 of Laws 2023 to purchase and implement an enterprise electronic healthcare records system for public health offices is extended through fiscal year 2025.											477
478	7 LO	Department of Health	The period of time for expending the three million five hundred thousand dollars ($3,500,000) appropriated from the computer systems enhancement fund in Subsection 28 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 37 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 33 of Section 7 of Chapter 210 of Laws 2023 to purchase and implement an enterprise electronic healthcare records system for public health offices is extended through fiscal year 2025.											478

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
479	7 LO	Department of Health	The period of time for expending the three million seven hundred fifty thousand dollars ($3,750,000) appropriated from the computer systems enhancement fund in Subsection 31 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 37 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 35 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of an enterprise electronic health records system is extended through fiscal year 2025.											479
480	7 LO	Department of Health	The period of time for expending the ten million seven hundred fifty thousand dollars ($10,750,000) appropriated from the computer systems enhancement fund in Subsection 30 Section 7 of Chapter 54 of Laws 2022 to continue the implementation of an enterprise electronic health records system is extended through fiscal year 2025.											480
481	7 LO	Department of Health	The period of time for expending the two million one hundred thousand dollars ($2,100,000) appropriated from the computer systems enhancement fund in Subsection 27 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 27 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 32 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 31 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of an integrated document management system and upgrade the vital records database is extended through fiscal year 2025.											481
482	7 LO	Department of Health	The period of time for expending the nine hundred thousand dollars ($900,000) appropriated from the computer systems enhancement fund in Subsection 27 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 42 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 32 of Section 7 of Chapter 210 of Laws 2023 for the initiation and planning phase to implement a database for healthcare cost data is extended through fiscal year 2025.											482

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
483	7 LO	Department of Health	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the computer systems enhancement fund in Subsection 19 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 34 of Section 7 of Chapter 210 of Laws 2023 for an all payer claims database is extended through fiscal year 2025.											483
484	7 LO	Department of Health	The period of time for expending the two million seven hundred fifty thousand dollars ($2,750,000) appropriated from the computer systems enhancement fund in Subsection 26 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 34 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 28 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 34 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 29 of Section 7 of Chapter 210 of Laws 2023 to purchase and implement an integrated document management system and upgrade the vital records database is extended through fiscal year 2025.											484
485	7 LO	Department of Health	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the computer systems enhancement fund in Subsection 31 Section 7 of Chapter 54 of Laws 2022 for planning and initiation of a facilities centralized reporting system is extended through fiscal year 2025.											485
486	7 LO	Department of Health	The period of time for expending the two million four hundred thousand dollars ($2,400,000) appropriated from the computer systems enhancement fund Subsection 10 of Section 7 of Chapter 135 of Laws 2017 as extended in Subsection 25 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 33 of Chapter 83 of Laws 2020 as extended in Subsection 26 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 33 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 24 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of the developmental disabilities client management support system is extended through fiscal year 2025 and is transferred to the health care authority in fiscal year 2025.											486

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
487	7 LO	Department of Health	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the computer systems enhancement fund and the four million five hundred thousand dollars ($4,500,000) appropriated from federal funds in Subsection 29 of Section 7 of Chapter 173 of Laws 2021 as extended in Subsection 28 of Section 7 of Chapter 210 of Laws 2023 for implementing a comprehensive care management system for the developmental disabilities supports division is extended through fiscal year 2025 and is transferred to the health care authority in fiscal year 2025.											487
488	7 LO	Department of Health	The period of time for expending the two million dollars ($2,000,000) appropriated from the computer systems enhancement fund in Subsection 29 Section 7 of Chapter 54 of Laws 2022 to implement a client data management system is extended through fiscal year 2025 and is transferred to the health care authority in fiscal year 2025.											488
489	7 LO	Department of the Environment	The period of time for expending the five hundred thousand dollars ($500,000) appropriated in Subsection 43 of Section 7 of Chapter 54 of Laws 2022 to implement a document digitization and management system is extended through fiscal year 2025.											489
490	7 LO	Children, Youth and Families Department	The period of time for expending the three million five hundred twenty-three thousand seven hundred dollars ($3,523,700) appropriated from the computer systems enhancement fund and seventeen million ninety-five thousand nine hundred dollars ($17,095,900) appropriated from federal funds in Subsection 33 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 40 of Section 7 of Chapter 210 of Laws 2023 to continue the modernization of the comprehensive child welfare information system is extended through fiscal year 2025.											490

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
491	7 LO	Children, Youth and Families Department	The period of time for expending the seven million dollars ($7,000,000) appropriated from the computer systems enhancement fund and the ten million nine hundred thousand dollars ($10,900,000) appropriated from federal funds in Subsection 37 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 44 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 39 of Section 7 of Chapter 210 of Laws 2023 to continue the modernization of the comprehensive child welfare information system is extended through fiscal year 2025.											491
492	7 LO	Corrections Department	The period of ime for expending the six million two hundred thrity-eight thousand dollars ($6,238,000) appropriated from the compputer systems enhancement fund in Subsection 45 of Section 7 of Chapter 54 of Laws 2022 for the continued implementation of an electronic health records system is extended through fiscal year 2025.											492
493	7 LO	Department of Public Safety	The period of time for expending the one million nine hundred ninety thousand dollars ($1,990,000) appropriated from the computer systems enhancement fund in Subsection 46 of Section 7 of Chapter 54 of Laws 2022 to purchase and implement enhanced cybersecurity hardware and software for the criminal justice information services network is extended through fiscal year 2025.											493
494	7 LO	Department of Public Safety	The period of time for expending the three million dollars ($3,380,000) appropriated from the computer systems enhancement fund in Subsection 47 of Section 7 of Chapter 54 of Laws 2022 to implement an intelligence-led policing and public safety system is extended through fiscal year 2025.											494

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
495	7 LO	Department of Public Safety	The period of time for expending the five million four hundred sixty-five thousand dollars ($5,465,000) appropriated from the computer systems enhancement fund in Subsection 43 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 48 of Section 7 of Chapter 54 of Laws 2022 as extended in Subsection 47 of Section 7 of Chapter 210 of Laws 2023 to continue the implementation of a commercial off-the-shelf records management system is extended through fiscal year 2025.											495
496	9	Early Childhood Education and Care Department	To pilot a wage and career ladder for infant and toddler early educators in childcare assistance classrooms and fund a randomized control study of the program.							$20,000.0			$20,000.0	496
497	9	Aging and Long-Term Services Department	For the New Mexicare program and to fund a randomized control study of the program.							$12,500.0			$12,500.0	497
498	9	Health Care Authority Department	For a four year pilot, to expand evidence-based behavioral health services, including screening brief intervention and referral to treatment and certified community behavioral health clinics, to sustainably bill medicaid once fully operational.							$20,000.0			$20,000.0	498
499	9	Workforce Solutions Department	For the implementation of a trades career exploration program pilot targeted for disconnected and disengaged young adults and evaluation of employment outcomes of participants.							$8,000.0			$8,000.0	499
500	9	Workforce Solutions Department	For a four-year pilot, expending up to $600 thousand annually, of the implementation and outcome evaluation of youth re-employment, apprenticeship, and pre-apprenticeship programs targeted to disengaged and disconnected young adults who are currently unemployed or at-risk of being unemployed, not currently enrolled in high school							$2,400.0			$2,400.0	500
501	9	Office of Family Representation	For a four-year pilot project and rigorous outcome evaluation of multidisciplinary team legal services for children, youth, and adults whose children are in custody of or are at-risk of being in the custody of the children, youth and families department in Bernalillo and Dona Ana counties. The office of family representation advocacy shall seek federal Title IV-E reimbursement for eligible multidisciplinary services.							$6,500.0	$1,750.0		$8,250.0	501

Section 9 appropriations are from the government accountability and improvement program fund, contingent on legislation. The recommendations are for four years, with equal amounts in each year

				Agency Request					LFC Recommendation					
	Sec.	Agency	Item	GF	OSF	INT	FF	Total	GF	OSF	INT	FF	Total	
502	9	Children, Youth and Families Department	For a four-year pilot program and evaluation that incentivizes attainment of masters-level social work licensure to develop and retain caseworkers.							$2,250.0			$2,250.0	502
503	9	Children, Youth and Families Department	For a four-year pilot to expand evidence-based implementation of differential response statewide, with years two through four contingent upon approval of the state's federal Family First Prevention Services Act prevention plan.							$5,600.0			$5,600.0	503
504	9	Children, Youth and Families Department	For a four-year pilot to expand evidence-based prevention and intervention programs, including Safe Care home visiting, published in the federal Title IV-E Prevention Services Clearinghouse or that may be reimbursed by Medicaid, with funding in years two							$12,000.0			$12,000.0	504
505	9	Public Education Department	For science, technology, engineering, arts, and mathematics and career technical education initiatives. The interagency transfer appropriation is from the public education reform fund.							$10,000.0	$2,000.0		$12,000.0	505
506	9	Public Education Department	For educator clinical practice programs. The interagency transfer appropriations is from the public education reform fund.							$56,750.0	$23,250.0		$80,000.0	506
507	9	Public Education Department	For stipends and pay differentials to fill hard to staff positions and chronic special education vacancies.							$60,000.0			$60,000.0	507
508	9	Higher Education Department	For community colleges and regional universities to provide workforce training that results in an industry-recognized credential, endorsement or support, including apprenticeships or internships. Institutions shall submit an implementation plan prior to							$80,000.0			$80,000.0	508
509	9	New Mexico Institute of Mining and Technology	For geothermal resource development.							$2,000.0			$2,000.0	509
510	9	Santa Fe Community College	For a suicide prevention training program.							$2,000.0			$2,000.0	510
511	10	Department of Finance and Administration	For the conservation legacy permanent fund in fiscal year 2025.						$300,000.0				$300,000.0	511
512	10	Department of Finance and Administration	For the behavioral health capital fund in fiscal year 2024.						$25,000.0				$25,000.0	512
513	10	Department of Finance and Administration	For the primary care capital fund in fiscal year 2024.						$25,000.0				$25,000.0	513
514	10	Department of Finance and Administration	To the water trust fund in fiscal year 2024.						$100,000.0				$100,000.0	514

	Sec.	Agency	Item	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FF	LFC Recommendation Total	
515	10	Department of Finance and Administration	To the affordable housing trust fund administered by the New Mexico mortgage finance authority in fiscal year 2024 pursuant to the provisions of the Affordable Housing Act to acquire, build, and rehabilitate affordable housing for people statewide, including those with behavioral health needs and victims of domestic violence.						$50,000.0				$50,000.0	515
516	10	Department of Finance and Administration	For the government accountability and improvement trust fund in fiscal year 2025. The general fund appropriation is contingent on enactment of legislation of the second session of the fifty sixth legislature creating a trust and program fund and providing for the distribution of the trust.						$663,000.0				$663,000.0	516
517	10	Department of Finance and Administration	For the government accountability and improvement program fund in fiscal year 2025. The general fund appropriation is contingent on enactment of legislation of the second session of the fifty sixth legislature creating a trust and program fund and providing for the distribution of the trust fund.						$300,000.0				$300,000.0	517
518	10	Department of Finance and Administration	For the magistrate court warrant enforcement fund. The other state funds appropriations is from the balances held by the administrative office of the courts from distributions of the water project fund for water rights adjudications pursuant to section 7-4A-9 NMSA 1978.							$884.0			$884.0	518
519	10	Health Care Authority Department	For the opioid crisis recovery fund. The The internal service funds/interagency transfers appropriation is from the opioid settlement restricted fund.								$12,700.0		$12,700.0	519
520	10	Health Care Authority Department	For the tobacco settlement permanent fund. The other state funds appropriation is from the tobacco settlement program fund.							$4,389.3			$4,389.3	520

	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FF	Agency Request Total	Staff Scenario GF	Staff Scenario OSF	Staff Scenario INT	Staff Scenario FF	Staff Scenario Total
Section 5 Totals	$2,370,593.4	$55,160.0	$886.6	$10,115.8	**$2,436,755.8**	$770,301.4	$42,872.0	$2,500.0	$5,723.3	**$821,396.7**
Section 6 - Deficiencies	$94,289.5				**$94,289.5**	$82,440.8				**$82,440.8**
Section 6 - Supplementals	$225,324.2	$3,183.5	$530.0	$80,959.2	**$309,996.9**	$38,215.8	$2,877.6			**$41,093.4**
Section 6 Total	**$319,613.7**	**$3,183.5**	**$530.0**	**$80,959.2**	**$404,286.4**	**$120,656.6**	**$2,877.6**			**$123,534.2**
Sections 5 and 6 Total	**$2,690,207.1**	**$58,343.5**	**$1,416.6**	**$91,075.0**	**$2,841,042.2**	**$890,958.0**	**$45,749.6**	**$2,500.0**	**$5,723.3**	**$944,930.9**
Section 7 - IT Projects							**$13,591.1**	**$28,211.2**	**$10,426.7**	**$52,229.0**
Section 9 - Expendable Trust							**$300,000.0**	**$27,000.0**		**$327,000.0**
Section 10 - Fund Transfers						$1,463,000.0	$5,273.3	$12,700.0		**$1,480,973.3**
Grand Total	**$2,690,207.1**	**$58,343.5**	**$1,416.6**	**$91,075.0**	**$2,841,042.2**	**$2,353,958.0**	**$364,614.0**	**$70,411.2**	**$16,150.0**	**$2,805,133.2**