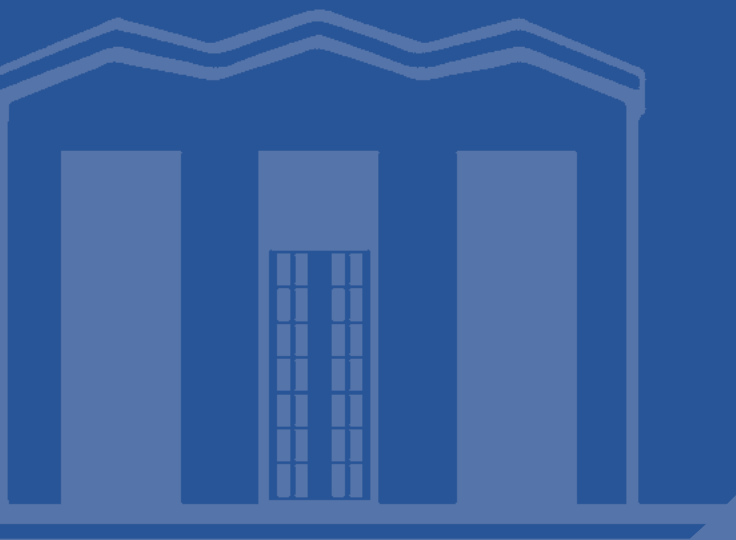


Volume 2

New Mexico Legislative Finance Committee
Report to the Fifty-Sixth Legislature, Second Session

LEGISLATING FOR RESULTS: APPROPRIATIONS RECOMMENDATIONS



January 2024 for the 2025 Fiscal Year

Published by:

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January 2024

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Legislative

BUDGET SUMMARY
(Dollars in Thousands)

USES	FY23	FY24	FY25		
	2022-2023 Actuals	Operating Budget	Agency Request	LFC Recommendation	Percent Incr/(Decr) Over FY24
111 Legislative Council Service	7,344.5	8,887.2	10,623.9	10,623.9	19.5%
112 Legislative Finance Committee	5,063.8	5,947.5	6,185.4	6,244.8	5.0%
114 Senate Chief Clerk	1,857.1	3,106.2	3,367.1	3,367.1	8.4%
115 House Chief Clerk	1,897.9	3,097.1	3,357.3	3,357.3	8.4%
117 Legislative Education Study Committee	1,393.9	1,767.6	1,856.5	1,856.5	5.0%
119 Legislative Building Services (GAA)	4,733.5	5,452.3	5,668.7	5,724.9	5.0%
131 Interim Committee Expenses	859.3	4,000.0	2,000.0	2,000.0	-50.0%
131 Pre-Session Expenses	328.4	510.0	510.0	510.0	0.0%
131 Legislative Internship Program	41.2	55.0	60.0	60.0	9.1%
131 Senate Rules Interim Committee	0.0	35.0	35.0	35.0	0.0%
131 Capital Buildings Planning Commission	61.0	150.0	250.0	250.0	66.7%
TOTAL	\$23,580.6	\$33,007.9	\$33,913.9	\$34,029.5	3.1%

	FY23-FY24		FY24		
	Actuals to-date				
NONRECURRING (FY23-24)					
111 LCS Interim Committee Staff/Contractors	0.0	720.0	**Funding requested in recurring base budget (Agency 111)		
131 Legislative Information Systems	1,723.4	2,143.9	2,773.6	2,773.6	29.4%
131 National Dues & Membership Fees	418.0	435.3	475.1	475.1	9.1%
131 Committee Room Audiovisual Upgrades	641.0	1,500.0			
131 House & Senate Chamber Display Boards	841.5	1,300.0			
131 Feasibility Study for District Staff Offices and Operations	130.7	2,500.0			

NONRECURRING (REVERTS FY26)					
131 Legislative Processing System	0.0	9,500.0			
131 Constituent Services Platform	0.0	500.0			

NONRECURRING					
2024 Legislature		6,271.80			
2023 Legislature		9,249.00			
2022 Legislature		6,181.50			
2021 Legislature		10,307.10			
2020 Legislature		5,183.20			
2019 Legislature		9,491.70			

*Appropriation for the 2024 30-day legislative session will be made by the Legislature in January 2024. The budgeted amount of \$6,271.8 was provided by the Legislative Council Service.

Appropriation for the 2025 60-day legislative session will be made by the Legislature in January 2025.

TRANSMITTAL OF ESTIMATES

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

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

Judicial

Statutory Authority

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	529.9	462.5	462.5	462.5	0.0
Other Transfers	416.5	400.0	400.0	400.0	0.0
Other Revenues	613.2	575.0	575.0	575.0	0.0
Fund Balance	0.0	115.1	115.1	115.1	0.0
TOTAL SOURCES	\$1,559.6	\$1,552.6	\$1,552.6	\$1,552.6	0.0
USES					
Operations	1,197.3	1,552.6	1,552.6	1,552.6	0.0
TOTAL USES	\$1,197.3	\$1,552.6	\$1,552.6	\$1,552.6	0.0
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	6.0	6.0	6.0	6.0	0.0

At A Glance

The New Mexico Compilation Commission (NMCC) request keeps all revenue flat with FY24. The agency does not project budgetary changes in FY25.

Each fiscal year, in the “feed bill” that pays for legislative expenses, a \$400 thousand appropriation from legislative cash balances is made to NMCC to cover the Legislature’s the share of costs to develop the master database of official annotated laws and the technology for free public access.

From FY15 to FY19, NMCC expended 88 percent of its contractual services budget on average, but from FY20 to FY22, NMCC expended less than 60 percent of its contractual services budget on average. Programmatic changes, cost-saving measures, and a shift in business model has allowed NMCC to achieve its mission at a lower cost. NMCC has recently begun a new four-year contract for its flagship program and expects stable contract costs during that period.

NEW MEXICO COMPILATION COMMISSION

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Average number of nmonesource.com actions performed per month	511,248.0	626,974.0	N/A	N/A	N/A

Statutory Authority

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

Mission

The Judicial Standards Commission serves to protect the public from improper conduct and behavior of judges, to preserve the integrity of the judicial process, to maintain public confidence in the judiciary, to create a greater awareness of proper judicial behavior in the judiciary and the public, and to provide for the expeditious disposition of complaints of judicial misconduct. The commission also has the duty to the constitution to maintain strict confidentiality of all matters until the matters are filed in the New Mexico Supreme Court.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	932.3	1,093.5	1,112.6	1,112.6	1.7
Other Transfers	47.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$979.4	\$1,093.5	\$1,112.6	\$1,112.6	1.7
USES					
Operations	966.0	1,093.5	1,112.6	1,112.6	1.7
TOTAL USES	\$966.0	\$1,093.5	\$1,112.6	\$1,112.6	1.7
FTE					
Permanent	8.0	7.0	7.0	7.0	0.0
TOTAL FTE	8.0	7.0	7.0	7.0	0.0

At A Glance

The Judicial Standards Commission (JSC) requested a general fund revenue increase of \$19.1 thousand, or 1.7 percent, from the FY24 operating budget. The request reflected insurance cost increases, audit rate increases, and building lease increases. JSC is not part of the unified budget but adopted the judiciary’s pay bands.

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

The recommendation supports a \$19.1 thousand, or 1.7 percent, increase in general fund revenue for insurance and operational costs.

JUDICIAL STANDARDS COMMISSION

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Time for release of annual report to the public from the end of the fiscal year (in months)	0.0	0.0	N/A	4.0	4.0
Efficiency	On knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	1.0	3.0	N/A	3.0	3.0
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be held, in meeting cycles	0.0	0.0	2.0	2.0	2.0

Statutory Authority

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,918.1	8,683.9	9,787.7	9,140.4	5.3
Other Transfers	447.2	0.0	0.0	0.0	0.0
Other Revenues	0.0	1.0	1.0	1.0	0.0
TOTAL SOURCES	\$7,365.3	\$8,684.9	\$9,788.7	\$9,141.4	5.3
USES					
Operations	7,340.8	8,684.9	9,788.7	9,141.4	5.3
TOTAL USES	\$7,340.8	\$8,684.9	\$9,788.7	\$9,141.4	5.3
FTE					
Permanent	63.0	62.5	65.0	65.0	4.0
TOTAL FTE	63.0	62.5	65.0	65.0	4.0

At A Glance

The Court of Appeals requested a general fund revenue increase of \$1.1 million, or 12.7 percent, compared with the FY24 operating budget. The request included increases for targeted staff compensation, maintenance and repair, subscription, travel, and insurance. The request also included funding for a court financial manager, three attorney associates, a financial specialist, and an expansion request for an administrative assistant and a human resources administrator.

The committee recommends a \$455.5 thousand, or 5.3 percent, increase for two attorney associates, an administrative assistant, funding for building upkeep, IT agreements, subscriptions, travel, and insurance. With the addition of two attorneys and an administrative assistant, the Court of Appeals should be able to reduce its current time to disposition while also increasing their clearance rate. Additionally, these new FTE will prevent future case backlogs. Funding for the 3 new FTE included in the base budget.

The court reports a high turnover rate of judges over the past four years has contributed to a significant backlog and increase in average time to disposition. In FY23, the average time to disposition for criminal cases was 444 days with a clearance rate of 93.4 percent. Additionally, over the past 10 years, the Court of Appeals budget has increased by 31 percent, about equivalent to inflation.

Base Expansion

The agency requested \$176.2 thousand for 3 new FTE. Two of these FTE were administrative assistant positions, which were requested by the agency to make up for the judges of the court not having any administrative assistance. The other FTE was for a human resources administrator, requested to fill the gap of the agency currently not having any human resources staff. The committee recommendation does not fund these expansions but funds one administrative assistant position within the base budget.

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Human Resources Administrator	P215	97.8	0.0
2	Administrative Assistant 2	P215	78.4	0.0
TOTAL			\$176.2	\$0.0

COURT OF APPEALS

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Number of active cases pending for 540 days or less as a percent of total active cases	0.0%	NEW	NEW	75.0%	75.0%
Outcome	Number of active cases pending for 720 days or less as a percent of total active cases	0.0%	NEW	NEW	95.0%	95.0%
Outcome	Number of cases disposed of within 720 days as a percent of total cases resolved	0.0%	NEW	NEW	95.0%	95.0%
Output	Number of cases disposed of within 540 days as a percent of total cases resolved	0.0%	NEW	NEW	75.0%	75.0%
Output	The number of outgoing cases as a percentage of the numbers of incoming cases	58%	106%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	437.0	357.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	422.0	468.0	375.0	375.0	375.0
Outcome	Days to disposition for criminal cases	528.0	444.0	425.0	425.0	425.0
Outcome	Age of active pending criminal cases, in days	373.0	306.0	425.0	425.0	425.0

Statutory Authority

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,882.1	8,086.8	9,829.3	8,446.2	4.4
Other Transfers	386.1	0.0	0.0	0.0	0.0
Federal Revenues	15.4	0.0	0.0	0.0	0.0
Other Revenues	1.1	1.5	0.0	0.0	(100.0)
Fund Balance	0.0	0.0	14.0	0.0	0.0
TOTAL SOURCES	\$7,284.7	\$8,088.3	\$9,843.3	\$8,446.2	4.4
USES					
Operations	7,280.7	8,088.3	9,843.3	8,446.2	4.4
TOTAL USES	\$7,280.7	\$8,088.3	\$9,843.3	\$8,446.2	4.4
FTE					
Permanent	63.0	61.0	71.0	64.0	4.9
TOTAL FTE	63.0	61.0	71.0	64.0	4.9

At A Glance

The New Mexico Supreme Court requested a general fund revenue increase of \$1.7 million, or 21.5 percent, compared with the FY24 operating budget. The request covers attorney compensation, security, insurance, and travel increases. The request also included expansion requests for attorneys, paralegals, financial staff, administrative staff, and a security manager.

The committee recommendation supports an increase of \$357.9 thousand or 4.4 percent, compared with the FY24 operating budget. The committee recommendation supports the request of a security manager for the Supreme Court and for the Court of Appeals. It also includes requested funding for a paralegal and an associate attorney, each to provide legal advice and research. The committee's recommendation is partially funding the requested expansion in the base budget. Due to the increase in cases granted by the Supreme Court, the paralegal and associate attorney positions will enable the Supreme Court to keep pace with the work and help reduce its time to disposition and improve its clearance rates.

Base Expansion

The agency requested \$1.05 million for 10 new FTE. To address the increase in writs granted by the Supreme Court and the reduce time to disposition, the court request two senior attorneys and two associate attorneys. To aid in the publication of Supreme Court opinions and orders, support the Clerk's Office, and improve the courts clearance rate, the agency requested three paralegals. The agency also requested a financial specialist and court manager to provide fiscal and accounting services to the Supreme Court and a security manager to provide experienced security to the Supreme Court and the Court of Appeals. The committee recommendation does not fund these expansions but funds the security manager, an associate attorney, and a paralegal in the base budget.

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Attorney Senior	P216	132.0	0.0
10	Security Manager	P216	90.0	0.0
2	Attorney Senior	P216	132.0	0.0
3	Attorney Associate	P216	122.9	0.0
4	Attorney Associate	P216	122.9	0.0
5	Paralegal	P216	87.1	0.0
6	Paralegal	P216	87.1	0.0
7	Paralegal	P216	87.1	0.0
8	Court Financial Manager	P216	108.8	0.0
9	Financial Specialist	P216	78.4	0.0
TOTAL			\$1,048.3	\$0.0

SUPREME COURT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of active cases pending 672 days or less as a percentage of total active cases	0.0%	NEW	NEW	75.0%	75.0%
Output	Number of active cases pending 762 days or less as a percentage of total active cases	0.0%	1,999,998.2%	1,999,998.2%	190.0%	190.0%
Output	Number of cases disposed of within 672 days as a percent of total cases resolved	0.0%	NEW	NEW	75.0%	75.0%
Output	The number of outgoing cases as a percentage of the number of incoming cases	85%	103%	100%	100%	100%
Outcome	Percentage of criminal cases disposed of in 180 days or less (discretionary appeals - initial review)	90%	94%	95%	95%	95%
Outcome	Percentage of active pending criminal cases 510 days or less (appeals as of right)	77%	82%	75%	75%	75%
Outcome	Percentage of active pending civil cases 180 days or less (discretionary appeals - initial review)	66%	67%	95%	95%	95%
Outcome	Percentage of civil cases disposed of in 630 days or less (discretionary appeals - review granted)	80%	82%	95%	75%	95%

Statutory Authority

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

Mission

The Administrative Office of the Courts (AOC) administers the Magistrate Court program and the statewide automation program. It also provides guidance and technical assistance to all judicial agencies. AOC provides funding and oversight for Special Court Services.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	40,356.8	42,450.6	63,006.8	46,524.5	9.6
Other Transfers	6,238.2	2,877.0	2,877.0	5,053.5	75.7
Federal Revenues	2,337.1	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	8,708.1	11,246.2	3,206.6	3,206.6	(71.5)
Fund Balance	1,000.0	10,677.3	12,891.3	16,922.1	58.5
TOTAL SOURCES	\$58,640.2	\$69,581.7	\$84,312.3	\$74,037.3	6.4
USES					
Personal Services and Employee Benefits	19,897.6	18,398.8	22,336.6	18,647.6	1.4
Contractual services	15,552.4	6,747.4	7,326.5	6,428.5	(4.7)
Other	21,170.7	24,226.7	33,288.9	26,823.1	10.7
Other financing uses	1,488.6	0.0	0.0	0.0	0.0
Pre-trial services	0.0	1,884.8	4,897.8	3,859.5	104.8
Court-appointed special advocate	0.0	1,408.6	1,664.1	1,408.6	0.0
Supervised visitation	0.0	1,224.0	1,224.0	1,224.0	0.0
Water rights	0.0	887.9	887.9	887.9	0.0
Court-appointed attorneys	0.0	1,293.4	1,321.8	1,321.8	2.2
Children's mediation	0.0	292.2	292.2	292.2	0.0
Jury and witness program	0.0	5,917.7	0.0	0.0	(100.0)
Judges pro tem	0.0	69.1	69.1	69.1	0.0
Court Education Institute	0.0	1,596.1	4,576.8	4,576.8	186.7
Access to justice	0.0	252.3	302.3	302.3	19.8
Statewide alternative dispute resolution	0.0	210.4	210.4	210.4	0.0
Drug court	0.0	1,895.3	2,377.3	1,806.0	(4.7)
Drug court fund	0.0	2,917.9	3,176.5	5,819.4	99.4
Adult guardianship	0.0	359.1	360.1	360.1	0.3
TOTAL USES	\$58,109.3	\$69,581.7	\$84,312.3	\$74,037.3	6.4
FTE					
Permanent	172.0	158.7	188.5	167.0	5.3
Term	50.0	43.0	36.0	36.0	(16.3)
TOTAL FTE	222.0	201.7	224.5	203.0	0.6

At A Glance

The Administrative Office of the Courts (AOC) requested an overall total budget of \$84.3 million, 21 percent above the FY24 operating budget. The request included a total general fund revenue increase of \$20.5 million, or 48.4 percent, compared with the FY24 operating budget. However, \$8.1 million, or 39 percent, of the total general fund revenue increase was requested to offset the loss of court fees being eliminated under Laws 2023, Chapter 184. Therefore, \$12.4 million of the agency request were increases to agency programs and \$8.1 million is a general fund swap.

The majority of the agency request was for additional personnel, to fill 30 FTE vacancies and add 17 new FTE, for \$5.4 million. The agency also requested \$2 million for increased rent costs, \$1.2 million for magistrate courts, and \$810 thousand for administrative services. Further, the agency moved Pretrial Services from Administrative Services to Specialty Court Services and moved the Jury and Witness Program from Specialty Court Services to Administrative Services. Additionally, \$2.2 million of the request was an expansion, predominantly for personnel across the agency's four divisions.

The committee recommendation increases general fund revenue to the agency by \$4.1 million, or 9.6 percent, above the FY24 operating budget. The recommendation includes funding for rent, a human resources and fiscal specialist, and pretrial personnel. Additionally, the committee recommends AOC use its \$15.8 million in fund balances to offset the loss of the court fees revenue.

Budget Issues

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

The agency reported existing within its internal fund balances is \$15.8 million, spread across 12 separate funds. Half of these funds have over \$1 million in balances. The agency has over 37 funds with money ranging from \$89 thousand to \$17 million. Of these 37 funds, only one is slated to revert to the general fund at the end of each fiscal year.

The committee recommends using the funds in the Supreme Court automation fund and the water rights adjudication fund to offset the lost revenue. The total fund balance of these funds is \$7.5 million, 80 percent of the agency's reported loss of court fee revenue. However the committee is only recommending the use of \$2.9 million of the funds. The recommendation provides funding for lease cost increases, lost court fee revenue, the expansion of human resources and, fiscal support, and the funding of 13 pretrial services FTE. The recommendation approves of the agency's initiatives to move programs and funds between Administrative Services and Specialty Court Services.

Administrative Services. For the Administrative Services Program, the agency requested a net general fund revenue increase of \$4.9 million, or 41 percent, compared with the FY23 operating budget. The agency requested an expansion of \$485 thousand for a procurement specialist, financial specialist, financial supervisor, and a human resources project manager. The agency also requested the transfer of the Jury and Witness Program from Special Court Services to Administrative Services. This transfer accounted for a \$1.2 million increase in the base budget. Additionally, Administrative Services transferred \$638.5 thousand from its budget to the Special Court Services budget to augment the Special Court Services Pre-Trial Services Program. The agency request included \$810 thousand for increased rent costs, \$1.8 million for jury and witness summons and communication costs and for per diem increases, and \$150 thousand for the Modest Means helpline contract.

The committee recommends a \$1.3 million, or 11.2 percent, general fund increase to cover increased rent costs and to fund two new positions in the program. The recommendation also supports the addition of \$1.2 million from Special Court Services to Administrative Services and supports the transfer of \$638.5 thousand from Administrative Services to Special Court Services. The two new positions the committee recommends are a human resources administrator and a fiscal specialist. Both positions not only provide assistance to AOC but also to multiple other judicial partners.

Statewide Judiciary Automation. The request for the Statewide Judiciary Automation Program increased general fund revenue by \$7.1 million, or 100.5 percent, over the FY23 operating budget. Of that, \$1.7 million was for 5 new and 8 existing but unfunded FTE, \$375 thousand for IT subscription cost increases, and \$2.6 million for court modernization. Further, the agency requested an expansion of \$776.3 thousand for three network administrators and for two senior IT business analysts.

Similar to Administrative Services, AOC requested a general fund replacement of \$2.6 million within Statewide Judiciary Automation to offset the loss of court fee revenue due to laws. The committee recommends the agency use \$2 million from the supreme court automation fund (SCAF) to cover the loss of court fee revenue. The Statewide Judiciary Automation has a sizable discrepancy between their operating budget and actual expenditures. For example, FY23 operating budget was \$15.7 million and FY23 expenditures were \$9.5 million. Due to the difference between the appropriations and actual expenses incurred, the committee recommends the agency offsets court fee losses with the accrued fund balances.

The committee recommends a flat budget. The Supreme Court automation fund, after being used for court fee offset, will still have over \$2 million in its balance.

Magistrate Court. The Magistrate Court Program request increased general fund revenue by \$5 million, or 40.7 percent, over the FY23 operating budget. Of that, \$1.2 million was for magistrate court leases, \$69 thousand for a safe surrender event, and \$575 thousand was for an expansion of 5 new FTE. Of the \$595 thousand expansion, \$460 thousand was requested for four facilities managers and \$115 thousand for an internal auditor position.

The Magistrate Court Program also requested the transfer of \$289 thousand to specialty court services for the Pretrial Services Program. The committee recommendation supports this request.

The largest general fund replacement, due to the elimination of court fees, is housed within Magistrate Court. AOC requested a general fund swap of \$3.2 million to account for the loss of court fee revenue. The committee recommends the agency uses \$884 thousand of the water right adjudication fund, which will be moved into the magistrate court warrant enforcement fund, to cover a portion of the loss of court fee revenue. Regarding the remaining \$1.8 million, the committee does not recommend using \$1.5 million of general fund revenue to fund existing positions within the division's warrant enforcement office, nor does it fund the \$341 thousand earmarked for contracts and IT.

The committee recommends \$950.9 thousand, or 8.1 percent, general fund revenue increase. The recommendation provides for the increases in magistrate court leases.

Special Court Services. The agency requested a total general fund revenue increase of \$3.6 million, or 31.3 percent, compared to the FY23 operating budget. Of that, \$2.1 million was requested for 27 vacant FTE, \$255 thousand for a Court Appointed Special Advocate contract, and \$70 thousand for behavioral health and training. The agency also requested a \$360 thousand expansion for one statewide program manager and two behavioral clinicians.

Additionally, AOC requested the transfer of its Jury and Witness Program, \$1.2 million, from Special Court Services to Administrative Support and then to have Administrative Support and the magistrate court engage a combined transfer of \$927.5 thousand to further fund the Pre-Trial Services Program within Special Court Services. The committee recommendation supports the request.

Further, the agency requested a general fund swap of \$979.7 thousand to account for the loss of court fee revenue. The committee recommends the use of general funds to offset the loss of court fee revenue.

The committee recommends a \$1.8 million, or 15.3 percent, general fund revenue increase. The recommendation provides funding for court fee replacement and \$1 million for 13 pretrial services FTEs. The personnel housed within AOC's Pretrial Services Program were traditionally funded through special appropriations. The tasks provided by AOC's pretrial personnel include background research, 24-hour electronic monitoring for individuals with ankle trackers, and assistance in the creation of pretrial programs within courts across the state. Funding these personnel through recurring general funds will provide stability and allow for the pretrial program to continue to grow.

Base Expansion

The committee recommends two of the agency's 17 requested expansions, \$198 thousand of the \$2.2 million request. The recommendation includes \$198 thousand for a human resources administrator and a fiscal specialist.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	AOC HR Administrator	P559	100.0	100.0
0	AOC HR Project Manager	P559	120.0	0.0
0	Financial Specialist Sr	P559	88.0	0.0
0	Financial Supervisor	P559	98.0	98.0
0	Internal Auditor	P610	115.0	0.0
0	IT Business Analyst Sr	P560	303.0	0.0
0	Network Administrator Sr	P560	311.8	0.0
0	Network Engineer Sr	P560	151.5	0.0
0	Procurement Specialist	P559	79.0	0.0
0	Regional Facilities Manager	P610	345.0	0.0
0	S20808- Behavioral Statewide Clinician	P620	120.0	0.0

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	S20808-Behavioral Statewide Clinician	P620	120.0	0.0
0	S20808-Behavioral Statewide Program Manager	P620	120.0	0.0
0	Security Project Manager	P610	115.0	0.0
TOTAL			\$2,186.3	\$198.0

ADMINISTRATIVE SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25			
	2022-2023	2023-2024	2024-2025	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted				
SOURCES						
General Fund Transfers	11,826.9	12,043.5	17,048.5	13,388.7	11.2	
Other Transfers	2,025.1	313.6	313.6	313.6	0.0	
Federal Revenues	2,337.1	2,330.6	2,330.6	2,330.6	0.0	
Other Revenues	1,553.3	50.0	750.0	750.0	1,400.0	
Fund Balance	0.0	1,608.7	2,308.7	3,397.7	111.2	
TOTAL SOURCES	\$17,742.4	\$16,346.4	\$22,751.4	\$20,180.6	23.5	
USES						
Personal Services and Employee Benefits	7,028.2	7,722.9	8,342.0	7,819.2	1.2	
Contractual services	5,220.7	3,746.2	4,607.9	4,359.9	16.4	
Other	6,638.8	4,877.3	9,801.5	8,001.5	64.1	
TOTAL USES	\$18,887.7	\$16,346.4	\$22,751.4	\$20,180.6	23.5	
FTE						
Permanent	81.5	56.5	67.0	58.5	3.5	
Term	5.8	2.0	1.8	1.8	(12.5)	
TOTAL FTE	87.3	58.5	68.8	60.3	3.1	

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Efficiency	Average cost per juror	\$56	\$58	\$55	\$55	\$55
Explanatory	Number of jury trials	578.0	760.0	N/A	N/A	N/A
Efficiency	Average interpreter cost per session	\$64	\$74	\$150	\$150	\$150

STATEWIDE JUDICIARY AUTOMATION

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,261.9	7,053.6	14,172.5	7,053.6	0.0
Other Transfers	324.0	0.0	0.0	0.0	0.0
Other Revenues	3,927.3	5,393.4	1,821.6	1,821.6	(66.2)
Fund Balance	0.0	4,700.0	6,390.0	8,271.8	76.0
TOTAL SOURCES	\$9,513.2	\$17,147.0	\$22,384.1	\$17,147.0	0.0
USES					
Personal Services and Employee Benefits	6,314.8	7,899.0	9,341.4	7,899.0	0.0
Contractual services	255.5	1,157.5	1,807.5	1,157.5	0.0
Other	3,446.3	8,090.5	11,235.2	8,090.5	0.0
TOTAL USES	\$10,016.6	\$17,147.0	\$22,384.1	\$17,147.0	0.0
FTE					
Permanent	52.2	56.5	60.2	55.2	(2.3)
Term	6.0	6.0	6.0	6.0	0.0
TOTAL FTE	58.2	62.5	66.2	61.2	(2.1)

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Efficiency	Average time to respond to customer service requests, in days	0.1	0.2	1.0	1.0	1.0
Efficiency	Average time to resolve customer service requests, in days	0.0	1.0	3.0	3.0	3.0

MAGISTRATE COURT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,527.6	11,742.1	16,531.5	12,693.0	8.1
Other Transfers	65.3	0.0	0.0	0.0	0.0
Other Revenues	2,077.4	3,777.8	635.0	635.0	(83.2)
Fund Balance	0.0	359.6	650.0	1,243.6	245.8
TOTAL SOURCES	\$12,670.3	\$15,879.5	\$17,816.5	\$14,571.6	(8.2)

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	3,198.3	2,776.9	4,653.2	2,929.4	5.5
Contractual services	533.3	1,843.7	911.1	911.1	(50.6)
Other	10,171.8	11,258.9	12,252.2	10,731.1	(4.7)
TOTAL USES	\$13,903.4	\$15,879.5	\$17,816.5	\$14,571.6	(8.2)
FTE					
Permanent	12.0	11.0	17.0	12.0	9.1
Term	27.0	22.0	22.0	22.0	0.0
TOTAL FTE	39.0	33.0	39.0	34.0	3.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of desk audits completed	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of internal audits delivered	N/A	N/A	N/A	N/A	N/A

SPECIAL COURT SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,740.4	11,611.4	15,254.3	13,389.2	15.3
Other Transfers	3,823.8	2,563.4	2,563.4	4,739.9	84.9
Other Revenues	1,150.2	2,025.0	0.0	0.0	(100.0)
Fund Balance	1,000.0	4,009.0	3,542.6	4,009.0	0.0
TOTAL SOURCES	\$18,714.4	\$20,208.8	\$21,360.3	\$22,138.1	9.5

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	3,356.4	0.0	0.0	0.0	0.0
Contractual services	9,542.9	0.0	0.0	0.0	0.0
Other	913.7	0.0	0.0	0.0	0.0
Other financing uses	1,488.6	0.0	0.0	0.0	0.0
Pre-trial services	0.0	1,884.8	4,897.8	3,859.5	104.8
Court-appointed special advocate	0.0	1,408.6	1,664.1	1,408.6	0.0
Supervised visitation	0.0	1,224.0	1,224.0	1,224.0	0.0
Water rights	0.0	887.9	887.9	887.9	0.0
Court-appointed attorneys	0.0	1,293.4	1,321.8	1,321.8	2.2
Children's mediation	0.0	292.2	292.2	292.2	0.0
Jury and witness program	0.0	5,917.7	0.0	0.0	(100.0)
Judges pro tem	0.0	69.1	69.1	69.1	0.0
Court Education Institute	0.0	1,596.1	4,576.8	4,576.8	186.7
Access to justice	0.0	252.3	302.3	302.3	19.8
Statewide alternative dispute resolution	0.0	210.4	210.4	210.4	0.0
Drug court	0.0	1,895.3	2,377.3	1,806.0	(4.7)
Drug court fund	0.0	2,917.9	3,176.5	5,819.4	99.4
Adult guardianship	0.0	359.1	360.1	360.1	0.3
TOTAL USES	\$15,301.6	\$20,208.8	\$21,360.3	\$22,138.1	9.5
FTE					
Permanent	26.3	34.7	44.3	41.3	19.2
Term	11.3	13.0	6.3	6.3	(51.9)
TOTAL FTE	37.6	47.7	50.6	47.6	(0.2)

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	New Violent Criminal Activity Rate: Percent of defendants on pretrial release not charged with a new violent crime	0%	95%	N/A	N/A	N/A
Explanatory	Number of defendants referred to and enrolled in DWI or drug court	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of monthly supervised child visitations and exchanges conducted	12,012.0	11,181.0	N/A	N/A	N/A
Outcome	Statewide recidivism rate for drug-court participants	9.77%	9.28%	12.00%	12.00%	12.00%
Outcome	Three-year intent-to-treat recidivism rate of drug court program participants (statewide)	17.41%	15.47%	25.00%	25.00%	25.00%
Outcome	Employment rate of adult drug court program graduates for current fiscal year (statewide)	96.23%	82.00%	90.00%	90.00%	90.00%
Outcome	Education rate of juvenile drug court program graduates for current fiscal year (statewide)	50.00%	100.00%	100.00%	100.00%	100.00%
Outcome	Recidivism rate for DWI court participants (statewide)	17%	5%	12%	12%	12%
Explanatory	Graduation rate for drug court participants (statewide)	55.93%	54.76%	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Graduation rate for DWI court participants (statewide)	55.93%	82.49%	N/A	N/A	N/A
Explanatory	Cost per client per day for all drug court participants	\$33	\$37	N/A	N/A	N/A
Explanatory	Percent of children who achieve legal permanency within twelve to eighteen months from the date the petition is filed in an abuse and neglect case	14%	11%	N/A	N/A	N/A
Explanatory	Number of cases to which court-appointed special advocate volunteers are assigned	797.0	507.0	N/A	N/A	N/A
Outcome	Average time, in days, to completed adjudication in abuse and neglect cases	148.0	153.0	160.0	153.0	153.0
Explanatory	Percent of released defendants who comply with conditions of their release, appear for all scheduled court appearances, and are not charged with a new offense during pretrial supervision	N/A	N/A	N/A	N/A	N/A
Explanatory	Ratio of defendants whose supervision level or detention status corresponds with assessed risk	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who make all scheduled court appearances	0%	74%	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who are not charges with a new offense during the pretrial stage	0%	81%	N/A	N/A	N/A

Statutory Authority

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

Mission

The district courts have jurisdiction over all matters not specifically laid out in the New Mexico Constitution, including common law disputes, felony criminal actions, and statutorily directed matters involving children. The district courts have appellate jurisdiction over most decisions rendered by lower courts and administrative agencies. They may appoint or remove conservators, guardians, and specified public officials. They may commit people to the care of the state, issue writs of aid of jurisdiction, and promulgate court rules consistent with rules established by the Supreme Court.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	142,679.0	168,399.4	175,855.0	173,885.8	3.3
Other Transfers	18,063.3	10,168.2	10,137.8	10,137.8	(0.3)
Federal Revenues	756.9	690.6	111.6	111.6	(83.8)
Other Revenues	6,797.2	8,675.5	10,356.0	10,356.0	19.4
Fund Balance	483.1	1,317.5	1,318.7	1,318.7	0.1
TOTAL SOURCES	\$168,779.5	\$189,251.2	\$197,779.1	\$195,809.9	3.5
USES					
Operations	167,160.0	189,251.2	197,779.1	195,809.9	3.5
TOTAL USES	\$167,160.0	\$189,251.2	\$197,779.1	\$195,809.9	3.5
FTE					
Permanent	1,744.8	1,682.8	1,719.5	1,710.5	1.6
Term	116.0	138.0	123.0	123.0	(10.9)
Temporary	5.0	2.0	2.0	2.0	0.0
TOTAL FTE	1,865.8	1,822.8	1,844.5	1,835.5	0.7

At A Glance

District courts and the Bernalillo Metropolitan Court requested a total general fund revenue increase of \$7.5 million, or 4.4 percent, compared with the FY24 operating budget. The majority of the requested increase, roughly \$3.9 million, or 53.3 percent, was for 43 new FTE: \$925.4 thousand for new pretrial services officers and lead workers, \$771.7 for new judicial specialists, \$805 thousand for new attorneys, and \$388.8 thousand for new legal, court, and office specialists. The remaining requested positions are paralegals, human resources, and maintenance staff. District courts all made requests to fund General Services Department rate increases and insurance premium increases.

LFC recommends a \$5.5 million, or 3.3 percent, general fund revenue increase for district courts and the Metropolitan courts. The LFC recommendation includes funding for pretrial service officers, court security, coverage of GSD rate and insurance premium increases, judicial specialists, and in-house diversion programs.

Budget Issues

District, metro, and statewide courts participate in the unified judicial budget process, wherein individual budget requests are vetted by several committees before ultimate approval by the New Mexico Supreme Court. Two of the top priorities for the Supreme Court were addressing workload and security. The LFC recommendation provides funding for security contracts, for judicial specialists to help address increasing caseloads, pretrial service officers to ensure the programs are well staffed and operating swiftly, and for attorneys and paralegals. The recommendation provides \$615.3 thousand for judicial and court specialists and \$582.5 thousand for pretrial service officers and managers. These positions will help to address the growing number of cases that enter the pretrial service process. More pretrial service FTE are needed to ensure that indigent individuals can flow swiftly through the pretrial process. Providing more FTE to the pretrial system will help prevent a backlog and allow for courts to focus attention on more complex felony cases. The recommendation also provides \$284.2 thousand for security contracts spread across the 13 district courts.

In FY18, LFC piloted a restructured budget that appropriated funds in one item called “operations,” as opposed to three separate line items. After six consecutive successful years, the committee recommends continuing the practice for FY25. The single line appropriation highlights the judiciary’s unique budget organization and budgeting process and increases judicial independence. On average, more than 80 percent of each district court budget is for personnel costs.

The 2022 General Appropriation Act included \$4 million over three years for pretrial service grants, \$500 thousand for GPS monitoring, and \$648 thousand for pretrial services training. Performance measures provided by the Administrative Office of the Courts show promising statistics when indigent persons flow through diversion programs, with recidivism rates dropping well below the averages of an indigent person going through the prison system. Additionally, statistics provided by AOC show pretrial services have positive outcomes, with 95 percent of released defendants not committing a new violent offense for at least a year. Funding for pretrial services and diversion programs is aimed at advancing efforts to combat crime.

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

The LFC district and Metropolitan Court recommendation for all revenue sources totals \$195.7 million, of which \$173.7 million is from the general fund. The recommendation supports the agency’s request for all other revenue sources.

Base Expansion Listing

The agencies collectively requested \$2.6 million in expansions, with the majority for either temporary to permanent positions or for additional FTE. The committee recommends \$2.1 million of the expansion. The recommendation provides funding for attorney associates, paralegals, pretrial service officers, bailiffs, and hearing officers.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,191.9	12,926.2	13,290.8	13,290.8	2.8
Other Transfers	1,931.9	837.3	905.1	905.1	8.1
Other Revenues	188.3	469.4	469.4	469.4	0.0
Fund Balance	0.0	84.6	0.0	0.0	(100.0)
TOTAL SOURCES	\$13,312.1	\$14,317.5	\$14,665.3	\$14,665.3	2.4
USES					
Operations	13,016.4	14,317.5	14,665.3	14,665.3	2.4
TOTAL USES	\$13,016.4	\$14,317.5	\$14,665.3	\$14,665.3	2.4
FTE					
Permanent	135.0	135.5	135.8	135.8	0.2
Term	10.0	7.8	7.8	7.8	0.0
Temporary	0.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	145.0	144.3	143.6	143.6	(0.5)

FIRST JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	99%	93%	100%	100%	100%
Explanatory	Number of active cases pending	7,293.0	7,813.0	N/A	N/A	N/A
Outcome	Days to disposition for civil cases	288.0	315.0	520.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	794.0	919.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	516.0	484.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	280.0	296.0	335.0	365.0	365.0
Explanatory	Number of jury trials	36.0	42.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	27,809.7	32,465.8	34,468.6	33,085.6	1.9
Other Transfers	2,789.1	2,388.1	2,427.0	2,427.0	1.6
Federal Revenues	35.4	0.0	0.0	0.0	0.0
Other Revenues	2,906.8	3,856.3	5,614.0	5,614.0	45.6
Fund Balance	0.0	508.1	508.1	508.1	0.0
TOTAL SOURCES	\$33,541.0	\$39,218.3	\$43,017.7	\$41,634.7	6.2
USES					
Operations	33,520.9	39,218.3	43,017.7	41,634.7	6.2
TOTAL USES	\$33,520.9	\$39,218.3	\$43,017.7	\$41,634.7	6.2
FTE					
Permanent	352.0	338.5	345.5	344.5	1.8
Term	47.0	53.0	48.0	48.0	(9.4)
TOTAL FTE	399.0	391.5	393.5	392.5	0.3

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Attorney Associate	P232	142.0	142.0
2	Term to Perm Pretrial Services Supervisor	P232	106.7	0.0
4	Term to Perm Pretrial Services Officer 2	P232	174.2	174.2
5	Term to Perm Pretrial Services Officer 2	P232	87.1	87.1
6	Term to Perm Pretrial Services Officer 2	P232	87.1	87.1
TOTAL			\$597.1	\$490.4

SECOND JUDICIAL DISTRICT COURT

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

Recommended Language

The other state funds appropriation to the second judicial district court includes four hundred thousand dollars (\$400,000) from the mortgage regulatory fund of the regulation and licensing department for foreclosure mediation. Any unexpended balances in the second judicial district court program from the appropriation made from the mortgage regulatory fund at the end of fiscal year 2025 shall revert to the mortgage regulatory fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	99%	93%	100%	100%	100%
Explanatory	Number of active cases pending	16,507.0	18,537.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	203.0	224.0	335.0	365.0	365.0
Outcome	Age of active pending criminal cases, in days	451.0	492.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	217.0	195.0	520.0	520.0	520.0
Outcome	Age of active pending civil cases, in days	519.0	388.0	540.0	540.0	540.0
Explanatory	Number of jury trials	53.0	151.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	10,870.1	13,130.4	13,536.5	13,536.5	3.1
Other Transfers	2,138.3	1,604.5	1,560.0	1,560.0	(2.8)
Federal Revenues	116.1	29.1	0.0	0.0	(100.0)
Other Revenues	246.1	253.0	253.0	253.0	0.0
Fund Balance	10.3	35.0	35.0	35.0	0.0
TOTAL SOURCES	\$13,380.9	\$15,052.0	\$15,384.5	\$15,384.5	2.2
USES					
Operations	13,350.1	15,052.0	15,384.5	15,384.5	2.2
TOTAL USES	\$13,350.1	\$15,052.0	\$15,384.5	\$15,384.5	2.2
FTE					
Permanent	129.8	131.8	132.3	132.3	0.4
Term	9.0	10.8	7.3	7.3	(32.6)
Temporary	0.0	1.0	2.0	2.0	100.0
TOTAL FTE	138.8	143.6	141.6	141.6	(1.4)

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Pretrial Judicial Specialist 2	P233	55.5	55.5
TOTAL			\$55.5	\$55.5

THIRD JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	102%	101%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	412.0	273.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	220.0	342.0	520.0	540.0	540.0
Outcome	Age of active pending civil cases, in days	438.0	332.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	359.0	284.0	365.0	365.0	365.0
Explanatory	Number of jury trials	42.0	43.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	6,166.0	5,998.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,157.1	5,275.3	5,647.3	5,549.1	5.2
Other Transfers	1,070.0	705.8	735.8	735.8	4.3
Other Revenues	29.6	64.3	48.3	48.3	(24.9)
Fund Balance	466.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$5,723.1	\$6,045.4	\$6,431.4	\$6,333.2	4.8
USES					
Operations	5,191.6	6,045.4	6,431.4	6,333.2	4.8
TOTAL USES	\$5,191.6	\$6,045.4	\$6,431.4	\$6,333.2	4.8
FTE					
Permanent	53.0	52.5	54.5	52.5	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	57.0	56.5	58.5	56.5	0.0

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	2 FTEs Bailiff Security	P234	98.2	0.0
TOTAL			\$98.2	\$0.0

FOURTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	114%	102%	100%	100%	100%
Outcome	Days to disposition for civil cases	226.0	171.0	520.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	234.0	129.0	352.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	350.0	306.0	520.0	540.0	540.0
Outcome	Days to disposition for criminal cases	238.0	207.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	956.0	886.0	N/A	N/A	N/A
Explanatory	Number of jury trials	7.0	17.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,400.0	13,161.8	13,477.1	13,477.1	2.4
Other Transfers	1,136.9	648.7	632.2	632.2	(2.5)
Other Revenues	257.0	406.0	356.0	356.0	(12.3)
TOTAL SOURCES	\$12,793.9	\$14,216.5	\$14,465.3	\$14,465.3	1.8
USES					
Operations	12,693.9	14,216.5	14,465.3	14,465.3	1.8
TOTAL USES	\$12,693.9	\$14,216.5	\$14,465.3	\$14,465.3	1.8
FTE					
Permanent	129.0	132.5	136.0	136.0	2.6
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	129.0	133.5	137.0	137.0	2.6

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	23500 FY25 Expansion 3.5 FTE	P235	215.0	215.0
TOTAL			\$215.0	\$215.0

FIFTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	105%	96%	100%	100%	100%
Outcome	Days to disposition for civil cases	210.0	204.0	520.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	224.0	214.0	335.0	365.0	365.0
Outcome	Days to disposition for criminal cases	241.0	212.0	355.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	289.0	290.0	520.0	540.0	540.0
Explanatory	Number of jury trials	53.0	62.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	5,697.0	6,238.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,788.4	7,148.4	7,557.0	7,491.4	4.8
Other Transfers	741.5	539.3	260.6	260.6	(51.7)
Other Revenues	42.9	34.0	34.0	34.0	0.0
Fund Balance	0.0	41.4	41.4	41.4	0.0
TOTAL SOURCES	\$6,572.8	\$7,763.1	\$7,893.0	\$7,827.4	0.8
USES					
Operations	6,621.7	7,763.1	7,893.0	7,827.4	0.8
TOTAL USES	\$6,621.7	\$7,763.1	\$7,893.0	\$7,827.4	0.8
FTE					
Permanent	66.0	65.5	72.0	68.0	3.8
Term	0.0	0.5	0.0	0.0	(100.0)
TOTAL FTE	66.0	66.0	72.0	68.0	3.0

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	DR Hearing Officer	P236	177.8	0.0
2	Luna County Adult Treatment Court Surveillance Officer 0.5 FTE	P236	27.6	0.0
3	JS1 Grant County Mag Court Division 2, PT to FT	P236	23.2	0.0
4	Paralegal	P236	77.3	0.0
5	JS1 Grant county Mag Court Division 2- NEW	P236	47.0	0.0
TOTAL			\$352.9	\$0.0

SIXTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	99%	99%	100%	100%	100%
Outcome	Days to disposition for civil cases	221.0	193.0	420.0	540.0	540.0
Explanatory	Number of active cases pending	1,561.0	1,586.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	200.0	253.0	333.0	365.0	365.0
Explanatory	Number of jury trials	11.0	6.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	142.0	142.0	420.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	178.0	162.0	365.0	365.0	365.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,230.6	4,861.6	4,894.7	4,894.7	0.7
Other Transfers	530.8	475.7	499.5	499.5	5.0
Other Revenues	21.8	35.0	35.0	35.0	0.0
TOTAL SOURCES	\$4,783.2	\$5,372.3	\$5,429.2	\$5,429.2	1.1
USES					
Operations	4,704.1	5,372.3	5,429.2	5,429.2	1.1
TOTAL USES	\$4,704.1	\$5,372.3	\$5,429.2	\$5,429.2	1.1
FTE					
Permanent	48.0	49.0	49.0	49.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	52.0	53.0	53.0	53.0	0.0

SEVENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	99%	96%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	666.0	621.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	237.0	263.0	365.0	365.0	365.0
Explanatory	Number of jury trials	4.0	4.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	263.0	311.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	416.0	471.0	540.0	540.0	540.0
Explanatory	Number of active cases pending	2,121.0	2,234.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,296.3	6,110.2	6,635.9	6,538.2	7.0
Other Transfers	340.7	179.3	248.2	248.2	38.4
Other Revenues	39.5	106.0	106.0	106.0	0.0
Fund Balance	0.0	33.7	33.7	33.7	0.0
TOTAL SOURCES	\$5,676.5	\$6,429.2	\$7,023.8	\$6,926.1	7.7
USES					
Operations	5,655.5	6,429.2	7,023.8	6,926.1	7.7
TOTAL USES	\$5,655.5	\$6,429.2	\$7,023.8	\$6,926.1	7.7
FTE					
Permanent	59.0	57.0	62.0	62.0	8.8
Term	1.0	0.0	0.0	0.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	61.0	57.0	62.0	62.0	8.8

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Court Regular - Court Services Specialist	P238	60.2	60.2
2	Court Regular - Judicial Specialist 2	P238	60.2	60.2
3	Pretrial Services - Officers	P238	133.8	133.8
3	Pretrial Services - Program Manager	P238	98.8	98.8
TOTAL			\$353.0	\$353.0

EIGHTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	109%	109%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	327.0	260.0	365.0	365.0	365.0
Explanatory	Number of jury trials	25.0	42.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	361.0	298.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	1,614.0	1,262.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	499.0	353.0	540.0	540.0	540.0
Outcome	Days to disposition for civil cases	251.0	242.0	520.0	540.0	540.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,422.1	6,398.2	6,729.5	6,698.3	4.7
Other Transfers	641.9	264.6	207.4	207.4	(21.6)
Other Revenues	60.7	56.0	63.0	63.0	12.5
Fund Balance	0.0	25.5	33.0	33.0	29.4
TOTAL SOURCES	\$6,124.7	\$6,744.3	\$7,032.9	\$7,001.7	3.8
USES					
Operations	6,106.9	6,744.3	7,032.9	7,001.7	3.8
TOTAL USES	\$6,106.9	\$6,744.3	\$7,032.9	\$7,001.7	3.8
FTE					
Permanent	63.0	63.0	65.0	65.0	3.2
Term	0.0	0.0	1.0	1.0	0.0
TOTAL FTE	63.0	63.0	66.0	66.0	4.8

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Security Bailiffs (2 FTE) - Magistrate Courts	P239	101.5	101.5
TOTAL			\$101.5	\$101.5

NINTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	117%	99%	100%	100%	100%
Explanatory	Number of active cases pending	1,604.0	1,645.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	223.0	212.0	330.0	365.0	365.0
Explanatory	Number of jury trials	43.0	29.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	318.0	297.0	520.0	540.0	540.0
Outcome	Days to disposition for civil cases	468.0	231.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	253.0	215.0	365.0	365.0	365.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,905.3	2,263.2	2,386.4	2,386.4	5.4
Other Transfers	110.0	0.0	0.0	0.0	0.0
Other Revenues	7.5	8.4	12.4	12.4	47.6
TOTAL SOURCES	\$2,022.8	\$2,271.6	\$2,398.8	\$2,398.8	5.6
USES					
Operations	2,039.5	2,271.6	2,398.8	2,398.8	5.6
TOTAL USES	\$2,039.5	\$2,271.6	\$2,398.8	\$2,398.8	5.6
FTE					
Permanent	19.0	19.0	19.0	19.0	0.0
TOTAL FTE	19.0	19.0	19.0	19.0	0.0

TENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	105%	87%	100%	100%	100%
Outcome	Days to disposition for civil cases	484.0	395.0	540.0	540.0	540.0
Explanatory	Number of active cases pending	564.0	674.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	192.0	193.0	330.0	365.0	365.0
Outcome	Days to disposition for criminal cases	186.0	190.0	330.0	365.0	365.0
Explanatory	Number of jury trials	1.0	3.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	652.0	615.0	540.0	540.0	540.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	11,294.3	13,831.4	14,589.4	14,295.9	3.4
Other Transfers	2,162.0	997.6	1,078.9	1,078.9	8.1
Other Revenues	273.3	197.0	187.0	187.0	(5.1)
Fund Balance	0.0	212.0	212.0	212.0	0.0
TOTAL SOURCES	\$13,729.6	\$15,238.0	\$16,067.3	\$15,773.8	3.5
USES					
Operations	13,625.2	15,238.0	16,067.3	15,773.8	3.5
TOTAL USES	\$13,625.2	\$15,238.0	\$16,067.3	\$15,773.8	3.5
FTE					
Permanent	136.0	134.0	145.0	142.0	6.0
Term	6.0	11.5	5.5	5.5	(52.2)
TOTAL FTE	142.0	145.5	150.5	147.5	1.4

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Court Probation Officer 2 - Adult Drug Court	P241	78.4	78.4
1	Court Probation Officer 2 - Pretrial Services	P241	78.4	78.4
1	Court Probation Officer 2 - Term to Perm YAC	P241	78.4	78.4
1	Financial Specialist Term to Perm	P241	70.1	0.0
1	IT Specialist	P241	98.3	0.0
2	Administrative Assistant 2 - Adult Drug Court	P241	70.1	0.0
2	Court Services Specialist	P241	63.8	63.8
3	Special Master Contractual Services	P241	55.0	0.0
TOTAL			\$592.5	\$299.0

ELEVENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	99%	96%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	189.0	161.0	320.0	365.0	365.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Days to disposition for criminal cases	188.0	185.0	320.0	365.0	365.0
Explanatory	Number of active cases pending	3,562.0	3,804.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	391.0	254.0	540.0	540.0	540.0
Outcome	Days to disposition for civil cases	193.0	217.0	520.0	540.0	540.0
Explanatory	Number of jury trials	31.0	68.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,547.7	6,612.8	6,976.7	6,976.7	5.5
Other Transfers	555.4	126.8	145.7	145.7	14.9
Other Revenues	52.6	81.9	71.9	71.9	(12.2)
Fund Balance	6.4	55.1	66.1	66.1	20.0
TOTAL SOURCES	\$6,162.1	\$6,876.6	\$7,260.4	\$7,260.4	5.6
USES					
Operations	6,162.0	6,876.6	7,260.4	7,260.4	5.6
TOTAL USES	\$6,162.0	\$6,876.6	\$7,260.4	\$7,260.4	5.6
FTE					
Permanent	63.0	69.5	71.5	71.5	2.9
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	64.0	69.5	71.5	71.5	2.9

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Judicial Specialist 2 for Magistrate Court	P242	67.3	67.3
2	Judicial Specialist Leadworker	P242	74.8	74.8
TOTAL			\$142.1	\$142.1

TWELFTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	106%	101%	100%	100%	100%
Outcome	Days to disposition for civil cases	341.0	251.0	520.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	321.0	255.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	2,747.0	2,635.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	289.0	266.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	349.0	344.0	520.0	540.0	540.0
Explanatory	Number of jury trials	68.0	76.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,587.6	14,289.1	14,546.7	14,546.7	1.8
Other Transfers	2,144.5	846.9	883.8	883.8	4.4
Other Revenues	243.1	160.0	160.0	160.0	0.0
Fund Balance	0.0	276.8	341.9	341.9	23.5
TOTAL SOURCES	\$13,975.2	\$15,572.8	\$15,932.4	\$15,932.4	2.3
USES					
Operations	13,846.2	15,572.8	15,932.4	15,932.4	2.3
TOTAL USES	\$13,846.2	\$15,572.8	\$15,932.4	\$15,932.4	2.3
FTE					
Permanent	132.0	133.0	130.0	131.0	(1.5)
Term	12.0	11.0	10.0	10.0	(9.1)
TOTAL FTE	144.0	144.0	140.0	141.0	(2.1)

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	New Employee Staff Attorney Senior	P243	126.6	126.6
TOTAL			\$126.6	\$126.6

THIRTEENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	110%	96%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	461.0	366.0	520.0	540.0	540.0
Outcome	Days to disposition for civil cases	279.0	290.0	520.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	328.0	345.0	365.0	365.0	365.0
Explanatory	Number of jury trials	16.0	24.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	295.0	216.0	365.0	3,665.0	3,665.0
Explanatory	Number of active cases pending	6,078.0	6,245.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	26,177.9	29,925.0	31,118.4	31,118.4	4.0
Other Transfers	1,770.1	553.6	553.6	553.6	0.0
Federal Revenues	605.4	661.5	111.6	111.6	(83.1)
Other Revenues	2,428.2	2,948.2	2,946.0	2,946.0	(0.1)
Fund Balance	0.0	45.3	47.5	47.5	4.9
TOTAL SOURCES	\$30,981.6	\$34,133.6	\$34,777.1	\$34,777.1	1.9
USES					
Operations	30,626.1	34,133.6	34,777.1	34,777.1	1.9
TOTAL USES	\$30,626.1	\$34,133.6	\$34,777.1	\$34,777.1	1.9
FTE					
Permanent	360.0	302.0	302.0	302.0	0.0
Term	22.0	34.5	34.5	34.5	0.0
Temporary	4.0	0.0	0.0	0.0	0.0
TOTAL FTE	386.0	336.5	336.5	336.5	0.0

BERNALLILO COUNTY METROPOLITAN COURT

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	108%	101%	100%	100%	100%
Explanatory	Number of active cases pending	9,593.0	10,669.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	85.0	67.0	180.0	180.0	180.0
Outcome	Age of active pending criminal cases, in days	73.0	73.0	180.0	180.0	180.0
Outcome	Age of active pending civil cases, in days	157.0	109.0	180.0	180.0	180.0
Outcome	Days to disposition for civil cases	124.0	87.0	180.0	180.0	180.0
Explanatory	Number of jury trials	6.0	20.0	N/A	N/A	N/A

Statutory Authority

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	83,993.7	98,677.2	111,798.0	102,578.8	4.0
Other Transfers	6,130.2	1,373.1	1,357.5	1,357.5	(1.1)
Federal Revenues	2,746.0	2,775.0	2,321.1	2,321.1	(16.4)
Other Revenues	705.2	1,043.1	820.4	820.4	(21.3)
Fund Balance	17.0	60.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$93,592.1	\$103,928.4	\$116,297.0	\$107,077.8	3.0
USES					
Personal Services and Employee Benefits	81,750.4	94,907.2	106,522.7	97,865.1	3.1
Contractual services	2,939.3	2,877.0	2,827.4	2,777.4	(3.5)
Other	8,438.8	6,144.2	6,946.9	6,435.3	4.7
TOTAL USES	\$93,128.5	\$103,928.4	\$116,297.0	\$107,077.8	3.0
FTE					
Permanent	1,046.0	967.0	991.0	979.0	1.2
Term	48.0	61.0	50.0	47.0	(23.0)
Temporary	20.0	4.0	4.0	4.0	0.0
TOTAL FTE	1,114.0	1,032.0	1,045.0	1,030.0	(0.2)

At A Glance

Statewide, district attorney offices requested a general fund revenue increase of \$13.1 million, or 13.3 percent, compared with the FY24 operating budget. The requested general fund increase was partially offset by the loss of other transfer revenue anticipated for FY25; nongeneral fund revenue fell by \$752.2 thousand. The increases were focused on the personnel services and benefits category to fill vacant positions, account for GSD increases, IT and subscription and operations increases, and increases to fund contract attorneys. Several district attorney offices requested general fund revenue increases to offset lapsing federal grant funding, a priority statewide.

The committee recommendation increases general fund revenue by \$3.9 million, or 4 percent, compared with the FY24 operating budget. The LFC recommendation includes funding for new attorneys, filling some lapsing federal grants, funding for contract attorneys, GSD increases, and security.

Budget Issues

The district attorneys are responsible for maintaining a pay plan outside of the state classified pay system. Providing compensation adequate to recruit and retain employees has been a major area of concern statewide. The 2022 General Appropriation Act provided a targeted salary increase of 3.5 percent for attorneys in urban areas and 6.5 percent for those in rural areas in addition to the raises given to all public employees. Despite this, the vacancy rate remains high even where District Attorney offices have sufficient funding to fill vacant positions. The statewide average funded vacancy rate was 9 percent at budget submission, a 2 percent point decrease from last year. Three districts reported funded vacancies of 10 percent or more: the 10th, the 12th, and the 11th Division 2. The 11th Division 2 Judicial District attorney has a funded vacancy rate of 43.5 percent. This high funded vacancy rate has generated a vacancy savings of \$1.5 million. These funds could be used to hire more attorneys, or be moved into contracts to pay for contract attorneys to address the office's high caseload and case dismissal rate.

Attorney caseloads for nearly every district remain below prepandemic levels, though several districts saw increases in caseload and several districts saw caseload decreases from FY22 to FY23. Offices statewide report a changing mix of case types, with the number of felony cases increasing and the number of misdemeanor cases decreasing. The change in case type mix can lead to higher workloads but may not translate to higher measured caseloads. Further, volatile staffing can also lead to fluctuating caseloads. The 11th Judicial District Attorney and the 10th Judicial District Attorney saw caseload increases of 240.5 and 80 percent respectively.

The committee recommends a \$3.9 million, or 4 percent, general fund increase for district attorney offices statewide. The majority of the recommendation addresses vacancy levels with \$2.8 million for new attorneys, \$103.3 thousand to swap lapsing federal grants (High Intensity Drug Traffic Area grants and Violence Against Women Act grants) with general funds, and \$340.8 thousand for contract attorneys. The remaining funds are for increased insurance, operations, IT, and subscription costs. Addressing vacancy rates within district offices remains an issue, especially rural offices. The 2nd Judicial District Attorney's office has addressed its high vacancy rates with a mixture of online and in-person recruitment and competitive pay. A more comprehensive understanding of vacancy rates between urban and rural offices remains elusive and finding a potential solution remains a priority for LFC.

Base Expansion Listing

Statewide, district attorney offices requested \$1.9 million in expansions. The expansion requests were predominantly for lapsing grant funding, attorneys, paralegals, and investigators. The total FTE expansion was for 18 new positions, three of which were for lapsing grant positions. The committee recommends replacing all positions funded by lapsing grant funding.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,926.8	8,483.7	8,583.7	8,583.7	1.2
Other Transfers	735.4	152.6	152.6	152.6	0.0
Federal Revenues	105.7	120.1	120.1	120.1	0.0
Other Revenues	142.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$7,909.9	\$8,756.4	\$8,856.4	\$8,856.4	1.1
USES					
Personal Services and Employee Benefits	7,040.0	8,047.6	8,147.6	8,147.6	1.2
Contractual services	125.9	97.8	97.8	97.8	0.0
Other	563.7	611.0	611.0	611.0	0.0
TOTAL USES	\$7,729.6	\$8,756.4	\$8,856.4	\$8,856.4	1.1
FTE					
Permanent	85.0	79.0	79.0	79.0	0.0
Term	3.0	5.0	5.0	5.0	0.0
TOTAL FTE	88.0	84.0	84.0	84.0	0.0

FIRST JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Average attorney caseload	0.0	280.0	150.0	150.0	150.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	9.0	10.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	2,690.0	3,553.0	3,000.0	150.0	3,000.0
Output	Number of cases referred for screening	4,105.0	4,523.0	N/A	4,000.0	4,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	21.0	100.0	170.0	175.0	175.0
Outcome	Average number of cases added to attorney caseloads	155.0	201.0	150.0	150.0	150.0
* Explanatory	Percent of pretrial detention motions granted	0%	35%	N/A	N/A	N/A
Explanatory	Percent of cases diverted to alternative sentencing treatment	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	0.0	62.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	26,047.3	29,723.8	35,604.2	31,179.5	4.9
Other Transfers	2,036.1	803.4	894.5	894.5	11.3
Federal Revenues	1,410.3	1,420.1	1,030.5	1,030.5	(27.4)
Other Revenues	475.8	610.3	620.4	620.4	1.7
TOTAL SOURCES	\$29,969.5	\$32,557.6	\$38,149.6	\$33,724.9	3.6
USES					
Personal Services and Employee Benefits	26,178.8	28,682.1	34,661.4	30,236.7	5.4
Contractual services	1,137.5	1,647.1	1,257.6	1,257.6	(23.6)
Other	3,351.8	2,228.4	2,230.6	2,230.6	0.1
TOTAL USES	\$30,668.1	\$32,557.6	\$38,149.6	\$33,724.9	3.6
FTE					
Permanent	313.0	309.0	312.0	312.0	1.0
Term	24.0	24.0	24.0	24.0	0.0
Temporary	18.0	4.0	4.0	4.0	0.0
TOTAL FTE	355.0	337.0	340.0	340.0	0.9

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Physical Security Unit	P252	266.7	266.7
TOTAL			\$266.7	\$266.7

SECOND JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	0.0	624.0	N/A	400.0	400.0
Output	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Output	Number of cases referred for screening	16,434.0	17,720.0	18,000.0	19,000.0	19,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	285.0	464.0	300.0	500.0	500.0
Output	Number of cases prosecuted as a percent of those referred for screening	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	7.0	6.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Average time from filing charges to final disposition for adults, in months	5.0	6.0	9.0	9.0	9.0
Outcome	Number of cases prosecuted	8,296.0	8,536.0	11,500.0	12,500.0	12,500.0
* Explanatory	Number of pretrial detention motions made	1,099.0	1,053.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	179.0	196.0	185.0	195.0	195.0
* Explanatory	Percent of pretrial detention motions granted	53.0%	50.5%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,704.4	6,767.3	7,278.4	7,055.7	4.3
Other Transfers	373.9	77.6	77.6	77.6	0.0
Federal Revenues	339.7	340.9	276.5	276.5	(18.9)
Fund Balance	17.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$6,435.0	\$7,185.8	\$7,632.5	\$7,409.8	3.1
USES					
Personal Services and Employee Benefits	5,637.5	6,796.4	7,188.1	6,965.4	2.5
Contractual services	309.0	20.2	20.2	20.2	0.0
Other	488.5	369.2	424.2	424.2	14.9
TOTAL USES	\$6,435.0	\$7,185.8	\$7,632.5	\$7,409.8	3.1
FTE					
Permanent	128.0	64.0	66.0	64.0	0.0
Term	5.0	6.0	6.0	6.0	0.0
TOTAL FTE	133.0	70.0	72.0	70.0	0.0

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Senior Legal Assistant	P253	89.7	0.0
2	Lead Investigator	P253	133.0	0.0
TOTAL			\$222.7	\$0.0

THIRD JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	356.0	510.0	300.0	275.0	275.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	13.0	8.0	N/A	N/A	N/A
Output	Number of cases referred for screening	5,174.0	6,375.0	5,500.0	6,000.0	6,000.0
Outcome	Number of cases prosecuted	3,905.0	4,054.0	4,000.0	4,500.0	4,500.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	39.0	46.0	50.0	50.0	50.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Explanatory	Percent of pretrial detention motions granted	33%	33%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	203.0	119.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	0.0	324.0	230.0	230.0	230.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	5.0	6.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,791.5	4,549.8	4,778.6	4,749.8	4.4
Other Transfers	224.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,016.3	\$4,549.8	\$4,778.6	\$4,749.8	4.4
USES					
Personal Services and Employee Benefits	3,599.1	4,222.5	4,442.9	4,414.1	4.5
Contractual services	78.3	78.8	79.9	79.9	1.4
Other	330.5	248.5	255.8	255.8	2.9
TOTAL USES	\$4,007.9	\$4,549.8	\$4,778.6	\$4,749.8	4.4
FTE					
Permanent	42.0	42.0	42.0	42.0	0.0
TOTAL FTE	42.0	42.0	42.0	42.0	0.0

FOURTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	308.0	252.0	308.0	252.0	308.0
Output	Number of cases referred for screening	1,914.0	1,971.0	1,950.0	1,950.0	1,950.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	8.0	8.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,748.0	1,764.0	1,500.0	1,600.0	1,600.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	39.0	47.0	45.0	50.0	50.0
* Explanatory	Number of pretrial detention motions made	0.0	4.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	0%	75%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	319.0	225.0	230.0	225.0	225.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	6.0	3.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,509.9	7,413.3	8,168.1	7,615.4	2.7
Other Transfers	368.7	0.0	0.0	0.0	0.0
Federal Revenues	276.9	287.7	287.7	287.7	0.0
TOTAL SOURCES	\$7,155.5	\$7,701.0	\$8,455.8	\$7,903.1	2.6
USES					
Personal Services and Employee Benefits	6,625.1	7,207.9	7,697.7	7,401.0	2.7
Contractual services	79.2	147.5	148.8	147.5	0.0
Other	409.9	345.6	609.3	354.6	2.6
TOTAL USES	\$7,114.2	\$7,701.0	\$8,455.8	\$7,903.1	2.6
FTE					
Permanent	81.0	81.0	83.0	83.0	2.5
Term	3.0	3.0	3.0	0.0	(100.0)
TOTAL FTE	84.0	84.0	86.0	83.0	(1.2)

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Trial Attorney Expansion Request	P255	126.8	126.8
2	Legal Assistant Expansion Request	P255	66.3	66.3
TOTAL			\$193.1	\$193.1

FIFTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Average attorney caseload	342.0	336.0	300.0	300.0	300.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	7.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	5,723.0	5,173.0	6,500.0	6,000.0	6,500.0
Output	Number of cases referred for screening	0.0	NEW	N/A	6,174.0	6,174.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	35.0	54.0	75.0	75.0	75.0
* Explanatory	Percent of pretrial detention motions granted	0%	NEW	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	5.0	4.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	104.0	109.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	42.0	45.0	350.0	30.0	35.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,541.1	4,045.4	5,007.5	4,191.0	3.6
Other Transfers	410.6	143.2	102.3	102.3	(28.6)
Federal Revenues	184.4	177.1	177.1	177.1	0.0
TOTAL SOURCES	\$4,136.1	\$4,365.7	\$5,286.9	\$4,470.4	2.4
USES					
Personal Services and Employee Benefits	3,577.8	4,072.4	4,928.3	4,177.1	2.6
Contractual services	26.4	14.2	51.1	14.2	0.0
Other	513.4	279.1	307.5	279.1	0.0
TOTAL USES	\$4,117.6	\$4,365.7	\$5,286.9	\$4,470.4	2.4
FTE					
Permanent	37.0	35.0	37.0	35.0	0.0
Term	3.0	5.0	5.0	5.0	0.0
TOTAL FTE	40.0	40.0	42.0	40.0	0.0

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	New Senior Investigator	P256	93.0	0.0
2	New Victim-Witness Assistant	P256	89.7	0.0
TOTAL			\$182.7	\$0.0

SIXTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	0.0	308.0	N/A	250.0	250.0
Output	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	6.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	2,266.0	2,298.0	2,300.0	2,300.0	2,300.0
Output	Number of cases referred for screening	2,593.0	2,393.0	2,500.0	2,500.0	2,500.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	13.0	3.0	17.0	50.0	50.0
* Explanatory	Percent of pretrial detention motions granted	0%	92%	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	0.0	36.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	370.0	265.0	150.0	150.0	150.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,071.1	3,683.4	3,793.0	3,793.0	3.0
Other Transfers	170.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,241.3	\$3,683.4	\$3,793.0	\$3,793.0	3.0
USES					
Personal Services and Employee Benefits	2,975.6	3,482.4	3,589.6	3,589.6	3.1
Contractual services	14.4	15.3	16.3	16.3	6.5
Other	215.1	185.7	187.1	187.1	0.8
TOTAL USES	\$3,205.1	\$3,683.4	\$3,793.0	\$3,793.0	3.0
FTE					
Permanent	36.0	36.0	36.0	36.0	0.0
TOTAL FTE	36.0	36.0	36.0	36.0	0.0

SEVENTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	0.0	233.0	N/A	200.0	0.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	16.0	8.0	40.0	25.0	40.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	5.0	7.0	N/A	N/A	N/A
Explanatory	Average time from filing of petition to final disposition for adults, in months	9.0	10.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,373.0	1,277.0	1,550.0	1,525.0	1,550.0
* Explanatory	Number of pretrial detention motions made	0.0	21.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	0%	90%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	211.0	176.0	185.0	185.0	185.0
Output	Number of cases referred for screening	0.0	1,493.0	N/A	1,650.0	1,650.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,408.9	4,220.7	4,684.0	4,457.9	5.6
Other Transfers	194.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,603.4	\$4,220.7	\$4,684.0	\$4,457.9	5.6
USES					
Personal Services and Employee Benefits	3,084.2	3,837.1	4,227.4	4,001.3	4.3
Contractual services	226.0	146.1	148.1	148.1	1.4
Other	272.1	237.5	308.5	308.5	29.9
TOTAL USES	\$3,582.3	\$4,220.7	\$4,684.0	\$4,457.9	5.6
FTE					
Permanent	37.0	37.0	39.0	37.0	0.0
TOTAL FTE	37.0	37.0	39.0	37.0	0.0

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Lead Investigator	P258	133.0	0.0
0	Victim Witness Coordinator	P258	93.1	0.0
TOTAL			\$226.1	\$0.0

EIGHTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	0.0	227.0	N/A	200.0	200.0
Output	Number of cases referred for screening	1,683.0	1,613.0	2,525.0	1,500.0	2,525.0
Outcome	Number of cases prosecuted	1,387.0	1,635.0	1,450.0	1,450.0	1,450.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	39.0	54.0	65.0	50.0	65.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	6.0	4.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	9.0	9.0	N/A	N/A	N/A
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	240.0	189.0	150.0	150.0	150.0
* Explanatory	Number of pretrial detention motions made	43.0	43.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	63%	59%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,847.2	4,375.6	4,660.5	4,623.4	5.7
Other Transfers	225.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,073.1	\$4,375.6	\$4,660.5	\$4,623.4	5.7
USES					
Personal Services and Employee Benefits	3,381.6	4,196.2	4,198.2	4,198.2	0.0
Contractual services	166.1	13.0	258.8	258.8	1,890.8
Other	522.6	166.4	203.5	166.4	0.0
TOTAL USES	\$4,070.3	\$4,375.6	\$4,660.5	\$4,623.4	5.7
FTE					
Permanent	40.0	40.0	40.0	40.0	0.0
TOTAL FTE	40.0	40.0	40.0	40.0	0.0

NINTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	0.0	244.0	N/A	220.0	220.0
Outcome	Number of cases prosecuted	2,190.0	2,271.0	2,525.0	2,400.0	2,525.0
Output	Number of cases referred for screening	0.0	2,367.0	N/A	2,500.0	2,500.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	67.0	82.0	70.0	75.0	75.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	5.0	4.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	9.0	10.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	0%	64%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	0.0	58.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	253.0	278.0	200.0	250.0	250.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,695.8	2,086.9	2,123.9	2,123.9	1.8
Other Transfers	96.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,791.9	\$2,086.9	\$2,123.9	\$2,123.9	1.8
USES					
Personal Services and Employee Benefits	1,472.7	1,898.0	1,911.4	1,911.4	0.7
Contractual services	36.9	25.0	40.0	40.0	60.0
Other	251.8	163.9	172.5	172.5	5.2
TOTAL USES	\$1,761.4	\$2,086.9	\$2,123.9	\$2,123.9	1.8
FTE					
Permanent	15.0	15.0	15.0	15.0	0.0
TOTAL FTE	15.0	15.0	15.0	15.0	0.0

TENTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	683.0	886.0	N/A	175.0	175.0
Outcome	Number of cases prosecuted	637.0	662.0	563.0	575.0	575.0
Output	Number of cases referred for screening	683.0	775.0	N/A	600.0	600.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	2.0	7.0	10.0	10.0	10.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	6.0	8.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	683.0	775.0	175.0	250.0	250.0
* Explanatory	Number of pretrial detention motions made	6.0	14.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	100%	1%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,722.3	6,686.5	8,446.8	7,094.5	6.1
Other Transfers	395.3	77.6	0.0	0.0	(100.0)
Federal Revenues	234.3	234.3	234.3	234.3	0.0
TOTAL SOURCES	\$6,351.9	\$6,998.4	\$8,681.1	\$7,328.8	4.7
USES					
Personal Services and Employee Benefits	5,675.2	6,423.2	8,073.4	6,657.5	3.6
Contractual services	262.5	239.8	176.2	239.8	0.0
Other	277.4	335.4	431.5	431.5	28.7
TOTAL USES	\$6,215.1	\$6,998.4	\$8,681.1	\$7,328.8	4.7
FTE					
Permanent	62.0	63.0	71.0	65.0	3.2
Term	5.0	6.0	3.0	3.0	(50.0)
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	69.0	69.0	74.0	68.0	(1.4)

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Attorney / Paralegal / Investigator	P261	634.4	0.0
1	VOCA advocates	P261	179.5	179.5
TOTAL			\$813.9	\$179.5

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIV 1

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Average attorney caseload	0.0	285.0	N/A	200.0	200.0
Output	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Output	Number of cases referred for screening	5,133.0	4,750.0	4,500.0	4,500.0	4,500.0
Outcome	Number of cases prosecuted	4,401.0	4,376.0	4,000.0	4,000.0	4,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	119.0	54.0	120.0	100.0	120.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Average time from filing charges to final disposition for adults, in months	8.0	8.0	7.0	7.0	7.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	6.0	5.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	0.00%	88.00%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	0.0	32.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	285.0	279.0	195.0	200.0	200.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,052.1	3,436.8	3,858.1	3,436.8	0.0
Other Transfers	140.4	0.0	0.0	0.0	0.0
Other Revenues	0.0	345.3	0.0	0.0	(100.0)
TOTAL SOURCES	\$3,192.5	\$3,782.1	\$3,858.1	\$3,436.8	(9.1)
USES					
Personal Services and Employee Benefits	2,194.9	3,450.7	3,402.8	3,105.4	(10.0)
Contractual services	210.2	155.9	210.9	155.9	0.0
Other	211.5	175.5	244.4	175.5	0.0
TOTAL USES	\$2,616.6	\$3,782.1	\$3,858.1	\$3,436.8	(9.1)
FTE					
Permanent	34.0	34.0	34.0	34.0	0.0
Term	0.0	4.0	0.0	0.0	(100.0)
TOTAL FTE	34.0	38.0	34.0	34.0	(10.5)

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION 2

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	864.0	1,799.0	N/A	900.0	900.0
Outcome	Number of cases prosecuted	1,257.0	1,369.0	1,312.0	1,420.0	1,420.0
Output	Number of cases referred for screening	2,160.0	1,871.0	N/A	2,150.0	2,150.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	0.0	9.0	5.0	5.0	5.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	3.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	864.0	913.0	200.0	500.0	500.0
* Explanatory	Number of pretrial detention motions made	7.0	12.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	6.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	70%	26%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,036.3	4,874.4	5,602.8	5,056.5	3.7
Other Transfers	364.5	118.7	130.5	130.5	9.9
Federal Revenues	194.8	194.8	194.9	194.9	0.1
TOTAL SOURCES	\$4,595.6	\$5,187.9	\$5,928.2	\$5,381.9	3.7
USES					
Personal Services and Employee Benefits	3,969.6	4,767.6	5,365.0	4,961.6	4.1
Contractual services	108.2	101.3	121.7	101.3	0.0
Other	474.2	319.0	441.5	319.0	0.0
TOTAL USES	\$4,552.0	\$5,187.9	\$5,928.2	\$5,381.9	3.7
FTE					
Permanent	52.0	52.0	54.0	54.0	3.8
Term	5.0	5.0	4.0	4.0	(20.0)
TOTAL FTE	57.0	57.0	58.0	58.0	1.8

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Grant term to perm request	P262	92.3	92.3
TOTAL			\$92.3	\$92.3

TWELFTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Output	Average attorney caseload	0.0	367.0	N/A	300.0	300.0
Outcome	Number of cases prosecuted	2,474.0	2,514.0	2,600.0	2,500.0	2,600.0
Output	Number of cases referred for screening	0.0	2,497.0	N/A	2,550.0	2,550.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	76.0	75.0	100.0	75.0	100.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	3.0	5.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	19.0	10.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	0.0	4.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	0%	100%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	335.0	367.0	185.0	200.0	200.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,639.0	8,329.6	9,208.4	8,617.7	3.5
Other Transfers	394.0	0.0	0.0	0.0	0.0
Other Revenues	87.5	87.5	200.0	200.0	128.6
Fund Balance	0.0	60.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$7,120.5	\$8,477.1	\$9,408.4	\$8,817.7	4.0
USES					
Personal Services and Employee Benefits	6,338.4	7,823.1	8,688.9	8,098.2	3.5
Contractual services	158.7	175.0	200.0	200.0	14.3
Other	556.1	479.0	519.5	519.5	8.5
TOTAL USES	\$7,053.2	\$8,477.1	\$9,408.4	\$8,817.7	4.0
FTE					
Permanent	84.0	80.0	83.0	83.0	3.8
Term	0.0	3.0	0.0	0.0	(100.0)
TOTAL FTE	84.0	83.0	83.0	83.0	0.0

THIRTEENTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average attorney caseload	246.0	185.0	N/A	185.0	185.0
Outcome	Number of cases prosecuted	6,302.0	6,011.0	6,615.0	6,615.0	6,615.0
Output	Number of cases referred for screening	6,139.0	6,071.0	6,445.0	6,678.0	6,678.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	147.0	117.0	175.0	130.0	175.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	6.0	5.0	N/A	N/A	N/A
Explanatory	Average time from filing charges to final disposition for adults, in months	14.0	10.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	0.0	31.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	0%	1%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	246.0	289.0	175.0	175.0	175.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		Percent Inc (Decr)
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,671.0	3,279.9	4,938.7	3,389.2	3.3
Other Transfers	96.2	0.0	0.0	0.0	0.0
Other Revenues	97.6	113.3	85.8	85.8	(24.3)
TOTAL SOURCES	\$2,864.8	\$3,393.2	\$5,024.5	\$3,475.0	2.4
USES					
Personal Services and Employee Benefits	1,554.9	2,023.4	2,264.9	2,023.4	0.0
Contractual services	386.6	387.3	1,431.6	387.3	0.0
Other	899.3	982.5	1,328.0	1,064.3	8.3
TOTAL USES	\$2,840.8	\$3,393.2	\$5,024.5	\$3,475.0	2.4
FTE					
Permanent	18.0	17.0	17.0	17.0	0.0
TOTAL FTE	18.0	17.0	17.0	17.0	0.0

At A Glance

The Administrative Office of the District Attorneys (AODA) requested a general fund revenue increase of \$1.65 million, or 50.6 percent, from the FY24 operating budget. The request included \$998 thousand in increased contractual costs to implement and acquire a new case management system, \$272 thousand for covering all business productivity software for district attorneys, and \$241.5 thousand for increased insurance, FICA, and retirement.

AODA provides continuing legal education events throughout the year for district attorneys, staff, and other lawyers in the state, houses the case management system used by all district attorneys and the Attorney General, and occasionally prosecutes cases where there is a conflict of interest.

The committee recommends an overall general fund increase of \$109.3 thousand, or 3.3 percent, from the FY24 operating budget. The recommendation includes \$86.7 thousand for increased insurance, FICA, and retirement and \$22.5 for employee training.

ADMINISTRATIVE SUPPORT

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Efficiency	Average time to resolve IT helpdesk tickets in hours	208.0	410.0	8.0	8.0	8.0
Output	Number of continuing legal education hours provided by AODA at training events	4,873.0	5,062.0	5,300.0	5,300.0	5,300.0
Outcome	Percent of application development issues resolved	0.00%	4.60%	100.00%	100.00%	100.00%
Outcome	Number of IT and application helpdesk requests received	1,394.0	1,636.0	1,000.0	1,000.0	1,000.0

Statutory Authority

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

Mission

The Public Defender Commission's mission is to provide all clients with high-quality legal representation that protects their liberty and constitutional rights. As New Mexico's indigent defense advocate, the Public Defender Commission is an equal participant in the development of a responsive and fair criminal justice process.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	60,800.0	71,705.5	86,617.7	75,558.8	5.4
Other Transfers	2,367.6	0.0	0.0	0.0	0.0
Other Revenues	194.0	303.6	100.0	100.0	(67.1)
Fund Balance	0.0	150.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$63,361.6	\$72,159.1	\$86,717.7	\$75,658.8	4.8
USES					
Personal Services and Employee Benefits	38,722.7	47,345.9	55,685.4	49,314.5	4.2
Contractual services	15,853.4	18,681.5	24,005.1	19,317.1	3.4
Other	7,009.9	6,131.7	7,027.2	7,027.2	14.6
TOTAL USES	\$61,586.0	\$72,159.1	\$86,717.7	\$75,658.8	4.8
FTE					
Permanent	444.0	477.0	537.0	497.0	4.2
Term	3.0	5.0	5.0	5.0	0.0
Temporary	3.0	14.0	14.0	14.0	0.0
TOTAL FTE	450.0	496.0	556.0	516.0	4.0

At A Glance

The Public Defender Department (PDD) requested a general fund revenue increase of \$14.9 million, or 20.8 percent, from the FY24 operating budget. The requested increase included \$4.9 million to increase contract attorney compensation, \$2.1 million for pay equity among criminal justice partners, \$1.6 million for operational cost increases, and \$6.2 million to add 60 FTE, including 30 attorneys and 30 core staff.

The committee recommendation increases general fund revenue by \$3.8 million, or 5.4 percent compared with the FY24 operating budget, and supports the agency request for all other revenue sources. The committee recommendation prioritizes the agency's request for increased staff, rural attorneys, case managers, and social workers. The recommendation also funds operational cost increases.

Budget Issues

PDD continues to make progress in improving performance reporting, management, and adapting to the shifting landscape of criminal justice. However, like other criminal justice partners in the state, PDD has consistent issues with recruitment and retention, specifically with attorney positions. PDD reported its vacancy rate had increased from the previous year from 14.7 percent to 20.3 percent agency wide. Within that, PDD has a 25.3 percent attorney vacancy rate. These vacancy levels, coupled with increases in felony cases statewide, creates a combination of fewer attorneys and more complex cases that results in increased time to disposition and increased dismissal rates.

A 2022 workload study conducted for PDD recommended the agency sharply increase the number of in-house attorneys employed by the agency. Fully implementing the recommendation would increase the number of attorneys by 307, a 104 percent increase. The agency budget request included \$3.6 million for 30 new attorney FTE, with an emphasis on the rural attorney division. Within the 30 new FTE request, \$1 million funded 10 attorneys at the Public Defender 2 level with a salary level of \$102 thousand, \$1.7 million funded 15 at the Public Defender 3 level with 2 at \$109 thousand and 13 at \$115 thousand, and \$756.3 thousand funded five at the Public Defender 5 level with all five at \$115 thousand yearly. These Public Defender level distinctions are made to express differences in pay, experience, and office location. At budget submission, PDD reported an agency-wide vacancy rate of 14.8 percent, up from 8.2 percent at the end of FY21. The agency also requested \$2.6 million for 30 new core staff FTE, including four case managers, six social workers, and eight investigators. The request would expand attorney FTE by 17 percent and core staff FTE by 4.2 percent.

The department relies heavily on contract attorneys when there is a conflict of interest, where caseloads are unmanageable, and as the primary indigent defense in the 18 counties without a public defender office. In FY23, PDD used contract attorneys for 37 percent of case assignments, an increase of 3 percentage points from FY22. When compared with PDD's in-house attorneys, contract counsel get fewer charges reduced, refer fewer cases for alternative sentencing placement, and take more time to resolve cases. Currently, most contract attorneys are paid a flat rate per case, regardless of time or labor, which may incentivize contractors to focus on the volume of cases defended rather than the quality of defense provided. The agency requested \$4.9 million in general fund revenue to increase contract attorney funding for complex cases and to increase the contractor base rate. The agency also increased contract attorney base pay at all levels in FY23 totaling \$2.8 million. If the request for contract attorney compensation was given, contract attorney total pay would increase to \$21.6 million, a 55 percent increase. PDD has received increased general fund revenues for contract attorney compensation for FY21-FY23 totaling over \$915 thousand.

While counties are statutorily required to provide district courthouses and district attorney offices, no such obligation exists for public defender offices. Accordingly, \$895.4 thousand of the agency's request was for rent. This increase was due to the agency moving offices.

The committee recommendation increases general fund revenue by \$3.8 million, or 5.4 percent compared with the FY24 operating budget. The recommendation includes \$1.1 million for rent and IT agreement increases. The recommendation also includes \$435.6 thousand for contract social workers and investigators. This is due to the agencies increasing caseload and the increase in discovery and documents for each case. By hiring contract social workers and investigators, the agency can provide attorneys more space to focus on briefing and client interaction.

The recommendation also includes \$942 thousand for four case managers at \$87.6 thousand each and six social workers at \$98.7 thousand each. The recommendation funds the agency request for case managers and social workers due to the heavy issues that each can address within a complex case. Challenges facing indigent persons exist beyond the legal system, and case managers and social workers can give clients information and recommendations for treatment plans, housing, and substance abuse treatment. Additionally, case managers and social workers assist in the pretrial, probation, and correctional discharges process, assisting criminal justice partners in assuring the client has the access and knowledge of the care they need and the system processes they are a part of. Like other criminal justice partners, rural PDD offices either have one or no case manager or social worker. Providing funding for these positions will help address the lack of case managers and social workers in rural PDD offices.

The recommendation also includes \$1 million for 10 new attorneys. The recommendation to increase the attorney FTE by 10 is to address the increase in complex felony cases and the decrease in misdemeanor cases. This increase in caseload is acutely felt in rural parts of the state, where PDD vacancies are notably higher than in cities. The agency requested funding for 22 rural attorneys to address this FTE discrepancy. The recommendation funds 10 of those rural positions.

Base Expansion

The agency incorrectly listed an expansion requested of \$6.2 million. The expansion is duplicative and is reflected within the agencies base request. The committee does not recommend the expansion.

BASE EXPANSION LISTING FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Attorneys and Core staff	P850	6,215.2	0.0
TOTAL			\$6,215.2	\$0.0

CRIMINAL LEGAL SERVICES

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of alternative sentencing treatment placements for felony, misdemeanor and juvenile clients	7,090.0	13,260.0	5,000.0	5,000.0	5,000.0
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	42%	54%	65%	65%	65%
Quality	Percent of misdemeanor cases resulting in a reduction of the original formally filed charges	46%	60%	65%	65%	65%
Quality	Percent of juvenile cases resulting in a reduction of the original formally filed charges	59%	58%	60%	60%	60%
Output	Number of alternative sentencing treatment placements in felony, misdemeanor and juvenile cases for clients of contract attorneys	1,837.0	0.0	0.0	Discontinued	Discontinued
Output	Number of cases dismissed in felony, misdemeanor, and juvenile cases	24,110.0	0.0	0.0	Discontinued	Discontinued
Output	Number of cases closed by attorneys	48,442.0	0.0	0.0	Discontinued	Discontinued
Output	Average number of cases opened by district	54,362.0	0.0	0.0	Discontinued	Discontinued
Output	Difference between the number of cases opened and closed by office	89.0	0.0	0.0	Discontinued	Discontinued
* Output	Average cases assigned to attorneys yearly	264.0	311.0	330.0	330.0	330.0
Output	Average time to case disposition, in months	9.0	11.0	9.0	9.0	9.0

General Control

Statutory Authority

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

Mission

The Attorney General (NMAG) provides legal opinions to various governmental entities and state officials as requested. The Attorney General's duties include prosecuting and defending all cases in which the state is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal. NMAG also provides programs and publications to educate New Mexico residents about their rights concerning governmental access and consumer protection.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,319.4	16,632.5	17,711.2	16,679.2	0.3
Other Transfers	12,868.9	15,354.4	15,354.4	15,354.4	0.0
Federal Revenues	3,194.7	4,250.7	3,980.9	4,359.3	2.6
Other Revenues	181,086.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$211,469.4	\$36,237.6	\$37,046.5	\$36,392.9	0.4
USES					
Personal Services and Employee Benefits	20,434.1	28,527.7	29,559.9	28,906.3	1.3
Contractual services	1,381.5	1,434.5	1,103.8	1,103.8	(23.1)
Other	4,676.4	6,275.4	6,382.8	6,382.8	1.7
Other financing uses	11,667.3	0.0	0.0	0.0	0.0
TOTAL USES	\$38,159.3	\$36,237.6	\$37,046.5	\$36,392.9	0.4
FTE					
Permanent	257.0	240.0	252.0	242.0	0.8
Term	7.0	9.0	4.0	2.0	(77.8)
Temporary	9.0	2.0	1.0	1.0	(50.0)
TOTAL FTE	273.0	251.0	257.0	245.0	(2.4)

At A Glance

The Attorney General (NMAG) requested a general fund increase of \$1.1 million, or 6.6 percent, primarily for four expansion requests. The expansion requests were spread across the agency's two programs; \$1 million for Legal Services for 10 new FTE and \$70.7 thousand for Medicaid Fraud to pay a 25 percent match for two attorneys funded mostly with federal grants.

The committee recommends a general fund increase of \$46.7 thousand, or 0.3 percent, including funding for two Medicaid Fraud Control Unit attorneys.

Budget Issues

Legal Services. In the Legal Services Program, NMAG requested a general fund revenue increase of \$1 million, a 6.4 percent increase from the FY24 operating budget. The agency requested a total FTE increase of 10. Within that 10, the agency requested four investigative personnel, four intake and constituent services FTE, and two victim advocate positions.

The agency requested additional investigative personnel to add civil investigations within the scope of the position. While investigators are traditionally used in criminal investigations, the office has seen an increase in both criminal and civil matters and contended additional investigative personnel will help with the increased caseload. The agency's request for four more intake and constituent services FTE was to address an increase in phone calls, online complaints, and the complexity of some constituent need.

Additionally, the agency requested funding for two victim advocate positions. These positions were previously federally funded, but due to cuts, the agency requested to cover the positions with recurring general funds. Further, due to the positions no longer being fully federally funded, they will no longer be limited to the type of victims they are allowed to assist and thus allowing them to aid the agency in multiple manners.

The committee recommends \$15.533 million from the general fund for Legal Services, a \$24 thousand, or 0.2 percent, decrease. The recommendation supports the agency’s reduction of revenue in the contractual services and in other categories and keeps their personnel flat with FY24 operating costs. The Legal Services division of the Attorney General has a funded vacancy rate of 27.7 percent, which translates to about \$7 million in vacancy savings.

Consumer Settlement Fund. The balance of the consumer settlement fund has decreased by \$8.6 million, or 25 percent, from FY23, with an ending FY23 balance of \$25.7 million. Fund balance projections depend on ongoing litigation, with the state likely receiving distributions from national drug makers and distributors of opioid settlements and a restricted settlement with the maker of Suboxone for its manipulation of the market for the substance use treatment drug. Currently, cases are still being litigated in New Mexico and full revenue projections are forthcoming. See *LFC Legislating for Results: Supplemental Charts and Graphs (Volume III)* for the consumer settlement fund table.

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

Medicaid Fraud. NMAG requested a general fund revenue increase of \$70.7 thousand to cover the states matching funds for two new attorney positions for the Medicaid Fraud Control Unit. The other 75 percent is covered through federal grant funds.

Due to the increase in referrals and caseload, the addition of the two new attorneys will support case and workload management for the unit. The committee fully recommends the expansion.

In FY22, data compiled by LFC in the *Medicaid Accountability Report* noted the NMAG recovered \$3.3 million in Medicaid fraud cases, down from \$8.6 million the previous year. The LFC report also noted the state could collect a larger percent by amending the state’s fraud statute to comply with federal rule.

Base Expansion

NMAG requested multiple expansions. The agency requested \$1 million for Legal Services to cover the expansion of 10 new FTE. These 10 new FTE were spread across three different departments within the division: four investigative personnel for a total of \$471.8 thousand to address the offices efforts to expand the investigations to criminal and civil matters, four intake and constituent services for a total of \$335.3 thousand to account for increased constituent phone calls and addressing timelessness in responses by the agency, and two victim advocacy attorneys for a total of \$200.9 thousand to provide enhanced services to victims and provide support to other divisions.

The agency also requested an expansion of \$70.7 to cover 25 percent of the funding for two Medicaid Fraud Control Unit attorneys to address increased volume of referrals and cases.

The LFC recommendation does not include funding for the Legal Services program expansion request due to high vacancy rate and available vacancy savings. The recommendation fully funds the expansion of the Medicaid Fraud program of \$70.7 thousand.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	MFCU Attorney Positions	P626	282.8	282.8
1	Victim Services FTE	P625	200.9	0.0
2	Investigative Personnel	P625	471.8	0.0
3	Intake & Constituent Services	P625	335.3	0.0
TOTAL			\$1,290.8	\$282.8

LEGAL SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,519.3	15,556.8	16,564.8	15,532.8	(0.2)
Other Transfers	12,818.9	15,354.4	15,354.4	15,354.4	0.0
Federal Revenues	521.3	1,209.4	685.8	1,064.2	(12.0)
Other Revenues	181,086.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$207,945.9	\$32,120.6	\$32,605.0	\$31,951.4	(0.5)
USES					
Personal Services and Employee Benefits	17,762.3	25,337.4	25,991.0	25,337.4	0.0
Contractual services	1,325.3	1,139.5	1,098.8	1,098.8	(3.6)
Other	4,133.9	5,643.7	5,515.2	5,515.2	(2.3)
Other financing uses	11,667.3	0.0	0.0	0.0	0.0
TOTAL USES	\$34,888.8	\$32,120.6	\$32,605.0	\$31,951.4	(0.5)
FTE					
Permanent	231.0	214.0	224.0	214.0	0.0
Term	7.0	9.0	4.0	2.0	(77.8)
Temporary	9.0	1.0	1.0	1.0	0.0
TOTAL FTE	247.0	224.0	229.0	217.0	(3.1)

Recommended Language

The internal service/interagency transfers appropriation to the legal services program of the attorney general includes fifteen million three hundred fifty-four thousand four hundred dollars (\$15,354,400) from the consumer settlement fund of the office of the attorney general.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Number of registrants at presentations conducted throughout the state and online	79,892.0	58,769.0	50,000.0	50,000.0	50,000.0
Output	Number of administrative prosecutions on professional licenses	202.0	164.0	100.0	100.0	100.0
Output	Number of investigations and prosecutions involving child victims	1,702.0	1,143.0	450.0	450.0	450.0
Output	Number of public corruption and first or second degree felony matters accepted for investigation and/or prosecution that do not involve child victims	90.0	92.0	60.0	60.0	60.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of investigations for noncompliance with the Open Meetings Act and Inspection of Public Records Act initiated within 30 days of referral	100%	30%	100%	100%	100%
Explanatory	Number of noncompliance investigations for the Open Meetings Act and Inspection of Public Records Act	283.0	271.0	N/A	N/A	N/A
Outcome	Percent of consumer and constituent complaints resolved within sixty days of formal complaint or referral receipt	100%	78%	90%	90%	90%
Explanatory	Average time from filing to final disposition in criminal cases, in months	37.0	16.0	N/A	N/A	N/A
Explanatory	Number of cases reviewed for prosecution	328.0	77.0	N/A	N/A	N/A

MEDICAID FRAUD

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	800.1	1,075.7	1,146.4	1,146.4	6.6
Other Transfers	50.0	0.0	0.0	0.0	0.0
Federal Revenues	2,673.4	3,041.3	3,295.1	3,295.1	8.3
TOTAL SOURCES	\$3,523.5	\$4,117.0	\$4,441.5	\$4,441.5	7.9
USES					
Personal Services and Employee Benefits	2,671.8	3,190.3	3,568.9	3,568.9	11.9
Contractual services	56.2	295.0	5.0	5.0	(98.3)
Other	542.5	631.7	867.6	867.6	37.3
TOTAL USES	\$3,270.5	\$4,117.0	\$4,441.5	\$4,441.5	7.9
FTE					
Permanent	26.0	26.0	28.0	28.0	7.7
Temporary	0.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	26.0	27.0	28.0	28.0	3.7

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Total medicaid fraud recoveries identified, in thousands	\$6,000	\$223	N/A	N/A	N/A
Output	Number of program improvement recommendations forwarded to New Mexico agencies and the United States department of health and human services	5.0	5.0	5.0	5.0	5.0
Efficiency	Percent of case investigations under the medicaid fraud control unit's jurisdiction completed within 180 days of receipt	81%	84%	75%	75%	75%
Efficiency	Percent of referrals from the department of human services where medicaid fraud control unit responds within 15 days	84%	25%	85%	85%	85%

Statutory Authority

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

Mission

The State Auditor audits the financial affairs of New Mexico agencies annually to improve accountability and performance and to assure New Mexicans that funds are expended properly. In addition, the State Auditor may initiate special audits to investigate reported or suspected fraud, waste, and abuse related to the financial affairs of an agency.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,459.1	4,039.6	5,905.5	4,160.8	3.0
Other Transfers	245.6	0.0	0.0	0.0	0.0
Other Revenues	99.6	342.0	350.0	350.0	2.3
Fund Balance	0.0	491.7	500.0	500.0	1.7
TOTAL SOURCES	\$3,804.3	\$4,873.3	\$6,755.5	\$5,010.8	2.8
USES					
Personal Services and Employee Benefits	3,252.1	4,249.3	5,255.6	4,249.3	0.0
Contractual services	103.3	86.0	635.2	197.8	130.0
Other	420.6	538.0	864.7	563.7	4.8
TOTAL USES	\$3,776.0	\$4,873.3	\$6,755.5	\$5,010.8	2.8
FTE					
Permanent	42.0	41.0	41.0	41.0	0.0
Temporary	2.0	1.0	1.0	1.0	0.0
TOTAL FTE	44.0	42.0	42.0	42.0	0.0

At A Glance

The Office of the State Auditor (OSA) requested a general fund increase of \$1.87 million, or 46 percent, for FY25. The request included an increase of \$1 million, or 24 percent, in personnel costs to achieve wage parity with private industry and to proportionally increase staff salaries. However, LFC and the Department of Finance and Administration (DFA) are conducting a review of overall compensation and classification for the state that could reduce any need for targeted compensation. The agency’s total FY25 budget request was \$6.7 million, a \$1.88 million or 39 percent increase from the previous year. The request includes a \$549.2 thousand increase in contractual services to hire independent public accountants to bring local public bodies into financial compliance and to hire contract accountants during their annual peak season. The request also includes a \$326.7 thousand increase to replace audit staff laptops and to cover preparation courses and materials for certified public accountants (CPA) and certified fraud examiners (CFE) candidates.

The committee recommendation supports a general fund increase of \$121.2 thousand, or 3 percent, and an overall budget increase of 2.8 percent. The recommendation includes a \$111.8 thousand increase in contractual services to hire independent public accountants to help local public bodies with financial reporting and to hire contract accountants for annual peak season. The recommendation also includes a \$25.7 thousand increase in the other category for educational material for CPA and CFE candidates and for new audit staff laptops. The committee recommends a flat budget for personnel.

Budget Issues

According to LFC’s FY23 quarterly capital outlay report, \$3.1 billion of funding was unused this past year. The report also identified \$6 million of capital outlay funding allocated to local public bodies is being withheld due to noncompliance with state financial reporting laws. Executive Order 2013-006 restricts entities from receiving funds when they are not financially compliant. Since the executive order, \$2.3 million of capital outlay funding is now accessible for local public bodies.

The committee recommends \$50 thousand to help local public bodies remain financially complaint to ensure that entities are able to access future capital outlay awards. As of September 2023, the office cited 18 public entities “at risk” due to late audit reports, including nine municipalities. This is an improvement from FY22, in which 33 public entities were cited as “at-risk.”

STATE AUDITOR

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of small local public bodies newly registered with the office of the state auditor	0.0	NEW	N/A	N/A	N/A
Explanatory	Total public funding made available for non-compliant small local public bodies with public funds withheld and brought into compliance	\$0.0	NEW	N/A	N/A	N/A
Outcome	Number of small local public body annual financial compliance certifications performed.	\$0.0	NEW	0.0	NEW	NEW
Output	Total audit fees generated	\$279,240	\$229,500	\$300,000	\$350,000	\$350,000
Explanatory	Percent of audits submitted by regulatory due date	83%	85%	N/A	N/A	N/A
Output	Number of training sessions performed	14.0	15.0	15.0	15.0	15.0
Output	Number of working paper reviews of independent public accountants	20.0	10.0	20.0	15.0	15.0
Explanatory	Number of conservatorship reports reviewed	1,309.0	1,270.0	N/A	N/A	N/A
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	54%	0%	55%	55%	55%
Output	Number of attendees participating in training sessions	1,752.0	2,100.0	1,752.0	1,752.0	1,752.0
Output	Number of outreach events in counties	0.0	12.0	4.0	8.0	8.0
Explanatory	Number of small local public entities that received grants through the small political subdivision grant program to assist with audit expenditures	25.0	11.0	N/A	N/A	N/A
Explanatory	Number of grants awarded to small local public entities through the small political subdivision grant program to assist with audit expenditures	26.0	13.0	N/A	N/A	N/A
Explanatory	Number of allegations of fraud, waste and abuse examined by the special investigations division	298.0	286.0	N/A	N/A	N/A

Statutory Authority

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

Mission

The mission of the Taxation and Revenue Department is to administer and enforce, with fairness warranting the public's confidence, New Mexico's taxation and revenue laws and motor vehicle code through a system that efficiently and securely delivers quality customer services.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	68,026.3	79,165.9	84,757.2	81,803.2	3.3
Other Transfers	4,638.4	0.0	0.0	0.0	0.0
Federal Revenues	1,413.1	2,351.4	2,550.4	2,550.4	8.5
Other Revenues	37,582.8	44,852.5	45,687.4	45,687.4	1.9
Fund Balance	(6,838.4)	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$104,822.2	\$126,369.8	\$132,995.0	\$130,041.0	2.9
USES					
Personal Services and Employee Benefits	65,429.0	77,133.3	79,579.3	77,133.3	0.0
Contractual services	11,105.6	14,420.4	18,816.3	18,582.3	28.9
Other	22,296.6	24,721.6	25,004.9	24,730.9	0.0
Other financing uses	8,094.5	10,094.5	9,594.5	9,594.5	(5.0)
TOTAL USES	\$106,925.7	\$126,369.8	\$132,995.0	\$130,041.0	2.9
FTE					
Permanent	1,036.0	1,006.7	1,007.5	1,007.5	0.1
Term	18.0	29.0	28.2	28.2	(2.9)
Temporary	4.0	5.8	5.8	5.8	0.0
TOTAL FTE	1,058.0	1,041.5	1,041.5	1,041.5	0.0

At A Glance

For FY25, the Taxation Revenue Department (TRD) requested a general fund revenue increase of nearly \$5.6 million, 7.1 percent, above the FY24 operating budget. The requested increases were primarily to fund positions across all programs and to maintain tax and motor vehicle contracts for systems of record. The total budget request for FY25 was \$133 million, 5.2 percent, over the FY24 operating budget.

TRD also requested \$667.7 thousand in fee revenues for the Motor Vehicle Program, \$243.5 thousand in cannabis administrative fees and miscellaneous revenue for Program Support, and a \$254.7 thousand increase in federal revenue for the Tax Administration Program.

The committee recommends a \$2.6 million increase from the general fund, 3.3 percent over the FY24 operating budget, to fund maintenance costs for technology contracts. LFC also recommends an increase of \$263.3 thousand from federal and other state funds in personal services and employee benefits, and an increase of \$4.2 million in contractual services, 4.4 percent, to support systems of record and technology contract changes. The recommendation also includes the requested decrease of \$500 thousand in other revenues and other financing uses for the weight-distance tax revenues transferred to the Department of Transportation due to shortfalls in collection amounts. The committee recommends an overall budget increase of \$3.6 million, 2.9 percent, over the FY24 operating budget.

Budget Issues

TRD requested nearly \$1.2 million in general fund to fill vacancies, including \$126.5 thousand in pay increases for special agents at the Compliance Enforcement Program and \$1 million for positions in the Administrative Support and Information Technology bureaus of Program Support. The vacancy rate of the department was 21 percent, of which 8 percent was funded, at the end of FY23. TRD is implementing internal realignments and reclassifications with in-pay-band increases agencywide to increase staff retention and reduce the vacancy rate. The department has also hosted rapid hire events for several divisions and reports difficulties filling audit positions. TRD had average salary and benefits surpluses of \$3.5 million per year, 5.5 percent, in the past two fiscal years.

Tax Administration. TRD requested to decrease contractual services by \$453.9 thousand, citing net decreases in contract costs for professional development and maintenance for automated services in the Audit and Compliance subdivision, as well as WorkQuest, Avenue, and OPEX corporation contracts in the Revenue Processing subdivision. LFC does not recommend the requested decrease.

In FY23, the program transferred \$1.7 million from the personal services and employee benefits category to update computer equipment, purchase postage, fund training, and replace furniture. The LFC recommendation includes keeping general fund flat with the FY24 operating budget but includes an increase of \$254.7 thousand in federal funds, a 15.9 percent increase over the FY24 operating budget, to fund TRD's request to reduce the vacancy rate.

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. TRD states debt is collectible up to 10 years and expired debt can be reactivated. According to the department, debt within one to four years is easiest to collect, with the largest debt category being sole proprietors. The top collection revenue sources have been gross receipts tax, at \$82.8 million, and personal income tax, at nearly \$35 million.

Compliance Enforcement. TRD requested an increase of \$127.1 thousand from the general fund, 6.2 percent above the FY24 operating budget for the Compliance Enforcement Program for in-pay-band salary increases for special agents and other internal position alignments. LFC recommends keeping funding flat in all categories for the program.

Motor Vehicle Division. The Motor Vehicle Division requested \$667.7 thousand from general fund to backfill revenue previously received from now-defunct driver's license suspension penalties (Laws 2023, Chapter 66). LFC recommends TRD use fund balance from the motor vehicle suspense fund to supplant the lost revenues and recommends a \$696.9 thousand increase in other revenues, a 1.9 percent increase over FY24. TRD based its estimate of decreased revenues from fees on the number of unique driving records that included a suspension for failure to pay or appear. That number grew from 250,081 records in 2021 to more than 308 thousand at the end of FY22.

Program Support. TRD requested \$3.5 million from the general fund for GenTax maintenance and support, which includes \$3.3 million for changes in the pricing model from flat charges to hourly time and materials in the software contracts. Because of the extensive variety of tax programs added to the GenTax system in recent years, it is becoming the consolidated tax system for the state, supporting over 45 distinct tax programs, and revenue collections of over \$5 billion per month. System enhancements have included support for the cannabis excise tax, insurance premium tax, healthcare quality surcharge, and over \$2 billion in nonrecurring tax rebates and economic relief payments. Tax systems are continually modified and updated with cybersecurity improvements, legislative tax code changes, and system automations for customer service.

The requested increase also included \$370.7 thousand for the Tapestry system used by the Motor Vehicle Program's licensing and maintenance costs and contract increases. Tapestry is the state's system for licensing drivers, registering vehicles, and facilitating various MVD services. Tapestry serves 70 state and municipal offices, around 200 private retail agent offices, dealerships, and driving schools. It manages 50 interfaces, processing approximately 600 thousand driver transactions and 2 million vehicle transactions annually. Tapestry's primary functions include vehicle titles and registrations, drivers' licenses, vehicle liens, license plate replacements, citation record, and reinstatement fees.

LFC recommends a \$2.6 million increase, or 10.9 percent, from the general fund and a \$243.5 thousand increase or 35.5 percent in other revenues, to support maintenance and other cost increases for the GenTax and Tapestry systems.

TAX ADMINISTRATION

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	30,365.8	36,358.4	36,350.8	36,358.4	0.0
Other Transfers	2,198.1	0.0	0.0	0.0	0.0
Federal Revenues	1,342.2	1,606.2	1,860.9	1,860.9	15.9
Other Revenues	823.0	1,228.6	1,143.1	1,143.1	(7.0)
TOTAL SOURCES	\$34,729.1	\$39,193.2	\$39,354.8	\$39,362.4	0.4
USES					
Personal Services and Employee Benefits	26,193.8	30,946.4	31,464.4	30,946.4	0.0
Contractual services	348.9	973.4	661.0	1,221.7	25.5
Other	7,475.4	7,273.4	7,229.4	7,194.3	(1.1)
TOTAL USES	\$34,018.1	\$39,193.2	\$39,354.8	\$39,362.4	0.4
FTE					
Permanent	474.0	444.7	445.5	445.5	0.2
Term	16.0	23.0	22.2	22.2	(3.6)
Temporary	3.0	5.8	5.8	5.8	0.0
TOTAL FTE	493.0	473.5	473.5	473.5	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division	8.1	13.1	11.1	13.1	13.1
Explanatory	Percent of electronically filed returns for personal income tax and business tax	90%	N/A	N/A	N/A	N/A
* Outcome	Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	16%	16%	20%	20%	20%
Explanatory	Percent of personal income tax returns filed on time for last fully completed tax year	81%	N/A	N/A	N/A	N/A
Explanatory	Percent of questionable refund tax returns stopped compared with the total number of personal income tax returns processed	N/A	N/A	N/A	N/A	N/A
Output	Number of personal income tax returns flagged as questionable	28,383.0	82,753.0	50,000.0	50,000.0	50,000.0
Outcome	Percent of processed and accepted returns by quarter	1,107,474%	95%	1,000,000%	90%	95%
* Outcome	Collections as a percent of collectible audit assessments generated in the previous fiscal year	16%	55%	60%	60%	60%

MOTOR VEHICLE DIVISION

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,556.8	16,624.5	17,292.2	16,624.5	0.0
Other Transfers	1,323.8	0.0	0.0	0.0	0.0
Federal Revenues	70.9	745.2	689.5	689.5	(7.5)
Other Revenues	28,121.0	36,515.9	37,192.8	37,192.8	1.9
TOTAL SOURCES	\$44,072.5	\$53,885.6	\$55,174.5	\$54,506.8	1.2
USES					
Personal Services and Employee Benefits	20,344.4	23,360.3	23,874.7	23,360.3	0.0
Contractual services	6,183.9	7,625.1	8,657.9	8,657.9	13.5
Other	10,180.1	12,805.7	13,047.4	12,894.1	0.7
Other financing uses	8,094.5	10,094.5	9,594.5	9,594.5	(5.0)
TOTAL USES	\$44,802.9	\$53,885.6	\$55,174.5	\$54,506.8	1.2
FTE					
Permanent	325.0	326.0	326.0	326.0	0.0
Term	2.0	6.0	6.0	6.0	0.0
TOTAL FTE	327.0	332.0	332.0	332.0	0.0

Recommended Language

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

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of registered vehicles with liability insurance	91%	91%	92%	92%	100%
* Efficiency	Average call center wait time to reach an agent, in minutes	8.0	6.0	10.0	10.0	6.0
* Efficiency	Average wait time in qmatic-equipped offices, in minutes	6.0	4.0	15.0	15.0	10.0
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records on receipt	1.0	2.0	1.0	2.0	2.0
Quality	Percent of customers rating customer service as good or higher	99%	99%	98%	98%	98%
Explanatory	Web transactions as a percent of total transactions	N/A	N/A	N/A	N/A	N/A

PROPERTY TAX DIVISION

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	7,976.0	6,422.5	6,422.5	6,422.5	0.0
TOTAL SOURCES	\$7,976.0	\$6,422.5	\$6,422.5	\$6,422.5	0.0
USES					
Personal Services and Employee Benefits	3,207.0	3,811.1	3,811.1	3,811.1	0.0
Contractual services	522.7	1,219.4	1,219.4	1,219.4	0.0
Other	965.6	1,392.0	1,392.0	1,392.0	0.0
TOTAL USES	\$4,695.3	\$6,422.5	\$6,422.5	\$6,422.5	0.0
FTE					
Permanent	42.8	39.0	39.0	39.0	0.0
TOTAL FTE	42.8	39.0	39.0	39.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$12.00	\$13.90	\$10.00	\$10.00	\$12.00
Output	Dollar value of all delinquent property tax sales held	\$366,570.00	\$607,686.00	\$400,000.00	\$400,000.00	\$500,000.00
* Outcome	Percent of total delinquent property taxes recovered	23%	6%	15%	15%	15%

COMPLIANCE ENFORCEMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,768.4	2,052.9	2,180.0	2,052.9	0.0
Other Transfers	101.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,870.3	\$2,052.9	\$2,180.0	\$2,052.9	0.0
USES					
Personal Services and Employee Benefits	1,422.3	1,747.9	1,874.4	1,747.9	0.0
Contractual services	3.9	9.4	9.4	9.4	0.0
Other	321.8	295.6	296.2	295.6	0.0
TOTAL USES	\$1,748.0	\$2,052.9	\$2,180.0	\$2,052.9	0.0
FTE					
Permanent	23.0	21.0	21.0	21.0	0.0
TOTAL FTE	23.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of tax investigations referred to prosecutors of total investigations assigned during the year	50%	10%	85%	30%	30%
Explanatory	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	N/A	N/A	N/A
Outcome	Percent of internal investigations completed within 60 days	100%	100%	100%	100%	100%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	21,335.3	24,130.1	28,934.2	26,767.4	10.9
Other Transfers	1,014.6	0.0	0.0	0.0	0.0
Other Revenues	662.7	685.5	929.0	929.0	35.5
Fund Balance	(6,838.4)	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$16,174.2	\$24,815.6	\$29,863.2	\$27,696.4	11.6
USES					
Personal Services and Employee Benefits	14,261.5	17,267.6	18,554.7	17,267.6	0.0
Contractual services	4,046.1	4,593.1	8,268.6	7,473.9	62.7
Other	3,353.6	2,954.9	3,039.9	2,954.9	0.0
TOTAL USES	\$21,661.2	\$24,815.6	\$29,863.2	\$27,696.4	11.6
FTE					
Permanent	171.2	176.0	176.0	176.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	172.2	176.0	176.0	176.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Number of tax protest cases resolved	1,690.0	1,892.0	1,525.0	1,525.0	1,950.0
Outcome	Percent of matched combine reporting system taxes distributed timely	100%	N/A	100%	N/A	100%
Output	Percent of internal audit recommendations implemented	97%	25%	90%	90%	90%
Explanatory	Number of days after the close of a reporting period that financial reports are available	N/A	N/A	N/A	N/A	N/A
Output	Tax protest cases referred to the administrative hearings office	10%	9%	70%	10%	10%
Explanatory	Financial report error rate	N/A	N/A	N/A	N/A	N/A

Statutory Authority

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

Mission

New Mexico’s two main endowment funds, the land grant and severance tax permanent funds, are to provide permanent and continuing benefits for the present and future citizens of New Mexico from the revenue from lands held in trust and the extraction of certain natural resources. SIC’s mission is to optimize the funds to ensure future generations receive the same benefits over time and to provide a current revenue source for the state’s general fund.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	60,000.0	65,951.8	73,746.1	72,929.3	10.6
TOTAL SOURCES	\$60,000.0	\$65,951.8	\$73,746.1	\$72,929.3	10.6
USES					
Personal Services and Employee Benefits	4,234.3	5,155.9	7,087.8	6,271.0	21.6
Contractual services	45,283.8	60,015.0	65,771.6	65,771.6	9.6
Other	569.8	780.9	886.7	886.7	13.5
TOTAL USES	\$50,087.9	\$65,951.8	\$73,746.1	\$72,929.3	10.6
FTE					
Permanent	31.0	31.0	37.0	37.0	19.4
TOTAL FTE	31.0	31.0	37.0	37.0	19.4

At A Glance

For FY25, SIC, which does not receive general fund support, requested a budget of \$73.7 million, an 11.8 percent increase from the FY24 operating budget. The requested increase is primarily in the contractual services category due to asset growth, which drives investment fees. The committee recommends funding the requested increases in the contractual services and other categories while partially funding the requested increase for personnel. Of the six additional positions and four vacant positions requested, the committee recommends funding six positions reflecting the challenging recruitment environment and the most likely positions to be filled to support the investing and accounting activities that have grown with increased balances and funds under SIC management. As such, the committee recommendation is \$72.9 million, a \$6.9 million increase, or 10.5 percent, from the FY24 operating budget because of soaring asset growth expectations primarily from increased oil and gas transfers.

Budget Issues

For FY25, SIC requested a \$7.8 million increase, with increases of \$1.9 million in the personal services and employee benefits category, \$5.7 million in the contractual services category, and \$105.8 thousand increase in the other costs category. Increased contractual costs are expected because investor fees are based on SIC-managed fund balances, which are expected to continue to grow because distributions to the permanent funds remain high in a strong oil and gas price and production environment. Furthermore, new distributions to the permanent funds from windfall oil and gas school tax and federal mineral leasing payments are raising expectations for fund growth and, subsequently, investment fees. SIC requested 6 additional FTE in expansion for accounting and investing staff. Because the requested positions are related to existing functions, the LFC recommendation partially funds the request in the base budget. The other costs category request includes funds for a satellite office in Albuquerque and the associated costs with furnishing and equipping the new space.

After double-digit percentage declines in equity markets during the pandemic, markets roared back due to enormous amounts of liquidity and unprecedented deficit spending by the federal government. Yet, the federal stimulus, along with supply chain disruptions, led to persistent and historic inflation in FY22, triggering a Federal Reserve response of tightening monetary policy. As such, equities again faced crisis, with indices falling 12 percent in FY22. Slowing inflation and strong economic activity driven by pent-up consumer demand and federal industrial policy has propped up markets since, with S&P indices climbing 17.5 percent in FY23. However, strong market volatility remains, with the first quarter of FY24 down more than 3 percent despite hitting fresh highs in the months between. Nevertheless, the market value of funds invested by SIC increased because of large distributions from oil and gas revenues and positive investment returns. Ending FY23 permanent fund balances totaled \$35.7 billion by June 2023, up from \$30.15 billion at the end of June 2022. SIC reports market returns for its investments in FY23 from 5 percent gains in the early childhood education and care trust fund (ECTF) to 7.07 percent gains in the land grant permanent funds (LGPF), with the severance tax permanent fund gaining 5.86 percent.

SIC's long-term targeted rate of return is 7 percent for the LGPF and 6.75 percent for the severance tax permanent fund (STPF) and a target is still being developed for the ECTF. As the Legislature seeks greater returns, dedicates new inflows, and counts on the SIC's returns to offset future oil and gas declines resulting from the global energy transition, SIC has adopted new asset allocations to rise to the challenge. Changes in strategy and allocation for FY24 and beyond include greater exposure to higher-returning "risk-assets," less exposure to more liquid assets, and greater exposure to private market assets over publicly traded assets. In doing so, the FY24 *SIC Annual Investment Plan* expects to meet its return targets for the first time in many years.

Like many investment agencies, SIC seeks to maximize investment returns by hiring active fund managers. External investment management requires additional contracts and increased fees. Some asset classes, such as public equities and fixed income assets, offer little opportunity for investment gains through asset management, and indexing (passive management) is less costly. However, manager skill can improve investment returns in certain asset classes, such as private equity and real assets like commodities and real estate. About 77 percent of the LGPF and 72 percent of the STPF portfolios are actively managed, costing \$44.2 million in FY23. In FY23 and net of fees, actively managed assets outperformed the passive market assets by 0.6 percent and 4.8 percent in U.S. equities and emerging market debt, respectively. However, passively managed international equity performed 0.4 percent better than actively managed assets, net of fees.

The permanent funds' lower-risk asset allocations, such as fixed income and real estate investments, provide an advantage in a declining market environment and disadvantage in a rising market. Because FY22 was a year of substantial market losses, the permanent funds performed better than the majority of peer investment funds. As markets rose in FY23, performance fell compared to peer funds and annual return rankings were in the bottom 40 percent and 15 percent for the LGPF and STPF, respectively. The permanent funds performed better in longer return measures, like the 3-year, 5-year, and 10-year returns. For those categories, the LGPF performed in the top quartile or second quartile, while the STPF performed near or in the bottom quartile for all periods largely due to New Mexico designated investments.

Legislation passed in the 2020 regular session created the early childhood education and care fund, known as the early childhood trust fund, an interest-earning account to be managed by SIC. The Legislature endowed the fund with \$300 million, transferred at the beginning of FY21. The fund is designed to capture windfall oil and gas revenue from production activity on federal lands and from the oil and gas emergency school tax if the general fund reserves are greater than 25 percent of the current fiscal year recurring appropriations. Five percent of a three-year average of the balance of the fund, or \$150 million, whichever is greater, is then distributed to programmatic uses at the Early Childhood Education and Care Department. As oil markets rebounded in FY22, production increases and high prices generated significant revenues for the trust fund. Preliminary data from 2023 indicate more than \$2.5 billion of excess oil and gas revenues could be distributed to the fund. SIC changed management of the fund from a targeted asset allocation high in liquid and fixed income assets to a more aggressive allocation closer in profile to the land grant permanent funds, although with higher liquidity necessary to meet distribution thresholds.

New Mexico Economically Targeted Investments. The Severance Tax Bonding Act authorizes various economically targeted investment (ETI) strategies for the STPF that permit a below-market rate of return for investments intended to stimulate the economy of New Mexico. Most ETI allocations in statute come at the fiduciary discretion of SIC, although the 2 percent allocation to the Small Business Investment Corporation (SBIC) is required. While many legislative authorizations are currently inactive, if all ETI 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. Statutory ETI allocations of the STPF include 2 percent in small business lending and equity programs from SBIC, up to 11 percent in New Mexico private equity, up to 6 percent in New Mexico film loans, up to 20 percent in bank certificates of deposit with New Mexico financial institutions, up to 20 percent in New Mexico Farmers Home Administration loans, up to 10 percent in educational institution revenue bonds, and about \$130 million in dollar-specific authorized investments.

In the 2020 special sessions, the Legislature directed another roughly 9.5 percent allocation to pandemic relief efforts. Currently, in addition to the mentioned pandemic relief programs, SIC is fulfilling its mandatory commitment of 2 percent of the STPF for investments from SBIC and has set a 9 percent target allocation for New Mexico private equity.

Pandemic Relief. Following the onset of the Covid-19 pandemic, the Legislature authorized \$500 million from the STPF for an emergency short-term loan fund for New Mexico businesses. These loans were meant to help bridge the gap for companies that were profitable prior to the crisis and that have good prospects thereafter but may not have qualified for other loans from the federal government, state, or private banks. These loans, which are unsecured and do not require any collateral or personal guarantee, required interest-only payments for the first three years with an option to extend principal and interest payments for another three years.

As of September 2023, the program had approved about 3,000 loans totaling \$199.8 million. Loan sizes averaged \$67 thousand with interest rates of 3 percent to 10 percent. As of February 2023, 77 borrowers had paid off loans for \$5.1 million with another \$6.7 million in principal payments made. Currently, 117 borrowers are 90 days or more past due on payments with \$19.3 million of loans already considered to be in allowance for doubtful accounts. No bankruptcies have been reported to date by this program.

Base Expansion

The LFC recommendation included 6 FTE in the base budget as the request does not reflect an expansion of programming. No additional funding was included as the agency has sufficient funding to fill FTE.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	FTE Increase	P629	816.8	0.0
TOTAL			\$816.8	\$0.0

STATE INVESTMENT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	(\$23.0)	(15.0)	12.5	12.5	12.5
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	26%	36%	49%	49%	49%
Outcome	Three-year annualized investment returns to exceed internal benchmarks, in basis points	(33.0)	10.0	25.0	25.0	25.0
Outcome	Three-year annualized percentile performance ranking in endowment investment peer universe	22%	22%	49%	49%	49%

Statutory Authority

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

Mission

The mission of the Administrative Hearings Office is to adjudicate administrative hearings held pursuant to the Tax Administration Act, the Property Tax Code, the Implied Consent Act, and the Motor Vehicle Code consistent with applicable legal authority in a fair, efficient, and impartial manner.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	1,855.7	2,148.2	2,613.3	2,191.2	2.0
Other Transfers	214.7	78.8	128.8	128.8	63.5
Other Revenues	165.0	165.0	210.0	210.0	27.3
TOTAL SOURCES	\$2,235.4	\$2,392.0	\$2,952.1	\$2,530.0	5.8
USES					
Personal Services and Employee Benefits	1,873.5	2,045.1	2,587.2	2,129.3	4.1
Contractual services	32.1	73.4	39.7	39.7	(45.9)
Other	287.2	273.5	325.2	361.0	32.0
TOTAL USES	\$2,192.8	\$2,392.0	\$2,952.1	\$2,530.0	5.8
FTE					
Permanent	17.0	17.0	19.0	18.0	5.9
TOTAL FTE	17.0	17.0	19.0	18.0	5.9

At A Glance

For FY25, the Administrative Hearings Office (AHO) requested a general fund increase of \$465.1 thousand, or 22 percent, over the FY24 operating budget. The requested increase included a \$119.1 thousand base budget increase, a \$240.2 thousand expansion for targeted salary increases for attorney administrative law judge (ALJ) positions, and a second personnel expansion of \$150.8 thousand and 1 FTE for an additional attorney to assist with hearings for other state agencies. AHO further requested a \$50 thousand increase in other transfers, 63.5 percent over the FY24 operating budget to account for an increase in revenues from hearings. AHO also requested a \$45 thousand increase in other revenues from the motor vehicle suspense fund. This is an overall budget request increase of \$560.1 thousand, 23.4 percent, over the FY24 operating budget.

The committee recommendation supports a \$43 thousand increase in general fund revenues, 2 percent above AHO’s FY24 budget. This includes an increase in the personal services and employee benefits category of \$84.2 thousand, a 4.1 percent increase, and 1 FTE to support agency hearings. The committee also recommends the requested increase of \$50 thousand in other transfers, revenue that AHO anticipates generating from state agency hearings. The LFC recommendation further includes a \$45 thousand increase in other state funds from the motor vehicle suspense fund and supports AHO’s request to reduce contracts to be more in line with actual spending. The LFC recommendation is an overall increase of 5.8 percent over the agency’s FY24 budget.

In FY23, AHO generated \$57.1 thousand in fee revenue from conducting hearings for other state agencies, compared to \$39.3 thousand in FY22. In FY24, AHO increased its fees for hearings from \$100 per hour to \$125 per hour. Since 2016, AHO has reported a higher volume of hearings and predicts the revenues and hearings will trend upward through FY25 and FY26.

In FY23, AHO conducted 2,998 hearings, 300 hearings per attorney and ALJ/hearing officer. Compared to FY22, the workload volume increased by 160 hearings or 16 hearings per attorney. In addition to its core statutory tax protest and DWI Implied Consent Act license revocation hearings, AHO conducted 53 hearings for other state agencies in FY23, compared to 19 hearings in FY22. Other state agencies include the Board of Nursing, the State Ethics Commission, and the Secretary of State. The 300 hearings per attorney and ALJ hearing officer represented an increased workload of approximately 6 percent over FY22. AHO anticipates a large docket of complex HSD/HCA Medicaid fraud and overbilling cases in FY24 leading into FY25. The agency conducted no Medicaid hearings in FY22, reverting the \$50 thousand from the Human Services Department to the general fund. AHO conducted its first and only Medicaid hearing in FY23.

Base Expansion

The requested increase included a \$240.2 thousand expansion for targeted salary increases for attorney administrative law judge (ALJ) positions, and a second personnel expansion of \$150.8 thousand and 1 FTE for an additional attorney to assist with hearings for other state agencies.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Existing FTE Expansion for Attorneys and Support Employees	P340	240.2	0.0
2	FTE LI Attorney IV-ALJ Request	P340	150.8	0.0
TOTAL			\$391.0	\$0.0

ADMINISTRATIVE HEARINGS OFFICE

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

Recommended Language

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

The other state funds appropriation to the administrative hearings office includes one hundred sixty-five thousand dollars (\$210,000) from the motor vehicle suspense fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Percent of hearings for implied consent act cases not held within ninety days due to administrative hearings office error	0.0%	0.0%	0.5%	0.4%	0.0%
Outcome	Percent rate of tax cases not held (including merits and scheduling conference) within 90 days because of administrative hearings office error	0.0%	0.0%	2.0%	2.0%	0.0%
Outcome	Number of tax protest and/or Implied Consent Act trainings conducted annually	4.0	4.0	4.0	4.0	4.0

Statutory Authority

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

Mission

DFA provides the governor, other agencies, and local entities with fiscal and policy analysis and budgetary services to ensure responsive and fiscally responsible governance for New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	26,806.0	54,237.6	39,889.1	33,672.1	(37.9)
Other Transfers	17,825.4	16,250.0	22,715.7	30,105.8	85.3
Federal Revenues	3,650.7	21,755.2	21,935.7	21,935.7	0.8
Other Revenues	92,764.6	113,039.4	127,533.6	127,533.6	12.8
Fund Balance	7,284.5	16,277.0	20,301.3	11,151.9	(31.5)
TOTAL SOURCES	\$148,331.2	\$221,559.2	\$232,375.4	\$224,399.1	1.3
USES					
Personal Services and Employee Benefits	12,654.6	16,570.9	22,373.8	18,287.6	10.4
Contractual services	5,885.4	7,484.3	14,703.1	10,640.9	42.2
Other	46,170.8	56,213.4	61,028.8	57,102.9	1.6
Other financing uses	54,695.7	117,443.8	104,831.3	109,387.7	(6.9)
Emergency water supply fund	66.2	109.9	250.0	109.9	0.0
Fiscal agent contract	392.1	1,064.8	1,200.0	1,200.0	12.7
State planning districts	693.0	693.0	693.0	693.0	0.0
Statewide teen court	68.2	137.9	137.9	137.9	0.0
Law enforcement protection fund	11,146.5	15,300.0	20,000.0	20,000.0	30.7
Leasehold community assistance	120.0	180.0	180.0	180.0	0.0
Acequia and community ditch education program	392.9	498.2	498.2	498.2	0.0
New Mexico acequia commission	80.8	88.1	88.1	88.1	0.0
Land grant council	302.8	626.9	945.2	626.9	0.0
Membership and dues	144.8	148.0	0.0	0.0	(100.0)
County detention of prisoners	5,000.0	5,000.0	4,970.0	4,970.0	(0.6)
National Association of State Budget Officers	0.0	0.0	24.0	24.0	0.0
Western Governors' Association	0.0	0.0	40.0	40.0	0.0
National Governors' Association	0.0	0.0	84.0	84.0	0.0
Intertribal Indian Ceremonial Association	0.0	0.0	328.0	328.0	0.0
TOTAL USES	\$137,813.8	\$221,559.2	\$232,375.4	\$224,399.1	1.3

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	144.5	133.4	163.4	133.4	0.0
Term	18.8	26.6	26.6	26.6	0.0
Temporary	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	166.3	160.0	190.0	160.0	0.0

At A Glance

The Department of Finance and Administration (DFA) requested a total budget of \$231.8 million—a 28 percent decrease in general fund revenues and a 15 percent increase in other funding sources. The reduction from the general fund results from the agency removing food initiative funding (funded last year at \$23.6 million). The agency requested an additional \$8.7 million from the general fund, including an expansion of \$2 million in general fund revenues for various initiatives. DFA also requested an additional 24 FTE across its programs, including 14 FTE for a new SHARE bureau.

The committee recommends a general fund budget for the agency of \$33.7 million, \$6.7 million over the agency’s FY23 spending levels. Though the general fund amount is a decrease of 37.9 percent from FY24, when the FY24 food initiative funding (not requested in FY25) is backed out, the committee recommendation actually increases the agency’s total general fund appropriations by slightly over \$7 million, or 13 percent. The committee’s increased general fund recommendation covers the agency’s FY24 out-of-cycle raises for staff and increases funding for the agency’s fiscal agent contract.

Budget Issues

DFA requested base increases in every program, but generally with little justification, including a \$2.3 million, 13.6 percent increase, for personnel. No justification was provided in the agency’s budget request regarding the budget requests for the Fiscal Management and Oversight Program, Program Support, or membership and dues. The agency also requested a \$1.75 million supplemental appropriation to address FY24 shortfalls in personnel funding due to out-of-cycle pay increases for staff. The committee recommendation increases personnel funding in the FY25 budget to avoid future shortfalls.

DFA also requested that SHARE personnel and functionality be transferred from the Department of Information Technology to a new program at DFA with a \$6.3 million general fund budget. However, DoIT’s budget request only recommended transferring \$650 thousand in SHARE operating revenue. Further, in March 2023, the Office of the State Auditor amended the state’s Audit Rule such that DoIT is newly required to conduct a service organization control type 2 (SOC-2) compliance audit of SHARE annually starting in 2024. SOC-2 is a cybersecurity compliance framework developed by the American Institute of Certified Public Accountants to ensure that third-party service providers store and process data securely. Because of this new requirement and because of the otherwise unnecessary additional cost to the general fund, the LFC recommendation for program support does not support the transfer of SHARE staff nor revenues from DoIT.

Policy Development. For the Policy Development, Fiscal Analysis, Budget Oversight, and Education Accountability Program, DFA removed \$22 million in food initiative funding from FY24, dramatically decreasing revenues but changing very little of the program’s work, because funds were primarily passed through to different agencies. DFA underwent reorganization in FY24 and has requested to move 2 FTE from Policy Development to the Local Government Division and 1 FTE to Policy Development from Program Support, for a total net increase of \$47.6 thousand. The Policy Development program also requests \$240 thousand from the general fund for 2 FTE to conduct program and performance analysis. These positions were originally funded in FY21 but have remained vacant for the last two years. Finally, DFA requested an expansion of \$1.6 million for 6 FTE, including three for the legal unit and three for the federal grants management bureau.

The committee recommendation supports the base increases for employee development and performance analysis, but not the expansion positions. The committee recommendation also supports language authorizing \$2.5 million from the state Board of Finance operating reserve fund for emergencies.

Program Support. For Program Support, DFA requested a 33.6 percent general fund increase of \$510.5 thousand for personnel, \$240.4 thousand for unspecified contractual services, and \$119.3 thousand for other also unspecified costs. The requested increase also included an expansion of \$305 thousand for 3 FTE for finance, IT, and human resources. The committee recommendation funds the requested \$240.4 thousand for personnel to cover the agency's out-of-cycle raises. Because DFA did not justify the other base increases in Program Support, the committee recommendation holds all other funding for the program flat at FY24 levels.

Local Government Support. DFA's Community Development, Local Government Assistance and Fiscal Oversight Program, also known as the Local Government Division, undertakes various activities, including local government technical assistance and guidance, budget and financial certification, property tax rate certification, and program oversight. These programs include local capital outlay, local driving while intoxicated (LDWI), enhanced 911 (E911), the community development block grant (CDBG) program, and the civil legal services program. The budgets for CDBG, E911, LDWI and a portion of Civil Legal Services are not from the general fund.

For FY25, DFA requested a 75 percent increase for its Civil Legal Services program, for a total budget of \$9 million, \$5.4 million of which is from the general fund, though most of the increase was attributable to a request to use \$2.6 million in available fund balance. The general fund increase request for the program was \$1.4 million, a 34 percent increase over FY24. The committee recommendation supports using the available fund balance for the Civil Legal Services program but holds general fund amounts flat with FY24.

DFA's Local Government Division also requested a \$672 thousand increase from the general fund to support its initiative of "thriving communities." In its budget submission, DFA noted this increase would include funding for two new positions to support the increase of legislative projects, two positions to assist with the statewide coordination efforts needed in the rural communities, one new special budget analyst position to assist local governments statewide with improving financial processes and accountability, and one new position to administer the millions of dollars appropriated for law enforcement and public safety initiatives. However, the agency did not ask for any expansion of FTE in its budget request. Therefore, the committee recommendation does not support this requested general fund increase.

Fiscal Management and Oversight. DFA's Fiscal Management and Oversight Program includes the operations of the agency's Financial Control Division and the Controller's Office. DFA requested a 22.8 percent general fund increase of \$1.6 million for the Fiscal Management and Oversight Program. The requested increase was for personnel (\$1.1 million), contracts for obtaining payment card industry compliance (\$540 thousand), and other costs (\$20.4 thousand.) The committee recommendation includes \$460 thousand in increased base personnel costs to cover the shortfalls caused by out-of-cycle increases in FY24. However, the agency did not justify any additional increases; therefore, the committee recommendation holds the general fund recommendation for the agency flat to FY24.

DFA also requested an expansion of \$132 thousand for 1 FTE for the Annual Comprehensive Financial Report Bureau. DFA reports it intends to use the extra position to "create a ladder of growth to help foster upward growth within the department." However, it does not appear that the position is related to any expanded program workload. Therefore, the committee's recommendation does not support this expansion.

Nonoperating Appropriations. The FY25 general fund request for nonoperating appropriations included a flat budget for leasehold community assistance, the acequia and community ditch education program, and the New Mexico Acequia Commission. DFA requested increased general fund revenue for the emergency water fund (\$140.1 thousand more, or a 127 percent increase), the Land Grant Council (\$318.3 thousand, or a 51 percent increase), and for its fiscal agent contract (\$135.2 thousand more, or a 13 percent increase. For FY23, DFA required a \$300 thousand supplemental appropriation to cover shortfalls related to its fiscal agent contract indicating a need for increases in that appropriation line. However, DFA did not justify the requested general fund increase for the emergency water fund or the Land Grant Council, so the committee recommendation does not support those increases.

DFA also requested \$328 thousand in new funds for the Intertribal Indian Ceremonial Association. The request for the law enforcement protection fund also increased by \$4.7 million in other revenues, for a total of \$20 million. The committee recommendation supports these increases.

State Audit. Based on the FY22 *Annual Financial Report*, the state ended FY22 with a net position of \$47.3 billion, an increase of \$5.7 billion, or 13.8 percent, from the previous year. Total revenues for 2022 were \$31.6 billion, a decrease of \$4.1 billion, or 11.4 percent from fiscal year 2021. Program revenues for the state overall increased by \$1.1 billion, or 5.2 percent, on a year-to-year basis, while taxes and other general revenues decreased by 32.3 percent from the previous year. The state earned program revenues of \$21.2 billion, collected tax revenue of \$11.2 billion, and had a loss in general revenues related to investment expenses of \$759.3 million. The state's expenses were \$25.8 billion, a decrease of \$1.7 billion or 6.1 percent from fiscal year 2021. Displaying continued but slowing growth, the state's net program revenues exceeded net program expenses by \$5.8 billion, whereas in fiscal year 2021 this amount was \$8.2 billion.

Base Expansion

DFA requested \$8.4 million in expansion funds across all operational programs, \$2 million of which was from the general fund. The expansion requests included 13 FTE in existing programs and 14 new FTE for the agency’s requested new SHARE program. The committee recommendation does not support these expansions.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	ASD, HR, & IT	P542	305.0	0.0
1	FCD ACFR	P544	132.0	0.0
1	Federal Grants Management Bureau	P541	1,226.2	0.0
1	Local Government Division	P543	574.0	0.0
1	Office of the Secretary	P541	380.0	0.0
1	SHARE Oversight	P555	6,315.7	0.0
TOTAL			\$8,932.9	\$0.0

POLICY DEVELOPMENT, FISCAL ANALYSIS, BUDGET OVERSIGHT AND EDUCATION ACCOUNTABILITY

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,780.5	28,454.2	8,066.2	6,460.0	(77.3)
Other Transfers	202.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,983.2	\$28,454.2	\$8,066.2	\$6,460.0	(77.3)
USES					
Personal Services and Employee Benefits	3,541.7	4,147.1	5,378.5	4,691.6	13.1
Contractual services	289.9	774.5	1,509.1	605.4	(21.8)
Other	554.4	965.8	1,178.6	1,163.0	20.4
Other financing uses	0.0	22,566.8	0.0	0.0	(100.0)
TOTAL USES	\$4,386.0	\$28,454.2	\$8,066.2	\$6,460.0	(77.3)
FTE					
Permanent	35.0	33.0	39.0	33.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
Temporary	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	41.0	36.0	42.0	36.0	0.0

Recommended Language

On certification by the state board of finance pursuant to Section 6-1-2 NMSA 1978 that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds, the secretary of the department of finance and administration is authorized to transfer from the general fund operating reserve to the state board of finance emergency fund the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of three million dollars (\$3,000,000) in fiscal year 2025. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund pursuant to the provisions of Section 6-1-5 NMSA 1978.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	General fund reserves as a percent of nonrecurring appropriations for the prior fiscal year	0.0%	33.7%	N/A	N/A	N/A
Explanatory	Percent of state agencies and political subdivisions who successful receive grants after submission and review by the state point of contact	0.0%	NEW	N/A	N/A	N/A
Outcome	Amount of outstanding severance tax and general obligation debt as a percentage of personal income	0.0	NEW	NEW	1.0	1.0
Outcome	Amount of outstanding severance tax and general obligation debt per capita	0.0	NEW	NEW	1.0	1.0
Outcome	Moody's general obligation and severance tax bond rating	NEW	NEW	1.0	1.0	1.0
Outcome	Percent of awarded grants that were submitted as part of a technical assistance request	NEW	NEW	100.0%	100.0%	100.0%
Outcome	Percent of grant recommendations accepted by a state agency and awarded by a federal agency	NEW	NEW	75.0%	75.0%	75.0%
Outcome	Standard and Poor's rating for general obligation and severance tax bond	NEW	NEW	1.0	1.0	1.0
Output	Number of grant applicants requesting technical assistance	NEW	NEW	10.0	10.0	10.0
Output	Number of state agency on-site technical assistance deployments related to federal grant management	NEW	NEW	8.0	8.0	8.0
Output	Number of training sessions conducted related to federal grants	NEW	NEW	15.0	15.0	15.0
Output	Percent of bond proceeds, by general obligation or severance tax bond or note issuance, expended within three years of the issuance of the bond or note	NEW	NEW	85.0%	85.0%	85.0%
* Outcome	General fund reserves as a percent of recurring appropriations	45%	TBD	30%	30%	30%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, excluding oil and gas revenue and corporate income taxes	5%	TBD	5%	5%	5%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, including oil and gas revenue and corporate income taxes	5%	TBD	5%	5%	5%
Outcome	General obligation bond rating (Moody's and S&P)	1.0	1.0	Discontinued	Discontinued	Discontinued
Outcome	Number of formal trainings conducted by the state budget division	4.0	5.0	3.0	4.0	4.0
Output	Percent of agencies attending state budget division trainings	95%	95%	95%	95%	95%
Outcome	Percent of capital outlay expended within six months for all funding sources	7%	4%	5%	5%	5%
Outcome	Percent of capital outlay projects with no activity after one year	3%	17%	3%	10%	10%
Quality	Percent of state agencies who are satisfied with DFA services based on survey responses	0%	78%	90%	90%	90%
Outcome	Percent of capital outlay expended within three years for all funding sources	89%	85%	89%	85%	85%

COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,782.7	7,584.2	10,194.1	7,884.2	4.0
Other Transfers	328.2	0.0	0.0	0.0	0.0
Federal Revenues	0.0	21,755.2	21,935.7	21,935.7	0.8
Other Revenues	36,477.3	35,819.2	37,413.4	37,413.4	4.5
Fund Balance	7,284.5	0.0	2,600.0	2,600.0	0.0
TOTAL SOURCES	\$49,872.7	\$65,158.6	\$72,143.2	\$69,833.3	7.2
USES					
Personal Services and Employee Benefits	3,001.4	4,800.8	5,939.4	5,191.7	8.1
Contractual services	4,345.9	5,255.3	9,070.0	8,717.2	65.9
Other	36,249.5	54,552.5	56,433.8	55,224.4	1.2
Other financing uses	300.0	550.0	700.0	700.0	27.3
TOTAL USES	\$43,896.8	\$65,158.6	\$72,143.2	\$69,833.3	7.2
FTE					
Permanent	35.5	26.4	32.4	26.4	0.0
Term	15.8	23.6	23.6	23.6	0.0
TOTAL FTE	51.3	50.0	56.0	50.0	0.0

Recommended Language

The other state funds appropriations to the community development, local government assistance and fiscal oversight program of the department of finance and administration include twelve million six hundred forty-eight thousand two hundred dollars (\$12,648,200) from the enhanced 911 fund, twenty-three million seven hundred sixty-five thousand two hundred dollars (\$23,765,200) from the local DWI grant fund and three million six hundred thousand dollars (\$3,600,000) from the civil legal services fund.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of completed legislative appropriations annually assigned to local government division from legislative sessions	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of infrastructure capital improvement plans trainings provided annually	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of legislative funded projects completed within the four year award period	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of legislative funded projects completed within the two year award period	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of local governing bodies submitting monthly geographic information system data	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of low-income citizens assisted by civil legal service program funds	NEW	NEW	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of participants attending infrastructure capital improvement plan training annually	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of calls answered within fifteen seconds for all public service answering points	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of emergency-911/next generation-911 capital projects completed on time and within capital equipment replacement cycle	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of geographic information system data that is next generation-911 compliant	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of telecommunicators certified within twelve months after beginning employment	NEW	NEW	N/A	N/A	N/A
Explanatory	Percentage of infrastructure capital improvement plans capital outlay projects funded by legislature	NEW	NEW	N/A	N/A	N/A
Outcome	Percent of open community development block grant projects completed within two years	NEW	NEW	60%	60%	60%
Output	Number of citizens of underserved communities served by newly awarded community development block grant projects	NEW	NEW	40.0	50,000.0	50,000.0
Output	Number of counties, municipalities, and special districts that local government division, budget and finance bureau provided technical assistance for software conversions, budgeting, financial reporting, taxation, personal identity safeguarding and other training	NEW	NEW	11.0	11.0	11.0
Output	Number of infrastructure capital improvement plans submissions received annually	NEW	NEW	500.0	500.0	500.0
Outcome	Percent of counties and municipalities that submitted complete information on procedures for safeguarding constituents' personal and financial information when accepting credit card and electronic transfer payments	NEW	NEW	90.0%	90.0%	90.0%
Output	Number of regional visits to each district of the state to meet with rural and frontier communities	0.0	NEW	NEW	7.0	7.0
Output	Number of rural communities local government division assisted during the fiscal year to navigate state processes and funding sources.	0.0	NEW	NEW	30.0	30.0
Output	Number of visits to local public entities to provide next generation-911-related geographic information system general support of technical assistance	NEW	NEW	90.0	4.0	4.0
Quality	Percent of required site visits by enhanced-911/driving while intoxicated/community development block grant staff are conducted annually (% by program)	93%	88%	90%	90%	90%
Outcome	Number of counties and municipalities local government division assisted during the fiscal year to address audit findings and improve poor audit opinions	18.0	13.0	13.0	11.0	11.0
Output	Number of local government division visits to local public entities	167.0	183.0	140.0	150.0	150.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of visits to local public entities to provide next generation-911-related geographic information system general support or technical assistance	171.0	165.0	50.0	90.0	90.0
Quality	Percent of local public entities who are satisfied with local government division services based on survey responses	100%	81%	80%	80%	80%
Outcome	Percent of error-free payment requests submitted for payment within eight days of receipt	97%	76%	100%	90%	90%
Output	Number of trainings provided to local public entities	52.0	46.0	13.0	25.0	25.0
Outcome	Percent of capital intergovernmental grant agreements issued to grantee within sixty days of funding	50%	90%	50%	60%	60%

STATEWIDE, HUMAN RESOURCE, ACCOUNTING AND REPORTING OVERSIGHT

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.0	0.0	6,315.7	0.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$6,315.7	\$0.0	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	1,845.0	0.0	0.0
Contractual services	0.0	0.0	1,889.1	0.0	0.0
Other	0.0	0.0	2,581.6	0.0	0.0
TOTAL USES	\$0.0	\$0.0	\$6,315.7	\$0.0	0.0
FTE					
Permanent	0.0	0.0	14.0	0.0	0.0
TOTAL FTE	0.0	0.0	14.0	0.0	0.0

FISCAL MANAGEMENT AND OVERSIGHT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,081.1	7,183.7	8,821.5	7,643.7	6.4
Other Transfers	17,142.2	16,250.0	16,400.0	30,105.8	85.3
Other Revenues	47,596.7	61,800.0	68,000.0	68,000.0	10.0
Fund Balance	0.0	16,277.0	17,701.3	8,551.9	(47.5)
TOTAL SOURCES	\$70,820.0	\$101,510.7	\$110,922.8	\$114,301.4	12.6
USES					
Personal Services and Employee Benefits	4,393.3	5,427.9	6,505.3	5,887.9	8.5
Contractual services	1,144.4	1,338.7	1,878.7	1,318.3	(1.5)
Other	242.1	417.1	437.5	437.5	4.9
Other financing uses	54,395.7	94,327.0	102,101.3	106,657.7	13.1
TOTAL USES	\$60,175.5	\$101,510.7	\$110,922.8	\$114,301.4	12.6
FTE					
Permanent	53.0	53.0	54.0	53.0	0.0
TOTAL FTE	53.0	53.0	54.0	53.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriation to the fiscal management and oversight program of the department of finance and administration in the other financing uses category includes twelve million nine hundred seventy-eight thousand nine hundred dollars (\$12,978,900) from the tobacco settlement program fund.

The other state funds appropriation to the fiscal management and oversight program of the department of finance and administration in the other financing uses category includes three million five hundred fifty-one thousand nine hundred dollars (\$3,551,900) from the tobacco settlement program fund.

The other state funds appropriation to the fiscal management and oversight program of the department of finance and administration in the other financing uses category includes seventy-three million dollars (\$73,000,000) from the county-supported medicaid fund.

The internal service funds/interagency transfers appropriation to the fiscal management and oversight program of the department of finance and administration in the other financing uses category includes seventeen million one hundred twenty-six thousand nine hundred dollars (\$17,126,900) from the opioid crisis recovery fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Percent of quarterly agency reconciliations completed by the annual comprehensive financial report unit	0.0%	NEW	NEW	75.0%	75.0%
Explanatory	Percent of state agencies attending payroll trainings provided by financial control division annually	NEW	0.0%	N/A	N/A	N/A
Outcome	Length of time to issue the annual financial report after the end of the fiscal year, in days	60.0	Discontinued	Discontinued	Discontinued	Discontinued
Efficiency	Percent of payroll payments to employees made by the scheduled payday	100%	100%	100%	100%	100%
* Efficiency	Percent of correctly vouchered and approved vendor payments processed within two working days	100%	100%	100%	100%	100%
* Outcome	Percent of bank accounts reconciled on an annual basis	100%	100%	100%	100%	100%
Outcome	Number of trainings held by financial control division	76.0	50.0	25.0	48.0	48.0
Quality	Percent of material audit findings resolved in statewide annual financial report	25%	0%	75%	Discontinued	Discontinued

DUES AND MEMBERSHIP

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,136.6	8,426.6	9,348.2	8,889.8	5.5
Other Revenues	8,690.6	15,420.2	22,120.2	22,120.2	43.4
TOTAL SOURCES	\$16,827.2	\$23,846.8	\$31,468.4	\$31,010.0	30.0
USES					
Other financing uses	0.0	0.0	2,030.0	2,030.0	0.0
Emergency water supply fund	66.2	109.9	250.0	109.9	0.0
Fiscal agent contract	392.1	1,064.8	1,200.0	1,200.0	12.7
State planning districts	693.0	693.0	693.0	693.0	0.0
Statewide teen court	68.2	137.9	137.9	137.9	0.0
Law enforcement protection fund	11,146.5	15,300.0	20,000.0	20,000.0	30.7
Leasehold community assistance	120.0	180.0	180.0	180.0	0.0
Acequia and community ditch education program	392.9	498.2	498.2	498.2	0.0
New Mexico acequia commission	80.8	88.1	88.1	88.1	0.0
Land grant council	302.8	626.9	945.2	626.9	0.0
Membership and dues	144.8	148.0	0.0	0.0	(100.0)
County detention of prisoners	5,000.0	5,000.0	4,970.0	4,970.0	(0.6)
National Association of State Budget Officers	0.0	0.0	24.0	24.0	0.0
Western Governors' Association	0.0	0.0	40.0	40.0	0.0
National Governors' Association	0.0	0.0	84.0	84.0	0.0
Intertribal Indian Ceremonial Association	0.0	0.0	328.0	328.0	0.0
TOTAL USES	\$18,407.3	\$23,846.8	\$31,468.4	\$31,010.0	30.0

Recommended Language

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

Department of Finance and Administration Non-Operating Appropriations (P545)

Budget Request Summary

(dollars in thousands)

Fiscal Year 2025

	<u>FY24 Op Bud</u>	<u>Agency Request</u>	<u>\$ Change</u>	<u>% Change</u>	<u>GF LFC</u>	<u>\$ Change</u>	<u>% Change</u>
SOURCES							
General Fund Transfers	\$8,426.6	\$9,348.2	\$921.6	10.9%	\$8,889.8	\$463.2	5.5%
Other Revenues	\$15,420.2	\$22,120.2	\$6,700.0	43.4%	\$22,120.2	\$6,700.0	43.4%
SOURCES TOTAL	\$23,846.8	\$31,468.4	\$7,621.6	32.0%	\$31,010.0	\$7,163.2	30.0%
USES (General Fund)							
Emergency water supply fund	\$109.9	\$250.0	\$140.1	127.5%	\$109.9	\$0.0	0.0%
Fiscal agent contract	\$1,064.8	\$1,200.0	\$135.2	12.7%	\$1,200.0	\$135.2	12.7%
State planning districts	\$693.0	\$693.0	\$0.0	0.0%	\$693.0	\$0.0	0.0%
Statewide teen court	\$17.7	\$17.7	\$0.0	0.0%	\$17.7	\$0.0	0.0%
Leasehold community assistance	\$180.0	\$180.0	\$0.0	0.0%	\$180.0	\$0.0	0.0%
Law enforcement protection fund transfer to Sent. Com.		\$30.0	\$30.0		\$30.0	\$30.0	
Acequia and community ditch education program	\$498.2	\$498.2	\$0.0	0.0%	\$498.2	\$0.0	0.0%
New Mexico acequia commission	\$88.1	\$88.1	\$0.0	0.0%	\$88.1	\$0.0	0.0%
Land grant council	\$626.9	\$945.2	\$318.3	50.8%	\$626.9	\$0.0	0.0%
County detention of prisoners	\$5,000.0	\$4,970.0	-\$30.0	-0.6%	\$4,970.0	-\$30.0	-0.6%
National Association of State Budget Officers	\$24.0	\$24.0	\$0.0	0.0%	\$24.0	\$0.0	0.0%
Western Governors' Association	\$40.0	\$40.0	\$0.0	0.0%	\$40.0	\$0.0	0.0%
National Governors' Association	\$84.0	\$84.0	\$0.0	0.0%	\$84.0	\$0.0	0.0%
Intertribal Indian Ceremonial Association		\$328.0	\$328.0		\$328.0	\$328.0	
TOTAL GENERAL FUND	\$8,546.8	\$9,348.2	\$921.6	10.8%	\$8,889.8	\$463.2	5.4%
USES (Non-General Fund)							
Law enforcement protection fund outside state gov	\$15,300.0	\$20,000.0	\$4,700.0	30.7%	\$20,000.0	\$4,700.0	30.7%
Law enforcement protection fund transfer to DPS		\$2,000.0	\$2,000.0		\$2,000.0	\$2,000.0	
Statewide teen court	\$120.2	\$120.2	\$0.0	0.0%	\$120.2	\$0.0	0.0%
TOTAL NON-GENERAL FUND	\$15,420.2	\$22,120.2	\$6,700.0	43.4%	\$22,120.2	\$6,700.0	43.4%
TOTAL APPROPRIATIONS	\$23,967.0	\$31,468.4	\$7,621.6	31.8%	\$31,010.0	\$7,163.2	29.9%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,025.1	2,588.9	3,459.1	2,794.4	7.9
Other Transfers	152.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$2,177.4	\$2,588.9	\$3,459.1	\$2,794.4	7.9
USES					
Personal Services and Employee Benefits	1,681.3	2,195.1	2,705.6	2,516.4	14.6
Contractual services	105.2	115.8	356.2	0.0	(100.0)
Other	155.7	278.0	397.3	278.0	0.0
TOTAL USES	\$1,942.2	\$2,588.9	\$3,459.1	\$2,794.4	7.9
FTE					
Permanent	21.0	21.0	24.0	21.0	0.0
TOTAL FTE	21.0	21.0	24.0	21.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of SHARE help desk tickets closed or referred to the department of information technology within forty-eight hours of receipt	NEW	NEW	95%	95%	95%
Output	Percent of capital projects fund reconciliations completed within twenty-one days after the official closing of the books each quarter	NEW	NEW	100%	100%	100%
Output	Percent of general fund reconciliations completed within twenty-one days after the official closing of the books each quarter	NEW	NEW	100%	100%	100%
Outcome	Number of material weaknesses or significant deficiency findings in department audited financial statements	NEW	NEW	NEW	0.0	0.0
Outcome	Percent of federal fund reconciliations completed within twenty-one days after the official closing of the books each quarter	NEW	NEW	100%	100%	100%
Outcome	Percent of major fund reconciliations completed as an internal control within 21 days after the official closing of the books each quarter	75%	60%	Discontinued	Discontinued	Discontinued
Outcome	Number of DFA security scans performed annually	12.0%	12.0%	Discontinued	Discontinued	Discontinued
Quality	DFA IT security score (850 Max)	N/A	N/A	N/A	N/A	N/A

Statutory Authority

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

Mission

NMPSIA offers medical, dental, prescription drug, and vision coverage, as well as life and disability insurance. NMPSIA also provides comprehensive property, liability, and workers' compensation programs to educational entities so they are protected for personnel injuries and financial losses.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,520.1	1,643.5	1,747.3	1,649.1	0.3
Other Revenues	367,338.7	467,117.4	508,194.6	500,580.7	7.2
Fund Balance	0.0	5,553.8	29,734.7	28,347.9	410.4
TOTAL SOURCES	\$368,858.8	\$474,314.7	\$539,676.6	\$530,577.7	11.9
USES					
Personal Services and Employee Benefits	1,127.8	1,367.8	1,466.0	1,367.8	0.0
Contractual services	357,563.4	471,118.1	536,278.0	527,375.2	11.9
Other	170.4	185.3	185.3	185.3	0.0
Other financing uses	1,266.8	1,643.5	1,747.3	1,649.4	0.4
TOTAL USES	\$360,128.4	\$474,314.7	\$539,676.6	\$530,577.7	11.9
FTE					
Permanent	11.0	12.0	12.0	12.0	0.0
TOTAL FTE	11.0	12.0	12.0	12.0	0.0

At A Glance

For FY25, the Public Schools Insurance Authority (NMPSIA), whose funding is built into the public schools support and higher education operating budget, requested an increase of \$41 million for insurance rates, \$100 thousand for investment income, and \$24.2 million in fund balance, for a total increase of \$65.4 million, or 13.8 percent, over the agency's FY24 operating budget. NMPSIA sets insurance rates for the upcoming school year each spring. For FY25, NMPSIA anticipates a 7.2 percent increase for health benefit premiums and a 31.9 percent increase for risk insurance premiums. The agency requested an increase of \$104 thousand, or 6.3 percent, for program support.

The LFC recommendation includes \$24.2 million in additional expenditure authority in the Health Benefits Program. Funding for an insurance premium increase of 6.5 percent is included in the public school support budget (see: "Public School Support, Agency 993"). The LFC recommendation includes an increase of 9.5 percent for the Risk Program and utilizes fund balance to account for differences in projected FY25 costs. The LFC recommendation holds program support costs flat with FY24.

Budget Issues

NMPSIA provides health benefits and risk insurance to 88 school districts outside of Albuquerque Public Schools (APS) and 100 charter schools. The Benefits Program is self-insured and funded through employer and employee premiums. NMPSIA pays the full cost of health benefits claims through the provider networks of private insurance carriers, which receive a set administrative fee. The Risk Program provides property, liability, workers' compensation, and other insurance coverages and is funded through insurance premium assessments on individual school districts and charter schools based on risk exposure and claims experience. For FY25, NMPSIA requested a total budget of \$539.7 million, \$65.4 million, or 13.8 percent, over the FY24 operating budget.

While NMPSIA requests funding to be included in the public school support (PSS) budget for distribution to school districts, the NMPSIA board sets insurance rates for participating entities regardless of whether funding was included in the PSS budget. APS receives a 25 percent share of the state equalization guarantee funding available for insurance in the PSS budget regardless of claims experience based on the APS share of total school funding units. Because NMPSIA has the authority to set rates independent of the Legislature, the FY25 budget request is a request for expenditure authority rather than a request for a direct general fund appropriation.

Benefits. The Benefits Program requested an increase of \$33.1 million, or 8.9 percent, over the FY24 operating budget. NMPSIA continues to struggle with member losses, as premium rate increases price public school employees out of the coverage and employees have access to other coverage options due to the Affordable Care Act, including Medicaid. In FY23, NMPSIA provided coverage to 44.5 thousand members, a decline of 3 percent from FY21 and a decline of 6 percent over five years. However, NMPSIA membership could benefit from changes to school district policies on employer contributions. Legislation passed in 2023 increased the share of contributions covered by employers, which could boost participation.

NMPSIA sets rates in accordance with a five-year plan, the goal of which is to set rates high enough to pay the costs of all claims, reserve funds for claims that are incurred but not reported (IBNR) and build an additional reserve equivalent to one month's worth of claims expenditures to insulate the program from the impacts of high-cost events. According to NMPSIA's actuaries, annual rate increases would need to average 7.24 percent to meet the target fund balance level of \$39.4 million by FY28. NMPSIA reports an FY23 beginning benefits fund balance of \$13.8 million. NMPSIA anticipates medical claims costs in FY23 will exceed fund revenues by \$4.7 million, reducing the projected FY24 ending fund balance to \$9 million. However, the agency's targeted fund balance includes estimates for claims payable and for "incurred but not reported" claims. As of August 2023, the fund held \$29.6 million in cash and investments to pay claims.

LFC recommends a Benefits Program budget of \$396 million, an increase of \$24.2 million, or 6.5 percent, over the FY24 operating budget. The recommendation assumes NMPSIA's reported medical cost trend but does not include the 2 percent cost fluctuation requested by the agency. The agency could realize additional savings from plan design changes or other agency initiatives to reduce costs and improve the sustainability of the plan. The recommendation is for expenditure authority and an appropriation for premium increases is contained in the Public School Support budget. The NMPSIA board has the authority to change benefits to reduce plan costs by increasing co-pays, deductibles, and maximum out-of-pocket limits. Finally, greater emphasis on results produced by wellness programs that seek to avoid costs through better management of chronic conditions, such as diabetes, needs to be pursued.

Risk. The Risk Program requested an increase of \$32.1 million, or 31.9 percent, over the FY24 operating budget. Agency projections show a \$19.1 million, or 32 percent, increase in the cost of excess insurance coverage and a \$13.8 million increase, or 39 percent increase, in self-insured losses to the fund. For FY25, the agency is projecting losses of \$49 million, versus actual losses of \$28.8 million in FY23.

As of August 30, NMPSIA reported total assets in the risk fund of \$174.6 million and total liabilities of \$175.7 million, resulting in a net fund balance of negative \$1 million. However, the liabilities include \$43 million for case reserves to pay reported damage claims and an additional \$48.2 million for IBNR claims. NMPSIA has a target fund balance of \$5 million over IBNR reserves so the agency could pay out all claims, known and unknown, and still have \$5 million in reserve. This reserve allows NMPSIA to pay large claims without having to immediately increase rates on participants, but maintaining the reserve requires the agency to set higher premiums to ensure surplus funding in the Risk Program.

NMPSIA anticipates paying approximately \$75 million for excess insurance coverage in FY25. This additional insurance is effective once a claim is made for property damage, liability, crime, or workers' compensation over a certain dollar threshold, or self-insured retention (SIR), and does not pay for damages below the SIR amount. Excess insurance for property and crime is expected to increase by \$12.9 million and excess liability insurance is expected to increase by \$3.6 million.

NMPSIA reports the agency continues to struggle with high dollar claims. Recent property losses from wind and hail have led the agency to increase the SIR from \$2 million to \$10 million for wind and hail claims in an attempt to keep these premiums lower. NMPSIA reports a single hailstorm recently caused \$25 million in property damage for NMPSIA members. Additionally, high-dollar sexual misconduct claims continue to drive losses. Over the 12 years from 2012 to 2022, the agency paid \$39.8 million related to 191 sexual abuse and molestation claims. NMPSIA reported the agency has settled 12 claims caused by a single individual, with total payouts of \$35.6 million. Other individuals have also triggered multi-million dollar settlements. The average cost per case increased from \$95 thousand per claim in the five years from 2012 to 2016 to \$542 thousand per claim from 2017 to 2023.

Laws 2021, Chapter 119, (House Bill 4) created the New Mexico Civil Rights Act. The act allows a person who claims a deprivation of any "rights, privileges or immunities" secured by the bill of rights of the New Mexico Constitution to bring a lawsuit in state district court and recover actual damages and injunctive relief. The act increases the maximum damage award per claimant to \$2 million and allows for recovery of attorney fees. At the time of passage, NMPSIA stated the act could cause "claim values and settlements to triple based on the attorney fee provision." However, without specific information on policy proposals, it is impossible to determine potential costs, and rates do not reflect potential claims cost increases due to the act.

The LFC recommendation supports the agency's request for Risk Program expenditure, utilizing a mix of revenue increases and accumulated fund balance. The LFC recommendation includes a 9 percent premium rate increase to cover the costs of additional excess insurance. While liability claims exposure is potentially massive, the amount is not known. NMPSIA should engage with school districts to undertake loss prevention activity to lower costs in future years. Notably, NMPSIA has engaged with the Public School Facilities Authority to promote proper preventive maintenance, which has the potential to reduce future claims costs.

Program Support. The agency requested an increase of \$103.8 thousand, or 6.3 percent, for Program Support for FY25. The increase comes from NMPSIA fund balances and is transferred to the Support Program from the Benefits and Risk programs. The request includes additional funding to eliminate a current vacancy and for increases to agency contracts. The LFC recommendation holds personnel costs flat but supports the modest increase in contractual services.

BENEFITS

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	286,392.7	367,093.0	394,945.9	391,054.0	6.5
Fund Balance	0.0	4,713.6	9,978.8	4,919.0	4.4
TOTAL SOURCES	\$286,392.7	\$371,806.6	\$404,924.7	\$395,973.0	6.5
USES					
Contractual services	278,567.7	370,984.4	404,051.1	395,148.3	6.5
Other financing uses	633.3	822.2	873.6	824.7	0.3
TOTAL USES	\$279,201.0	\$371,806.6	\$404,924.7	\$395,973.0	6.5

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent change in per-member health claim costs	16.0%	2.4%	4.6%	5.0%	5.0%
Efficiency	Average number of days to resolve inquiries and appeals related to customer service claims	6.0	5.0	6.0	6.0	6.0
* Outcome	Percent change in medical premium as compared with industry average	5.7%	5.6%	4.5%	4.5%	4.5%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	58%	55%	62%	62%	62%
Explanatory	Number of participants covered by health plans	44,391.0	44,538.0	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	81%	79%	82%	82%	82%
Efficiency	Annual loss ratio for the health benefits fund	106%	100%	98%	98%	98%
Explanatory	Year-end fund balance of the health benefits fund, in thousands	\$13,053	\$13,787	N/A	N/A	N/A

RISK

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	80,945.2	100,024.4	113,248.7	109,526.7	9.5
Fund Balance	0.0	840.2	19,755.9	23,428.9	2,688.5
TOTAL SOURCES	\$80,945.2	\$100,864.6	\$133,004.6	\$132,955.6	31.8
USES					
Contractual services	78,899.7	100,043.3	132,130.9	132,130.9	32.1
Other financing uses	633.4	821.3	873.7	824.7	0.4
TOTAL USES	\$79,533.1	\$100,864.6	\$133,004.6	\$132,955.6	31.8

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	90%	95%	95%	95%	95%
Outcome	Percent of schools in compliance with loss control prevention recommendations	87%	78%	75%	75%	75%
Outcome	Average cost per workers' compensation claim for current fiscal year	\$1,922	\$3,045	\$3,500	\$3,500	\$3,500
Outcome	Percent change in the average cost of workers' compensation claims as compared with self-insured plans in the workers' compensation administration's annual report	4.00%	0.00%	4.00%	4.00%	4.00%
* Explanatory	Total dollar amount of excess insurance claims for property, in thousands	\$36,693.7	\$7,785.3	N/A	N/A	N/A
* Explanatory	Total dollar amount of excess insurance claims for liability, in thousands	\$23,413.2	\$31,796.9	N/A	N/A	N/A
* Explanatory	Total dollar amount of excess insurance claims for workers' compensation, in thousands	\$82.4	\$89.2	N/A	N/A	N/A
Explanatory	Year-end financial position of the risk fund	110.71%	108.60%	N/A	N/A	N/A
Efficiency	Annual loss ratio for the risk fund	102%	106%	100%	100%	100%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,520.1	1,643.5	1,747.3	1,649.1	0.3
Other Revenues	0.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,520.9	\$1,643.5	\$1,747.3	\$1,649.1	0.3
USES					
Personal Services and Employee Benefits	1,127.8	1,367.8	1,466.0	1,367.8	0.0
Contractual services	96.0	90.4	96.0	96.0	6.2
Other	170.4	185.3	185.3	185.3	0.0
TOTAL USES	\$1,394.2	\$1,643.5	\$1,747.3	\$1,649.1	0.3
FTE					
Permanent	11.0	12.0	12.0	12.0	0.0
TOTAL FTE	11.0	12.0	12.0	12.0	0.0

Recommended Language

Any unexpended balances in program support of the public school insurance authority remaining at the end of fiscal year 2025 shall revert in equal amounts to the benefits program and risk program.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Number of prior-year audit findings that recur	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of employee performance evaluations completed by anniversary date	100%	100%	100%	100%	100%

Statutory Authority

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

Mission

RHCA seeks to provide an affordable, comprehensive group health insurance benefits plan for present and future retirees and eligible dependents. The benefits plan offers medical, prescription drug, dental, vision, basic life, and voluntary life coverage.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	3,558.2	3,913.4	4,235.1	4,047.4	3.4
Other Revenues	524,642.8	394,335.1	406,306.8	406,119.1	3.0
TOTAL SOURCES	\$528,201.0	\$398,248.5	\$410,541.9	\$410,166.5	3.0
USES					
Personal Services and Employee Benefits	2,083.4	2,585.9	2,831.8	2,673.9	3.4
Contractual services	335,764.6	391,079.0	402,800.0	402,775.0	3.0
Other	546.8	670.2	675.0	670.2	0.0
Other financing uses	3,558.2	3,913.4	4,235.1	4,047.4	3.4
TOTAL USES	\$341,953.0	\$398,248.5	\$410,541.9	\$410,166.5	3.0
FTE					
Permanent	26.0	27.0	29.0	28.0	3.7
TOTAL FTE	26.0	27.0	29.0	28.0	3.7

At A Glance

Although RHCA is not directly appropriated general fund revenues for operational expenses, cost of this post-employment health benefit for retired public employees and teachers impacts the general fund through employer-paid contributions and an earmark from the tax administration suspense fund. At the end of FY23, the RHCA trust fund balance was \$1.3 billion, compared with \$281 million a decade ago. However, on an actuarial basis, funding is only sufficient to cover about 33 percent of the estimated \$3.5 billion in current and future healthcare liabilities. The program is projected to continue to build fund balance over time.

For FY25, the agency requested an increase of 3 percent from the FY24 operating budget. The increase was driven by medical costs, as well as membership growth. The agency also requested a 2 FTE expansion. The LFC recommendation fully funds the agency request for health benefits and partially funds the requested expansion as part of the agency’s base budget.

Budget Issues

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

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

In addition to employee and employer contributions, the state provides a direct appropriation in the form of a distribution from the tax administration suspense fund to support the agency. The distribution is set by statute and increases 12 percent per year, roughly doubling the distribution amount every six years. For FY25, the distribution will increase to \$51.8 million, an increase of \$5.5 million from FY24. Monies distributed to RHCA from the tax administration suspense fund would otherwise go to the general fund for appropriation by the Legislature. While this distribution has allowed balances in the retiree healthcare fund to grow, the long-term sustainability of this funding mechanism is questionable. By 2050, transfers to the retiree healthcare fund will be \$1 billion, accounting for 11 percent of all personal income taxes.

RHCA budgets sufficient funds to pay anticipated health costs. However, revenue generated by the program is often greater than healthcare expenses; in FY23 program revenues totaled approximately \$528 million, \$186 million higher than the actual expenditures of \$341 million. The revenue received in excess of expenditures was directed to the retiree healthcare trust fund and invested. This funding will be used to pay future benefit costs.

RHCA membership includes 12.2 thousand pre-Medicare retirees and 40.9 thousand Medicare eligible retirees. Depending on years of service, pre-Medicare retirees receive a subsidy up to 64 percent of plan cost while Medicare-eligible participants may receive a subsidy up to 50 percent. However, RHCA rules recently changed to limit subsidies for retirees under the age of 55. Among members not enrolled in an enhanced retirement plan—generally public safety employees who make higher contributions to account for shorter careers—those who retire after July 31, 2021, will not receive a subsidy until they turn 55 years old and are required to cover 100 percent of the premium if they choose to enroll. Coverage is also subsidized for spouses of older retirees, up to 25 percent for Medicare-eligible spouses and 36 percent for pre-Medicare spouses depending on the retiree's years of service. Premiums for dependent coverage are 100 percent paid by the retiree, as are premiums for dental, vision, and life insurance. Under current practice, the plan more heavily subsidizes the younger, working-age population.

For calendar year 2024, the RHCA board will increase retiree premiums by 5 percent for pre-Medicare and some Medicare Advantage plans will increase, particularly more expensive plans. Depending on the coverage plan, pre-Medicare retirees under the age of 55 will pay an increase of between \$420 and \$538 per year. For retirees over 55 or those who retired prior to July 2021, rates will increase by as little as \$151 per year, depending on coverage plan and years of service. Spousal coverage for pre-Medicare retirees will increase by between \$287 and \$575 per year. Retirees purchasing the most expensive Medicare Advantage plan could see cost increases of more than \$700 per year; however, some Medicare Advantage plans have no rate increase or a rate increase of as little as \$12 per year. The Medicare supplement plan will not have a rate increase.

For FY24, the agency requested \$410.5 million, a \$12.3 million, or 3 percent, increase from the FY24 operating budget. The request for the Healthcare Benefits Administration Program included \$141 million in revenue from employee and employer contributions, \$174.3 million from insurance premium assessments on retirees, \$51.8 million from a distribution from the tax suspense fund, and \$39 million from prescription drug rebates and Medicare part D subsidies.

The request for Program Support totaled \$4.2 million, a \$321.7 thousand, or 8.2 percent, increase from the FY24 operating budget. The request included additional funding for a 2 FTE expansion. The agency has noted a growth in the agency's need for business support to address increases in the number of members and in the number of active employers. The request included increases in the contractual services and other categories for actuarial and accounting services and general operating expenses.

The LFC recommendation recognizes the expenditure request of RHCA is supported by statutorily determined revenues and does not make changes to the statutory rates. The LFC recommendation fully funds the agency request for the Healthcare Benefits and partially funds the Program Support request with \$88 thousand for additional staffing. The recommendation supports a partial increase in the contractual services category for audit services and additional investment consulting in light of the significant increase in investments under management. The recommendation holds the other category flat with FY24 operating budget.

Sustainability. A May 2023 report from the Pew Charitable Trusts on other post-employment benefits showed as of 2019, 48 states have retiree healthcare programs but only 10 states' plans have sufficient assets to cover 30 percent of liabilities, while 15 states have only enough assets to pay for less than 1 percent of liabilities. The Pew data is several years old and does not capture recent gains in New Mexico, which has seen fund assets grow from \$756 million in 2019 to \$1.3 billion in 2023. At the end of FY22, the plan was 33.3 percent funded, making New Mexico one of the best funded states for other post-employment benefits.

Because RHCA provides the largest subsidies for workers who are not yet Medicare-eligible, this benefit provides an incentive for workers to leave state service early because they will receive a more generous subsidy than they will under the Medicare subsidy program. As a result, the current retiree healthcare structure may be working against legislative proposals to incentivize continued service for older workers, such as retiree return-to-work programs. The current minimum retirement age of 55 does little to curtail use of the pre-Medicare subsidy. Further reduction of the pre-Medicare subsidy or increasing the minimum retirement age would reduce program costs.

Each year, in accordance with the Governmental Accounting Standards Board, RHCA reports total fund liabilities. For FY22, the fund had a total liability of \$3.5 billion and assets of approximately \$1.2 billion, resulting in a net healthcare liability of \$2.3 billion, of which \$552 million was attributable to the state of New Mexico, with the remaining liabilities allocated to participating local governments.

Base Expansion

The agency requested \$177 thousand for 2 FTE due to continued growth in the number of retirees and employers coming into the agency. Consistent with LFC budget guidelines, the recommendation does not consider workload growth as an expansion; however, this request was considered as part of the agency’s base budget, which includes \$88 thousand for 1 FTE.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Funding Transfer from P633 to P634	P633	176.8	0.0
0	New FTEs	P634	176.8	0.0
TOTAL			\$353.6	\$0.0

HEALTHCARE BENEFITS ADMINISTRATION

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		Percent Inc (Decr)
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	524,610.3	394,335.1	406,306.8	406,119.1	3.0
TOTAL SOURCES	\$524,610.3	\$394,335.1	\$406,306.8	\$406,119.1	3.0
USES					
Contractual services	335,094.4	390,376.7	402,026.7	402,026.7	3.0
Other	40.1	45.0	45.0	45.0	0.0
Other financing uses	3,558.2	3,913.4	4,235.1	4,047.4	3.4
TOTAL USES	\$338,692.7	\$394,335.1	\$406,306.8	\$406,119.1	3.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Minimum number of years of positive fund balance	30.0	30.0	30.0	30.0	30.0
Outcome	Number of years of projected balanced spending	10.0	9.0	6.0	6.0	6.0
Outcome	Emergency room visits per 1,000 members	451.0	479.0	200.0	200.0	200.0
Explanatory	Year-end fund balance of the health benefits fund, in thousands	\$1,092,570	\$1,256,273,066	N/A	N/A	N/A
Efficiency	Annual loss ratio for the health benefits fund	100%	96%	100%	0%	100%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	28%	37%	85%	85%	85%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	45%	48%	80%	80%	80%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	3,558.2	3,913.4	4,235.1	4,047.4	3.4
Other Revenues	32.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,590.7	\$3,913.4	\$4,235.1	\$4,047.4	3.4
USES					
Personal Services and Employee Benefits	2,083.4	2,585.9	2,831.8	2,673.9	3.4
Contractual services	670.2	702.3	773.3	748.3	6.5
Other	506.7	625.2	630.0	625.2	0.0
TOTAL USES	\$3,260.3	\$3,913.4	\$4,235.1	\$4,047.4	3.4
FTE					
Permanent	26.0	27.0	29.0	28.0	3.7
TOTAL FTE	26.0	27.0	29.0	28.0	3.7

Recommended Language

Any unexpended balances in program support of the retiree health care authority remaining at the end of fiscal year 2025 from this appropriation shall revert to the healthcare benefits administration program.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of deposits made within 24 hours	100%	100%	100%	100%	100%
Outcome	Percent of payments made within 30 days	98%	98%	98%	98%	98%

Statutory Authority

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

Mission

The mission of the General Services Department is to provide quality services to state agencies and local public bodies in a cost-efficient manner. These services include purchasing, printing, risk management, health benefits, facilities management, and transportation.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	17,841.7	20,107.5	25,813.0	20,707.0	3.0
Other Transfers	18,113.5	16,648.4	18,210.7	16,506.0	(0.9)
Other Revenues	464,595.5	483,745.7	128,295.9	129,587.9	(73.2)
Fund Balance	0.0	0.0	2,000.0	2,000.0	0.0
TOTAL SOURCES	\$500,550.7	\$520,501.6	\$174,319.6	\$168,800.9	(67.6)
USES					
Personal Services and Employee Benefits	23,283.2	27,026.6	30,506.1	27,694.3	2.5
Contractual services	48,527.0	61,365.4	33,297.4	1,471.0	(97.6)
Other	500,939.0	415,461.2	92,305.4	22,877.6	(94.5)
Other financing uses	15,118.7	16,648.4	18,210.7	5,930.3	(64.4)
Public liability	0.0	0.0	0.0	59,976.0	0.0
Surety bond	0.0	0.0	0.0	4,568.6	0.0
Public property reserve	0.0	0.0	0.0	19,974.4	0.0
Local public body unemployment compensation reserve	0.0	0.0	0.0	2,090.0	0.0
Workers' compensation retention	0.0	0.0	0.0	16,118.7	0.0
State unemployment compensation	0.0	0.0	0.0	8,100.0	0.0
TOTAL USES	\$587,867.9	\$520,501.6	\$174,319.6	\$168,800.9	(67.6)
FTE					
Permanent	313.0	319.0	319.0	311.0	(2.5)
Term	6.0	0.0	0.0	0.0	0.0
Temporary	2.0	1.0	2.0	2.0	100.0
TOTAL FTE	321.0	320.0	321.0	313.0	(2.2)

At A Glance

The General Services Department (GSD), funded primarily from service fees, insurance premiums and other sources outside the general fund, requested an operating budget reduction for FY25 due to the transfer of the agency's largest program, the Employee Group Health Benefits Program, out of GSD and into the new Health Care Authority Department. The agency's request of \$174.3 million is \$346.2 million below FY24, but the Health Benefits Program accounted for \$363 million of the agency's operating budget. Excluding the Health Benefits Program, GSD requested a budget increase of \$17 million, or 10.8 percent from FY24. Individual program budgets had increases ranging from 6.5 percent for the Risk Management Funds Programs, now the agency's largest program, to 31.5 percent for the State Printing Program, the agency's smallest program. The agency requested an additional \$5.7 million from the general fund, an increase of 28.4 percent.

The LFC recommendation of \$168.8 million is a \$11.4 million increase over the FY24 operating budget, excluding the Employee Group Health Benefits Program. The increase is mostly for property and liability insurance rate increases built into agency operating budgets statewide. Together, property and liability insurance increases total \$11.5 million, although the increases were partially offset by reduced workers' compensation and unemployment insurance premiums. The \$6.8 million increase in the Risk Management Funds Program represents a 6.5 percent increase. The LFC recommendation includes an increase of \$600 thousand from the general fund, or 3 percent, mostly for the Facilities Management Program, which operates state buildings. The division is projecting increases in expenses for property insurance and utilities.

Budget Issues

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

Risk Management. The Risk Management Division (RMD) assesses premiums on state agencies for liability and property insurance, workers' compensation, and unemployment compensation. The premiums assessed reflect the agency's five-year loss history and exposure to losses by line of coverage. Revenues from risk rate assessments are directed to the separate Risk Management Funds Program. The division is funded with a \$11 million transfer from this program. Through FY24, the Risk Management Division is also responsible for managing the Employee Benefits Bureau and separate Employee Group Health Benefits Program. That bureau and its 7 FTE will transfer from GSD to the Health Care Authority Department beginning in FY25.

The cost of premiums is built into agency base budget requests, and GSD has statutory authority to set rates for risk insurance. The budget request for Risk Management reflects the anticipated expenditures of the program rather than the expected revenue. Should expenditures requested exceed revenue, RMD will use the appropriate fund balance to cover the difference. This is similar to other insurance providing entities, such as the Public Schools Insurance Authority.

For RMD operations, GSD requested an overall increase of \$924 thousand, or 8 percent, mostly to increase the division's transfer to Program Support. The request increased the personnel budget by \$331 thousand, despite the loss of the 7 FTE for employee benefits, which will reduce the program's authorized FTE count to 50. In the other costs category, the agency requested an additional \$112 thousand, mostly for information technology equipment and services.

For the Risk Management Funds Program, the agency requested an overall increase of \$6.8 million, or 6.5 percent. However, this amount is averaged out over several different types of insurance coverage. The agency notes highly publicized jury verdicts and settlements have increased the state's litigation exposure and the agency is expecting increased costs for litigation. GSD performance reports indicate the combined financial position of the agency's major risk funds declined from 98 percent in FY21 to 54 percent in FY23. The position of the public liability fund was particularly hard hit, with assets falling from \$63.4 million to \$43.9 million while projected liabilities increased from \$59.5 million to \$105 million. Because the department funds claims payments on a trailing five year basis, this deterioration could indicate agencies will face increased rates in future fiscal years.

A recent LFC program evaluation found the state's risk policies are not optimized to cover or prevent escalating settlement costs. The evaluation noted even as claims, settlements and other expenses from risk management funds have increased in recent years, premiums assessed to participants have fallen. Those larger expenses are beginning to catch up with the funds, leading to large increases for property and liability insurance in the current, and likely in future, fiscal years. The evaluation further notes loss prevention activities are largely left to agencies and recommended RMD monitor and report on agency loss control efforts and promote the use of alternative dispute resolution to reduce potential exposure.

LFC recommends a reduction of \$412 thousand for the RMD operating budget, reducing the program's annual transfer to program support by \$458 thousand. The LFC recommendation holds personnel costs flat with the FY24 operating budget, despite the reduced FTE from the transfer of employee benefits. The savings will enable the division to invest in necessary loss prevention activities to improve program performance. The LFC recommendation supports the agency's request for expenditure authority from the Risk Management Funds Program; however, compared with the agency's request, the LFC recommendation for the RMD operating budget and for program support allows \$1.3 million to remain in the Risk Management Funds Program to shore up fund balances that have deteriorated in recent years. Unexpended risk management fund balances do not revert and remain in reserve funds to pay future claims.

Facilities Management. The Facilities Management Program (FMD) oversees occupancy of state-owned buildings, controls all private leases except for the State Land Office, and manages capital projects for most state agencies. Over 900 state-owned facilities totaling 7.1 million square feet of space are in the state inventory and an additional 450 leases for 3.4 million square feet. Maintenance and janitorial services at state-owned facilities in Santa Fe are provided by FMD.

Like other programs operated by GSD, FMD's function is to provide services to other state agencies, but unlike the other programs, FMD's operating budget is from direct appropriations from the general fund. This practice distorts the true cost of providing a state service by removing the cost of providing space. While about 5,200 executive branch positions are assigned to leased offices, the state's inventory of facilities reports 7,500 positions are assigned to facilities owned by FMD. FMD reports long waiting lists of agencies looking to move from leased facilities—where the agencies face the direct costs of providing that facility—to state-owned facilities, where those costs are indirectly provided by the general fund through FMD.

A 2022 LFC program evaluation found FMD is not fully exercising its statutory authority to oversee agency's use of state building to achieve maximum efficiency. The evaluation estimated the state pays \$6 million per year for unoccupied office space due to high vacancy rates. The report recommended FMD adjust space utilization standards to reduce unused space and pilot a building use fee schedule, already authorized in state law, to encourage agencies to minimize their facilities footprint.

For FY25, GSD requested an increase of \$5.1 million, or 26 percent, for FMD. Most of the increase was in the other costs category to address the rising costs of property insurance and utilities. The agency requested a total of \$1.2 million for utilities cost increase; in FY23 the agency spent \$3.2 million and the FY24 operating budget allocated the same for FY24. Additionally, the program requested \$2 million for personnel costs to fill vacancies and add 6 FTE. Capital outlay appropriations in recent years have added to the state's facilities footprint, with a new District 1 police headquarters, crime lab, and secure storage facility for the Department of Public Safety in Santa Fe and the completion of the Pinetree facility, which houses several agencies in Albuquerque.

LFC recommends a general fund increase of \$500 thousand, or 2.6 percent, covering insurance rate increases and partially funding requested increases in utilities costs, which the agency should look to reduce through increased energy conservation. The agency also currently budgets \$1.9 million for maintenance costs, but typically spends less, often relying on capital outlay or other appropriations for maintenance needs. Additionally, the LFC recommendation includes \$1 million from other state funds, contingent on the establishment of a building use fee schedule as specified in state law. The statutory cap for building use fees is \$10 million, leaving the possibility of future growth with the agency's funding needs. Raising additional revenue through building use fees would allow the agency to add additional FTE and fund needed maintenance costs through its operating budget rather than from other sources.

Procurement Services. The program's core function is purchasing goods and services for executive agencies using competitive bidding processes and administering the Procurement Code. The program's budget comes from the Purchasing Division fees fund. The Purchasing Division fees fund receives a portion of the value of purchases off of certain state price agreements. Fee revenues have steadily increased each year from \$2 million in FY18 to \$4.6 million in FY23. The Purchasing Division fees fund had a balance of \$7 million at the close of FY23.

For FY25, the department requested a total of \$3.4 million from the purchasing fees fund for program operations, an increase of \$502 thousand, or 17.2 percent. The division has been successful in minimizing its vacancy rate and requested \$386 thousand for additional personnel costs. The agency also requested \$28.2 thousand for information technology and other costs.

Due to the significant and persistent increase in revenue to the purchasing fees fund, the LFC recommendation shifts a portion of the agency's Program Support allocation from the Risk Management Division to Procurement Services, taking advantage of the outstanding fund balance in the purchasing fees fund and relieving the agency's risk management funds of a costs at a time when those fund balances have been falling. As a result, the LFC recommendation is \$292 thousand higher than the agency request and the program support transfer is \$569 thousand higher than the agency request. The LFC recommendation assumes revenue equal to 80 percent of FY23 actual collections; should revenue fall short of expectations, the agency maintains a significant balance in the purchasing fees fund. Disregarding transfers to program support, the LFC recommendation increases the program's operating budget by \$122 thousand, or 4.4 percent.

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

In October, the governor signed an executive order requiring a transition to zero emission vehicles by 2035 and directed GSD and other state agencies to institute fleet purchasing requirements. As a result, future state vehicle purchases for appropriate vehicle classes, excluding construction, maintenance, emergency management, firefighting, and law enforcement, must be zero emission vehicles, which could increase GSD's vehicle acquisition cost. Electric vehicles can cost more than gasoline powered vehicles, although some news reports indicate car companies may start to discount electric vehicles due to limited demand among consumers. For FY25, GSD estimated average vehicle purchase prices of \$45 thousand per vehicle, slightly more than current average vehicle purchase prices. However, currently the department largely purchases trucks and SUV, which are significantly more expensive than sedans. Shifting the state vehicle fleet back to sedans as part of the transition to zero emission vehicles will help limit cost increases.

For FY25, GSD requested a \$2.1 million, or 18.4 percent, increase for the Transportation Services Program, including \$585 thousand from the general fund, an increase of 105 percent. The agency’s request reduced for other revenues, from \$10.9 million to \$10.5 million. Other revenue sources totaled \$9.4 million in FY23. The agency also requested \$2 million from state motor pool fund balance, paired with a \$2 million request for automotive purchases. The agency requested additional funds to purchase vehicles as a special appropriation and through the capital outlay process. The program requested 2 additional FTE, including a second pilot for the state aircraft. An additional \$1.6 million was requested in the other costs category for fuel and maintenance expenses, as well as to purchase vehicles.

In recognition of rising costs, the LFC recommendation includes an additional \$1.6 million, including the \$2 million in fund balance to purchase vehicles. The LFC recommendation maintains existing practice of subsidizing the transportation program with general fund revenue, increasing the program’s general fund transfer by \$100 thousand, but the agency should consider additional user fees to meet program costs. Notably, state law requires GSD to charge for the use of the state’s aircraft and for those charges to be sufficient to offset the costs of operations, maintenance and depreciation of the state aircraft. With the transition to more expensive electric vehicles, the division should consider increasing lease rates to offset the higher acquisition costs. Additional higher lease rates could encourage agencies to forgo leasing unneeded vehicles. GSD’s performance reports indicate only 54 percent of vehicles met the target of 750 miles per month or daily use. GSD should remove underutilized vehicles from the fleet.

State Printing. The program, which does not receive an appropriation from the general fund, provides centralized printing and graphic design services to government agencies and nonprofit entities on a cost recovery basis. The program collected \$2.5 million in revenue and spent \$2.3 million for operations in FY23. The department requested \$861.8 thousand in increased expenditure authority for FY24, an increase of 31.5 percent. Almost all of the requested increase is in the other costs category for supplies. In recent years, an increase in print jobs late in the year has led the agency to submit budget adjustment requests to purchase the supplies needed to complete the jobs. While the request represents a significant increase in revenue, were revenue to fall short of projections, the agency would see a decreased need for supplies, allowing the agency to align revenue and spending without the need to submit a budget adjustment request. The LFC recommendation fully funds the agency request.

Program Support. Program Support includes the Office of the Secretary and supports financial, human resource functions, and IT systems for the agency. The program is funded by transfers from other programs within GSD, with the largest amount coming from RMD. For FY25, the agency requested an increase of \$638 thousand, or 11.3 percent. The agency is seeking an increase in both personnel costs and contractual services to address issues with the agency’s audit and for other financial and information technology support.

The LFC recommendation includes an additional \$270 thousand in contracts for audit and information technology services. LFC analysis shows existing vacancy savings within the program to address personnel needs.

Base Expansion

GSD requested two expansions for additional FTE. In both cases, the request was to continue to provide existing services and address increased workload. Pursuant to LFC budget guidelines, workload growth is not considered an expansion and these requests were considered as part of the agency’s base budget recommendation.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	FMD 6 FTE	P608	409.5	0.0
0	Pilot & Mechanic	P609	184.7	0.0
TOTAL			\$594.2	\$0.0

PROCUREMENT SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	727.3	0.0	0.0	0.0	0.0
Other Transfers	45.6	0.0	0.0	0.0	0.0
Other Revenues	4,642.8	2,919.3	3,421.0	3,713.0	27.2
TOTAL SOURCES	\$5,415.7	\$2,919.3	\$3,421.0	\$3,713.0	27.2
USES					
Personal Services and Employee Benefits	2,276.2	2,524.5	2,910.4	2,646.3	4.8
Contractual services	2.7	29.0	19.0	19.0	(34.5)
Other	197.4	213.4	241.6	228.4	7.0
Other financing uses	73.9	152.4	250.0	819.3	437.6
TOTAL USES	\$2,550.2	\$2,919.3	\$3,421.0	\$3,713.0	27.2
FTE					
Permanent	27.0	28.0	28.0	28.0	0.0
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	27.0	29.0	29.0	29.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of executive branch agencies with certified procurement officers	100.0%	96.0%	98.0%	98.0%	98.0%
Efficiency	Percent of vendor payments received from sales, as reported as owed by vendors	80%	99%	90%	90%	90%
* Output	Average number of days for completion of contract review	4.0	3.0	5.0	5.0	5.0
Explanatory	Revenue generated through price list purchases	\$4,198,796	\$4,641	N/A	N/A	N/A
Efficiency	Procurements completed within targeted timeframes from assignment to award	89%	87%	80%	80%	80%

STATE PRINTING SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	2,484.0	2,732.2	3,594.0	3,594.0	31.5
TOTAL SOURCES	\$2,484.0	\$2,732.2	\$3,594.0	\$3,594.0	31.5

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	572.2	728.6	774.5	774.5	6.3
Contractual services	0.0	100.0	100.0	100.0	0.0
Other	1,684.6	1,841.1	2,619.5	2,619.5	42.3
Other financing uses	57.4	62.5	100.0	100.0	60.0
TOTAL USES	\$2,314.2	\$2,732.2	\$3,594.0	\$3,594.0	31.5
FTE					
Permanent	11.0	11.0	11.0	11.0	0.0
TOTAL FTE	11.0	11.0	11.0	11.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Growth in quarterly sales revenue compared with the previous thirty- or sixty-day legislative session	0%	29%	10%	10%	10%
Efficiency	Percent of printing jobs delivered on time	100%	100%	99%	99%	99%
* Output	Percent of state printing revenue exceeding expenditures	21%	7%	5%	5%	5%
Explanatory	Number of targeted customers utilizing the printing digital storefront	0.0	2.0	N/A	N/A	N/A

RISK MANAGEMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	10,001.5	10,988.1	11,911.8	10,575.7	(3.8)
TOTAL SOURCES	\$10,001.5	\$10,988.1	\$11,911.8	\$10,575.7	(3.8)

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	4,737.4	5,330.0	5,661.1	5,330.0	0.0
Contractual services	65.2	190.0	190.0	190.0	0.0
Other	381.9	449.5	561.8	494.7	10.1
Other financing uses	4,395.8	5,018.6	5,498.9	4,561.0	(9.1)
TOTAL USES	\$9,580.3	\$10,988.1	\$11,911.8	\$10,575.7	(3.8)
FTE					
Permanent	60.0	57.0	49.0	49.0	(14.0)
Temporary	1.0	0.0	1.0	1.0	0.0
TOTAL FTE	61.0	57.0	50.0	50.0	(12.3)

Recommended Language

Any unexpended balances in the risk management program of the general services department remaining at the end of fiscal year 2025 shall revert to the public liability fund, public property rescue fund, workers' compensation retention fund, state unemployment compensation fund, local public body unemployment compensation fund and group self-insurance fund based on the proportion of each individual fund's assessment for the risk management program.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Average cost per workers' compensation claim	\$1,698	\$701	N/A	N/A	N/A
Explanatory	Amount of excess insurance recoveries for property claims, in thousands	\$0.0	\$987.2	N/A	N/A	N/A

EMPLOYEE GROUP HEALTH BENEFITS

The purpose of the employee group health benefits program is to effectively administer comprehensive health-benefit plans to state and local government employees.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,586.2	0.0	0.0	0.0	0.0
Other Revenues	370,773.8	363,142.2	0.0	0.0	(100.0)
TOTAL SOURCES	\$372,360.0	\$363,142.2	\$0.0	\$0.0	(100.0)
USES					
Contractual services	24,754.9	30,703.3	0.0	0.0	(100.0)
Other	426,575.8	332,438.9	0.0	0.0	(100.0)
TOTAL USES	\$451,330.7	\$363,142.2	\$0.0	\$0.0	(100.0)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent of eligible state employees purchasing state medical insurance	80%	79%	N/A	N/A	N/A
Outcome	Percent change in state employee medical premium	0%	0%	5%	0%	0%
* Outcome	Percent change in the average per-member per-month total healthcare cost	5%	3%	5%	0%	0%
Explanatory	Number of visits to the stay well health center	4,540.0	7,375.0	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	61%	52%	61%	0%	0%
Explanatory	Number of members who designate the stay well health center as their primary care provider	486.0	1,631.0	N/A	N/A	N/A
Outcome	Percent of state group prescriptions filled with generic drugs within 3 percent of public-entity-peer rate as reported by pharmacy benefits manager	87%	84%	85%	0%	0%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	87%	52%	86%	0%	0%
Explanatory	Rate per one thousand members of emergency department use categorized as non-emergent	22.6	24.7	N/A	N/A	N/A
Explanatory	Percent of available appointments filled at the stay well health center	81%	22%	N/A	N/A	N/A
* Efficiency	Annual loss ratio for the health benefits fund	118%	1%	98%	0%	0%
* Explanatory	Projected year-end fund balance of the health benefits fund, in thousands	(\$65,105.0)	(\$61,157.3)	N/A	N/A	N/A

FACILITIES MANAGEMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,581.2	19,550.7	24,670.8	20,050.0	2.6
Other Transfers	1,245.6	0.0	0.0	0.0	0.0
Other Revenues	4,803.3	0.0	0.0	1,000.0	0.0
TOTAL SOURCES	\$22,630.1	\$19,550.7	\$24,670.8	\$21,050.0	7.7
USES					
Personal Services and Employee Benefits	10,038.4	11,388.9	13,362.0	11,888.9	4.4
Contractual services	535.8	286.6	1,124.7	324.7	13.3
Other	5,603.8	7,875.2	10,184.1	8,836.4	12.2
Other financing uses	200.0	0.0	0.0	0.0	0.0
TOTAL USES	\$16,378.0	\$19,550.7	\$24,670.8	\$21,050.0	7.7
FTE					
Permanent	149.0	148.0	154.0	148.0	0.0
Term	6.0	0.0	0.0	0.0	0.0
TOTAL FTE	155.0	148.0	154.0	148.0	0.0

Recommended Language

The other state funds appropriation to the facilities management program of the general services department includes one million dollars (\$1,000,000) from the public buildings repair fund, contingent on the secretary of general services establishing a schedule of building use fees pursuant to Section 15-3B-19 NMSA 1978.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Total leased square footage	0.0	0.0	N/A	N/A	N/A
Explanatory	Total leased square footage	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of capital projects completed on schedule	93%	157%	90%	90%	90%
Output	Percent of scheduled preventive maintenance requirements completed on time	59%	70%	90%	90%	90%
* Outcome	Percent of new office space leases achieving adopted space standards	100%	100%	91%	90%	91%
Explanatory	Amount (in dollars) of utility savings as a result of green energy initiatives	\$84,954	(\$38,191)	N/A	N/A	N/A
Explanatory	Difference between state funding awarded and expended on completed capital projects	74.3%	99.6%	N/A	N/A	N/A
Output	Number of facility condition assessments conducted on an annual basis	31.0	0.0	25.0	0.0	25.0

TRANSPORTATION SERVICES

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	533.2	556.8	1,142.2	657.0	18.0
Other Transfers	117.4	0.0	0.0	0.0	0.0
Other Revenues	9,423.4	10,927.1	10,453.2	10,453.2	(4.3)
Fund Balance	0.0	0.0	2,000.0	2,000.0	0.0
TOTAL SOURCES	\$10,074.0	\$11,483.9	\$13,595.4	\$13,110.2	14.2
USES					
Personal Services and Employee Benefits	2,231.7	2,559.3	3,044.7	2,559.3	0.0
Contractual services	31.5	202.0	212.8	212.8	5.3
Other	6,465.6	8,295.8	9,887.9	9,888.1	19.2
Other financing uses	390.1	426.8	450.0	450.0	5.4
TOTAL USES	\$9,118.9	\$11,483.9	\$13,595.4	\$13,110.2	14.2
FTE					
Permanent	31.0	32.0	34.0	32.0	0.0
TOTAL FTE	31.0	32.0	34.0	32.0	0.0

Recommended Language

The other state funds appropriation to the transportation services program of the general services department includes two million dollars (\$2,000,000) from the state transportation pool fund balance to purchase vehicles for state agencies.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent increase in short term vehicle use	160%	82%	Discontinued	0%	0%
Efficiency	Average vehicle operation costs per mile	\$0.55	\$0.52	\$0.59	\$0.72	\$0.59
* Outcome	Percent of leased vehicles used daily or 750 miles per month	41%	54%	70%	55%	75%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	5,117.2	5,660.3	6,298.9	5,930.3	4.8
Other Revenues	0.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$5,117.6	\$5,660.3	\$6,298.9	\$5,930.3	4.8
USES					
Personal Services and Employee Benefits	3,427.3	4,495.3	4,753.4	4,495.3	0.0
Contractual services	545.8	354.5	735.0	624.5	76.2
Other	599.2	810.5	810.5	810.5	0.0
TOTAL USES	\$4,572.3	\$5,660.3	\$6,298.9	\$5,930.3	4.8
FTE					
Permanent	35.0	43.0	43.0	43.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	36.0	43.0	43.0	43.0	0.0

Recommended Language

Any unexpended balances in program support of the general services department remaining at the end of fiscal year 2025 shall revert to the procurement services, state printing services, risk management and transportation services programs based on the proportion of each individual program's assessment for program support.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of audit findings resolved from prior fiscal year excluding findings related to fund solvency	90%	50%	90%	50%	90%

Statutory Authority

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

Mission

The agency’s mission is to provide high-quality services and secure retirement benefits to current and future retirees through pension administration functions and management of the fund’s assets.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	23,604.7	32,230.1	32,499.6	32,499.6	0.8
TOTAL SOURCES	\$23,604.7	\$32,230.1	\$32,499.6	\$32,499.6	0.8
USES					
Personal Services and Employee Benefits	8,780.4	10,302.4	10,302.4	10,302.4	0.0
Contractual services	13,128.7	20,000.0	20,000.0	20,000.0	0.0
Other	1,695.6	1,927.7	2,197.2	2,197.2	14.0
TOTAL USES	\$23,604.7	\$32,230.1	\$32,499.6	\$32,499.6	0.8
FTE					
Permanent	93.0	91.0	91.0	91.0	0.0
Temporary	1.0	2.0	0.0	0.0	(100.0)
TOTAL FTE	94.0	93.0	91.0	91.0	(2.2)

At A Glance

The operating budget of the Educational Retirement Board (ERB) is funded from retirement trust fund revenue. For FY25, ERB requested an overall increase of \$270 thousand, or 0.8 percent. All the additional funding is in the other costs category, mostly for subscription costs for the agency’s investment staff. The LFC recommendation supports the agency’s request.

Budget Issues

ERB does not receive a general fund appropriation and all of its operations are funded through use of retirement trust fund dollars; all unexpended funds appropriated for ERB operations revert to the trust fund. In FY23, the agency spent \$8.7 million on personnel and is budgeted for \$10.3 million in FY24. ERB anticipates its current budget is sufficient to cover personnel costs in FY25 and did not continue a request for 2 temporary FTE. Overall, the agency has seen significant headcount growth in recent years, from 82 in FY21 to 91 in the agency’s FY25 request.

The agency requested \$20 million in contractual services, flat with the FY24 operating budget. ERB currently has an unassigned surplus of \$1.7 million, which allows the agency flexibility to enter contracts with different investment managers. ERB pays some money managers fees in addition to profit sharing. Most investment fees and profit sharing are paid out of invested funds and do not appear in the operating budget. Typically, ERB pays fees out of the invested amount for funds where ERB holds a partial interest, whether a limited partnership or other comingled account structure. For separately managed accounts, where ERB is the sole participant in the fund, fees appear in the operating budget. In FY23, \$10.7 million were fixed fees in the contractual services category.

In the other category, the agency requested a \$270 thousand, or 14 percent, increase. About half of this increase is for subscription and license fees for the agency’s investment staff. The agency notes a need to improve reporting of private equity exposure and the significant amount of investment staff time devoted to manual collection of data for the due diligence process. According to ERB, the agency is investing in new portfolio management and data analytics tools to improve the transparency of the fund’s holdings, assist investment staff in performing due diligence for investment opportunities, and automating some processes currently done manually by ERB staff. The agency plans to purchase off-the-shelf software to improve both processes. Additionally, the agency requested increases for staff and board travel expenses, adjusting to prepandemic travel budgets.

Asset Management. For FY23, ERB returned 5.62 percent, below the fund’s target rate of 7 percent and 0.89 percentage point below the fund’s policy index. Generally, ERB’s portfolio is risk averse and performs worse than other funds when markets are strong. However, over the long term, ERB performs above target and exceptionally well versus other public funds. The agency exceeded the long-term return target of 7 percent; returning 11.14 percent over three years, 7.84 percent over five years, and 7.98 percent over 10 years. ERB had the best performance among the state’s investment agencies, including the Public Employees Retirement Association and the State Investment Council. Since FY19, ERB has ranked in the top half of investment funds valued at over \$1 billion; for FY22 the agency’s performance was in the top 10 percent of funds over the three-year and five-year return period. Over the 10-year period, ERB was in the top 12 percent of funds. The fund finished FY23 with a balance of \$16 billion, \$500 million more than the prior year.

ERB has steadily increased personnel spending as the agency works to reduce dependence on contract investment managers. The fund’s current investment policy sets a target weight of 28 percent in public market equities, which the policy argues offers limited opportunity for active managers to add value. The fund’s most recent asset allocation study was completed in 2022.

Sustainability. In FY22, contributions from 60 thousand active members and their employers totaled \$860 million, while \$1.3 billion was paid out to 54 thousand beneficiaries. For FY22, ERB reported it had \$15.6 billion, or 65 percent of the assets it needed to fund all benefits earned up to that point. The plan’s actuaries estimate it would need \$24 billion to be fully funded. Recently enacted employer contribution rate increases will help stabilize the fund into the future. Between FY18 and FY22, employer contributions into the fund increased 32 percent, from \$388 million to \$512 million. ERB’s actuaries project the fund will be fully funded in 29 years. The fund’s actuarial position as of FY23 is not currently available.

As recently as FY20, the ERB trust fund was projected to never be able to pay all promised benefits. Legislative changes since 2013 have addressed the long-term stability of the plan. The Legislature passed multiple pension solvency measures to improve the financial positions of the funds, including two recent laws to increase employer contribution rates to the fund by a total of 4 percentage points. Earlier laws reduced plan benefits and limited annual cost-of-living adjustments based on the plan’s funded ratio. For FY24, disability retirees received a cost-of-living adjustment (COLA) of 4 percent (one half of the consumer price index (CPI) increase between 2021 and 2022), those with 25 years of service and an annual benefit of less than \$20,647 received a COLA of 3.6 percent (90 percent of one half of the CPI increase), and all other retirees received a COLA of 3.2 percent (80 percent of one half of the CPI increase). The full COLA, before solvency adjustments, is capped at 4 percent, with a minimum of 2 percent. Reductions to the COLA will end when the plans funded status reaches 90 percent.

EDUCATIONAL RETIREMENT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Average rate of net return over the last five years	8.40%	7.80%	7.00%	7.00%	7.00%
* Outcome	Funding period of unfunded actuarial accrued liability, in years	42.0	27.0	30.0	30.0	30.0
Outcome	Average rate of net return over the last ten years	8.50%	8.00%	7.00%	7.00%	7.00%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Five-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	90.0	54.0	N/A	N/A	N/A
Quality	Percent of member satisfaction with seminars and trainings	79%	97%	Discontinued	Discontinued	Discontinued
Explanatory	Ten-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	80.0	48.0	N/A	N/A	N/A
* Explanatory	Ten-year performance ranking in a national peer survey of public plans	9%	12%	N/A	N/A	N/A
Explanatory	Five-year performance ranking in a national peer survey of public plans	7%	6%	N/A	N/A	N/A

Statutory Authority

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

Mission

The central duties of the commission include serving as a clearinghouse for criminal justice data provided by other state agencies, providing unbiased research on criminal justice issues on an ad hoc basis, and analyzing criminal justice legislation to inform the Legislature, executive agencies, and the public.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,388.6	1,388.6	1,727.5	1,514.3	9.1
Other Transfers	109.2	52.0	52.0	52.0	0.0
Other Revenues	22.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,519.8	\$1,440.6	\$1,779.5	\$1,566.3	8.7
USES					
Contractual services	1,178.3	1,104.7	1,443.4	1,230.2	11.4
Other	341.4	335.9	336.1	336.1	0.1
TOTAL USES	\$1,519.7	\$1,440.6	\$1,779.5	\$1,566.3	8.7

At A Glance

The Sentencing Commission requested an increase in general fund appropriations for FY25 of \$1.7 million, or 124 percent, compared with its FY24 operating budget, for a total budget request of about \$1.8 million. The \$338 thousand increase was intended for additional staff and previously unfunded compensation increases, including a staff attorney, senior contracts, and grants administrator. The LFC recommendation partially supports the expansion request by including \$125.7 thousand for compensation increases for current staff. The committee recommendation does not include funding for any additional positions.

Budget Issues

The Sentencing Commission (NMSC) has no FTE because its eight full- and part-time staff members are employees of the University of New Mexico (UNM). The agency contracts with UNM for fiscal services, paying a 9 percent administrative fee on those services, and supplements staff research with help from students. Other NMSC expenses, including rate payments to GSD and its grant program, are not subject to this fee. This structure limits transparency into the agency's budget, as almost all its operational funds are budgeted through its contract with UNM. Overall, this contract accounted for 76 percent of NMSC's actual expenditures in FY22 and comprised 77 percent of its overall FY24 operating budget.

In FY23, the commission published seven reports. The commission produces annual studies on prison population and earned deductions from prison time. NMSC also calculates the reimbursement for county jails housing felony offenders each year. Other studies related to the criminal justice system are performed as needed or by request. In FY23, the commission published a policy brief reviewing the economic and fiscal impacts of criminal justice fees in New Mexico from FY17 to FY22, and a study examining the length of time adult detainees remain in detention centers or jails before they are incarcerated in state prison, put on probation, or otherwise released, all of which impact the general fund.

Data collection occurs in silos among criminal justice partners in New Mexico, including law enforcement agencies, detention facilities, probation and parole agencies, courts, prosecutors, public defenders, diversion programs, health departments, emergency responders, and others. Connecting data so these entities can access relevant information would increase efficiency, reduce redundancy, minimize data errors, and allow for program evaluation and performance management. Laws 2019, Chapter 192, (House Bill 267) sought to assist agencies in connecting this data by requiring NMSC create a criminal justice data-sharing network, creating criminal justice coordinating councils in each judicial district, and establishing the Crime Reduction Grant Act.

Crime Reduction Grants. Under Chapter 192, the crime reduction grant program could be used to support evidence-based treatment and supervision alternatives to incarceration, preprosecution diversion programs, specialty court programs, and pretrial services. However, Laws 2022, Chapter 56, (House Bill 68) expanded the allowable uses of the grants to better deploy those funds in support of criminal justice partner cooperation, including improving coordination between law enforcement and other criminal justice partners, establishing law enforcement crisis intervention teams, coordinating access to housing for individuals reentering the community from prison, supporting data-driven policing, providing staff to support criminal justice coordinating councils, and recruiting and retaining law enforcement officers, prosecutors, public defenders, corrections officers, and mental health workers. Improved data integration among criminal justice partners is crucial to achieving many of these goals. As of May 2023, NMSC had awarded \$2.8 million in grants funding pretrial data systems, violence treatment courts, peer support positions, pretrial services and similar projects across 10 of New Mexico’s 13 judicial districts.

In FY20, the commission received a \$178.5 thousand recurring general fund appropriation for crime reduction grants to support the goals of Chapter 192. NMSC established a competitive program for crime reduction grants in FY20 and awarded \$377.2 thousand for eight projects covering 11 judicial districts. In both FY21 and FY22, the commission had only \$178.5 thousand available for its grants each year and awarded all funds, supporting a total of nine projects across five judicial districts. In FY23, the agency received a recurring increase of \$150 thousand for these grants and a \$2 million non-recurring appropriation tied to the expansion of the grants’ allowable uses in Chapter 56. With these expanded funds, the commission awarded 26 grants totaling \$1.8 million and covering nine judicial districts.

In FY24, the commission awarded 30 grants representing over \$2.8 million in the first round of funding, covering a range of areas, including staffing, court and pretrial services, training, diversion, and reentry. A second round of grants will be disbursed in November. The growth in the number of grants has required a commensurate growth in the legal work that is required around those grants and in compliance monitoring. This increasing workload, and the need for additional oversight of the awarded funds, was the primary driver behind the expansion in the commission’s FY25 budget request.

Legislative Initiatives. The Legislature appropriated \$500 thousand in consumer settlement fund balances to NMSC for FY21 and FY22 to rewrite the state’s Criminal Code and other criminal statutes. In 2021, the commission formed a Criminal Code Update Committee to begin this work focusing on sentencing structure, mens rea (criminal intent), behavioral health issues as they impact the criminal justice system, race and ethnicity data, and child abuse, homicide, and criminal sexual penetration statutes. The 2023 General Appropriation Act extended this appropriation through FY24 to allow the commission time to complete its work, and the commission plans to endorse legislation related to this update in advance of the 2025 legislative session, contingent on support from the executive and legislative leadership. NMSC has requested an additional extension through FY25 to expend the funding associated with this special appropriation.

In the 2023 legislative session, the commission supported legislation related to medical and geriatric parole and fines and fees. For the 2025 legislative session, the commission is reviewing legislation relating to changes to technical parole violation statutes with some potentially minor changes from versions proposed in 2023, which passed both chambers but was vetoed by the governor.

Base Expansion

The commission requested a budget expansion totaling \$338.9 thousand in general fund revenue to support 2 additional FTE and absorb the costs of salary increases mandated by the Legislature in the 2023 session, but not funded by UNM. One of the additional FTE included in the expansion request was a staff attorney, which the commission has previously only funded through contractual services and reports is needed to allow for adequate support of the criminal code rewrite and the generation of commission reports. The other FTE requested was a senior contracts and grants administrator, which the commission feels it will require to adequately support the expansion of the crime reduction grants program.

The LFC recommendation partially supports the expansion request by including \$125.7 thousand for compensation increases for current staff. The committee recommendation does not include funding for any additional positions.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	NMSC Salary increases & 2 new FTE	P636	338.9	125.7
TOTAL			\$338.9	\$125.7

NEW MEXICO SENTENCING COMMISSION

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

Recommended Language

The general fund appropriation to the New Mexico sentencing commission in the other category includes three hundred thirty-six thousand one hundred dollars (\$336,100) for crime reduction grants, including grants supporting improved data integration among criminal justice partners.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Percent of criminal justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
Output	Number of research projects completed	12.0	12.0	10.0	10.0	10.0
Explanatory	Number of crime reduction grants awarded	4.0	32.0	N/A	N/A	N/A
Explanatory	Total amount of funding awarded for crime reduction grants	\$178,500	\$2,225,577	N/A	N/A	N/A
Output	Number of presentations to the legislature on recommended criminal and juvenile justice system reforms the commission determines would improve those systems	3.0	6.0	2.0	2.0	4.0
Explanatory	Percent of awarded crime reduction grant funding reverted	1.00%	0.00%	N/A	N/A	N/A
Output	Number of commission and subcommittee meetings held	24.0	51.0	20.0	20.0	30.0
Output	Number of presentations to the legislature on proposed sentencing reforms	3.0	2.0	2.0	2.0	2.0
Output	Percent of statutorily-mandated meetings of the sex offender management board held	0%	0%	100%	100%	100%
Output	Percentage of statutorily-mandated research projects completed	100%	100%	100%	100%	100%
Outcome	Percent of crime reduction grants that fully complete the scope of work outlined in the grant agreement	99%	93%	90%	90%	95%

Statutory Authority

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,174.3	6,259.8	6,359.8	6,359.8	1.6
Other Transfers	259.7	0.0	0.0	0.0	0.0
Other Revenues	0.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$5,434.8	\$6,259.8	\$6,359.8	\$6,359.8	1.6
USES					
Personal Services and Employee Benefits	4,288.3	5,666.4	5,666.4	5,666.4	0.0
Contractual services	80.3	86.0	186.0	186.0	116.3
Other	390.7	507.4	507.4	507.4	0.0
TOTAL USES	\$4,759.3	\$6,259.8	\$6,359.8	\$6,359.8	1.6
FTE					
Permanent	36.0	35.0	35.0	35.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	38.0	35.0	35.0	35.0	0.0

At A Glance

The Office of the Governor requested a general fund budget of \$6.3 million for FY25, a 1.6 percent increase compared with the FY24 operating budget. The request included an increase of \$100 thousand in contractual services for media and interpretive services and for contracts related to policy and research. The office requested a flat budget for personnel and other costs. The committee recommendation fully funds the request.

In FY23, the office spent \$38.4 thousand from the governor’s contingency fund, including approximately \$36.6 thousand on food and beverage, \$1,400 on household supplies, and \$364 on other items. The contingency fund was created by legislation in 2018 (Chapter 27). The office has broad discretion over the use of the fund, but it is subject to the Audit Act, the Inspection of Public Records Act, and the Procurement Code. The office must provide detailed monthly reports on expenditures to LFC and DFA.

For FY23, the office met or exceeded all performance measure targets, including constituent service cases closed, days to post public meetings on the office’s website, and days to post executive orders.

EXECUTIVE MANAGEMENT & LEADERSHIP

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of constituent service cases closed within thirty days of initial receipt	99%	96%	95%	96%	96%
Output	Number of business days to process extraditions	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post videos of public meetings recorded by the governor's office on www.governor.state.nm.us	2.0	2.0	2.0	2.0	2.0
Output	Number of business days to acknowledge receipt and determine eligibility for consideration of pardon request	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post executive orders to the governor's website after being signed by the governor and secretary of state	1.0	1.0	1.0	1.0	1.0

Statutory Authority

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

Mission

The mission of the Office of the Lieutenant Governor is to fulfill the constitutional duties of president of the Senate and serve as ombudsman and acting governor when the governor is out of state.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	584.9	668.6	768.6	768.6	15.0
Other Transfers	30.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$615.4	\$668.6	\$768.6	\$768.6	15.0
USES					
Personal Services and Employee Benefits	493.1	539.4	639.4	639.4	18.5
Contractual services	22.7	36.9	36.9	36.9	0.0
Other	55.7	92.3	92.3	92.3	0.0
TOTAL USES	\$571.5	\$668.6	\$768.6	\$768.6	15.0
FTE					
Permanent	6.0	5.0	5.0	5.0	0.0
TOTAL FTE	6.0	5.0	5.0	5.0	0.0

At A Glance

The Office of the Lieutenant Governor requested a general fund revenue increase of \$100 thousand, or 15 percent, for FY25. The requested increase is a result of Laws 2023, Chapter 131, which increased compensation for elected officials, including the lieutenant governor. The office requested an 18.5 percent increase in personnel and flat budget for contractual services and other cost for FY25. The committee recommendation supports the request.

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

The office met FY24 performance measure targets for constituent service files closed and public forums held but did not meet the target for days in session and presided over. The lieutenant governor hosted 27 town hall meetings, economic forums, and other meetings in FY23. The lieutenant governor also serves on the Board of Finance, Mortgage Finance Authority, and other commissions and councils.

STATE OMBUDSMAN

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of constituent service files closed within 30 days	99%	98%	95%	98%	98%
Output	Number of townhall meetings, economic forums, or task forces the lieutenant governor has participated in	24.0	27.0	15.0	20.0	20.0
Output	Percent of days in session and presided over (gavel down)	74%	83%	95%	95%	95%

Statutory Authority

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

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

Mission

The mission of the Department of Information Technology is to provide cost-effective and efficient enterprise products, services, and solutions within a secure and reliable environment for its customers through leadership, strategic planning, standards and policy, architecture, and oversight.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,431.6	7,090.4	8,475.3	9,048.0	27.6
Other Transfers	16,814.1	9,458.0	9,376.7	9,376.7	(0.9)
Federal Revenues	0.0	0.0	0.0	2,375.0	0.0
Other Revenues	63,524.6	65,438.3	62,196.2	62,846.2	(4.0)
Fund Balance	2,240.0	4,658.9	10,393.2	10,393.2	123.1
TOTAL SOURCES	\$85,010.3	\$86,645.6	\$90,441.4	\$94,039.1	8.5
USES					
Personal Services and Employee Benefits	16,291.2	19,249.5	20,636.4	21,627.7	12.4
Contractual services	5,263.2	9,779.9	9,633.4	11,872.9	21.4
Other	46,635.7	48,158.2	50,794.9	51,161.8	6.2
Other financing uses	16,779.0	9,458.0	9,376.7	9,376.7	(0.9)
TOTAL USES	\$84,969.1	\$86,645.6	\$90,441.4	\$94,039.1	8.5
FTE					
Permanent	166.5	177.0	182.0	196.0	10.7
TOTAL FTE	166.5	177.0	182.0	196.0	10.7

At A Glance

The Department of Information Technology’s (DoIT) budget request for FY25 totaled \$90.4 million from all funds, a 4 percent increase above the FY24 operating budget. However, DoIT’s request does not include funding for the Office of Broadband Access and Expansion (OBAE.) DoIT’s request for FY25 removes OBAE and makes the office a standalone agency. The committee recommends keeping OBAE within DoIT.

Outside of OBAE, DoIT’s general fund request totaled nearly \$8.5 million, a 20 percent increase from the FY24 operating budget. Of the general fund revenue increases at DoIT, \$2 million was requested for 6 new FTE at the newly formed Office of Cybersecurity, including five IT security and compliance positions and an attorney supervisor. Another \$650 thousand increase was related to a proposal to move SHARE employees and SHARE-related revenues from DoIT to the Department of Finance and Administration. The committee does not recommend the movement of SHARE employees and functions outside of DoIT but does support \$1.6 million in new general fund to staff up the new Office of Cybersecurity.

Budget Issues

DoIT has undergone major structural changes since 2021, including adding two new programs—the Office of Cybersecurity and the Office of Broadband Access and Expansion (OBAE.) For FY25, DoIT is requesting even more structural changes, including moving SHARE-related personnel and functionality to the Department of Finance and Administration and moving OBAE out of the agency and into its own standalone agency. The committee does not support the move of OBAE via the budget process because the Legislature specifically created OBAE as administratively attached to DoIT through legislation in 2021. Moving both OBAE and SHARE would add unnecessary administrative costs and further change the work of the department.

Program Support. DoIT requested \$650 thousand in general fund expansion for program support. The request was intended to help offset the reduction in revenues that DoIT would receive for operating SHARE services for state agencies if SHARE functionality were transferred to the Department of Finance and Administration as requested.

In March 2023, the Office of the State Auditor amended the state’s Audit Rule such that DoIT is newly required to conduct a service organization control type 2 (SOC-2) compliance audit annually starting in 2024. SOC-2 is a cybersecurity compliance framework developed by the American Institute of Certified Public Accountants to ensure that third-party service providers store and process data in a secure manner. Because of these new requirements and because of the otherwise unnecessary additional cost to the general fund, the LFC recommendation for program support does not support the transition of SHARE staff nor revenues outside of DoIT.

Beyond the proposed SHARE transition, DoIT requested an additional 4 FTE in program support: a general counsel, Purchasing and Contracts Bureau support, support for the Office of the Secretary and Office of Accounting and Finance, and accounting support. Funds for these FTEs are from \$406.8 thousand in enterprise funds transferred from the agency’s Compliance and Project Management Program. The LFC recommendation supports this expansion.

Enterprise Services. DoIT requested a 5 percent decrease in its Enterprise Services Program for other revenues and a large increase in fund balance uses of \$2 million, or 316 percent, which offsets most of the reduction in other revenues. As a result, the agency’s request for this program is a 1.3 percent increase. However, DoIT requests an increase of 6 FTE to be funded using enterprise revenues transferred from the Compliance and Project Management Program.

The recommendation supports the agency request in Enterprise Services, reflecting an overall budget decrease of just 1 percent, with most of the reduction in other revenues offset by the increase in fund balance uses. The recommendation also supports the additional 6 FTE to support the agency using enterprise revenues from the Compliance and Project Management Program.

Compliance and Project Management. DoIT’s Compliance and Project Management Program provides guidance and oversight to state agencies and supports the Project Certification Committee, the entity responsible for reviewing and approving phased funding for agency IT projects. In FY23, the agency reports it conducted reviews of 225 procurements totaling \$314.2 million and provided oversight and compliance services for the state’s portfolio of 56 certified projects with an overall IT investment of \$935 million.

The Compliance and Project Management Program also houses the Office of Geospatial Technology (OGT), which plays an active role for state and assists federal agencies in promoting the development and use of geospatial data, and supports broadband and other programs. OGT supports the Office of Broadband Access and Expansion (OBAE) and tribal communities’ initiatives associated with geospatial data and broadband.

For FY25, DoIT requested to decrease its Compliance and Project Management Program by nearly \$6 million, or 85 percent, from FY24. The reduction consists of \$406.8 thousand in enterprise revenues to be transferred to Program Support for 4 expansion FTE, \$787 thousand in enterprise revenues to be transferred to Enterprise Services for 6 FTE, and just under \$4.8 million in general fund revenues transferred to the Office of Cybersecurity. The LFC recommendation supports decreasing enterprise revenues to support the new FTE in other programs.

Office of Broadband Access and Expansion. Laws 2021, Chapter 123, (Senate Bill 93) established the Office of Broadband Access and Expansion (OBAE), administratively attached to DoIT, to better coordinate broadband efforts among different entities. In FY24, the Legislature funded OBAE as a program within DoIT. However, for FY25, OBAE requested to become a stand-alone agency outside of DoIT through the budget request process.

For FY25, OBAE requested an \$8.1 million budget entirely from the general fund. The request is nearly 500 percent larger than the office’s FY24 budget of \$1.4 million. With the increased funding, OBAE seeks to grow the office from 11 FTE to 36 FTE; 12 of the new FTE are related to administrative functions previously performed by the DoIT Administrative Services Division and legal team. To achieve administrative efficiencies, the LFC recommendation continues to house OBAE as a program under DoIT rather than as a new, standalone agency.

In addition to increasing the number of FTE, OBAE’s request also moves 4 FTE from the Public Schools Facility Authority to the office. In addition, OBAE is requesting a \$2.4 million increase in contractual services over FY24, primarily for professional services. The LFC recommendation supports a flat budget for personnel in the base, plus a new transfer of \$650 thousand from the public school capital outlay fund. The recommendation supports the increases for contractual services, but from federal funds rather than the general fund. However, the recommendation does allow for small general fund increases in contractual spending for audit and legal support.

In addition to the administrative support, OBAE is requesting substantial state funding for the Connect New Mexico fund, with the office estimating the request to be at \$353 million per year for the next six years. For FY25, the office requested \$250 million in special appropriations for the connect New Mexico fund.

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

For FY25, DoIT requested \$16.8 million in expenditures from the equipment replacement fund, a 4 percent reduction in other transfers, or nearly \$400 thousand, and an increase of 137 percent, or just under \$4.5 million, in fund balances for the Equipment Replacement Fund Program. The request included \$13.4 million from enterprise services funds and \$3.3 million from revenue from SHARE service fees.

The department records amounts due to the ERF each year based on calculated depreciation. Fund transfers are made from the operating funds each year equal to the recorded amounts due. For FY25, the request included revenue transfers equal to the reported actual FY23 depreciation costs, \$9.1 million, and \$7.7 million from fund balances.

Cybersecurity Office. DoIT reports that the Cybersecurity Office, created by Laws 2023, Chapter 115, published 19 IT and cyber-related security policies and created a comprehensive cybersecurity incident response plan playbook for state entities to follow best practices in the event of an attack. The office’s enterprise vulnerability management program also transitioned to monthly scans to mitigate cyber risks and as of June 2023, 72 state agencies are participating in the program.

DoIT’s FY25 request for the Cybersecurity Office Program totals \$6.8 million in general fund revenues, of which \$4.8 million is transferred from the agency’s Compliance and Project Management Program, including 8 FTE, and \$2 million is requested as an expansion to support 6 additional FTE, including five IT security and compliance II and an attorney supervisor.

The recommendation supports the expansion but only for the amount of \$1.6 million for 5 FTE, providing enough funding for four of the IT security and compliance positions and an attorney III instead of a supervisory attorney. The recommendation provides proportional funding for contracts and other costs for the expansion based on the request.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Cybersecurity Office	P791	2,028.4	1,557.9
2	Enterprise Project Management Office	P772	76.0	60.0
5	Program Support SHARE Transfer	P771	650.0	0.0
TOTAL			\$2,754.4	\$1,617.9

BROADBAND ACCESS AND EXPANSION

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	813.0	1,369.5	0.0	1,709.2	24.8
Other Transfers	9.6	0.0	0.0	0.0	0.0
Federal Revenues	0.0	0.0	0.0	2,375.0	0.0
Other Revenues	0.0	0.0	0.0	650.0	0.0
TOTAL SOURCES	\$822.6	\$1,369.5	\$0.0	\$4,734.2	245.7
USES					
Personal Services and Employee Benefits	616.1	1,165.2	0.0	1,815.2	55.8
Contractual services	93.9	125.0	0.0	2,500.0	1,900.0
Other	71.3	79.3	0.0	419.0	428.4
TOTAL USES	\$781.3	\$1,369.5	\$0.0	\$4,734.2	245.7
FTE					
Permanent	0.0	11.0	0.0	14.0	27.3
TOTAL FTE	0.0	11.0	0.0	14.0	27.3

Recommended Language

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

CYBERSECURITY OFFICE

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	6,808.4	6,337.9	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$6,808.4	\$6,337.9	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	1,608.4	1,450.5	0.0
Contractual services	0.0	0.0	4,000.0	3,739.5	0.0
Other	0.0	0.0	884.9	832.8	0.0
Other financing uses	0.0	0.0	315.1	315.1	0.0
TOTAL USES	\$0.0	\$0.0	\$6,808.4	\$6,337.9	0.0
FTE					
Permanent	0.0	0.0	14.0	14.0	0.0
TOTAL FTE	0.0	0.0	14.0	14.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percentage of critical or high-risk vulnerabilities remediated from the previously identified scan	0%	NEW	0%	82%	82%
Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	0.0	NEW	0.0	12.0	12.0

COMPLIANCE AND PROJECT MANAGEMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,618.6	5,720.9	1,016.9	1,000.9	(82.5)
Other Transfers	25.6	0.0	0.0	0.0	0.0
Other Revenues	650.3	1,125.7	0.0	0.0	(100.0)
Fund Balance	0.0	147.8	0.0	0.0	(100.0)
TOTAL SOURCES	\$2,294.5	\$6,994.4	\$1,016.9	\$1,000.9	(85.7)
USES					
Personal Services and Employee Benefits	1,710.8	1,842.1	940.9	924.9	(49.8)
Contractual services	535.3	4,021.5	0.0	0.0	(100.0)
Other	48.4	1,130.8	76.0	76.0	(93.3)
TOTAL USES	\$2,294.5	\$6,994.4	\$1,016.9	\$1,000.9	(85.7)
FTE					
Permanent	15.5	18.0	10.0	10.0	(44.4)
TOTAL FTE	15.5	18.0	10.0	10.0	(44.4)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of internet technology certified projects that have revised the budget and project completion date from original	N/A	N/A	N/A	N/A	N/A
Output	Number of state agencies participating in the project certification process	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of information technology professional service contracts greater than one million dollars in value reviewed within seven business days	82%	82%	95%	95%	95%
* Outcome	Percent of information technology professional service contracts less than one million dollars in value reviewed within five business days	92%	92%	98%	98%	98%
Output	Number of workshops, trainings, events, or whitepapers delivered to agencies on IT best practices upon department analysis of key IT oversight areas	4.0	6.0	9.0	9.0	9.0

ENTERPRISE SERVICES

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	59,725.9	60,530.7	57,706.1	57,706.1	(4.7)
Fund Balance	2,240.0	643.5	2,675.8	2,675.8	315.8
TOTAL SOURCES	\$61,965.9	\$61,174.2	\$60,381.9	\$60,381.9	(1.3)
USES					
Personal Services and Employee Benefits	11,042.8	12,195.5	12,983.6	12,983.6	6.5
Contractual services	4,596.2	5,587.4	5,587.4	5,587.4	0.0
Other	30,157.3	33,933.3	32,749.3	32,749.3	(3.5)
Other financing uses	16,779.0	9,458.0	9,061.6	9,061.6	(4.2)
TOTAL USES	\$62,575.3	\$61,174.2	\$60,381.9	\$60,381.9	(1.3)
FTE					
Permanent	117.0	112.0	118.0	118.0	5.4
TOTAL FTE	117.0	112.0	118.0	118.0	5.4

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of submitted service desk tickets completed	N/A	N/A	N/A	N/A	N/A
Explanatory	Percentage of mobile system coverage by state geography to the digital trunk radio system.	NEW	40.0%	N/A	N/A	N/A
Outcome	Percent change of number of department of technology perimeter devices reporting security metrics and logs from prior year	N/A	N/A	N/A	N/A	N/A
Output	Number of new subscribers to the digital trunk radio system (DTRS).	N/A	N/A	N/A	N/A	N/A
Output	Number of service desk tickets resolved without being reassigned or escalated by service type	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of service desk incidents resolved within the timeframe specified for their priority level	100%	100%	97%	95%	95%
Outcome	Number of perimeter DoIT devices reporting security metrics and logs to the Security Incident and Event Management (SIEM) system.	2,223.0	2,225.0	2,100.0	2,000.0	2,000.0
* Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	12.0	12.0	4.0	12.0	12.0
Outcome	Percent of uptime of E-mail services other than scheduled maintenance	100%	100%	98%	98%	98%
Outcome	Percentage of critical or high-risk vulnerabilities remediated from the previously identified scan	75%	75%	85%	85%	85%

EQUIPMENT REPLACEMENT REVOLVING FUNDS

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	16,778.9	9,458.0	9,061.6	9,061.6	(4.2)
Fund Balance	0.0	3,251.1	7,717.4	7,717.4	137.4
TOTAL SOURCES	\$16,778.9	\$12,709.1	\$16,779.0	\$16,779.0	32.0
USES					
Other	16,169.6	12,709.1	16,779.0	16,779.0	32.0
TOTAL USES	\$16,169.6	\$12,709.1	\$16,779.0	\$16,779.0	32.0

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	650.0	0.0	0.0
Other Transfers	0.0	0.0	315.1	315.1	0.0
Other Revenues	3,148.4	3,781.9	4,490.1	4,490.1	18.7
Fund Balance	0.0	616.5	0.0	0.0	(100.0)
TOTAL SOURCES	\$3,148.4	\$4,398.4	\$5,455.2	\$4,805.2	9.2
USES					
Personal Services and Employee Benefits	2,921.5	4,046.7	5,103.5	4,453.5	10.1
Contractual services	37.8	46.0	46.0	46.0	0.0
Other	189.1	305.7	305.7	305.7	0.0
TOTAL USES	\$3,148.4	\$4,398.4	\$5,455.2	\$4,805.2	9.2
FTE					
Permanent	34.0	36.0	40.0	40.0	11.1
TOTAL FTE	34.0	36.0	40.0	40.0	11.1

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Percent difference between enterprise service revenues and expenditures for cost recovery of service delivery	NEW	0%	10%	10%	10%
Outcome	Percent of enterprise services achieving a cost recovery rate within ten percent of breaking even	82%	82%	Discontinued	Discontinued	Discontinued
Output	Percentage of timely, accurate billing issued on or before the 10th of every month for the prior billing period	100%	92%	100%	100%	100%
Quality	Percent of state agency customers satisfied with the department of information technology's services and support	88%	0%	88%	88%	88%
Output	Percentage of accounts receivable balances collected within 120 days from the original invoice	91.00%	95.00%	95.00%	95.00%	95.00%

Statutory Authority

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

Mission

The mission of the agency is to preserve, protect, and administer the retirement trust to meet its current and future obligations to retirees and to provide quality services to association members.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	49.8	55.7	64.0	55.7	0.0
Other Transfers	3.0	0.0	0.0	0.0	0.0
Other Revenues	25,818.2	40,084.7	42,071.0	41,002.5	2.3
TOTAL SOURCES	\$25,871.0	\$40,140.4	\$42,135.0	\$41,058.2	2.3
USES					
Personal Services and Employee Benefits	8,778.5	9,913.4	10,277.5	10,178.9	2.7
Contractual services	13,643.2	25,968.8	26,868.9	25,968.8	0.0
Other	3,449.3	4,258.2	4,988.6	4,910.5	15.3
TOTAL USES	\$25,871.0	\$40,140.4	\$42,135.0	\$41,058.2	2.3
FTE					
Permanent	89.0	87.0	91.0	88.0	1.1
TOTAL FTE	89.0	87.0	91.0	88.0	1.1

At A Glance

The Public Employees Retirement Association (PERA) requested an overall increase of 5 percent for FY24. The agency's core function of providing pension benefits to state and local government retirees is funded entirely through investment earnings on employee and employer contributions to the system's trust fund. The agency's request applied a 3 percent vacancy rate and included a 1 FTE expansion, increased contractual services by \$364 thousand, and increased the other category by \$730 thousand, mostly for IT services. The LFC recommendation includes sufficient funding for additional staff and applies a 4 percent vacancy rate, lower than the agency's recent history. Due to a significant unused surplus in contractual services for investment management fees, the LFC recommendation holds contractual services flat with FY24. The LFC recommendation includes additional funds for agency IT projects and other costs.

Budget Issues

The agency's FY25 request included a 3.7 percent increase for personnel. While in prior years the agency maintained a significant vacancy rate, the agency has been successful at filling positions. At the time of budget submission, the agency had filled all funded positions, although some positions have since become vacant. Year-to-date average headcount for FY24 is 83 FTE, compared with 80 in FY23 and 78 in FY22. For this reason, the LFC recommendation includes additional funding for personnel. For FY24, the agency has submitted a budget adjustment request to fully fund all vacant positions.

The majority of PERA's budget is in the contractual services category and is used to pay fees for investment management. PERA consistently requests appropriations in excess of actual expenditures for this category; between FY20 and FY23, average annual spending in the contractual services category was \$19.6 million, well below appropriated levels. The surplus in contractual service funding allows PERA flexibility to enter new contracts with managers and also allows for higher fees to be paid, depending on asset performance. Unspent funds revert to the retirement fund. The agency typically has budget adjustment authority to increase the contractual services category to pay management fees.

PERA requested an appropriation from the general fund to continue processing requests from employers to link employee information to the social security system. The request for FY25 was \$64 thousand, an increase of 15 percent from FY24. PERA contends retirement trust funds should not be used to pay these costs because many of the requests are from charter schools and others employers not affiliated with PERA. The LFC recommendation continues the general fund appropriation at the current level, but the agency could receive additional funding as part of a statewide compensation package. In FY24, the agency's operating budget reflects an increase from the general fund of 11.8 percent over the FY23 operating budget, with the increase coming from the annual compensation package.

For other costs, the agency requested an increase of \$730 thousand, or 17.2 percent. The bulk of the request was for information technology agreements, an increase of \$512 thousand over the FY24 operating budget. The agency reports a need for maintenance activities related to the system's online retirement information system. Additionally, the agency requested increases to staff and board travel costs, anticipating a return to prepandemic travel levels in FY25, as well as small increases for property maintenance, insurance, utilities, and rental expenses. The LFC recommendation includes \$652 thousand to partially fund these costs.

Asset Management. For FY23, the fund earned 4.2 percent on investments, net of external asset management fees, and the market value of the fund increased by \$100 million, to a total value of \$16.7 billion. In FY21, \$750 million in contributions to the fund were made on behalf of 55 thousand active members, and \$1.4 billion was paid to 46 thousand retirees and beneficiaries. PERA continues to lag behind its long-term investment return target of 7.25 percent, returning 6.6 percent over the last 10 years and 5.9 percent annually over the last five years. For the three-year period, the fund returned 8.3 percent, slightly above target. When compared with other public funds over \$1 billion, PERA's investments returns were consistently lower than average. For FY23, the fund was among the worst performing and over the last 10 years the fund performed in the 69th percentile.

At the time of the 2022 valuation, the five retirement plans created by the Public Employees' Retirement Act—state employees, state police, municipal employees, municipal police, and municipal fire—were 70.4 percent funded collectively. However, funding of the individual plans varies significantly. The state employees plan, also called state general plan three, was 60 percent funded with an unfunded liability of \$4 billion, while the state police and correctional officer plan was 127 percent funded with a surplus of \$319 million. Other funds managed by PERA had similar differences. The judicial retirement fund was only 59.6 percent funded with an unfunded liability of \$72.7 million and the magistrate retirement fund was 52.9 percent funded with an unfunded liability of \$30 million. However, the volunteer firefighter fund was 161.5 percent funded and the legislative retirement fund was 123.5 percent funded.

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

Governance. Investment returns are a function of a number of factors, including asset allocation and staff performance. In 2017, the PERA board voted to delegate selection of fund managers to PERA staff. The board's motion was followed with a conversion of investment staff from classified to exempt positions and increases in their salaries to better align with salaries across similar government agencies. Salary increases and the transition of staff into exempt positions is part of a broader effort to reflect the enhanced responsibilities of investment staff. Asset allocation targets are set by the PERA board, with the most recent investment policy adopted in October 2022. The funds currently sets target asset allocation of 38 percent for global equities. The policy does not explicitly endorse internally managed passive investment strategies, noting the board believes external management of assets maximizes potential returns.

Base Expansion

The agency's FY25 budget request included additional funding for a paralegal to support the agency's response to requests under the Inspection of Public Records Act. Consistent with LFC budget guidelines, the LFC recommendation considered this request as part of the agency's base budget recommendation, rather than as an expansion.

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Paralegal	P640	71.8	0.0
TOTAL			\$71.8	\$0.0

PENSION ADMINISTRATION

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Funding period of unfunded actuarial accrued liability, in years	TBD	TBD	30.0	30.0	30.0
Outcome	Ten-year annualized investment returns to meet or exceed board approved total fund benchmark, in basis points	161.0	69.0	30.0	30.0	30.0
Outcome	Five-year annualized investment returns to meet or exceed board approved total fund benchmark, in basis points	189.0	140.0	30.0	30.0	30.0
Explanatory	Average rate of net return over the last ten years	7.49%	N/A	N/A	N/A	N/A
Outcome	Public employees retirement association's total investment cost comparable to an industry median cost of peers adjusted for differences in fund size and asset mix	TBD	TBD	85.0	85.0	85.0
* Explanatory	Average rate of net return over the last five years	6.44%	N/A	N/A	N/A	N/A

Statutory Authority

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

Mission

The mission of the State Commission of Public Records (CPR) is to preserve, protect, and facilitate access to public records held in trust for New Mexicans, ensure rules promulgated by state agencies are published as prescribed by law and made accessible, advocate for the understanding and appreciation of New Mexico history, and develop records management programs for state agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	2,515.2	3,063.4	3,136.5	3,063.4	0.0
Other Transfers	253.3	0.0	0.0	0.0	0.0
Federal Revenues	16.6	15.3	40.0	40.0	161.4
Other Revenues	162.1	131.1	132.6	132.6	1.1
Fund Balance	0.0	55.2	49.4	122.5	121.9
TOTAL SOURCES	\$2,947.2	\$3,265.0	\$3,358.5	\$3,358.5	2.9
USES					
Personal Services and Employee Benefits	2,523.3	2,838.5	2,817.2	2,838.5	0.0
Contractual services	68.5	68.0	125.9	115.0	69.1
Other	341.8	358.5	415.4	405.0	13.0
TOTAL USES	\$2,933.6	\$3,265.0	\$3,358.5	\$3,358.5	2.9
FTE					
Permanent	35.0	35.0	35.0	35.0	0.0
TOTAL FTE	35.0	35.0	35.0	35.0	0.0

At A Glance

For FY25, the agency requested a budget of slightly more than \$3.3 million, reflecting an overall budget increase of \$93.5 thousand, or 2.9 percent, relative to the FY24 operating budget. The request included a total general fund revenue increase of \$73.1 thousand, or 2.4 percent. The request also included a \$24.7 thousand, or 161.4 percent, increase in federal revenues and a \$5.8 thousand, or 10.5 percent, decrease in the use of fund balances. The increase in federal revenues is the result of a grant the commission received from the National Archives in FY24.

The LFC recommendation funds the agency request but holds the general fund appropriation flat and appropriates the increase from fund balances.

Budget Issues

The State Commission of Public Records (CPR) FY24 budget eliminated the use of \$128.8 thousand from fund balances and replaced these revenues with general fund revenue. As a result, the agency’s fund balances have grown, and CPR’s ending fund balances in FY23 totaled \$281.7 thousand. The agency also reverted \$14.7 thousand at the end of FY23.

CPR oversees and operates two record centers, including the State Records Center and Archives, which stores state agency records, acts as the central archive for state government, and operates a vault for the permanent storage of records with historical value. As in prior years, CPR reports the State Records Center is over capacity and CPR, for the most part, cannot collect and store new records for agencies. The result has been multiple requests for funding from other agencies to digitize and store records themselves outside of the commission.

The commission also reports challenges in achieving full staffing and currently has six of its 35 positions vacant. Due to these staffing shortages, CPR’s reference room began operating on limited hours. The agency also fell short of its performance target in FY23 to describe and publish 8,000 records to support law enforcement, attorneys, the courts, and the general public.

As a result of these staffing shortages in FY24, CPR had a moderate \$129.5 thousand in funded vacancy savings. For FY25, the agency erroneously requested \$21 thousand less in personal services and employee benefits (PS&EB). The LFC recommendation corrects this error and accounts for the funded vacancy savings by recommending a flat PS&EB appropriation. The LFC recommendation also increases funding in the contractual services and other uses lines by a total of \$93.5 thousand to fulfill the agency’s needs for IT licenses and upgrades to meet the Department of Information Technology’s recommended cybersecurity measures. The recommended increases in federal revenues and fund balances cover these larger expenditure lines.

RECORDS, INFORMATION, AND ARCHIVAL MANAGEMENT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Number of records preserved, rehoused, described, and made available online via a descriptive finding aid to support law enforcement, attorneys, the courts, and the public	0.0	NEW	NEW	6,500.0	6,500.0
Outcome	Number of trainings offered to state employees on the proper management of public records in compliance with the Public Records Act	33.0	31.0	24.0	24.0	24.0
Outcome	Number of state employee trainings on filing and publishing notices of rulemaking and rules in compliance with the State Rules Act	75.0	39.0	24.0	24.0	24.0
Outcome	Number of agency educational, research, preservation and community outreach activities that foster and facilitate an appreciation and understanding of New Mexico history and culture	25.0	118.0	177.0	25.0	25.0
Outcome	Number of days to compile and post all rules onto the New Mexico Administrative Code website from their effective date	16.0	5.0	30.0	30.0	30.0
Outcome	Number of records described and made available online via a descriptive finding aid to support law enforcement, attorneys, the courts and the public	5,785.0	1,879.0	8,000.0	Discontinued	8,000.0
Outcome	Percent of requests by records custodians to access public records stored in the records center within 24 business hours and percent of requests to access archival holdings within two hours of on-site request, adhering to any applicable laws	100%	100%	100%	100%	100%

Statutory Authority

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

Mission

The mission of the office of the Secretary of State is to administer elections and government ethics in accordance with state and federal law and to maintain and provide access to the laws, official acts, and other instruments vital to the efficient operation of state government. It is also the mission of the Secretary of State to file and maintain records vital to the interests of commerce and industry and register all corporations doing business in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,913.4	16,212.1	19,083.1	16,977.5	4.7
Other Transfers	291.4	0.0	0.0	0.0	0.0
Federal Revenues	0.0	0.0	856.3	856.3	0.0
Other Revenues	1,325.3	103.6	80.0	80.0	(22.8)
Fund Balance	200.0	525.8	0.0	0.0	(100.0)
TOTAL SOURCES	\$15,730.1	\$16,841.5	\$20,019.4	\$17,913.8	6.4
USES					
Personal Services and Employee Benefits	5,067.7	5,783.1	7,387.3	6,166.2	6.6
Contractual services	1,079.3	1,642.2	1,345.9	1,196.4	(27.1)
Other	8,395.6	9,416.2	11,286.2	10,551.2	12.1
TOTAL USES	\$14,542.6	\$16,841.5	\$20,019.4	\$17,913.8	6.4
FTE					
Permanent	62.0	61.0	68.0	65.0	6.6
Term	3.0	0.0	3.0	0.0	0.0
Temporary	2.0	4.0	2.0	4.0	0.0
TOTAL FTE	67.0	65.0	73.0	69.0	6.2

At A Glance

The Secretary of State (SOS) requested \$20 million for FY25, a \$3.2 million, or 19 percent, increase over the FY24 operating budget. The request included \$19.1 million in general fund revenues, \$2.9 million, or 17.7 percent, over FY24. In addition to general fund revenues, the agency requested \$856.3 thousand in federal revenue from a Help America Vote Act grant and \$80 thousand in fee revenues.

The SOS request included a 29 percent, \$1.4 million general fund increase for the Administration and Operations Program. One million dollars of the request was for two IT positions (an application developer and a system administrator) and a new compliance officer. The SOS request also included a 13 percent, \$1.5 million, general fund increase for the Elections Program. This increase included \$578.9 thousand for a chief information security officer, an IT project manager, an IT security and compliance administrator, and a trainer. The remaining \$371.1 thousand in increases were for estimated increased election costs.

The committee recommendation supports a 4.9 percent general fund increase for the Administration and Operations Program and a general fund 4.6 percent increase for the Elections Program. The recommendation supports the expansion addition of one of the three IT positions in the Administration and Operations Program and increases for IT contracting. For the Elections Program, the committee recommendation supports the expansion position for a trainer—a position the agency requested in FY24 but was not funded. Additional funding in the elections program is to support the costs of the FY25 election.

Budget Issues

Legislative changes in 2018 and 2019 shifted some election costs from counties to the state, requiring SOS to reimburse counties for many direct election costs. Laws 2018, Chapter 79, created a regular local election and established an election fund to cover local election costs. The fund was initially intended to be supported by local governments through annual assessments. However, further changes to the Election Code in Laws 2019 Chapter 212, removed provisions for the assessments, leaving the fund without a source of revenue and essentially shifting the cost burden from counties to the state. In May 2023, SOS promulgated rules defining the type of expenses that could be covered by the election fund, which the agency expects to bring more consistency to annual election costs.

Election Costs. SOS requested nearly \$13 million in general fund revenues for its Elections Program, a 13 percent increase from the FY24 operating budget. One regular general election will occur in November 2024. In FY24, the Elections Program budget included \$9.1 million for the recurring election every year. However, in FY24, it was determined the agency’s Elections Program was short by roughly \$715 thousand to cover both the election cost and SOS operational needs. Therefore, in coordination with SOS and the executive, LFC staff determined a need to increase the general fund budget for that program by at least that amount in FY25 to cover these shortfalls.

In FY24, the SOS received a \$15 million special appropriation for the election fund for the cost of conducting and administering elections. The agency used \$401.3 thousand of that \$15 million special to cover shortfalls from the 2022 general election and \$7.5 million for the 2023 regular local election. A budget of \$3 million remains unencumbered from the special appropriation as of October 2023 and SOS expects to need some if not much of this remaining amount to cover costs from the 2023 election.

SOS estimates the costs of the November 2024 (FY25) regular election will be \$9.4 million. The shoring up of the base budget election funds for SOS in FY25 as well as the new election rules should contain costs to those estimates.

Base Expansion

The agency requested \$800.5 thousand for 7 FTE—3 FTE in the Administration and Operations Program and 4 FTE in the Elections Program. Recognizing the agency’s relatively low vacancy rate, the committee recommendation supports two of these positions: an IT position in the Administration and Operations Program and a trainer position in the Elections Program. The IT positions should help the agency prepare for upgrades to its campaign finance system and automated voter registration system in FY26. SOS reports the trainer position, which the agency also requested for FY24, but was not awarded, would support the agency’s requirements for internal and external training and compliance for new equipment and initiatives, including same-day registration processes, result tabulation, and permanent secured containers.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	CISO	P783	149.5	0.0
2	Compliance Officer A	P642	83.9	0.0
3	Application Developer	P642	123.6	0.0
4	IT Security and Compliance Administrator I	P783	108.3	0.0
5	IT System Administrator	P642	138.9	138.9
6	IT Project Manager	P783	123.6	0.0
7	Trainer	P783	72.7	72.7
TOTAL			\$800.5	\$211.6

ADMINISTRATION AND OPERATIONS

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,047.6	4,733.5	6,102.8	4,967.1	4.9
Other Transfers	276.2	0.0	0.0	0.0	0.0
Other Revenues	64.4	78.1	80.0	80.0	2.4
TOTAL SOURCES	\$4,388.2	\$4,811.6	\$6,182.8	\$5,047.1	4.9
USES					
Personal Services and Employee Benefits	3,437.1	3,911.1	4,936.4	4,146.6	6.0
Contractual services	145.6	177.9	327.3	177.9	0.0
Other	639.3	722.6	919.1	722.6	0.0
TOTAL USES	\$4,222.0	\$4,811.6	\$6,182.8	\$5,047.1	4.9
FTE					
Permanent	49.0	42.0	45.0	44.0	4.8
Term	1.0	0.0	1.0	0.0	0.0
Temporary	2.0	4.0	2.0	4.0	0.0
TOTAL FTE	52.0	46.0	48.0	48.0	4.3

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Average number of days to process corporate registration requests	13.0	21.0	5.0	15.0	15.0
Output	Average number of days to process partnership registration requests	7.0	7.0	2.0	2.0	2.0

ELECTIONS

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,865.8	11,478.6	12,980.3	12,010.4	4.6
Other Transfers	15.2	0.0	0.0	0.0	0.0
Federal Revenues	0.0	0.0	856.3	856.3	0.0
Other Revenues	1,261.0	25.5	0.0	0.0	(100.0)
Fund Balance	200.0	525.8	0.0	0.0	(100.0)
TOTAL SOURCES	\$11,342.0	\$12,029.9	\$13,836.6	\$12,866.7	7.0
USES					
Personal Services and Employee Benefits	1,630.6	1,872.0	2,450.9	2,019.6	7.9
Contractual services	933.7	1,464.3	1,018.6	1,018.5	(30.4)
Other	7,756.3	8,693.6	10,367.1	9,828.6	13.1
TOTAL USES	\$10,320.6	\$12,029.9	\$13,836.6	\$12,866.7	7.0
FTE					
Permanent	13.0	19.0	23.0	21.0	10.5
Term	2.0	0.0	2.0	0.0	0.0
TOTAL FTE	15.0	19.0	25.0	21.0	10.5

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office	96%	96%	90%	90%	90%
Output	Number of training sessions provided to all county clerks on changes to the election code	8.0	4.0	2.0	2.0	2.0
* Outcome	Percent of eligible voters registered to vote	84%	83%	85%	85%	85%
Outcome	Percent of voting machines tested	100.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Number of counties meeting the Uniformed and Overseas Citizens Absentee Voting Act deadline of mailing overseas ballots not later than 45 days before an election	0.0	33.0	N/A	N/A	N/A
* Outcome	Percent of reporting individuals in compliance with campaign finance reporting requirements	83%	83%	97%	97%	97%
Outcome	Percent of reporting individuals who have been issued a notice of final determination for non-compliance	100%	100%	100%	100%	100%
Explanatory	Number of campaign finance training sessions offered each fiscal year	0.0	8.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of reporting individuals out of compliance with campaign finance reporting requirements	83.0	112.0	N/A	N/A	N/A
Explanatory	Number of Native American voters reported by tribes as registered to vote in New Mexico	0.0	0.0	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the June statewide primary election (even fiscal years)	0.00%	N/A	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the November statewide general election (odd fiscal years)	0.00%	52.00%	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the November statewide local election (even fiscal years)	0.00%	N/A	N/A	N/A	N/A

Statutory Authority

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

Mission

The Personnel Board was created by the Personnel Act to establish a system of personnel administration for New Mexico based solely on qualification and ability to provide greater economy and efficiency in the management of state affairs.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	3,834.1	4,336.0	4,471.5	4,367.2	0.7
Other Transfers	416.4	182.0	244.0	193.1	6.1
TOTAL SOURCES	\$4,250.5	\$4,518.0	\$4,715.5	\$4,560.3	0.9
USES					
Personal Services and Employee Benefits	3,632.5	4,225.6	4,397.6	4,249.9	0.6
Contractual services	54.4	76.0	76.0	76.0	0.0
Other	308.7	216.4	241.9	234.4	8.3
TOTAL USES	\$3,995.6	\$4,518.0	\$4,715.5	\$4,560.3	0.9
FTE					
Permanent	44.0	44.0	44.0	44.0	0.0
Temporary	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	47.0	44.0	44.0	44.0	0.0

At A Glance

The State Personnel Office (SPO) requested a \$197.5 thousand, or 4.4 percent, increase for FY25, with \$135.5 thousand from the general fund and \$62 thousand from fees paid by agencies that receive human resources services directly from the agency rather than employing in-house staff. Most of the agency’s requested increase for shared services revenue comes from a significant increase in fees charged to the Office of Family Representation and Advocacy (OFRA). The agency requested increases of \$172 thousand for personnel costs and \$25.5 thousand for other costs. The LFC recommendation of \$11.1 thousand for shared services revenue reduces the fees charged to OFRA, consistent with the LFC recommendation for OFRA’s personnel.

Budget Issues

More than 95 percent of the agency’s budget is for personnel costs. SPO maintained a high vacancy rate for several years despite availability of funding for additional staff, but reductions in the personal services and employee benefits category have reduced vacancy savings, from \$570 thousand in FY21 to \$174 thousand in FY23. The agency requested \$172 thousand for personnel costs to fill vacant positions and fund pay adjustments for current staff. The LFC recommendation assumes current headcount levels, with adjustments to account for increased insurance rates.

SPO receives a small amount of its budget from contracts with other state agencies too small to directly hire human resources staff and from mid-sized agencies who have lost staff and need temporary assistance to perform human resources functions. In FY23, the office received \$190 thousand from state agencies for services. For FY24, the agency’s operating budget assumes \$182 thousand in revenue from 11 state agencies to provide year-round services. Actual revenue collected by the agency can vary because of short-term contracts needed to cover vacancies. The agency’s FY25 request of \$244 thousand represents a 6.1 percent increase over the FY24 budgeted amount, mostly from an increase in the number of employees requested by OFRA. Based on that agency’s budget request, SPO anticipated a rate increase of \$50 thousand. The LFC recommendation adjusts OFRA’s transfer consistent with the recommendation for OFRA, reducing SPO’s revenue by \$46.4 thousand. In addition, the LFC recommendation included budget adjustment language authorizing the agency to budget and spend additional revenue raised from temporary or other contract increases.

State Workforce. For the past decade, the state workforce has been mostly flat. Between June 2013 and June 2023, state employee headcount fell from 22,587 to 22,231 while the number of authorized positions has increased, from 25,681 in FY13 to 27,134 in FY23. So while the state maintains a vacancy rate of more than 20 percent, much of that is due to the creation of new positions, mostly in the last few years, which agencies have not yet been able to fill. Over the shorter term, agencies have been able to fill positions, but the creation of new positions is growing at a faster rate than the growth in filled positions. From June 2019 to June 2023, state employee headcounts increased by 1.2 percent, while the number of authorized positions increased by 5 percent.

A recent LFC program evaluation of the state personnel system found, although SPO oversees the state personnel system, much of the state’s human resources capacity is located throughout agencies, leading to a splintered system of human resource management. For FY23, SPO’s classification and compensation report included a total of 1,010 job classifications, a significant reduction from the 1,293 job classifications in FY21, but far above the 257 the state had in 2000. Recent employee headcount data suggests more than 100 classifications are not currently in use. The proliferation of job classifications poses a challenge: With such a large number, SPO is unable to manage the classification system with limited staff. Despite industry best practice for reviewing job classification on an annual basis, many job classifications have not been reviewed for more than a decade. In FY23, SPO evaluated 60 job classifications and inactivated 12 unused classifications. Additionally, the state’s salary structure has become more complex over time. In FY13, the classified service had a single salary schedule with 18 pay bands, while today, SPO is responsible for maintaining 11 separate salary schedules with a total of 110 pay bands.

LFC and the Department of Finance and Administration are undertaking a joint study, to be finalized in June 2024, of the state’s personnel system and of the state’s compensation and classification system.

SPO is responsible for making periodic adjustments to salary schedules and assigning pay ranges to individual jobs to keep state salaries competitive with the local and regional labor markets. For many years, performance data indicated salaries offered by the state of New Mexico were falling behind the broader labor market. Recent adjustments make salary schedules more competitive, especially at lower salary ranges. The state tracks salary using compa-ratios, which divide the salary an employee receives by the midpoint of the salary range. Ideally, a new employee would begin at a relatively low salary level and progress through the range with regular raises reflecting the increased experience of the employee.

However, many agencies report continued difficulty in providing staff with competitive salary levels, particularly for mid-level professionals. Salary structure inadequacy has led to a proliferation of ad hoc raises. In FY23, 1,660 state employees received temporary salary increases to aid in recruitment and retention or recognize additional job duties, compared with 394 in FY22, 515 in FY21 and 776 in FY20. Briefly, SPO discontinued quarterly reporting on the number of permanent increases not associated with a legislative increase or promotion, known as “in-pay band adjustments,” although data was available in SPO’s annual reports. However, this information has been added to the agency’s agreed upon performance measures and will be added to the agency’s quarterly reports in FY25. In December 2022, SPO reports there were 1,488 in-pay band adjustments in FY22, a increase from the 442 provided in FY21, but more in line with historic figures. There were 1,018 provided in FY20 and 2,854 provided in FY19. These increases have the effect of creating pay disparities between agencies and may lead to increased turnover as employees move to another agency to do similar work for higher pay.

HUMAN RESOURCE MANAGEMENT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent of hire actions requiring state personnel office approval	0.0%	NEW	N/A	N/A	N/A
* Explanatory	Average number of days to fill a position from the date of posting	69.0	66.0	N/A	N/A	N/A
Explanatory	Percent of classified who successfully complete the probation period	61%	63%	N/A	N/A	N/A
Explanatory	Percent of classified employees voluntarily leaving state service	20%	16%	N/A	N/A	N/A
Explanatory	Percent of classified employees involuntarily leaving state service	2%	2%	N/A	N/A	N/A
* Explanatory	Classified service vacancy rate	22.80%	23.80%	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Average classified employee compa-ratio	104.70%	98.70%	100.00%	100.00%	100.00%
Explanatory	Average classified employee new hire compa-ratio	101.50%	95.50%	N/A	N/A	N/A
Explanatory	Number of candidate hires external to state government	2,969.0	3,109.0	N/A	N/A	N/A
Outcome	Number of human resource trainings annually in partnership with agencies	17.0	19.0	15.0	12.0	0.0
* Explanatory	Number of in-pay-band salary increases awarded	394.0	1,660.0	N/A	N/A	N/A
* Explanatory	Average classified service employee total compensation	\$90,971	\$99,347	N/A	N/A	N/A
* Explanatory	Cost of overtime pay	\$37,631,630	\$41,061,586	N/A	N/A	N/A
Outcome	Number of human resource rule compliance audits conducted annually	885.0	2,889.0	1,000.0	1,000.0	0.0
Outcome	Number of state personnel office led trainings offered annually	156.0	178.0	100.0	100.0	100.0

Statutory Authority

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

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

Mission

The board's mission is to guarantee public employees the right to organize and bargain collectively with their employers, to promote harmonious and cooperative relationships between public employers and employees, and to protect the public interest by ensuring, at all times, the orderly operation and function of the state and its political subdivisions.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	255.1	285.3	307.1	297.9	4.4
Other Transfers	12.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$267.5	\$285.3	\$307.1	\$297.9	4.4
USES					
Personal Services and Employee Benefits	190.7	203.3	209.9	203.3	0.0
Contractual services	18.8	19.2	34.1	31.5	64.1
Other	52.9	62.8	63.1	63.1	0.5
TOTAL USES	\$262.4	\$285.3	\$307.1	\$297.9	4.4
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	2.0	2.0	2.0	2.0	0.0

At A Glance

The agency requested an increase of \$21.8 thousand, or 7.6 percent, over the FY24 operating budget. The bulk of this request was in the contractual services category, where the agency requested increases for annual contracts for services provided by the Administrative Hearings Office (AHO). Currently, the agency contracts with AHO for a chief financial officer. In addition, the agency has proposed contracting with AHO to allow staff of that agency to adjudicate cases under the Public Employee Bargaining Act on an as-needed basis. Amendments to the act in 2020 led to the discontinuation of some local labor boards and required the Public Employee Labor Relations Board to take on the responsibilities of the dissolved boards, leading to an increase in workload for the agency. With only 2 FTE, the agency has limited staff to address an increase in cases and cross-training qualified personnel from another agency is also an efficient strategy to address the increase. The LFC recommendation partially funds an increase in contracts for chief financial officer services and fully funds the requested contract for adjudication services.

The agency requested \$209.9 thousand for personnel costs for the agency's 2 FTE, an increase of \$6,600, or 3.2 percent from the FY24 operating budget. The agency's request was based on a initial calculation in the state's budget system that inaccurately overstated some insurance rates, leading to a projection higher than actual need. The LFC recommendation of \$203.3 fully funds the agency's 2 FTE, with sufficient funds to cover proposed FY25 health insurance rate increases.

PUBLIC EMPLOYEES LABOR RELATIONS BOARD

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of decisions overturned on appeal	0%	0%	0%	0%	0%
Outcome	Percent of determinations of approval of local labor relations boards, bargaining unit recognition petitions and prohibited practice complaints processed and completed within the applicable regulatory deadlines	100%	85%	100%	100%	100%

Statutory Authority

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

Mission

The mission of the State Treasurer is to promote and protect the financial interests of the citizens and agencies of New Mexico through prudent financial decisions and actions involving state monies.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,197.3	4,469.5	5,806.3	4,561.2	2.1
Federal Revenues	2.1	2.0	2.0	2.0	0.0
Other Revenues	390.1	412.4	390.0	390.0	(5.4)
TOTAL SOURCES	\$4,589.5	\$4,883.9	\$6,198.3	\$4,953.2	1.4
USES					
Personal Services and Employee Benefits	3,187.6	3,644.2	4,330.0	3,713.5	1.9
Contractual services	285.1	522.5	612.9	522.5	0.0
Other	819.6	717.2	1,255.4	717.2	0.0
TOTAL USES	\$4,292.3	\$4,883.9	\$6,198.3	\$4,953.2	1.4
FTE					
Permanent	34.0	35.0	35.0	35.0	0.0
TOTAL FTE	34.0	35.0	35.0	35.0	0.0

At A Glance

The Office of the State Treasurer requested a general fund increase of \$1.3 million, or 29.9 percent, to reduce the vacancy rate and create new databases for operations. The LFC recommendation increases the general fund appropriation to STO by \$91.7 thousand, or 2.1 percent, compared with the FY24 operating budget.

Budget Issues

The agency reported increased workload due to large increases in the state general fund investment pool (SGFIP). Since the close of FY20, the SGFIP balance has grown by 128 percent.

The agency request included \$392.5 thousand for an IT system, a cashflow analysis system, and risk management software. The STO request also included \$394.2 thousand to fund five unfunded positions, which would fully fund all authorized positions. The request also included \$59.7 thousand for a compensation increase for the state treasurer, whose salary was increased in the 2023 session. The agency has a funded vacancy rate of 10.6 percent, or 3 FTE, generating an estimated \$385.1 thousand in annual vacancy savings if the positions remain unfilled.

The FY25 LFC recommendation includes the \$59.7 thousand general fund increase to fund the state treasurer salary increase and \$32 thousand for salary increases for personnel added in FY24. These personnel increases will allow the agency to fill all funded vacant positions.

As the Legislature has sought to insulate the general fund from volatile oil and gas revenues by transferring windfall revenues to permanent funds, STO’s interoffice communications regarding the timing of transfers and investment purchases have become more complicated—and more important—with implications for fund performance. However, the requested funding for an agencywide database is primarily a nonrecurring expense because the new system will replace the old system, offsetting some of the cost. The agency reports it intends to have one year of redundant systems as data is transferred to the new system. Accordingly, the LFC recommendation keeps the contractual services and other categories flat with FY24.

The priorities for STO's investment strategies are (1) safety of the principal, (2) maintenance of liquidity, and (3) maximum return on investments. General fund balances are held in two portfolios: the core portfolio provides maximized returns with minimal risk to principal, and the liquidity portfolio provides day-to-day liquid assets for the operations of state government. General fund balances at the end of FY23, excluding federal funds, were up \$1.4 billion, or 13.7 percent, from the same period a year earlier. The agency generated an estimated \$180.9 million in FY23, a record high. STO lost \$188.3 million in FY22 due to challenging markets. Earnings were \$5.3 million in FY21, \$91.8 in FY20, \$86.9 million in FY19, and \$5.9 million in FY18.

STATE TREASURER

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points	(2.0)	9.0	5.0	5.0	5.0
* Outcome	One-year annualized investment return on general fund core portfolio to exceed internal benchmarks, in basis points	\$45.0	49.0	10.0	10.0	10.0
Outcome	Maximum number of audit findings	0.0	1.0	0.0	0.0	0.0
Outcome	Percent of reconciling items cleared within 30 days of posting of accounting lines, completion and budget check by the agency	99%	99%	99%	99%	99%
Explanatory	Forfeiture sale proceeds deposited to the general fund	\$20,613	\$80,000	N/A	N/A	N/A
Explanatory	Percent of liquidity pool to total state general fund investment pool	53.30%	53.60%	N/A	N/A	N/A

Commerce and Industry

Statutory Authority

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

Mission

The Board of Examiners for Architects is charged with safeguarding life, health, and property and promoting the public welfare by reviewing evidence of the professional qualification of any person applying to practice architecture in this state.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	412.5	333.1	339.1	339.1	1.8
Fund Balance	86.4	216.9	239.9	239.9	10.6
TOTAL SOURCES	\$498.9	\$550.0	\$579.0	\$579.0	5.3
USES					
Personal Services and Employee Benefits	324.1	420.0	449.0	449.0	6.9
Contractual services	35.7	46.7	46.7	46.7	0.0
Other	105.1	83.3	83.3	83.3	0.0
TOTAL USES	\$464.9	\$550.0	\$579.0	\$579.0	5.3
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

At A Glance

The Board of Examiners for Architects requested a \$579 thousand budget for FY25, an increase of \$29 thousand, or 5.3 percent, above FY24 operating budget. The board requested \$339.1 thousand in fee revenue and \$239.9 thousand from fund balances. The request included an increase of \$29 thousand to cover personnel compensation cost for staff. The board projects an ending fund balance of \$260.8 thousand at the end of FY25. The board's increase in revenue is due to penalties associated with application and registration and renewal fees. The committee recommends funding the board's request.

The LFC Sunrise Sunset Subcommittee moved to extend the sunset date of the board by six years, to July 1, 2029. In FY23, 2,353 architects were registered in New Mexico. Of that number, 710 were in-state registrants and 1,643 were out-of-state registrants.

ARCHITECTURAL REGISTRATION

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of audited registrants who successfully meet the continuing education requirements	72%	91%	95%	95%	190%
Output	Number of days from the receipt of a complaint to delivery to the enforcement committee	2.0	1.0	5.0	5.0	10.0
Outcome	Percent of reciprocity applicants who successfully complete the application process	93%	93%	82%	82%	164%
Efficiency	Percent of cases resolved prior to issuance of a notice of contemplated action	80%	90%	81%	81%	162%
Efficiency	Percent of cases where a notice of contemplated action has been issued but is resolved prior to hearing	50%	50%	50%	50%	100%

Statutory Authority

The New Mexico Ethics Commission was created in legislation in 2019. Laws 2019, Chapter 86, implements Article V, Section 17, of the New Mexico Constitution, which establishes the State Ethics Commission and was approved by the state’s voters in the 2018 general election. The commission consists of seven commissioners—five appointed by the governor and House and Senate leadership and two appointed by the first five commissioners. The commission began operations on January 1, 2020.

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

Mission

The mission of the State Ethics Commission is to ensure compliance with all applicable public ethics laws by all public officials, employees, candidates, contractors, lobbyists, and others subject to the commission’s jurisdiction throughout their employment or dealings with New Mexico state government and to ensure public ethics laws are clear, comprehensive, and effective.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	1,193.5	1,510.2	1,676.4	1,676.4	11.0
Other Transfers	42.8	0.0	0.0	0.0	0.0
Other Revenues	24.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,261.1	\$1,510.2	\$1,676.4	\$1,676.4	11.0
USES					
Personal Services and Employee Benefits	911.6	1,172.7	1,314.5	1,314.5	12.1
Contractual services	118.5	200.0	211.9	211.9	6.0
Other	133.8	137.5	150.0	150.0	9.1
TOTAL USES	\$1,163.9	\$1,510.2	\$1,676.4	\$1,676.4	11.0
FTE					
Permanent	9.0	9.0	10.0	10.0	11.1
TOTAL FTE	9.0	9.0	10.0	10.0	11.1

At A Glance

The State Ethics Commission requested \$1.67 million from the general fund for FY25, an increase of \$166.2 thousand, or 11 percent, from the FY24 operating budget. The request included an increase of 12 percent for personnel to fully fund existing positions and for a base expansion of 1 FTE for an attorney position. The request also included an increase of 9 percent for other costs, as well as an increase of 6 percent in contracts. The committee recommendation supports the overall request, including the \$112.7 thousand increase in personnel for the attorney position.

Budget Issues

The commission’s base expansion request for an attorney, added 1 FTE to the 9 existing FTE positions. The agency requested an increase for contracts and other costs due to inflationary cost increases. The committee recommendation supports a \$112.7 thousand increase in personnel for an additional FTE. The commission base expansion request was intended to build institutional competence, as well as expand the agency’s capacity to hire the agency’s interns from their summer associate program.

In January 2022, the commission’s jurisdiction was expanded to include enforcement of the Revised Uniform Law on Notarial Acts (Sections 14-14A1 to 14-14A-32 NMSA 1978), governing public notaries and notarial acts. Previously, the Regulation and Licensing Department was responsible for overseeing two similar acts that were repealed. Since January 1, 2023, the commission has received, investigated, or prosecuted over 27 separate administrative matters involving the commissions of public notaries.

In FY23, the commission received, investigated, and adjudicated 47 administrative complaints, in addition to nine received in 2021. As of August, 14 administrative matters filed during FY23 are still pending. The commission also issued eight formal advisory opinions, available on the state’s official research tool NMOneSource.com, and 14 informal advisory opinions. The commission delivered over 20 separate trainings to state agencies, state boards and commissions, legislative committees, affiliate and professional organizations, and bar associations around New Mexico.

The commission contracts with a retired New Mexico Supreme Court justice, other retired judges, and the Administrative Hearings Office for administrative hearing officer services. Further, in 2022, the commission worked with the Secretary of State to achieve financial disclosure filings from all individuals required to file annual financial disclosure statements.

Base Expansion

The commission requested 1 FTE, an entry level attorney position, to assist in performing its various mandates. The mandates include providing legal guidance in the form of advisory letters, advisory opinions, and trainings; assisting with jurisdictional determinations and in the investigation of administrative complaints; and assisting in the litigation of civil enforcement actions. The committee recommendation supports this request.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Attorney I	P410	112.7	112.7
TOTAL			\$112.7	\$112.7

STATE ETHICS COMMISSION

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Percent of advisory opinions issued within sixty days of receipt	80%	88%	90%	90%	95%
Explanatory	Percent of ethics complaints within the agency’s jurisdiction that are either disposed or set for public hearing within one-hundred-and-eighty (180) days after a complaint is received.	57%	76%	N/A	N/A	N/A

Statutory Authority

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

Mission

The Border Authority works continuously with the local trade community, local government jurisdictions, and the federal border enforcement agencies in the United States and Mexico promoting and marketing New Mexico ports of entry as an integral part of a border development partnership with Chihuahua.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	438.4	495.0	549.4	522.2	5.5
Other Transfers	30.5	0.0	0.0	0.0	0.0
Other Revenues	116.7	108.7	54.3	81.5	(25.0)
TOTAL SOURCES	\$585.6	\$603.7	\$603.7	\$603.7	0.0
USES					
Personal Services and Employee Benefits	412.3	458.7	452.6	452.6	(1.3)
Contractual services	52.4	43.8	44.0	44.0	0.5
Other	67.6	101.2	107.1	107.1	5.8
TOTAL USES	\$532.3	\$603.7	\$603.7	\$603.7	0.0
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

At A Glance

The Border Authority requested a general fund increase of \$54.4 thousand, or 11 percent, and decreased projections of other revenues by \$54.4 thousand, or 50 percent, compared to the FY24 operating budget. Overall, the agency kept the budget flat with FY24. The agency anticipates a decrease in other revenue—comprised of rental and lease revenues—when the agency starts construction on the commercial parking lot. The agency requested changing the funding sources for all contractual services and some other services from other revenues to general fund.

LFC recommends a flat budget but increases the general fund appropriation to \$522.2 thousand, or 5.5 percent, and decreases other revenues to \$81.5 thousand, or 25 percent. LFC does not project a 50 percent reduction in other revenues but still allows the agency to increase enterprise funding for infrastructure projects and other investments.

Budget Issues

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

Enterprise Funding. The Border Authority collects funds from proceeds of bonds; earning of properties and securities acquired by the use of the fund; lease and rental payments; and tolls, fees, and rents collected by the authority. Ten percent of money collected by the authority is deposited into the border project fund and the remaining 90 percent is deposited into the border authority fund. Money in the border project fund can only be used on border projects, such as construction and infrastructure. The border authority fund is less restrictive and can be used for projects and operations. Both funds are nonreverting. Since FY19, the border authority fund has maintained an average fund balance of \$137 thousand. The agency requested more of the agency’s operations be funded with general fund to allow the border authority fund balance to grow, allowing the agency to make additional investments and cover unexpected emergencies, such as recent sewage issues that cost the agency \$20 thousand to fix. However, the LFC recommends only partially increasing general funds.

Major Nonrecurring Appropriations. The Legislature prioritized border development in the 2022 regular session, appropriating \$29.5 million in federal relief funds for the border area. Relief funds included \$20 million for improvements to the Santa Teresa jetport and \$9.5 million—with an additional \$5 million in capital outlay funding—to plan, design, and construct flood control structures at the Columbus port of entry. Santa Teresa jetport will use the funds to strengthen runways for larger aircrafts and secured its first tenant, Burrell Aviation, in September 2022. The authority also completed the design phase of a \$20 million appropriation to construct a highway connector linking New Mexico 136 to New Mexico 498, which will significantly reduce the travel time from El Paso and Sunland Park. The Legislature has appropriated a total of \$19.1 million in capital outlay to the Border Authority since 2019 for eight projects, about \$9 million of which was unspent as of May 2023. The Border Authority broke ground on the construction of a flood control berm in Columbus, a project 12 years in the making, but progress has stalled, and the agency only expended \$12 thousand of the \$14.5 million combined appropriations. The Columbus port of entry is New Mexico’s only 24-hour port of entry, but flooding frequently shuts down operations, causing transports, commerce, and tourists to seek more reliable crossings. Other projects include the Columbus wastewater project, a parking lot in Santa Teresa, and a road extension in Sunland Park.

BORDER DEVELOPMENT

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	25%	25%	35%	25%	35%
Output	Number of coordination meetings with border community leaders, congressional offices, Mexican federal agencies, federal and state agencies or international funding resources to maintain integrity of the international border in New Mexico	350.0	375.0	350.0	375.0	375.0
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90%	90%	90%	90%	90%
* Outcome	Number of commercial and noncommercial vehicles passing through New Mexico ports	1,988,281.0	1,206,104.0	2,100,000.0	1,250,000.0	1,500,000.0
Outcome	Number of New Mexico-Chihuahua and New Mexico-Sonora commission meetings	0.0	0.0	2.0	2.0	2.0

Statutory Authority

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

Mission

The mission of the Tourism Department is to market New Mexico to the world as an enchanting visitor destination.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	19,386.7	24,429.4	28,271.2	25,495.0	4.4
Other Transfers	276.7	0.0	0.0	0.0	0.0
Federal Revenues	6,228.8	0.0	0.0	0.0	0.0
Other Revenues	4,935.5	5,316.1	4,785.8	4,785.8	(10.0)
TOTAL SOURCES	\$30,827.7	\$29,745.5	\$33,057.0	\$30,280.8	1.8
USES					
Personal Services and Employee Benefits	4,622.6	5,449.0	6,470.1	5,593.9	2.7
Contractual services	2,003.0	2,254.9	2,255.1	2,255.1	0.0
Other	24,519.6	22,041.6	24,331.8	22,431.8	1.8
TOTAL USES	\$31,145.2	\$29,745.5	\$33,057.0	\$30,280.8	1.8
FTE					
Permanent	53.0	49.0	52.0	49.0	0.0
Term	7.0	10.0	10.0	10.0	0.0
Temporary	1.0	0.0	1.0	1.0	0.0
TOTAL FTE	61.0	59.0	63.0	60.0	1.7

At A Glance

The Tourism Department’s FY25 request increased general fund revenue by \$3.8 million, or 15.7 percent, compared with the FY24 operating budget. The request also decreased other revenues by \$530.3 thousand, or 10 percent. The majority of the requested increase was in Program Support for personnel and for cooperative marketing grants.

The committee recommendation increases general fund revenue to the agency by \$1.06 million, or 4.4 percent, and supports the agency’s priorities of increased funding for local tourism development. As in recent years, the committee may consider additional one-time funding for marketing and promotion. The department request includes \$14 million in its base budget for national advertising.

Budget Issues

The most recent economic impact study, conducted by Longwoods International using 2022 data, reported \$7.6 billion in visitor spending in New Mexico, a 16.3 percent increase compared to 2021. While many visitors report traveling to or within New Mexico to visit friends and relatives—24 percent for day trips and 32 percent for overnight trips—visitors also report outdoor, entertainment, and cultural activities as popular activities.

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, including nonprofits and local governments. The department awarded \$3.9 million to 41 partners through the cooperative program to provide guidance in marketing and advertising initiatives aligned with the New Mexico True brand.

The department is responsible for promoting New Mexico for leisure travel and visitation through national marketing and advertising campaigns. In FY23, the agency reported 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 targeting and placement 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.

Marketing and Promotion. The agency request increased general fund revenue by \$3.3 million, or 16 percent, for personnel, cooperative marketing grants, and the Tourism Event Growth and Sustainability Program. The agency does not anticipate federal revenues in FY25 and reduces other revenues from \$530 thousand to \$30 thousand, or 94 percent.

In FY23, the agency expended \$6.3 million of a five-year U.S. Economic Development Administration award of \$7.9 million. The agency has submitted a budget adjustment (BAR) to move the remaining \$1.3 million of the federal award into the FY24 other revenues. There will be no additional federal dollars in FY25.

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

The agency request increased general fund by \$431.1 thousand, or 34 percent, for personnel, including a requested expansion of \$94.5 thousand to cover costs of a travel trade co-op program position paid through expired federal funding. The \$336.6 thousand base increase in personnel is to fully fund vacancies and for increased salaries and benefits. The Marketing and Promotion Program has a 6.3 percent funded vacancy rate.

The agency requested a flat budget for contractual services but increased professional services for public relations, economic impact data, and economic impact reports by \$103.7 thousand; decreased other contractual services by \$742.3 thousand; and increased IT services by \$172 thousand.

In other services, the agency requested a total increase of \$2.1 million, or 13 percent. The majority of the request, with the exception of \$30 thousand from the tourism enterprise fund, is funded by general fund revenue. The request included base increases of \$400 for travel trade to replace federal funding, \$2.5 million for the cooperative marketing grant program and the Tourism Event Growth and Sustainability Program.

The LFC recommendation increases personnel by \$94.5 for vacancies and for the travel trade co-op program, supports the agency's flat budget request for contractual services, and increases other services by \$500 thousand for the travel trade and the cooperative marketing grant program. As in recent years, the committee may consider additional one-time funding for marketing and advertising.

Tourism Development. The FY25 budget request decreased general fund revenue to the Tourism Development Program by \$70.2 thousand, or 4 percent, and increased other revenues by \$279.9 thousand, or 19 percent, compared with the FY24 operating budget. Forty percent of the Tourism Development budget is funded from the general fund and the remaining is funded through other funds comprised of monthly revenues from vehicle and all-terrain vehicle registrations collected by the Taxation and Revenue Department to the Clean and Beautiful fund.

In FY23, the agency awarded \$906 thousand to 23 communities for the Clean and Beautiful Program. These awards supported litter eradication efforts, recycling projects, community beautification projects, and youth engagement and program capacity in the Clean and Beautiful Program. The department also launched a new initiative, the Destination Forward grant program, which absorbs the previously named rural pathways program and serves as the next iteration of the agency's work with the Council of Governments to fund viable tourism infrastructure projects. The Destination Forward grant program has \$1.5 million available for tourism infrastructure projects in FY24. Additionally, the agency awarded \$462 thousand to 35 tourism-related events through the tourism event growth and sustainability program in FY23, more than double the investment in FY22.

The agency request increased personnel by \$9,300, or 1 percent, for the transfer of 2 FTE to Program Support and salary adjustments for visitor information center staff. Finally, the agency requested an increase of \$79.7 thousand from other funds for additional staff for the Clean and Beautiful Program. Personnel and employee benefits are primarily funded by general fund appropriations except for the requested \$178.7 thousand to cover support staff for Clean and Beautiful.

The agency request increased other revenue by \$200 thousand, or 11 percent, for local grants through the Clean and Beautiful Program and Destination Forward. Nearly \$1.6 million, or 90 percent, of other revenues account for \$400 thousand for Destination Forward grants and \$1.1 million for Clean and Beautiful grants.

The LFC recommendation decreases the general fund for personnel by the cumulative salaries and benefits of two outgoing transfers, whose salaries and benefits are now captured in Program Support. The committee supports the increase in other funds for additional staff for the Clean and Beautiful Program.

New Mexico Magazine. *New Mexico Magazine* is the nation’s oldest state magazine. The magazine has a paid circulation of 44.2 thousand subscribers, 23 thousand fewer subscribers than FY23, of which two-thirds reside outside the state. The magazine averages a monthly audience of 340 thousand through the website and social media platforms. In FY23, the magazine generated \$146 million in advertising revenue, 6.5 percent more than FY22.

New Mexico Magazine operates as an enterprise fund agency and receives no general fund appropriations. The agency projects a \$310 thousand, or 9 percent, decrease in other revenues from circulation, advertising, and product sales in FY25. The request decreases \$309.8 thousand from other services, primarily in postage and mail service. Additionally, the agency reduced professional services for copy editing and circulation newsstand services, as well IT services, but equally increased contracts for product fulfillment, freelance contributors, and circulation. The request also added 1 FTE for a temporary University of New Mexico local news fellow. The LFC recommendation supports the agency request for *New Mexico Magazine*.

Program Support. The agency request increased general fund by \$580.9 thousand, or 29.3 percent, for personnel, including a \$161.9 thousand expansion for 2 FTE for IT and human resources support. The agency request for a base increase of \$419 thousand from the general fund accounted for the transfer of 2 FTE from Tourism Development to Program Support. Program Support has a funded vacancy rate of 6.3 percent. The committee recommendation increases general fund revenue by \$243.3, or 12.3 percent, to partially fund the transferred FTE and to partially fund the expansion.

Base Expansion

The agency requested two expansions. First, the agency requested an expansion of \$161.9 thousand for 2 FTE, including an IT end-user technician and human resources generalist, in Program Support. The agency notes IT connectivity and infrastructure demands have put a strain on its single person in the IT department and requested support FTE for the agency CIO. Additionally, the human resources and personnel action demands have increased with the agency’s FTE growth of 60 employees. The LFC does not recommend the expansion because it has no programmatic changes but increases the base budget in Program Support by \$243.3 thousand for personnel.

Additionally, the agency requested an expansion of \$94.5 thousand for FTE for the travel trade co-op program to replace lapsing federal funding. The program provides technical assistance to tourism small businesses and entrepreneurs to create, grow, and market their products and services. Tourism received federal funding for the position and program in FY24. The FTE would assist in building an international and national tour operator business development strategic plan with the primary goal to expand New Mexico product offerings in the tour itineraries. The LFC does not recommend the expansion because it has no programmatic changes but increases the base budget in Marketing and Promotion by \$94.5 thousand for personnel.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Travel Trade	P549	94.5	0.0
2	ASD Additional Technical Staff	P547	161.9	0.0
TOTAL			\$256.4	\$0.0

NEW MEXICO MAGAZINE

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
Other Revenues	2,439.4	3,322.3	3,012.3	3,012.3	(9.3)
TOTAL SOURCES	\$2,439.4	\$3,322.3	\$3,012.3	\$3,012.3	(9.3)

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	901.5	1,073.1	1,072.9	1,072.9	0.0
Contractual services	712.7	830.0	830.0	830.0	0.0
Other	1,002.7	1,419.2	1,109.4	1,109.4	(21.8)
TOTAL USES	\$2,616.9	\$3,322.3	\$3,012.3	\$3,012.3	(9.3)
FTE					
Permanent	4.0	3.0	3.0	3.0	0.0
Term	6.0	7.0	7.0	7.0	0.0
Temporary	1.0	0.0	1.0	1.0	0.0
TOTAL FTE	11.0	10.0	11.0	11.0	10.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Output	True adventure guide advertising revenue	\$575,199	\$537,907	\$500,000	\$545,000	\$545,000
* Output	Advertising revenue per issue, in thousands	\$81	\$105	\$75	\$85	\$85
Output	Collection rate for ads sold in current fiscal year	99.0	90.0	97.0	95.0	95.0

TOURISM DEVELOPMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,232.1	1,670.5	1,600.3	1,398.3	(16.3)
Other Transfers	122.9	0.0	0.0	0.0	0.0
Other Revenues	1,156.0	1,463.8	1,743.5	1,743.5	19.1
TOTAL SOURCES	\$2,511.0	\$3,134.3	\$3,343.8	\$3,141.8	0.2
USES					
Personal Services and Employee Benefits	1,179.0	1,305.3	1,314.6	1,112.6	(14.8)
Contractual services	17.7	5.2	5.4	5.4	3.8
Other	1,315.6	1,823.8	2,023.8	2,023.8	11.0
TOTAL USES	\$2,512.3	\$3,134.3	\$3,343.8	\$3,141.8	0.2
FTE					
Permanent	17.0	17.0	14.0	14.0	(17.6)
Term	1.0	3.0	3.0	3.0	0.0
TOTAL FTE	18.0	20.0	17.0	17.0	(15.0)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of entities awarded funding through cooperative event program	N/A	N/A	N/A	N/A	N/A
* Output	Number of entities participating in collaborative applications for the cooperative marketing grant program	43.0	83.0	60.0	60.0	60.0
Output	Number of meetings about programs available to tourism industry	N/A	N/A	N/A	N/A	N/A
Outcome	Total dollar amount requested by cooperative marketing applicants	\$3,600,000	\$5,000,000	Discontinued	Discontinued	Discontinued
Output	Number of participants in new mexico true certified programs	401.0	433.0	400.0	410.0	410.0
Output	Number of meetings or events conducted by the tourism department with Native American entities	23.0	50.0	70.0	75.0	75.0
Output	Dollar amount of grant funding acquired from outside sources	\$5,954,998	\$0	\$1,000,000	Discontinued	Discontinued

MARKETING AND PROMOTION

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,588.6	20,775.8	24,106.9	21,870.3	5.3
Other Transfers	74.8	0.0	0.0	0.0	0.0
Federal Revenues	6,228.8	0.0	0.0	0.0	0.0
Other Revenues	1,340.1	530.0	30.0	30.0	(94.3)
TOTAL SOURCES	\$24,232.3	\$21,305.8	\$24,136.9	\$21,900.3	2.8
USES					
Personal Services and Employee Benefits	1,185.8	1,262.5	1,693.6	1,357.0	7.5
Contractual services	1,240.1	1,387.2	1,387.2	1,387.2	0.0
Other	21,961.6	18,656.1	21,056.1	19,156.1	2.7
TOTAL USES	\$24,387.5	\$21,305.8	\$24,136.9	\$21,900.3	2.8
FTE					
Permanent	14.0	14.0	16.0	15.0	7.1
TOTAL FTE	14.0	14.0	16.0	15.0	7.1

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Percent change in New Mexico leisure and hospitality employment	24%	5%	3%	3%	3%
Outcome	Domestic overnight visitation growth compared to national average	(50.0)	6.0	10.0	5.0	5.0
* Output	Percent change in year-over-year visitor spending	4%	20%	3%	3%	3%
Outcome	Percent open-rate of nm true e newsletters	-34%	28%	18%	18%	18%
Outcome	Percent change in domestic marketable overnight visitation	14%	6%	2%	2%	2%
Output	Dollar amount of earned media value generated	\$5,214,399	\$23,865,902	\$2,000,000	\$5,000,000	\$5,000,000

PROGRAM SUPPORT

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,566.0	1,983.1	2,564.0	2,226.4	12.3
Other Transfers	79.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,645.0	\$1,983.1	\$2,564.0	\$2,226.4	12.3
USES					
Personal Services and Employee Benefits	1,356.3	1,808.1	2,389.0	2,051.4	13.5
Contractual services	32.5	32.5	32.5	32.5	0.0
Other	239.8	142.5	142.5	142.5	0.0
TOTAL USES	\$1,628.6	\$1,983.1	\$2,564.0	\$2,226.4	12.3
FTE					
Permanent	18.0	15.0	19.0	17.0	13.3
TOTAL FTE	18.0	15.0	19.0	17.0	13.3

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of funds contracted in-state	0%	79%	70%	70%	70%

Statutory Authority

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

Mission

The mission of the Economic Development Department is to facilitate the creation, retention, and expansion of jobs and increase investment through public and private partnerships to establish a stable diversified economy that will improve the quality of life for New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,936.4	19,875.3	23,173.0	20,936.8	5.3
Other Transfers	691.7	0.0	1,875.0	1,875.0	0.0
Federal Revenues	23,682.3	213.8	213.8	213.8	0.0
Other Revenues	17,916.5	0.0	0.0	0.0	0.0
Fund Balance	120.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$59,346.9	\$20,089.1	\$25,261.8	\$23,025.6	14.6
USES					
Personal Services and Employee Benefits	5,983.7	6,522.8	7,909.8	7,378.9	13.1
Contractual services	3,060.1	3,610.7	4,110.7	3,612.9	0.1
Other	9,913.2	9,955.6	11,366.3	10,158.8	2.0
Land of Enchantment Legacy Fund	0.0	0.0	1,875.0	1,875.0	0.0
TOTAL USES	\$18,957.0	\$20,089.1	\$25,261.8	\$23,025.6	14.6
FTE					
Permanent	66.0	65.0	76.0	71.0	9.2
Term	2.0	4.0	7.0	5.0	25.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	69.0	69.0	83.0	76.0	10.1

At A Glance

The Economic Development Department (EDD) requested a general fund revenue increase of \$3.3 million, or 16.6 percent, compared to the FY24 budget. The majority of the increase was for expansion requests for additional personnel, including 12 new FTE for the film office, creative industries division, healthy food initiative, MainStreet, and an additional regional representative. The request also included an increase of \$900 thousand for the Job Training Incentive Program (JTIP), \$300 thousand for operational costs for the film academy, and \$500 thousand for creative industry grants.

The committee recommendation increases general fund revenue by \$1.1 million, 5.3 percent. The recommendation increases funding for personnel for key sectors, MainStreet, film academy, and creative industries; grants for creative industries; and technical support for MainStreet.

Budget Issues

The Legislature made significant recurring and nonrecurring investments in economic development during the 2022 and 2023 legislative sessions. The Legislature approved 22 percent and 11 percent increases in recurring general fund revenue during the 2022 and 2023 sessions, respectively, as well as \$89 million in one-time money in 2023 for advanced energy projects, business incubator programs, creative industries, the Job Training Incentive Program (JTIP), and the Local Economic Development Act (LEDA).

The agency surpassed performance targets for most measures in FY23; however, performance across the board was lower than FY22. Notably, the agency's efforts created 1,790 jobs in FY23, which was down 65 percent compared to FY22 when the agency created 5,263 jobs. However, in the first quarter of FY24, the agency reported creating 2,161 jobs, primarily from a signed LEDA project participation agreement with Maxeon Solar Technologies.

Business Incentive Programs. The state has a number of tools—tax credits, industrial revenue bonds, and special tax districts—to encourage businesses to come to New Mexico and create new jobs, but the agency's primary tools are JTIP and LEDA. The Legislature has invested heavily in both programs—appropriating \$220 million in one-time funds since 2016. For both programs, funding is awarded to companies upon reaching certain milestones, such as completing training for JTIP or hiring a certain number of employees as outlined in a LEDA agreement.

In FY23, the LEDA program awarded \$14.4 million to 12 businesses with eight of the awards directed to rural communities. The average cost-per-job in FY23 was \$13,186. As of November 2023, EDD reported \$18 million as unencumbered for LEDA. The agency requested a special appropriation of \$30 million for the Local Economic Development Act fund. The committee does not support the agency's request for a special appropriation for LEDA.

JTIP funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to six months. The program reimburses 50 percent to 90 percent of employee wages, and reimbursements may also be issued for custom training at a New Mexico public higher education institution. In FY23, the JTIP board approved 1,156 new jobs at an average wage of \$27.08 per hour. As of November 2023, EDD reported \$31.7 million as unencumbered for JTIP. In addition to a \$5 million special appropriation request for JTIP, the agency requested an additional \$900 thousand in recurring funding for JTIP, which would increase the recurring JTIP budget to \$7.6 million. The committee recommends a flat budget for JTIP.

Regional Development. The agency received funding in FY23 to establish the certified economic development program. The program recognizes organizations that provide economic development services to their communities. Economic certified organizations receive up to \$40 thousand annually to support marketing events, staff costs, and advertising. The agency also received funding in FY23 to hire an additional five regional representatives located in six regions across the state. Regional representatives support businesses and communities with LEDA, community infrastructure financing, workforce training through JTIP, tax credit incentives, and other EDD programs. The agency requested additional funding to expand the regional representatives by 1 FTE, which the committee does not recommend.

Strategic Plan and Priority Industries. The department received \$1.5 million in federal Economic Development Administration money to procure a statewide economic development plan. The plan, released October 2021, identified nine target industries based on an analysis of New Mexico's current assets, employment concentration, and industry's potential for job creation. The nine identified industries are aerospace, biosciences, cybersecurity, film and television, outdoor recreation, sustainable and value-added agriculture, intelligent manufacturing, global trade, and sustainable and green energy.

The agency requested an expansion to increase personnel funding for a science and technology director and two positions for the healthy food initiative. Funding for the Office of Strategy, Science, and Technology (OSST) director makes the FTE position permanent. OSST deals with five of the agency's nine priority industries and encourages the growth of science- and technology-based industries in New Mexico. The request for the healthy food initiative supports the agency's efforts in implementing the strategic plan for the sustainable and value-added agricultural sector. The agency also requested one-time funding of \$20 million for matching dollars for a National Science Foundation grant, \$6 million for clean energy and international business recruitment marketing, and \$1 million for the healthy food initiative.

The committee recommendation increases personnel by \$500 thousand for 5 FTE to support the agency's efforts in the nine target industries, specifically in sustainable and green energy, aerospace, biosciences, cybersecurity, and intelligent manufacturing.

MainStreet. The New Mexico MainStreet Program, enacted by the Legislature in 1985, focuses on the revitalization of central business districts in New Mexico communities based on the preservation and rehabilitation of existing structures and development of management techniques. Since FY20, EDD has received \$28 million in MainStreet capital funding, a 1,767 percent increase compared to appropriations between fiscal years 2015 and 2019. MainStreet has increased the number of buildings rehabilitated by 16 percent and increased private sector investment by 25 percent between FY22 and FY23. To support additional projects and funding, the agency requested \$110.5 thousand expansion for 1 FTE and \$80 thousand base increase in technical contracts to support MainStreet. The committee recommendation supports the agency's request for personnel and contractual increases for MainStreet.

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

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

The agency requested a general fund increase of \$750 thousand, or 43.9 percent, for the Film Office. The request included \$300.7 thousand for operational costs, including security, air conditioning, and maintenance, and \$448.9 thousand in expansions for 5 FTE. The personnel request included 2 FTE for the Film Division to support business operations and 3 FTE for the media academy to support program coordination and public relations. The agency also requested \$4 million in one-time funding for operations and contracts for the film academy.

The committee recommendation includes \$700 for increased operational costs and \$99.5 thousand for personnel funding. The committee recommendation increases the Film Division’s total budget by \$100.2 thousand, or 5.9 percent.

Program Support. The agency requested an increase of \$302.5 thousand, or 7.3 percent for Program Support. The request included an increase of \$100 thousand to move funding from the Economic Development Program to Program Support for 1 FTE. The Economic Development Program’s budget was reduced accordingly. The request also included a \$100 thousand increase for website updates and a \$4.7 thousand increase for IT services and operational costs. The committee recommendation supports the increase for personnel and IT services and operational costs.

The New Mexico Partnership. The New Mexico Partnership is the largest contract within the Economic Development Department. In FY23, the New Mexico Partnership reported 165 new jobs in the state attributable to its efforts, well below the annual target of 2,000 jobs. The agency requested to increase New Mexico Partnership’s contract by \$97.8 thousand to bring the total contract to \$1.1 million. The committee recommends a flat budget for the New Mexico Partnership.

Outdoor Recreation. The Outdoor Recreation Program, created during the 2019 legislative session, has a mission to increase outdoor-based economic development, tourism, and ecotourism in the state. The division also manages the outdoor equity fund, a grant fund for youth outdoor experiences which fosters stewardship, education, and respect for New Mexico’s public land, and the Trails+ grant, which helps build and improve local outdoor infrastructure. In 2023, the Legislature invested in the division’s grant funds, appropriating \$10 million to the Trails+ fund and \$1 million to the outdoor equity fund. The agency requested to increase the budget for the Outdoor Recreation Division by \$500 for operational costs. The committee recommendation reflects a flat recurring budget for the Outdoor Recreation Program.

Creative Industries. The Creative Industries Division was created during the 2023 legislative session to support the state’s creative industries. The agency received \$2 million in nonrecurring funding during the 2023 legislative session. For FY25, the agency requested to increase personnel funding by \$250 thousand for 2 FTE and the creative industries fund by \$500 thousand to provide grants for projects and programs that promote growth. The committee recommendation includes \$146.1 thousand for personnel and \$200 thousand for project and program grants.

Base Expansion

The agency requested \$1.3 million in expansions for 12 additional FTE. The committee recommendation includes \$356.1 thousand for 3 additional FTE for the Creative Industries Program, film academy, and MainStreet.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Creative Industries Director Gov X	P709	146.1	146.1
10	Science and Technology - Director	P512	133.8	0.0
11	Hunger Healthy Food EDD Rep 2	P512	110.5	0.0
12	Regional Rep Team Lead	P512	122.8	0.0
2	Creative Industries EDD Rep	P709	103.9	0.0
3	Hunger Healthy Food EDD Rep	P512	110.5	0.0
4	Mainstreet EDD Representative	P512	110.5	110.5
5	Financial Specialist A	P514	72.6	0.0
6	Business Operations Specialist A	P514	77.5	0.0

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
7	Public Relations Coordinator A	P514	88.8	0.0
8	Program Coordinator	P514	99.5	99.5
9	Program Coordinator II	P514	110.5	0.0
TOTAL			\$1,287.0	\$356.1

CREATIVE INDUSTRIES DIVISION

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	750.0	346.1	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$750.0	\$346.1	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	250.0	146.1	0.0
Other	0.0	0.0	500.0	200.0	0.0
TOTAL USES	\$0.0	\$0.0	\$750.0	\$346.1	0.0
FTE					
Permanent	0.0	0.0	2.0	1.0	0.0
TOTAL FTE	0.0	0.0	2.0	1.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of creative industry programs assisted by the division	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of entrepreneurs and small businesses assisted by the creative industries division	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of partnerships with other agencies, educational institutions, industry associations and community organizations	0.0	NEW	N/A	N/A	N/A

ECONOMIC DEVELOPMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,375.9	12,868.4	14,363.5	13,378.9	4.0
Other Transfers	456.7	0.0	0.0	0.0	0.0
Federal Revenues	23,682.3	213.8	213.8	213.8	0.0
Other Revenues	17,851.5	0.0	0.0	0.0	0.0
Fund Balance	120.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$53,486.4	\$13,082.2	\$14,577.3	\$13,592.7	3.9
USES					
Personal Services and Employee Benefits	2,802.1	2,870.5	3,458.6	3,381.0	17.8
Contractual services	1,691.5	1,709.0	1,709.0	1,709.0	0.0
Other	8,834.7	8,502.7	9,409.7	8,502.7	0.0
TOTAL USES	\$13,328.3	\$13,082.2	\$14,577.3	\$13,592.7	3.9
FTE					
Permanent	28.0	25.0	31.0	31.0	24.0
Term	2.0	4.0	0.0	0.0	(100.0)
TOTAL FTE	30.0	29.0	31.0	31.0	6.9

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Number of workers trained by the job training incentive program	2,355.0	1,255.0	2,000.0	2,000.0	2,000.0
Outcome	Number of jobs created due to economic development department efforts	5,263.0	1,790.0	4,750.0	4,000.0	4,000.0
* Outcome	Number of rural jobs created	1,766.0	996.0	1,500.0	1,320.0	1,320.0
Output	Dollars of private sector investment in mainstreet districts, in millions	\$42	\$53	\$30	\$25	\$25
Explanatory	Average hourly wage of jobs funded by the job training incentive program	24.0	29.0	N/A	N/A	N/A
Output	Number of private sector dollars leveraged by each dollar through the Local Economic Development Act	84.0	19.0	50.0	25.0	25.0
Output	Number of potential recruitment opportunities submitted by the New Mexico economic development partnership	69.0	63.0	60.0	60.0	60.0
Output	Number of building rehabilitations assisted by mainstreet program	232.0	278.0	200.0	200.0	200.0
Outcome	Dollars of new investment in technology-based companies as a result of the office of science and technology's programs	\$5,214,580	\$1,062,000	\$3,000,000	\$2,000,000	\$2,000,000
* Output	Number of jobs created through the use of Local Economic Development Act funds	3,447.0	1,092.0	3,000.0	3,000.0	3,000.0
* Outcome	Number of jobs created through business relocations facilitated by the New Mexico economic development partnership	64.0	165.0	2,250.0	2,250.0	2,250.0
Outcome	Average wage of jobs created due to economic development department efforts	61,347.0	56,503.0	50,000.0	47,500.0	47,500.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Wages for jobs created in excess of prevailing local wages	\$18,179	\$13,630	\$7,500	\$5,000	\$5,000
Outcome	Number of company visits to New Mexico for projects managed by the New Mexico economic development partnership	21.0	28.0	12.0	12.0	12.0
Outcome	Average wages in excess of cost per job for projects funded through the Local Economic Development Act	55,690.0	39,870.0	27,500.0	27,500.0	27,500.0
Explanatory	Total annual taxable gross receipts for active projects funded through the Local Economic Development Act, in millions	0.0	NEW	N/A	N/A	N/A
Explanatory	Total projected private capital investment for projects funded through the Local Economic Development Act, in millions	0.0	296.0	N/A	N/A	N/A
Outcome	Average wages in excess of cost per job for projects funded through the job training incentive program	40,901.0	45,871.0	30,000.0	30,000.0	30,000.0
Outcome	Foreign direct investment in New Mexico as a result of office of international trade efforts, in millions	2.0	72.0	5.0	5.0	5.0
Outcome	Federal grant dollars awarded as a result of economic development department efforts	\$2,900,000	\$22,290,000	\$250,000	\$250,000	\$250,000

FILM

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	903.8	1,708.5	2,458.1	1,808.7	5.9
Other Transfers	58.0	0.0	0.0	0.0	0.0
Other Revenues	55.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,016.8	\$1,708.5	\$2,458.1	\$1,808.7	5.9
USES					
Personal Services and Employee Benefits	794.8	876.2	1,325.1	975.7	11.4
Contractual services	27.5	753.4	1,053.4	753.4	0.0
Other	180.0	78.9	79.6	79.6	0.9
TOTAL USES	\$1,002.3	\$1,708.5	\$2,458.1	\$1,808.7	5.9
FTE					
Permanent	11.0	11.0	15.0	11.0	0.0
TOTAL FTE	11.0	11.0	15.0	11.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of film and media worker days	688,707.0	553,630.0	450,000.0	500,000.0	500,000.0
Outcome	Total wages paid by film industry productions to New Mexico residents, in millions	\$157	\$152	\$115	\$130	\$130
Outcome	Median wages paid by film industry productions to New Mexico residents	\$61,069	\$73,860	\$54,080	\$62,000	\$62,000
Outcome	Total gross receipts taxes paid by film industry productions, in millions	\$47	\$43	\$30	\$35	\$35
* Outcome	Direct spending by film industry productions, in millions	\$855	\$794	\$580	\$700	\$700
Outcome	New television or episodic series filmed in a rural tax credit community per year	N/A	N/A	N/A	N/A	N/A

OUTDOOR RECREATION

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	930.8	1,175.1	1,175.6	1,175.1	0.0
Other Transfers	23.6	0.0	1,875.0	1,875.0	0.0
Other Revenues	10.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$964.4	\$1,175.1	\$3,050.6	\$3,050.1	159.6
USES					
Personal Services and Employee Benefits	241.6	358.1	358.1	358.1	0.0
Contractual services	84.8	125.0	125.0	125.0	0.0
Other	471.4	692.0	692.5	692.0	0.0
Land of Enchantment Legacy Fund	0.0	0.0	1,875.0	1,875.0	0.0
TOTAL USES	\$797.8	\$1,175.1	\$3,050.6	\$3,050.1	159.6
FTE					
Permanent	3.0	4.0	4.0	4.0	0.0
TOTAL FTE	3.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of youth to benefit from outdoor education programs, including outdoor equity fund grant	21,904.0	12,221.0	N/A	N/A	N/A
Explanatory	The value of earned and owned media impressions for the outdoor recreation division and/or New Mexico outdoor recreation	28,737.0	29,486.0	N/A	N/A	N/A
Explanatory	Number of outdoor recreation conservation and access projects funded and/or led by outdoor recreation division, including via the special projects and infrastructure fund grant	44.0	44.0	N/A	N/A	N/A
Explanatory	Number of new outdoor recreation jobs created by outdoor recreation division	173.0	411.0	N/A	N/A	N/A

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,725.9	4,123.3	4,425.8	4,228.0	2.5
Other Transfers	153.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,879.2	\$4,123.3	\$4,425.8	\$4,228.0	2.5
USES					
Personal Services and Employee Benefits	2,145.2	2,418.0	2,518.0	2,518.0	4.1
Contractual services	1,256.4	1,023.3	1,223.3	1,025.5	0.2
Other	427.1	682.0	684.5	684.5	0.4
TOTAL USES	\$3,828.7	\$4,123.3	\$4,425.8	\$4,228.0	2.5
FTE					
Permanent	24.0	25.0	24.0	24.0	(4.0)
Term	0.0	0.0	7.0	5.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	25.0	25.0	31.0	29.0	16.0

Statutory Authority

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

Mission

The mission of the Regulation and Licensing Department is to balance public health, safety, and welfare with business and economic development.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,662.3	18,069.5	19,645.6	18,769.5	3.9
Other Transfers	19,818.6	12,694.1	13,491.4	13,147.6	3.6
Federal Revenues	34.6	25.0	25.0	25.0	0.0
Other Revenues	20,588.0	15,021.0	17,417.6	19,911.1	32.6
Fund Balance	485.0	5,652.8	8,468.5	8,218.5	45.4
TOTAL SOURCES	\$56,588.5	\$51,462.4	\$59,048.1	\$60,071.7	16.7
USES					
Personal Services and Employee Benefits	26,035.2	30,798.4	35,071.5	33,894.2	10.1
Contractual services	2,590.3	2,522.6	4,162.6	4,549.5	80.3
Other	4,833.8	5,611.7	9,205.5	8,836.7	57.5
Other financing uses	18,450.3	11,620.3	10,608.5	12,791.3	10.1
TOTAL USES	\$51,909.6	\$50,553.0	\$59,048.1	\$60,071.7	18.8
FTE					
Permanent	337.0	320.6	347.0	340.6	6.2
Term	19.0	29.0	32.0	29.0	0.0
TOTAL FTE	356.0	349.6	379.0	369.6	5.7

At A Glance

For FY25, the department requested a \$1.6 million, or 9 percent increase in general fund revenue. The total request was \$6.9 million, 15 percent, over the FY24 operating budget. The Financial Institutions Division requested \$1 million in other revenues, a 40 percent increase over FY24.

The committee recommendation includes \$700 thousand in the Construction Industries Program to fund building inspectors. The recommendation includes nearly \$2 million for the Financial Institutions Program from fund balance to support national accreditation and 16 financial examiners. The committee recommendation also includes the \$2.5 million transfer from the Cannabis Control Program to the Department of Health to continue support of the medical cannabis program. The LFC recommends a \$700 thousand increase from the general fund, 3.9 percent above the FY24 operating budget, and an overall increase of \$8.6 million, a 16.7 percent budget increase.

Budget Issues

RLD's revenue is derived from several funding sources, including the general fund, professional license and other fees, and the mortgage regulatory fund. For FY25, requests for general fund included \$366.6 thousand for the Construction Industries Program, \$100 thousand for the Manufactured Housing Program, \$250 thousand for the Boards and Commissions Program, and \$192 thousand for Program Support. Due to expanding its inspections for cannabis and elevator inspections across the state, RLD's request also includes 16 new fleet vehicles, nine for the Cannabis Program and seven for the elevator bureau.

Construction Industries Program. Construction Industries requested a decrease of \$700 thousand in personnel, stating that, when Manufactured Housing separated into its own program, 8 FTE should have been removed. The program also requested \$366.6 thousand for miscellaneous elevator safety program increases but failed to submit an expansion request for the program to the Legislature. In October 2023, the program had 19 vacant FTE, 15.6 of which are funded, leaving the program with a funded vacancy amount of \$1.5 million. Rather than fund an expansion, LFC recommends the \$700 thousand and the former FTE remain in Construction Industries to be used for inspectors.

In FY23, RLD transferred \$1.5 million out of the personnel services and employee benefits category of the Construction Industries Division through the budget adjustment request (BAR) process. Transfers were requested for licensing software due to costs incurred by the cyber security incident in October 2022 that prompted RLD to reestablish its information technology infrastructure. The division had an FY23 operating budget of nearly \$12.4 million with actual operating costs of \$10.7 million. The program issued 32,331 permits and 96,134 inspections. The most notable building sites are Intel, Amazon, Facebook, and the Hospital Tower at the University of New Mexico.

Elevator Safety Program. The tentative timeline for launching the elevator safety program includes development of qualifications and procedures for licensing and certification for elevator mechanics and inspectors in January 2025, the creation of a licensing and permitting database that will track elevator compliance certificates in March 2025, with hiring and procurement in May 2025. The program is scheduled to go live on July 1, 2025, the effective date of the act. Construction Industries estimates there are 9,500 elevators in Albuquerque alone and estimates between three and five hours of maintenance for each elevator anywhere between 28.5 thousand to 45.5 thousand hours of labor annually.

Mortgage Regulatory Fund. The department's mortgage regulatory fund balances increased by \$3.6 million in FY23 and \$3.5 million in FY24. The total balance was \$5.8 million as of October 2023. For FY24, \$4.9 million was appropriated from the fund for foreclosure mediation services at the courts, Financial Institutions operations, and a landlord support housing program through the Department of Finance Administration. Fiscal year 2024 expenditures withdrawn from the fund are the highest in four years and more than twice as much as expenditures in FY21. With expenditures outpacing revenue amounts, balances are expected to decrease significantly. The balance of the Mortgage Regulatory fund at the close of FY23 was \$7.3 million, with the projected totals at the close of FY24 projected to be \$7.6 million, according to RLD. LFC staff projects the balance at the close of FY24 to likely be closer to \$4.6 million because RLD projections are not inclusive of other projects using the fund government-wide. Considering a five year average of \$3.7 million in annual revenue combined with current spending rates, the balance of the fund could be anywhere between \$700 thousand and \$4 million at the close of FY25. The LFC recommendation includes \$400 thousand to the courts to continue the mortgage eviction assistance program.

Manufactured Housing. For FY25, RLD requested \$1.4 million from the fund balance for the program. When the program was established in FY22, it was funded with a combination of \$800 thousand from the general fund and \$458 thousand from the fund balance. As of October 2023, the fund balance was only \$324.5 thousand, and the projected balance of \$12.5 thousand at the end of FY24 is insufficient to support the program. For FY25, the committee recommends funding the program with \$1.4 million from the mortgage regulatory fund and \$224 thousand from the general fund, keeping the operating budget flat with the FY24 operating budget and recognizing that general fund may be necessary if mortgage regulatory funding is not available.

Financial Institutions. The Financial Industries Program (FIP) of the Regulation Licensing Department requested nearly \$2.9 million from its mortgage regulatory fund balance, a \$1 million increase over the FY25 operating budget, to renew accreditation through the National Credit Union Banking Association. The total request was an increase of \$1.9 million, 40 percent, over the FY24 budget and includes \$846.5 thousand in fund balances. The program proposes to use \$1.5 million for 16 FTE to bring the division back into federal accreditation, \$140 thousand for outsourced cybersecurity examination contracts, and \$177.3 thousand for materials to support additional staff. Most funding comes from RLD's nonreverting funds. The LFC recommendation includes \$1 million in other revenue from the mortgage regulatory fund to support FIP staffing and materials for the 16 FTE. The program supervises 57 state-chartered banks, credit unions, and trust companies and is primarily funded by RLD's mortgage regulatory fund.

Alcohol Beverage Control Program. The Tobacco Products Act (Laws 2020, Chapter 46) requires RLD to issue licenses to manufacturers, distributors, and retailers of tobacco products. RLD's budget request included \$750 thousand from the Tobacco Products fund for the Alcohol and Beverage Control Program to add 4 FTE to implement licensing requirements. RLD requested one attorney and three compliance staff to perform inspections. The committee supports the request.

Securities. The Securities Program requested \$300 thousand from the Securities Enforcement and Investor Education fund, \$200 thousand for personnel to accommodate pay band adjustments in FY25, and \$100 thousand to cover costs for securities investigations. Securities entered a consent order with Nexo Capital Inc., BlockFi Lending, and Robinhood Financial but has not confirmed if \$424.5 thousand in penalties and fees will be available in the nonreverting fund for FY25. The LFC recommendation includes \$50 thousand from the fund balance for securities investigations. In FY23, the division conducted 34 examinations of investment advisors. It does not have a case management system and data on the annual volume of complaints and referrals is not readily available, but complaints are typically assigned within two business days of receipt. The average annual monies awarded or recovered through criminal or administrative prosecutions or settlements in the past three fiscal years was \$296.3 thousand.

Boards and Commissions Program. The Boards and Commissions Program requested a budget increase of \$2.9 million over the FY24 operating budget, including \$250 thousand from the general fund for the Substitute Care Advisory Council. The request also included \$1.2 million from the fund balance and \$386.9 thousand in other revenues to fill positions and support Salesforce licensing costs. The LFC recommendation includes \$1.2 million from the fund balance and \$377 thousand in other revenues, an increase of 16.1 percent over the FY24 operating budget, for the program to fill vacancies and cover software licensing costs.

Boards and Commissions now has an automated professional licensing portal, NM-Plus. The portal contains 29 board profiles and an electronic form for licensees to update information. All electronic professional and healthcare licensing at RLD now use Salesforce software. Per the 2023 Sunset Act and Laws 2023, Chapter 61, the Podiatry Board moves to the Medical Board at the end of FY24, so the LFC recommendation does not include funding for the board in FY25.

Cannabis Control Program. For FY25, the Cannabis Program requested \$750 thousand in other revenues, 23.4 percent above the FY24 operating budget. The request included \$350 thousand for cannabis licensing software contract increases and \$400 thousand to continue its public education campaign that started in FY23. The committee recommendation includes funding for both requests.

Cannabis Control also proposed to discontinue its annual, recurring transfer of \$2.5 million from other state funds to the Department of Health (DOH) from cannabis licensing fees for the operations of the medical cannabis program. The committee recommends \$2.5 million in the RLD DOH memorandum of understanding continue to be transferred to DOH for the medical cannabis program.

At its inception in June of 2022, the Cannabis Program was operating with 12 of 15 FTE. By August of FY24, the division more than doubled in size, expanding to 36 FTE, 23 of which are filled. At least two of the program’s positions process licensing while 14 positions are compliance. The program also hosts two deputy director positions.

Base Expansion

The Construction Industries Program requested to add a new bureau tasked with permitting and inspections of elevators. The request includes an increase of \$667.5 thousand in personnel services and employee benefits and 7 FTE: six inspectors and one bureau chief. The program is preparing to implement the Elevator Safety Act (Laws 2023, sections 61-38-1 to 61-38-15 NMSA 1978). The committee does not support the request.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Elevator Bureau Creation	P599	667.5	0.0
TOTAL			\$667.5	\$0.0

MANUFACTURED HOUSING

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	200.0	224.0	324.0	224.0	0.0
Other Transfers	12.7	62.8	0.0	0.0	(100.0)
Federal Revenues	34.6	25.0	25.0	25.0	0.0
Other Revenues	96.7	0.0	0.0	0.0	0.0
Fund Balance	485.0	1,342.8	1,405.6	1,405.6	4.7
TOTAL SOURCES	\$829.0	\$1,654.6	\$1,754.6	\$1,654.6	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	1,038.8	1,384.3	1,384.3	1,447.0	4.5
Contractual services	74.7	82.5	82.5	82.5	0.0
Other	159.0	187.8	287.8	125.1	(33.4)
TOTAL USES	\$1,272.5	\$1,654.6	\$1,754.6	\$1,654.6	0.0
FTE					
Permanent	14.2	16.0	16.0	16.0	0.0
TOTAL FTE	14.2	16.0	16.0	16.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriation to the manufactured housing program of the regulation and licensing department includes one million four hundred thousand dollars (\$1,400,000) from the mortgage regulatory fund for the general operations of the manufactured housing program.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Efficiency	Percent of all installation of manufactured home inspections performed within seven days of request	N/A	N/A	N/A	N/A	N/A
Outcome	Number of inspections for manufactured homes on permanent foundations	N/A	N/A	N/A	N/A	N/A

CANNABIS CONTROL

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,117.7	3,468.0	3,468.0	3,468.0	0.0
Other Transfers	157.2	0.0	0.0	0.0	0.0
Other Revenues	3,149.2	3,200.0	3,950.0	6,466.5	102.1
TOTAL SOURCES	\$6,424.1	\$6,668.0	\$7,418.0	\$9,934.5	49.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	2,386.7	2,846.3	3,246.3	2,846.3	0.0
Contractual services	431.8	655.2	2,055.2	2,455.2	274.7
Other	612.6	650.0	2,116.5	2,116.5	225.6
Other financing uses	2,516.5	2,516.5	0.0	2,516.5	0.0
TOTAL USES	\$5,947.6	\$6,668.0	\$7,418.0	\$9,934.5	49.0
FTE					
Permanent	23.8	0.0	0.0	0.0	0.0
Term	19.0	29.0	32.0	29.0	0.0
TOTAL FTE	42.8	29.0	32.0	29.0	0.0

Recommended Language

The other state funds appropriation to the cannabis control division of the regulation and licensing department in the other financing uses category includes two million five hundred sixteen thousand five hundred dollars (\$2,516,500) from cannabis licensing fees for the operations of the medical cannabis program of the department of health.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of operational manufacturer licenses inspected per quarter	9.7%	0.0%	10.0%	0.0%	10.0%
Outcome	Percent of operational producer licenses inspected per quarter	18.1%	0.0%	18.1%	0.0%	18.0%
Outcome	Percent of operational retailer locations inspected per quarter	16.6%	0.0%	24.0%	0.0%	24.0%
Outcome	Total number of fines and revocations by each license type	30,000.0	0.0	30,000.0	0.0	30,000.0
Output	Upon receipt of a completed application, number of days to process a manufacturer license	45.0	0.0	45.0	0.0	45.0
Output	Upon receipt of a completed application, number of days to process a producer license	60.0	0.0	60.0	0.0	60.0
Output	Upon receipt of a completed application, number of days to process a retailer license	30.0	0.0	30.0	0.0	30.0

CONSTRUCTION INDUSTRIES

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,059.9	11,856.4	12,890.5	12,556.4	5.9
Other Transfers	529.6	200.0	0.0	0.0	(100.0)
Other Revenues	148.1	0.0	200.0	200.0	0.0
Fund Balance	0.0	366.6	0.0	0.0	(100.0)
TOTAL SOURCES	\$10,737.6	\$12,423.0	\$13,090.5	\$12,756.4	2.7
USES					
Personal Services and Employee Benefits	7,661.0	10,495.0	10,462.5	10,295.0	(1.9)
Contractual services	874.1	467.0	567.0	567.0	21.4
Other	1,626.2	1,313.8	1,913.8	1,747.2	33.0
Other financing uses	147.2	147.2	147.2	147.2	0.0
TOTAL USES	\$10,308.5	\$12,423.0	\$13,090.5	\$12,756.4	2.7
FTE					
Permanent	105.0	113.0	120.0	113.0	0.0
TOTAL FTE	105.0	113.0	120.0	113.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Time to final action for Criminal complaints.	0.0	NEW	0.0	NEW	0.0
Output	Time to final criminal action, referral or dismissal of complaint, in months	N/A	N/A	N/A	N/A	N/A
Output	Time to final criminal action, referral or dismissal of complaint, in months.	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of all installation of manufactured home inspections performed within seven days of request	80%	Discontinued	95%	Discontinued	100%
* Outcome	Percent of commercial plans reviewed within ten working days	90%	93%	92%	95%	95%
* Outcome	Percent of residential plans reviewed within five working days	80%	90%	95%	95%	99%
Efficiency	Percent of all construction inspections performed within three days of inspection request	75%	NEW	95%	NEW	99%
* Output	Time to final civil action, referral or dismissal of complaint, in months	8.0	NEW	8.0	NEW	0.0

FINANCIAL INSTITUTIONS

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	84.0	93.4	93.4	93.4	0.0
Other Transfers	5.4	2,190.2	2,190.2	2,190.2	0.0
Other Revenues	3,847.6	1,832.8	2,892.5	2,879.4	57.1
Fund Balance	0.0	675.8	1,522.3	1,522.3	125.3
TOTAL SOURCES	\$3,937.0	\$4,792.2	\$6,698.4	\$6,685.3	39.5
USES					
Personal Services and Employee Benefits	2,879.2	3,828.6	5,417.5	5,417.5	41.5
Contractual services	124.8	142.2	282.2	269.1	89.2
Other	435.7	559.9	737.2	737.2	31.7
Other financing uses	223.0	261.5	261.5	261.5	0.0
TOTAL USES	\$3,662.7	\$4,792.2	\$6,698.4	\$6,685.3	39.5
FTE					
Permanent	33.4	39.0	39.0	55.0	41.0
TOTAL FTE	33.4	39.0	39.0	55.0	41.0

Recommended Language

The internal service funds/interagency transfers appropriation to the financial institutions program of the regulation and licensing department includes two million eight hundred seventy-nine thousand four hundred dollars (\$2,879,400) from the mortgage regulatory fund for the general operations of the financial institutions program.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
0	Percent of examination reports mailed to a depository institution within 30	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of completed applications processed within ninety days by type of application	100%	99%	97%	97%	0%
Efficiency	Percent of state chartered banks, state chartered credit unions, independent trust companies, small loan companies, mortgage loan companies, mortgage loan branches and escrow companies examined	82%	65%	95%	95%	95%
Outcome	Number of financial literacy outreach sessions conducted on a quarterly basis, targeting vulnerable populations	14.0	10.0	10.0	8.0	10.0

ALCOHOL BEVERAGE CONTROL

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,028.1	1,141.8	1,141.8	1,141.8	0.0
Other Transfers	59.7	13.9	13.9	13.9	0.0
Other Revenues	1,126.3	0.0	0.0	0.0	0.0
Fund Balance	0.0	310.8	1,060.8	1,060.8	241.3
TOTAL SOURCES	\$2,214.1	\$1,466.5	\$2,216.5	\$2,216.5	51.1
USES					
Personal Services and Employee Benefits	1,205.7	1,301.1	1,701.1	1,701.1	30.7
Contractual services	7.2	13.3	13.3	13.3	0.0
Other	105.2	152.1	502.1	502.1	230.1
TOTAL USES	\$1,318.1	\$1,466.5	\$2,216.5	\$2,216.5	51.1
FTE					
Permanent	15.0	13.0	17.0	17.0	30.8
TOTAL FTE	15.0	13.0	17.0	17.0	30.8

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Average number of days to process a dispenser license	111.0	116.0	115.0	120.0	115.0
* Output	Average number of days to resolve an administrative citation that does not require a hearing	64.0	60.0	120.0	160.0	120.0
* Outcome	Average number of days to issue a restaurant beer and wine liquor license	117.0	NEW	115.0	NEW	90.0
Output	Average number of days to process a craft distiller's license	117.0	116.0	120.0	130.0	90.0

BOARDS AND COMMISSIONS

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	31.1	33.1	283.1	33.1	0.0
Other Transfers	16,036.5	6,968.3	8,008.4	7,684.6	10.3
Other Revenues	10,242.8	9,323.5	9,710.4	9,700.5	4.0
Fund Balance	0.0	1,671.5	2,894.5	2,894.5	73.2
TOTAL SOURCES	\$26,310.4	\$17,996.4	\$20,896.4	\$20,312.7	12.9

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	6,921.4	6,465.4	7,970.1	7,720.1	19.4
Contractual services	655.8	547.7	547.7	547.7	0.0
Other	1,163.7	1,631.0	2,431.0	2,431.0	49.0
Other financing uses	15,311.5	8,442.9	9,947.6	9,613.9	13.9
TOTAL USES	\$24,052.4	\$17,087.0	\$20,896.4	\$20,312.7	18.9
FTE					
Permanent	99.0	92.4	98.0	92.4	0.0
TOTAL FTE	99.0	92.4	98.0	92.4	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Number of accountancy complaints filed	N/A	N/A	N/A	N/A	N/A
Output	Number of acupuncture complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of athletic commission complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of athletic trainers complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of chiropractor complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of counselor and therapy complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of dental complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of funeral services complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of interior design complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of landscape architects complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of massage therapist complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of nutrition and dietetics complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of occupational therapy complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of optometry complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of pharmacy complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of physical therapy complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of private investigators complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of psychology complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of real estate appraisers complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of real estate commission complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of respiratory therapy complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of signed language interpreters complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of social work complaints	N/A	N/A	N/A	N/A	N/A
Output	Number of speech and hearing complaints	N/A	N/A	N/A	N/A	N/A
Output	Nursing Home Administrator complaints.	N/A	N/A	N/A	N/A	N/A
Efficiency	Percentage of barber and cosmetology establishments inspected for infection control and safety standards	N/A	N/A	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Percentage of body art establishments inspected for infection control and safety standards	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application	89%	82%	95%	95%	0%
Outcome	Non-compliant barber and cosmetology establishments brought into compliance within 90 days	113.0	Discontinued	5.0	Discontinued	Discontinued
Output	Percentage of pharmacy board licensed facilities inspected annually	56%	43%	75%	50%	75%
Outcome	Number of non-compliant body art establishments brought into compliance within 90 days	6.0	Discontinued	3.0	Discontinued	Discontinued

SECURITIES

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	135.8	143.4	143.4	143.4	0.0
Other Transfers	7.2	77.0	77.0	77.0	0.0
Other Revenues	1,971.7	664.7	664.7	664.7	0.0
Fund Balance	0.0	1,285.3	1,585.3	1,335.3	3.9
TOTAL SOURCES	\$2,114.7	\$2,170.4	\$2,470.4	\$2,220.4	2.3
USES					
Personal Services and Employee Benefits	1,452.6	1,460.8	1,660.8	1,450.3	(0.7)
Contractual services	63.0	74.0	74.0	74.0	0.0
Other	200.9	383.4	483.4	443.9	15.8
Other financing uses	252.2	252.2	252.2	252.2	0.0
TOTAL USES	\$1,968.7	\$2,170.4	\$2,470.4	\$2,220.4	2.3
FTE					
Permanent	16.2	21.0	21.0	21.0	0.0
TOTAL FTE	16.2	21.0	21.0	21.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriation to the securities program of the regulation and licensing department includes fifty thousand dollars (\$50,000) from the Securities Enforcement and Investor Education fund for the general operations of the securities program.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of complaints logged and assigned within two days of receipt	N/A	N/A	N/A	N/A	N/A
Outcome	Upon the start of investigation, the average time to resolution, in days	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of investment adviser registrants examined annually	33%	36%	33%	Discontinued	100%
Outcome	Percent of complaints logged and assigned within two days of receipt of written complaint, then investigated and a course of action determined no later than four months from receipt of complaint	0%	0%	50%	Discontinued	100%
Outcome	Total revenue collected from licensing, in millions	\$23.95	\$24.37	\$23.60	\$23.60	\$23.60
Output	Number of investor education events focused on fraud protection	18.0	14.0	14.0	14.0	14.0
Output	Monies awarded or recovered through criminal or administrative prosecutions or settlements	\$188.68	\$424.53	\$250.00	\$250.00	\$250.00

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,005.7	1,109.4	1,301.4	1,109.4	0.0
Other Transfers	3,010.3	3,181.9	3,201.9	3,181.9	0.0
Other Revenues	5.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,021.6	\$4,291.3	\$4,503.3	\$4,291.3	0.0
USES					
Personal Services and Employee Benefits	2,489.7	3,016.9	3,228.9	3,016.9	0.0
Contractual services	358.9	540.7	540.7	540.7	0.0
Other	530.4	733.7	733.7	733.7	0.0
TOTAL USES	\$3,379.0	\$4,291.3	\$4,503.3	\$4,291.3	0.0
FTE					
Permanent	30.6	26.2	36.0	26.2	0.0
TOTAL FTE	30.6	26.2	36.0	26.2	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of prior-year audit findings resolved	50%	0%	100%	0%	100%

Statutory Authority

Article XI, Section 1, of the New Mexico Constitution creates the Public Regulation Commission (PRC) in a merger of the former State Corporation and Public Utility commissions. Starting in January 2023, the members are appointed by the governor, with the consent of the Senate, instead of elected.

Mission

The mission of PRC is to regulate utilities, telecommunications, and motor carriers to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law and to promote public safety through the Pipeline Safety Bureau.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,494.0	12,507.6	13,910.5	12,426.0	(0.7)
Other Transfers	1,881.3	1,416.4	1,900.8	1,900.8	34.2
Federal Revenues	940.5	949.8	1,560.4	1,560.4	64.3
Other Revenues	44.4	1,416.4	0.0	0.0	(100.0)
TOTAL SOURCES	\$13,360.2	\$16,290.2	\$17,371.7	\$15,887.2	(2.5)
USES					
Personal Services and Employee Benefits	11,114.9	12,851.6	14,922.9	13,550.1	5.4
Contractual services	570.5	624.9	657.3	657.3	5.2
Other	1,470.5	1,397.3	1,791.5	1,679.8	20.2
Other financing uses	1,773.3	1,416.4	0.0	0.0	(100.0)
TOTAL USES	\$14,929.2	\$16,290.2	\$17,371.7	\$15,887.2	(2.5)
FTE					
Permanent	116.0	114.0	125.0	112.0	(1.8)
TOTAL FTE	116.0	114.0	125.0	112.0	(1.8)

At A Glance

The Public Regulation Commission (PRC) requested a general fund increase of \$1.4 million, or 11.2 percent, compared to FY24. The agency also requested to increase revenue from the pipeline safety fund by \$484.4 thousand, or 34.2 percent, and federal revenues by \$610.6 thousand, or 64.3 percent, compared to FY24. However, the general fund amount included a \$1.2 million reduction in the Policy and Regulation Program because of the transfer of the Transportation Division to the Department of Transportation (DOT) as required by Laws 2023, Chapter 62, which will absorb 15 FTE and the budget. After accounting for the transfer of responsibilities from PRC to NM DOT, PRC requested a net general fund revenue increase of \$2.6 million, or 20.8 percent. The request was primarily to fill vacancies, 24 new FTE, and an increase in operational costs.

After accounting for the Transportation Division transfer, the committee recommendation increases general fund revenue to the agency by \$1.1 million, or 9.8 percent, compared with the FY24 operating budget. The committee recommendation provides \$698.5 thousand to fill vacancies, \$32.4 thousand for increased attorney and audit services, and \$282.5 thousand for operational costs for employee training, increased travel, and IT expenses. The recommendation also supports the agency's expansion for the Pipeline Safety Bureau. The committee will also carry forward the agency's supplemental request of \$844.4 thousand for projected staffing shortfalls in FY24.

Budget Issues

In 2020, voters approved a constitutional amendment replacing the five-member elected PRC with a three-member appointed PRC. As of January 1, 2023, PRC members are appointed by the governor, instead of through district elections. The governor nominates members from a qualified list of nominees compiled by the Public Regulation Commission nominating committee established by law. Commissioners require the confirmation of the Senate. No more than two commissioners will be members of the same party, and members will serve six-year staggered terms and be limited to two terms. All three commissioner seats are currently filled.

Policy and Regulation. The Policy and Regulation Program consists of six divisions: Commissioners, General Counsel, Hearing Examiners, Consumer Relations, Utilities, and Pipeline Safety. The program continues to address the transition to clean energy and enforcing the provisions of the Energy Transition Act by providing guidance on grid modernization plans, reviewing utility reliability and resiliency, and exploring the state's participation in regional transmission organizations. The program is also implementing the Community Solar Program, which enables eligible residents to tap into a shared solar facility and offset their monthly energy consumption. The program continues to administer universal service funds to maintain telephone service, expand broadband service in rural communities, and assist small water companies in rural areas with their needs for adequate management and funding.

Laws 2023, Chapter 62, transfers the Transportation Division from PRC to the Department of Transportation effective July 1, 2024. The transfer includes the responsibility for motor carrier regulation and enforcement, railroad safety enforcement, and ambulatory standards, along with corresponding personnel, functions, and funding. The transfer reduced PRC's FY25 budget by \$1.2 million for the division's operational costs and 15 FTE.

The agency requested a general fund increase of \$1.2 million, or 13 percent, compared with FY24. The agency also increased revenue from the pipeline safety fund by \$464.4 thousand, or 52.7 percent, and federal pipeline fees by \$464.4 thousand, or 52.7 percent. Overall, the agency request increased the overall revenue for the Policy and Regulation Program by \$2.2 million, or 20.8 percent. The general fund increase included \$583.6 thousand to fund authorized personnel; \$26.5 thousand for staff training, audit services, and attorney services; and an expansion of \$1.6 million for 13 FTE and associated operational costs.

The LFC recommendation supports the agency's request for base increases for personnel, contractual services, and other costs.

Program Support. Program Support oversees strategic planning, legal services, information technology services, financial services and budget, fleet management, human resources, records management, training and development, and legislative affairs.

The agency request for Program Support increased general fund revenue by \$250.2 thousand, or 6.9 percent, and increased revenue from the pipeline safety fund by \$20 thousand, for an overall increase of \$270.2 thousand, or 6.5 percent.

The agency requested to increase general fund revenue by \$207.8 thousand for personnel, including \$111.8 thousand to fund authorized positions and an expansion for \$96 thousand for 1 FTE; \$5,700, or 5.7 percent, for contractual services for increased audit and attorney services; and \$36.7 thousand, or 7.8 percent, for operations costs, including \$30.6 thousand for IT equipment, employee training, and telecommunications and an expansion for \$6.1 thousand for costs associated with the requested new FTE.

The LFC recommendation increases general fund revenue by \$148.1 thousand, or 4.1 percent, including \$111.8 thousand to fill vacancies, \$5,700 for increased contractual services, and \$30.6 thousand for other costs to account for equipment, employee training, and telecommunication.

Base Expansion

The agency requested \$2.8 million from the general fund, other revenue, and federal revenue for expansions in FY25.

The agency requested \$1.7 million from the general fund for the Policy and Regulation Program, including \$1.5 million for personnel and \$105 thousand for additional operational costs. The agency requested adding 13 FTE, including seven advisory staff, three advocacy staff, and three operations staff. The request for advisory staff included two analysts under the Commission to provide market analysis and research, two attorneys to provide the Office of General Counsel with the capacity it needs to handle the caseload, and three attorneys under Hearing Examiners to ensure efficient and timely hearings on adjudicated matters. The request for advocacy staff included a compliance manager to ensure utility compliance with statute and two economists to provide market analysis in contested proceedings with the Utilities Division. Finally, the request for operational staff included a professional arbitrator and a public relations officer for the Consumer Relations Division. LFC partially funds the expansion at \$284.9 thousand for a compliance manager to ensure utility compliance for the Utilities Division.

The agency requested \$102.1 thousand from the general fund for Program Support, including \$96 thousand for personnel and \$6,100 for additional operations costs. The expansion included 1 new FTE for a program coordination position to oversee and monitor current federal awards and apply and manage new federal awards. LFC does not recommend the expansion but includes \$111.8 thousand for personnel and \$30.6 thousand for operational costs in Program Support in the base budget.

The agency requested \$1 million from the pipeline safety fund and federal revenue for the Pipeline Safety Bureau, part of the Policy and Regulation Program. The Pipeline Safety Bureau will be required to inspect and regulate an additional 30 thousand miles of gathering pipeline. The expansion includes 10 FTE to support the increased mileage and associate federal regulations, including eight inspectors and two management analysts to handle additional administrative work and federal reporting. LFC supports the agency's expansion.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Pipeline Safety Expansion Request	P611	1,048.8	1,048.8
2	P613 Base Expansion	P613	102.1	0.0
3	P611 Base Expansion	P611	1,667.3	284.9
TOTAL			\$2,818.2	\$1,333.7

PUBLIC REGULATION COMMISSION

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,377.5	8,860.6	10,013.3	8,630.9	(2.6)
Other Transfers	1,209.6	880.9	1,345.3	1,345.3	52.7
Federal Revenues	940.5	949.8	1,560.4	1,560.4	64.3
Other Revenues	33.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$9,560.7	\$10,691.3	\$12,919.0	\$11,536.6	7.9
USES					
Personal Services and Employee Benefits	7,872.9	9,239.1	11,082.6	9,805.8	6.1
Contractual services	510.8	524.9	551.6	551.6	5.1
Other	983.9	927.3	1,284.8	1,179.2	27.2
TOTAL USES	\$9,367.6	\$10,691.3	\$12,919.0	\$11,536.6	7.9
FTE					
Permanent	84.0	82.0	92.0	80.0	(2.4)
TOTAL FTE	84.0	82.0	92.0	80.0	(2.4)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent difference (delta) of final rate decision on rate cases vs regulated utility's original rate request amount	0%	49%	N/A	N/A	N/A
Explanatory	Percent of overall capacity of community solar projects subscribed	0%	NEW	N/A	N/A	N/A
Explanatory	Total number of customers provided new service of at least 10/1 mbps speeds in areas unserved by broadband in award year	0.0	NEW	N/A	N/A	N/A
Outcome	Percent of cases appealed to the Supreme Court by regulated entities or interveners and not overturned on procedural grounds	0%	NEW	NEW	100%	100%
Outcome	Percent of energy mega watt hours (mwh) of Community Solar project attributed to low income customer.	0%	NEW	NEW	30%	30%
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	\$88	\$94	\$70	\$50	\$50
Explanatory	Percent of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities	19%	20%	N/A	N/A	N/A
Output	Number of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff	110.0	117.0	Discontinued	Discontinued	Discontinued
Outcome	Dollar amount difference (delta) of final rate decision on rate cases vs regulated utility's original rate request amount, in thousands	\$25,000	\$22,511	Discontinued	Discontinued	Discontinued
Outcome	Percent of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff to the total number of docketed cases in a fiscal year	129%	116%	140%	105%	105%
Outcome	Percentage of cases appealed to the supreme court by regulated entities or interveners and not overturned	75%	0%	100%	Discontinued	Discontinued
* Output	Number of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff	265.0	434.0	400.0	Discontinued	Discontinued
Outcome	Percent of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff to the total number of regulated carriers in a fiscal year	11%	18%	10%	Discontinued	Discontinued

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,116.5	3,647.0	3,897.2	3,795.1	4.1
Other Transfers	671.8	535.5	555.5	555.5	3.7
Other Revenues	11.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,799.6	\$4,182.5	\$4,452.7	\$4,350.6	4.0
USES					
Personal Services and Employee Benefits	3,242.0	3,612.5	3,840.3	3,744.3	3.6
Contractual services	59.6	100.0	105.7	105.7	5.7
Other	486.6	470.0	506.7	500.6	6.5
TOTAL USES	\$3,788.2	\$4,182.5	\$4,452.7	\$4,350.6	4.0
FTE					
Permanent	32.0	32.0	33.0	32.0	0.0
TOTAL FTE	32.0	32.0	33.0	32.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Number of town halls/public comment hearings held outside of Santa Fe	0.0	NEW	NEW	10.0	10.0
Output	Percent of vacant positions filled within 12 weeks of posting	0%	NEW	NEW	75%	75%
Outcome	Opinion of previous fiscal year independent agency audit	0.0	TBD	Discontinued	Discontinued	Discontinued
Outcome	Percent of prior-year audit findings eliminated	0%	TBD	Discontinued	Discontinued	Discontinued
Output	Number of public access accounts registered in info share (e-docket) in a fiscal year	2,167.0	386.0	700.0	Discontinued	Discontinued
Output	Number of IPRA responses fulfilled in fiscal year	59.0	89.0	50.0	50.0	50.0
Output	Number of IT projects initiated and completed in fiscal year	6.0	5.0	Discontinued	Discontinued	Discontinued

Statutory Authority

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

Mission

The mission of the Office of Superintendent of Insurance is to regulate insurance industries to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	10,577.9	13,164.1	17,282.4	15,250.5	15.8
Federal Revenues	118.3	0.0	0.0	0.0	0.0
Other Revenues	179,390.9	127,219.2	154,748.9	135,763.6	6.7
Fund Balance	0.0	375.0	1,176.7	802.6	114.0
TOTAL SOURCES	\$190,087.1	\$140,758.3	\$173,208.0	\$151,816.7	7.9
USES					
Personal Services and Employee Benefits	8,588.2	11,930.7	15,505.4	13,634.9	14.3
Contractual services	3,485.6	6,161.3	7,597.5	7,028.8	14.1
Other	113,349.7	109,502.2	132,822.7	115,902.5	5.8
Other financing uses	41,921.7	13,164.1	17,282.4	15,250.5	15.8
TOTAL USES	\$167,345.2	\$140,758.3	\$173,208.0	\$151,816.7	7.9
FTE					
Permanent	109.0	115.0	135.0	115.0	0.0
TOTAL FTE	109.0	115.0	135.0	115.0	0.0

At A Glance

The Office of Superintendent of Insurance (OSI), which receives no general fund revenue, requested a total increase of \$32.4 million, or 23.1 percent, compared with the FY24 operating budget.

The agency requested a \$3.6 million, or 30 percent, increase for personnel, including \$1.9 million for 20 expansion FTE and \$1.7 million to fill vacancies and reclassify financial examiners. The request also included an increase of \$1.4 million, or 23.3 percent, for risk-focused financial analysis services, actuarial services, and contracted hearing officers. Finally, the request included an increase of \$23.3 million, or 21.3 percent, for other services, including \$22.3 million for health care affordability fund (HCAF) initiatives in FY25.

The LFC recommendation increases personnel funding in the Insurance Policy and Insurance Fraud and Auto Theft programs to fill vacancies. LFC also increases contractual cost services for financial analysis, critical to the agency's national accreditation. The committee also budgets a total of \$85 million from the health insurance premium surtax for the health care affordability fund for the small business health insurance premium relief initiative, marketplace affordability program, and the uninsured program.

Budget Issues

The operating budget is primarily composed of other revenues from various insurance fees, doctor and hospital surcharges, taxes, fraud assessments, title insurance assessments, and annual licensing fees levied on insurance agents, carriers, and licensees, as well as distributions from the health insurance premium tax to fund initiatives under the health care affordability fund. Other state funds not passed through to other agencies or used for the operating budget throughout the fiscal year transfer to the general fund. OSI transfers approximately 50 percent of its collected revenues to the state general fund, the fire and law enforcement protection fund, and the Carrie Tingley fund.

OSI experienced a cyber incident on its network in September 2023, shut down for a week due to the attack, and was hybrid for nearly a month. The agency underwent a forensic investigation to learn about the cause of the incident. Due to the incident, OSI had additional expenses for unexpected emergency contracts. OSI worked with the Department of Information Technology on a plan for preventing future cyber incidents. OSI submitted a request for a special appropriation and recurring funding for cybersecurity updates, including a \$2.15 million special appropriation request for one-time funding for new positions and contractual services for FY24 and FY25, as well as a \$1.1 million recurring appropriation request for new positions and contractual services.

OSI used its budget authority to increase funding from other state for financial analysis in FY24. In October 2023, the National Association of Insurance Commissioners (NAIC) found issues with the agency's financial analysis unit that put OSI at risk of losing its national accreditation. OSI also submitted a request for one-time funding of \$1.5 million for a pro-rated amount of the estimated annual cost for FY24 and a two-year special appropriation of \$2.1 million FY25 and FY26. Increases in contracts for financial analysis is an agency priority due to its impact on national accreditation.

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

The agency request included a \$4.4 million, or 35.8 percent, increase—including a base increase of \$2.8 million and expansion of \$1.4 million—for a total of \$16.6 million in other revenues. For FY25, the LFC recommendation increases Special Revenues by \$2.3 million, or 19 percent, for the Insurance Policy Program.

Insurance Policy. The Insurance Policy Program is responsible for planning and implementing the programs funded by the health care affordability fund (HCAF) and overseeing the patient's compensation fund (PCF). In FY24, the Legislature approved a new program code for the Insurance Fraud and Auto Theft Prevention Division, which was separated from the Insurance Policy Program. The agency requested a \$26.8 million, or 28.3 percent, increase for the program compared to FY24.

The request included an increase of \$3.1 million, or 31 percent, for personnel, including a base increase of \$1.9 million to fill vacancies, fund a 9.2 percent increase in insurance rates, increase compensation for all OSI staff, and reclassify five financial examiner positions. The personnel increase also included an expansion of \$1.5 million for 16 additional FTE.

The agency requested to increase contractual services by \$1.4 million, or 23.3 percent. The majority of the increase was for financial analysis services, an increase of \$782.5 thousand compared to FY24. The agency requested \$17.5 thousand for financial analysis services in FY24 but had to use budget adjustment authority to start the contract to address NAIC accreditation issue. OSI also requested a FY24 supplemental appropriation to fund the difference for FY24. Additional contractual increases include \$400 thousand for HCAF outreach activities, \$118.6 thousand for actuarial consulting, \$145.5 thousand for an insurance regulator, \$150 thousand for technical assistance, and \$63.6 thousand for increased legal services.

The agency requested to increase the other costs category by \$22.4 million, or 27.6 percent, compared to FY24. The majority of the increase, \$22.3 million, was to fund affordability initiatives funded by the health care affordability fund. The remaining increase in the other costs category was for employee training, increased rent, and office supplies. Without including the increase for the health care affordability fund, the agency requested an increase of \$50 thousand, or 0.06 percent, for increases in operational costs.

The committee recommendation increases personnel by \$1.6 million, or 16.2 percent, to fill vacancies. The recommendation also increases contractual services by \$857.5 thousand, or 23 percent, which includes a base increase of \$350 thousand for financial analysis services to preserve the agency's national accreditation. The recurring request for financial analysis contractual services reflects the agency's ongoing needs for training, technical assistance, secondary reviews, and company oversight. LFC may consider additional one-time funding of \$2.1 million for FY25 and FY26 for financial analysis services to provide the agency with continuous training, analysis, technical assistance, and access to experts while the agency increases its internal capacity. OSI plans to fill all financial analyst positions and fully train staff with the support of contractors through this one-time appropriation to reduce long-term recurring funding in the future. The remaining increase for contractual services, \$507.5 thousand, is for increased legal consulting, technical support, and actuarial representation. Regarding the cybersecurity incident, the committee does not make immediate recommendations for one-time or recurring appropriations but recommends further discussion of the state's cybersecurity planning efforts during the legislative session. Excluding the increases for the health care affordability fund, LFC supports the agency's request for other operational costs. Overall, LFC recommends a 9 percent increase for the Insurance Policy Program.

Health Care Affordability Fund. Laws 2021, Chapter 136, created a health care affordability fund (HCAF), funded through a 3.75 percent health insurance premium surtax collected by the Taxation and Revenue Department that can be used to reduce premiums and out-of-pocket healthcare costs for New Mexicans who qualify for coverage, reduce premiums for small businesses and their employees, and provide resources for planning, design, and implementation of healthcare coverage initiatives. Though the Taxation and Revenue Department collects the surtax, the Superintendent of Insurance is charged with managing the fund, including annual reporting to the Legislature, creating affordability criteria, and submitting a plan to extend healthcare access to uninsured New Mexicans.

The health care affordability fund supports three programs. The first program, small business health insurance premium relief initiative, began operation in July 2022 and reduces health insurance premiums for small businesses in New Mexico by 10 percent. The second program, the marketplace affordability program, began operating in January 2023 and reduces premiums and out-of-pocket costs for those who purchase coverage on BeWellNM, the state's health insurance marketplace. The third program, the uninsured program, is expected to launch in late 2024 and will expand coverage to uninsured New Mexico residents ineligible for Medicaid or Medicare or for health insurance on BeWellNM.

During the 2023 regular legislative session, the Legislature significantly increased base funding for the health care affordability fund for the healthcare cost initiatives and for recurring Medicaid expansion population costs. The Legislature also appropriated an additional \$2.3 million to reduce small business insurance premiums. In 2022, the Legislature appropriated \$30 million to reduce insurance premiums for small businesses and \$28 million for cost-sharing and to transition uninsured individuals from Medicaid.

As of August 2023, the consensus revenue estimating group projects the health care affordability fund will receive \$100.4 million in FY25, \$104.3 million in FY26, and \$108.8 million in FY27 from surtax revenue. However, the Taxation and Revenue Department has struggled to accurately report surtax revenue to the fund, further complicating accurately projecting the fund's ability to support quickly growing initiatives. Additionally, the distribution from the health insurance premium surtax to the health care affordability fund is reduced to 30 percent by law starting July 1, 2024. The distribution in FY22 through FY24 was 55 percent, and the distribution before FY22 was 52 percent. HCAF programs will rely on reserves during years with lower distributions to cover ongoing program costs, but OSI should design programs with expenses to fit within future recurring revenue and not rely on fund balance.

OSI requested an increase of \$22.3 million, or 24 percent, to fully implement the three HCAF programs in FY25, for a total of \$101.3 million. The LFC recommendation increases the agency's budget for HCAF by \$6 million, or 7.5 percent, for a total of \$85 million due to a lower-than-expected enrollment for the small business health insurance premium relief initiative and a delay in the launch of the uninsured program. The recommendation includes some administrative funding and funds to support providers serving uninsured New Mexicans. OSI anticipates expenses for HCAF programs to increase to over \$100 million in FY26, which will exceed projected revenue.

Insurance Fraud and Auto Theft. In FY24, the Legislature approved the transfer of the Insurance Fraud Bureau from the Insurance Policy Program to a new, stand-alone program, the Insurance Fraud and Auto Theft Program. The new program helped the agency secure federal funding to reduce insurance fraud and auto theft and enable more transparent budgeting. Along with the Auto Theft Prevention Authority, the program houses the Insurance Fraud Bureau, which helps reduce overall incidence of insurance fraud and consumer abuse through antifraud outreach and training, and investigate, arrest, refer for prosecution those who commit insurance fraud, auto theft, or related incidents.

The agency requested an increase of \$1.17 million, or 39.6 percent, compared to FY24. The agency requested an increase of \$488.3 thousand, or 27.3 percent, for personnel, including a base increase of \$114.2 thousand to fill vacancies and fund compensation increases, as well as a \$374.1 thousand expansion for 4 new FTE for the fraud bureau. The agency also requested an increase of \$43.2 thousand, or 29.8 percent, in contractual services for consulting services and an additional outreach contractor that will implement activities of the criminal division outreach events. Finally, the agency requested an increase of \$645.2 thousand, or 103.2 percent, in the other costs category for \$500 thousand for the Auto Theft Prevention Authority to issue gifts and grants and \$145.2 thousand for the purchase of two new trucks for prosecutors.

The committee recommendation supports the agency's request for a base increase of \$114.2 thousand to fill vacancies, increases funding for contractual services by \$10 thousand for additional consulting and outreach services, and increases funding for the Auto Theft Prevention Authority by \$25 thousand to issue gifts and grants. Overall, LFC recommends a 5 percent increase for the Insurance Fraud and Auto Theft Program.

Patient's Compensation Fund. The Patient's Compensation Fund (PCF) Program is a flow-through expenditure program that pays malpractice settlements for member physicians and hospitals. Established under the New Mexico Medical Malpractice Act, the program seeks to provide affordable malpractice coverage that caps the amount of certain damages awarded against member healthcare providers. The fund's solvency has been a concern in recent years because the number of court-ordered settlements increased. In addition to increased settlements, Laws 2021, Chapter 41, amended the Medical Malpractice Act to include new providers eligible for participation in the PCF, raised the required underlying coverage limit from \$200 thousand to \$250 thousand, and increased the cap on nonmedical damages for independent providers from \$600 thousand to \$750 thousand in 2022, with an inflation adjustment annually thereafter.

Laws 2023, Chapter 41, amended the Medical Malpractice Act to differentiate between independent outpatient healthcare facilities and those owned and controlled by hospitals. The amendment established a different underlying coverage limit of \$500 thousand, a different claims cap of \$1 million, and limited the protections of the act to three occurrences per year for independent outpatient healthcare facilities. Additionally, the amendment clarifies that hospitals and hospital-controlled outpatient healthcare facilities will no longer participate in the PCF beginning January 1, 2027.

Chapter 41 also requires that the patient's compensation fund's projected actuarial deficit be eliminated by December 31, 2026. The fund has a projected actuarial deficit of almost \$98.4 million, despite a \$32.5 million infusion of general fund revenue during the 2023 regular session and \$30 million infusion during the 2022 regular session. According to the most recent actuary report, OSI would need to issue a 32 percent surcharge increase to meet solvency requirements based on actuarial projections, which could potentially push physicians out of the PCF or, worse, out of the state. Instead, the superintendent issued an 11.8 percent surcharge on independent providers and will not assess a deficit reduction amount on providers in FY24. As of November 2023, the fund had a cash balance of \$182 million.

The agency requested one-time funding of \$10 million to provide surcharge assistance and relief for small and rural hospitals. Without this one-time funding, hospitals will be required to pay the full amount of the PCF surcharge and the actuarial deficit assessment, which will likely be as high as 50 percent of the base surcharge. Additionally, the agency requested one-time funding of \$35.9 million for the elimination of the PCF actuarial deficit that is attributable to independent doctors and facilities. The current estimate of the actuarial deficit that is attributable to independent physicians and surgeons is \$56 million. The expected allocation to the independent physicians and surgeons from the \$32.5 million appropriation in 2023 is \$20.1 million, leaving a remaining deficit of \$35.9 million. Without this one-time funding, independent medical providers will need to be assessed to cover the existing deficit—approximately a 30 percent increase in surcharges. The one-time requests of \$10 million and \$35.9 million will not eliminate the overall actuarial deficit in the PCF. The committee supports the agency's request one-time appropriations for the patient compensation fund.

The agency requested a flat base budget in FY25 for a third-party administrator of the fund, which the LFC supports.

Base Expansion

The agency requested \$1.87 million in expansions for personnel increases, including \$1.5 million for the Insurance Policy Program and \$374.1 thousand for the Insurance Fraud and Auto Theft Program.

The agency requested \$1.5 million for the Insurance Policy Program for a budget and finance specialist, two licensing compliance officers, one compliance officer, one state investigator, four attorneys, four additional personnel for the Life and Health Product Filing Bureau, one compliance manager for the Managed Health Care Bureau, and two personnel to support compliance officers. LFC does not recommend the expansions but increases funding the base for the Insurance Policy Program personnel by \$1.6 million, or 16.2 percent, to fill vacancies.

The agency requested \$374.1 thousand for the Insurance Fraud and Auto Theft Program for four additional personnel, including one paralegal, two special agents, and community service coordinator. LFC does not recommend the expansions but increases base funding for the Insurance Fraud and Auto Theft Program personnel by \$114.2 thousand to fill vacancies.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Ins Ops/Legal	P795	495.5	0.0
0	Ins Ops/Managed Health	P795	82.9	0.0
0	Fraud-Community Service Coordinator	P796	95.2	0.0
0	ins Ops/L&H Prod Filing	P795	165.8	0.0
0	Fraud-Special Agent	P796	207.2	0.0
0	Ins Ops/Investigations	P795	82.9	0.0
0	Ins Ops/L&H	P795	165.8	0.0
0	P790 Special Revenue	P790	1,496.4	0.0
0	Fraud-Paralegal	P796	71.7	0.0
0	Ins Ops/Budget & Finance	P795	105.1	0.0
0	Ins Ops/Company Licensing	P795	149.7	0.0
0	Ins Ops/Consumer Bureau	P795	82.9	0.0
0	Ins Ops/Producer Licensing	P795	165.8	0.0
TOTAL			\$3,366.9	\$0.0

SPECIAL REVENUES

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025	LFC	Percent
	Actuals	Budgeted	Agency Request	Recommendation	Inc (Decr)
SOURCES					
Other Revenues	15,687.3	12,275.3	16,665.8	14,633.9	19.2
TOTAL SOURCES	\$15,687.3	\$12,275.3	\$16,665.8	\$14,633.9	19.2
USES					
Contractual services	357.2	0.0	0.0	0.0	0.0
Other	0.3	0.0	0.0	0.0	0.0
Other financing uses	9,144.6	12,275.3	16,665.8	14,633.9	19.2
TOTAL USES	\$9,502.1	\$12,275.3	\$16,665.8	\$14,633.9	19.2

INSURANCE POLICY

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

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	10,577.9	13,164.1	17,282.4	15,250.5	15.8
Federal Revenues	118.3	0.0	0.0	0.0	0.0
Other Revenues	60,207.6	81,889.3	104,653.5	88,353.5	7.9
TOTAL SOURCES	\$70,903.8	\$95,053.4	\$121,935.9	\$103,604.0	9.0
USES					
Personal Services and Employee Benefits	8,551.0	10,100.0	13,229.3	11,732.9	16.2
Contractual services	1,793.0	3,723.5	5,116.5	4,581.0	23.0
Other	1,629.0	81,024.3	103,384.5	87,084.5	7.5
Other financing uses	31,960.6	205.6	205.6	205.6	0.0
TOTAL USES	\$43,933.6	\$95,053.4	\$121,935.9	\$103,604.0	9.0
FTE					
Permanent	94.2	98.7	115.7	99.7	1.0
TOTAL FTE	94.2	98.7	115.7	99.7	1.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Total number of lives directly impacted by the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Outcome	Total reduction in out-of-pocket costs under the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Outcome	Total reduction in premium costs under the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of criminal division referrals processed	N/A	N/A	N/A	N/A	N/A
Output	Number of prosecutor referrals that resulted in adjudicatory action	N/A	N/A	N/A	N/A	N/A
Output	Percent of complaints closed within one hundred eighty days of filing and not re-opened by the consumer assistance bureau	N/A	N/A	N/A	N/A	N/A
Output	Percent of complaints closed within one hundred eighty days of filing and not re-opened or referred for enforcement action by the civil Investigations bureau	N/A	N/A	N/A	N/A	N/A
Output	Percent of criminal division referrals processed	0%	Discontinued	0%	Discontinued	95%
Output	Percent of referrals declined for further action	N/A	N/A	N/A	N/A	N/A
Output	Percent of referrals recommended for further administrative action	N/A	N/A	N/A	N/A	N/A
Output	Percent of referrals recommended for prosecution	N/A	N/A	N/A	N/A	N/A
Output	Percent of internal and external insurance-related grievances closed within 240 days of filing by the managed healthcare bureau.	92%	93%	95%	95%	95%
Output	Percent of producer applications, appointments and renewals processed within ten business days	N/A	N/A	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Percent of form and rate filings processed within ninety days within the life and health bureau	99%	99%	97%	97%	97%
Efficiency	Percent of form and rate filings processed within 90 days within the property and casualty bureau	100%	100%	99%	99%	99%
Output	Number of managed healthcare outreach activities conducted annually	47.0	21.0	20.0	20.0	20.0
Efficiency	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	100%	100%	100%	100%	100%
Efficiency	Percent of criminal division complaints processed and recommended for either further administrative action or closure within ninety days	100%	100%	100%	100%	100%
Explanatory	Auto theft rate ranking among the fifty states	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of cases prosecuted by the criminal division	120.0	145.0	N/A	N/A	N/A
Explanatory	Number of life and health rate filings reviewed	493.0	426.0	N/A	N/A	N/A
Outcome	Dollars saved or recovered for consumers by the consumer assistance bureau	\$2,434,671	\$4,070,255	\$1,500,000	\$1,224,284	\$1,224,284
Explanatory	Number of cases referred to the criminal division	964.0	1,149.0	N/A	N/A	N/A
Output	Number of examinations conducted	9.0	10.0	7.0	7.0	7.0
Output	Number of inspections performed by the title insurance bureau	75.0	133.0	75.0	100.0	100.0
Explanatory	Number of complaints received by the investigations bureau for which enforcement action is taken	11.0	33.0	N/A	N/A	N/A
Explanatory	Auto thefts per 100,000 population	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of property and casualty rate and form filings reviewed	312.0	699.0	N/A	N/A	N/A
Explanatory	Dollars saved or recovered for consumers by the managed health care bureau	\$209,782	\$1,526,230	N/A	N/A	N/A
Output	Number of consumer complaints received by the consumer assistance bureau	740.0	1,073.0	700.0	700.0	700.0
Explanatory	Number of grievances received by the managed health care bureau	565.0	445.0	N/A	N/A	N/A
Explanatory	Number of complaints received by the investigations bureau	64.0	114.0	N/A	N/A	N/A
Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further criminal actions/prosecutions or closure within sixty days	100%	100%	100%	100%	100%
Output	Percent of domestic company examination reports adopted within 18 months of the examination period	100%	100%	100%	100%	100%

PATIENT'S COMPENSATION FUND**BUDGET SUMMARY**
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	103,496.0	30,460.4	30,460.4	30,460.4	0.0
TOTAL SOURCES	\$103,496.0	\$30,460.4	\$30,460.4	\$30,460.4	0.0
USES					
Personal Services and Employee Benefits	37.3	42.9	0.0	0.0	(100.0)
Contractual services	1,335.4	2,292.7	2,292.7	2,292.7	0.0
Other	111,720.4	27,852.6	28,167.7	28,167.7	1.1
Other financing uses	816.5	272.2	0.0	0.0	(100.0)
TOTAL USES	\$113,909.6	\$30,460.4	\$30,460.4	\$30,460.4	0.0
FTE					
Permanent	0.0	0.2	0.0	0.0	(100.0)
TOTAL FTE	0.0	0.2	0.0	0.0	(100.0)

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of claims reported to the patient compensation fund	\$0.0	NEW	N/A	N/A	N/A
Explanatory	Number of participating providers enrolled into the patients' compensation fund	\$0.0	NEW	N/A	N/A	N/A
Explanatory	Total amount of settlements reached (i.e. claims paid)	\$0.0	NEW	N/A	N/A	N/A
Explanatory	Patients' compensation fund actuarial deficit, in millions	(42,731,638.0)	(71,158,765.0)	N/A	N/A	N/A
Efficiency	Percent of required reports submitted timely to the national practitioner data bank	98%	100%	95%	Discontinued	0%
Efficiency	Percent of required reports submitted timely to the centers for medicare and medicaid services	100%	100%	95%	Discontinued	0%
Explanatory	Audit of all uploaded transactions within twenty four hours	100.0	100.0	N/A	N/A	N/A

INSURANCE FRAUD AND AUTO THEFT PROGRAM**BUDGET SUMMARY**
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	0.0	2,594.2	2,969.2	2,315.8	(10.7)
Fund Balance	0.0	375.0	1,176.7	802.6	114.0
TOTAL SOURCES	\$0.0	\$2,969.2	\$4,145.9	\$3,118.4	5.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	0.0	1,787.8	2,276.1	1,902.0	6.4
Contractual services	0.0	145.1	188.3	155.1	6.9
Other	0.0	625.3	1,270.5	650.3	4.0
Other financing uses	0.0	411.0	411.0	411.0	0.0
TOTAL USES	\$0.0	\$2,969.2	\$4,145.9	\$3,118.4	5.0
FTE					
Permanent	14.8	16.1	19.3	15.3	(5.0)
TOTAL FTE	14.8	16.1	19.3	15.3	(5.0)

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of criminal division referrals declined for further action	\$0.0	NEW	N/A	N/A	N/A
Explanatory	Number of criminal division referrals processed	\$0.0	NEW	N/A	N/A	N/A
Explanatory	Number of criminal division referrals recommended for further administrative action	\$0.0	NEW	N/A	N/A	N/A
Explanatory	Number of criminal division referrals recommended for pre-prosecution probation	0.0	NEW	N/A	N/A	N/A

Statutory Authority

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

Mission

The mission of the medical board is to protect the public from the improper, unprofessional, incompetent, and unlawful practice of medicine by implementing and enforcing the laws and regulations controlling the granting and use of the privilege to practice medicine.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	2,944.9	2,909.9	3,000.0	3,000.0	3.1
Fund Balance	0.0	465.5	480.0	480.0	3.1
TOTAL SOURCES	\$2,944.9	\$3,375.4	\$3,480.0	\$3,480.0	3.1
USES					
Personal Services and Employee Benefits	1,422.3	1,776.4	1,803.5	1,803.5	1.5
Contractual services	723.7	978.9	918.7	918.7	(6.1)
Other	439.0	620.1	757.8	757.8	22.2
TOTAL USES	\$2,585.0	\$3,375.4	\$3,480.0	\$3,480.0	3.1
FTE					
Permanent	19.0	19.0	19.0	19.0	0.0
TOTAL FTE	19.0	19.0	19.0	19.0	0.0

At A Glance

The Medical Board requested an increase of 3.1 percent above the FY24 operating budget. The board’s request increased licensing fee revenues and use of fund balances. The projected increase in licensing revenue is a result of consolidating the Podiatry Board with the Medical Board. The board requested a decrease in contractual services spending by \$60.2 thousand, or 6.1 percent, because the board no longer needs a contract for technical assistance in development of its licensing IT system. Much of the requested increase in personnel and the other category is for personnel from the Podiatry Board and building lease costs. The board is working with the General Services Department to find a new space to lease for FY25.

The agency requested an increase in the use of fund balance in the operating budget in FY25. The committee recommendation supports the requested use of fund balance. Fund balances at the close of FY24 are projected at nearly \$2.2 million. The board received \$2.9 million in revenues over the past several fiscal years, while expenditures were closer to \$2.6 million, resulting in a growing fund balance. The agency issued over 5,911 physician licenses and renewals in FY23, 642 above the previous fiscal year. The LFC recommendation supports the board request.

As of September 2023, the board had three investigators and one attorney. In FY18, the board opened 319 total cases, including 93 board-initiated complaints; in FY19, 356 total cases were opened, including 114 board-initiated complaints; in FY20, of the 296 total complaints, 102 were initiated by the board. In FY21, of the 326 total complaints, 72 were initiated by the board. In FY22, the board received 305 complaints, 93 of which were initiated by the board. In FY23, the board received 312 complaints, 66 of which were initiated by the board. As of September 2023, the board had 94 cases open. The board previously reported the complexity of the type of cases being investigated has increased. Board complaints have included gross negligence in medical treatment, sexual misconduct, injudicious prescribing, injudicious prescribing leading to death or nonfatal overdose, substance abuse, and other significant patient harm.

LICENSING & CERTIFICATION

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of entities provided with information through written license verification and website access	2,013,505.0	1,776,307.0	1,750,000.0	1,750,000.0	1,770,000.0
Output	Number of triennial physician licenses issued or renewed	5,269.0	5,911.0	4,600.0	6,000.0	6,000.0
* Output	Number of biennial physician assistant licenses issued or renewed	621.0	598.0	550.0	600.0	600.0
Output	Number of complaints closed within the fiscal year	222.0	234.0	250.0	240.0	240.0
Output	Number of participants in monitored treatment programs	37.0	41.0	60.0	60.0	60.0
* Outcome	Number of days to issue a physician license	61.0	64.0	55.0	21.0	21.0
Explanatory	Number of licensees contacted regarding high-risk prescribing and prescribing monitoring program compliance, based on the board of pharmacy prescription monitoring program reports	432.0	309.0	N/A	N/A	N/A

Statutory Authority

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

Mission

The mission of the Board of Nursing is to regulate nursing practice, nursing education, medication aide practice, and education and hemodialysis practice and education in the interest of public health, safety, and welfare.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.5	201.5	0.0	0.0	(100.0)
Other Revenues	3,446.2	3,301.3	4,021.2	4,021.2	21.8
Fund Balance	0.0	523.9	230.0	230.0	(56.1)
TOTAL SOURCES	\$3,446.7	\$4,026.7	\$4,251.2	\$4,251.2	5.6
USES					
Personal Services and Employee Benefits	2,264.2	2,739.5	2,837.2	2,837.2	3.6
Contractual services	101.2	84.4	200.0	200.0	137.0
Other	641.7	952.8	1,164.0	1,164.0	22.2
Other financing uses	35.5	250.0	50.0	50.0	(80.0)
TOTAL USES	\$3,042.6	\$4,026.7	\$4,251.2	\$4,251.2	5.6
FTE					
Permanent	27.0	27.0	27.0	27.0	0.0
TOTAL FTE	27.0	27.0	27.0	27.0	0.0

At A Glance

The board requested, and the committee recommends, a 5.6 percent increase. The board increased revenues from other revenues licensing revenues to account for projected increased revenues from international licenses, which is also expected to continue for several years. The board request reduced the vacancy rate by increasing spending on personnel by \$97.7 thousand, which would allow the board to fill 1 additional FTE. As of September 2023, 22 of the board's 27 FTE were filled. The agency request for contracts increased significantly from the FY24 operating budget for attorney services to continue work in reducing a case backlog. The board has reported a backlog of 43 cases, down from 160 cases last year. Of the 43 backlogged cases, four are from 2021 and 39 from 2022. Additionally, the board's increase from licensing fees and some fund balances is to fund two programs targeted at increasing the number of nurses in the state, the first is waiving the first licensing fee for new nurses at an estimated cost of \$200 thousand and waiving testing costs for the first year of nurses enrolled in the diversion program estimated to cost \$60 thousand.

Budget Issues

The Board of Nursing provides grants to higher education institutions and other organizations to enhance recruitment, retention, employment, and educational opportunities for professional nurses. In FY25, the Center for Nursing Excellence will grant funding for 20 \$1,000 scholarships. According to the Board of Nursing, Native Americans represent 11 percent of New Mexico's population and 5 percent of licensed nurses. The board also grants awards to the New Mexico Native American Indian Nurses Association that should fund 22 \$2,000 scholarships to higher education institutions.

The board request for grants in FY25 was relatively flat with the previous fiscal year. The board's projected operating fund balance is estimated to be \$2 million at the close of next fiscal year. Given historical licensing fees, revenue collections, and healthy fund balances, the LFC recommendation fully funds the agency's request.

The board's performance was mixed in FY23. For example, while the board logged and initiated investigations within required timeframes, it only investigated and presented 89 percent of low and medium-priority complaints to the board within six months, up from 88 percent in the previous fiscal year. Additionally, the board was only able to contact 311 advance practice nurses regarding high-risk prescribing and prescriptions monitoring program compliance.

Many areas of New Mexico are short on nurses. The number of certified nurse practitioners practicing in New Mexico in 2023 was 4,355, an increase of 17 from the practitioners in 2022. In total, the board reported 42,136 total active licenses across the six licensure types in 2023.

The LFC recommendation supports the board request.

LICENSING AND CERTIFICATION

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

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Percent of complaints logged and investigations initiated within two business days of receipt of written complaint	93%	60%	98%	60%	98%
Output	Percent of low and medium priority complaints investigated and presented to the board of nursing within six months	88%	89%	88%	60%	75%
Efficiency	Percent of unlicensed assistive personnel and nursing education program reviews completed within forty-five days of the program review requirements	100%	100%	97%	97%	98%
Explanatory	Number of licensed practical nurse licenses active on June 30	2,441.0	2,431.0	N/A	N/A	N/A
Explanatory	Number of registered nurse licenses active on June 30	31,132.0	32,864.0	N/A	N/A	N/A
Explanatory	Number of certified nurse practitioner licenses active on June 30	4,338.0	5,274.0	N/A	N/A	N/A
Explanatory	Number of clinical nurse specialist licenses active on June 30	87.0	79.0	N/A	N/A	N/A
* Explanatory	Number of certified registered nurse anesthetist licenses active on June 30	627.0	638.0	N/A	N/A	N/A
Explanatory	Number of certified hemodialysis technicians 1 and 2 licenses active on June 30	635.0	401.0	N/A	N/A	N/A
Explanatory	Number of certified medication aid 1 and 2 licenses active on June 30	375.0	213.0	N/A	N/A	N/A
Explanatory	Number of lactation care providers licenses active on June 30	47.0	11.0	N/A	N/A	N/A
* Output	Number of advanced practice nurses contacted regarding high-risk prescribing and prescription monitoring program compliance, based on the pharmacy board's prescription monitoring program reports	231.0	311.0	300.0	200.0	500.0
Explanatory	Number of nursing education site visits completed	7.0	6.0	N/A	N/A	N/A

Statutory Authority

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

Mission

The mission of the State Fair is to professionally operate year-round events and entertainment and to maintain event venues for public use and benefit that help build the infrastructure for the annual New Mexico State Fair event.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	200.0	375.0	375.0	375.0	0.0
Other Revenues	14,274.2	14,573.1	14,955.4	14,955.4	2.6
TOTAL SOURCES	\$14,474.2	\$14,948.1	\$15,330.4	\$15,330.4	2.6
USES					
Personal Services and Employee Benefits	7,266.4	7,983.1	7,983.2	7,983.2	0.0
Contractual services	3,113.6	3,435.0	3,162.2	3,162.2	(7.9)
Other	3,990.0	3,530.0	4,185.0	4,185.0	18.6
TOTAL USES	\$14,370.0	\$14,948.1	\$15,330.4	\$15,330.4	2.6
FTE					
Permanent	32.0	35.0	35.0	35.0	0.0
TOTAL FTE	32.0	35.0	35.0	35.0	0.0

At A Glance

The New Mexico State Fair requested a \$382.3 thousand, or 2.6 percent, increase in revenues primarily from carnival rides, admissions, and parking. Increased expenses are primarily for utility and consumable good increases, with a 18.6 percent increase to the other uses category. However, the agency is requesting an offsetting decrease of contractual services. The agency request includes \$375 thousand from the general fund for the operations of the African American Performing Arts Center, flat with the FY24 operating budget. The committee fully supports the request.

Budget Issues

In FY21, the State Fair accrued costs from salaries and maintenance of Expo New Mexico facilities but experienced a revenue shortfall as a result of the pandemic. In FY22, the agency continued to operate at a loss, but less so. Because of this, during the 2021 and 2022 legislative sessions, the State Fair received \$4.2 million and \$5.5 million in supplemental appropriations to make up for lost revenue. The \$4.2 million the fair received in 2021 covered a deficiency from FY20 but did not fully cover the FY21 shortfall, resulting in a portion of the \$5.5 million supplemental appropriation from the 2022 session being used to cover the FY21 deficiency and the remainder being used for the FY22 shortfall.

In FY23, the fair projected a \$3 million shortfall, attributed to the slow recovery of entertainment acts and exposition shows, with fewer vendors coming to the state post-pandemic and increased temporary staff costs. The agency received a supplemental appropriation of \$1.25 million in 2024 for FY23, and the agency ended FY23 with a surplus of \$1.35 million. As of October 2023, the State Fair had not spent any of these supplemental funds. In 2023, State Fair attendance was over 475 thousand, rebounding to pre-pandemic levels.

In FY22, the state moved funding for programs and exhibits at the African American Performing Arts Center from the budget of the Office of African American Affairs to the State Fair's. The committee supports the request for \$375 thousand in general fund revenue for performance center operations for FY25, the same amount as the FY24 operating budget.

The recommended performance targets for the fair attendance return to pre-pandemic levels and increase fair participant satisfaction to 95 percent.

NEW MEXICO STATE FAIR

The purpose of the state fair program is to promote the New Mexico state fair as a year-round operation with venues, events and facilities that provide for greater use of the assets of the agency.

Recommended Language

The general fund appropriations to the New Mexico state fair include three hundred seventy-five thousand dollars (\$375,000) for the African American performing arts center operations.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	87%	65%	95%	95%	95%
Output	Percent of counties represented through exhibits at the annual state fair	40%	85%	100%	100%	100%
* Output	Number of paid attendees at annual state fair event	185,494.0	380,095.0	430,000.0	430,000.0	430,000.0
Output	Number of total attendees at annual state fair event	275,467.0	475,318.0	500,000.0	500,000.0	500,000.0

Statutory Authority

The Engineering and Surveying Practice Act, Sections 61-23-1 through 61-23-32 NMSA 1978, establishes a 10-member State Board of Licensure for Professional Engineers and Professional Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. The 10 members, appointed by the governor to staggered five-year terms, meet regularly every other month.

Mission

The mission of the State Board of Licensure for Engineers and Land Surveyors is to regulate practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health, and property.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.8	0.8	0.0	0.0	(100.0)
Other Revenues	1,145.6	1,048.9	1,146.4	1,146.4	9.3
Fund Balance	0.0	354.6	257.9	257.9	(27.3)
TOTAL SOURCES	\$1,146.4	\$1,404.3	\$1,404.3	\$1,404.3	0.0
USES					
Personal Services and Employee Benefits	658.8	709.3	744.6	744.6	5.0
Contractual services	170.9	331.1	295.8	295.8	(10.7)
Other	190.3	363.9	363.9	363.9	0.0
TOTAL USES	\$1,020.0	\$1,404.3	\$1,404.3	\$1,404.3	0.0
FTE					
Permanent	8.0	8.0	8.0	8.0	0.0
TOTAL FTE	8.0	8.0	8.0	8.0	0.0

At A Glance

The board requested a flat budget of \$1.4 million for FY25, including \$1.1 million in fee revenue and \$257.9 thousand from fund balances. The board requested a \$96.7 thousand, or 27 percent, decrease in fund balance to align the board’s revenue with their expenditures. The fund balance provides funding for scholarships and equipment to higher education institutions. As of August 2023, the board’s fund balance was \$1.01 million.

The board requested a \$35.3 thousand, or 5 percent, increase in personnel and employee benefits for the estimated increases in employee benefit costs. The board requested an 11 percent decrease in contractual services due to the reduction in services received under the memorandum of understanding with the New Mexico Regulation and Licensing Department in FY22. The committee supports the board’s request for a flat operating budget for FY25, as well as the decrease in revenue from the fund balance.

The 2023 amendment to Section 61-23-35 NMSA 1978 changed the amount the board can withdraw annually from the engineering and survey scholarship fund from \$100 thousand to \$250 thousand. The board’s fund balance request would allocate \$250 thousand from the engineering and survey scholarship fund and \$7,900 from the professional engineers and surveyor fund. Funds are awarded directly to the University of New Mexico, New Mexico State University, and New Mexico Institute of Mining and Technology. In FY23, there were 10,662 active licensed surveyors and engineers in New Mexico, 10,128 professional engineers, and 524 professional surveyors. Ten professionals are licensed in both professions.

STATE BOARD OF LICENSURE FOR ENGINEERS AND SURVEYORS

The purpose of the regulation and licensing program is to regulate the practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health and property and to provide consumers with licensed professional engineers and licensed professional surveyors.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Number of days from receipt of application to issuance of license	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of consumers requesting information who are provided with information	100%	100%	100%	100%	100%
Output	Number of licenses or certifications issued within one year	1,039.0	776.0	700.0	700.0	700.0
Efficiency	Percent of cases resolved through compliance or legal action within one year	15%	33%	50%	50%	50%
Efficiency	The number of days from receipt of a complaint to delivery to the respective professional committee of the board	94.0	85.0	90.0	90.0	90.0

Statutory Authority

Sections 60-2E-1 through 60-2E-62 NMSA 1978, the Gaming Control Act, establishes the primary functions and authority of the Gaming Control Board (GCB). This authority includes licensing, regulation, and enforcement of the provisions of the act. GCB also monitors all activity authorized in the Indian gaming compacts (Section 11-13-1 NMSA 1978) and designates the tribal gaming representative. An executive director leads six divisions: Enforcement, Audit and Compliance, Information Systems, Administrative Services, Licensing, and Legal. The board consists of five members—a law enforcement representative, a certified public accountant member, an attorney, a public member, and the chairman of the State Racing Commission, who serves as an ex officio member.

Mission

The mission of the Gaming Control Board is to uphold the integrity of gaming regulations at licensed racetracks and nonprofit organizations and to monitor tribal gaming activity in the state. The Gaming Control Board qualifies gaming venues and their employees through a rigorous licensing and certification process and implements its statutory obligations through its Audit and Compliance, Enforcement, and Information Systems divisions. The agency structure is designed to ensure a fair and honest gaming environment, while recognizing the importance of gaming tax revenue to the New Mexico economy.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,883.3	6,642.3	7,287.7	6,642.3	0.0
Other Transfers	222.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$6,105.9	\$6,642.3	\$7,287.7	\$6,642.3	0.0
USES					
Personal Services and Employee Benefits	3,731.1	4,841.7	5,422.9	4,777.5	(1.3)
Contractual services	139.7	88.2	802.9	802.9	810.3
Other	2,122.8	1,712.4	1,061.9	1,061.9	(38.0)
TOTAL USES	\$5,993.6	\$6,642.3	\$7,287.7	\$6,642.3	0.0
FTE					
Permanent	52.0	52.0	52.0	52.0	0.0
TOTAL FTE	52.0	52.0	52.0	52.0	0.0

At A Glance

For FY25, the Gaming Control Board (GCB) requested an increase of \$645.4 thousand in general fund revenues, or 9.7 percent over the FY24 operating budget.

The request included a \$581.2 thousand increase, or 12 percent, in the personnel category to reduce the vacancy rate and \$714.7 thousand, or 810.3 percent increase, for contractual services, which was offset by the other services category by a \$650.5 thousand decrease, or 38 percent.

The committee recommends keeping personnel funding flat with the agency’s FY24 operating budget. The committee supports GCB shifting \$650.5 from the other costs category into contractual services to fund internal agency audits and system maintenance costs for the central monitoring system, funding GCB’s full increase in contracts and decrease in the other costs category.

Budget Issues

In FY23, GCB transferred, through the budget adjustment request (BAR) process, \$646.3 thousand out of the personal services and employee benefits category to the contractual services category for maintenance and support for its central monitoring system (CMS) in anticipation of risk management settlements and for other professional services. Transfers from the personnel category to the other services category included professional training on electronic gaming equipment, a replacement vehicle for field audits, an additional vehicle for the enforcement unit, software and technology equipment, uniforms, a printer, and field supplies for the enforcement unit. Funds from the personnel category were also transferred into the other costs category for building maintenance items such as replacement blinds and for over \$70 thousand in security improvements for the leased space.

At the beginning of FY24, GCB had 14 vacancies, or a 13 percent vacancy rate, equating to \$637.2 thousand in funded vacancies, which suggests the agency may again submit a BAR transferring funds out of personal services and employee benefits sometime in FY24. Vacant positions include the agency’s chief information officer and its executive director. The agency also reports nine longstanding vacant positions, including one that dates to 2015. Four positions have been vacant since 2022, three since 2021, one since 2020, and one classified position since 2015. The longest vacant position, the general counsel, has been used for cost savings. The agency does not utilize services from the Office of the Attorney General but defers to its internal legal team. Most recently, the agency has experienced turnover in two of its key leadership positions, its executive director and its director of information technology. The agency had an FY23 funded vacancy rate of 24 percent and hired roughly five positions since that time and has not yet reclassified positions that have been historically vacant.

In FY23, GCB closed its gaming CMS replacement project, which replaced its 10-year-old legacy monitoring system with a new web-based system, for \$2.3 million. The new system can securely communicate with 15 thousand gaming machines and allows for streamlined training, and a web-based portal for distributors, racetracks, nonprofits, and other stakeholders to get reports on machine status, as well as other automated reporting for slot monitoring, maintenance, and monthly accounting. Maintenance and operation costs for FY24 are \$680.7 thousand, and the contract for system support services spans FY24 through FY26. The contract costs will increase year by year to a total of \$2.8 million.

The requested increase in the contractual services category is \$802.9 thousand, nearly eight times more than the FY23 operating budget, primarily for website support and system maintenance costs for the central monitoring system, including \$650.5 thousand GCB proposes to shift from the agency’s other costs category into the contractual services category. The total decrease in the other costs category for the close of the CMS project is \$705.6 thousand, which the agency no longer needs for technology agreements. GCB’s requested increase in the contractual services category also includes close to \$30 thousand for internal agency audits for licensing, tribal, and technology divisions and a \$30 thousand research project designed to improve gaming audit practices with a responsible gaming component. The research project and responsible gaming initiative are in the initial planning phase in FY24 and will be continued throughout all GCB divisions beyond FY25.

GCB continues to pay \$679 thousand per year for its leased space in Albuquerque, a \$21.2 thousand or 3.2 percent increase from the 2019 leasing cost of \$657.8 thousand per year. The monthly cost is \$56.6 thousand per month for 52 FTE. In 2022, LFC recommended the board work with GSD to move into cheaper space, renegotiate the lease cost in exchange for a longer term, or find vacant state-owned space. The committee encourages GCB work with the State Racing Commission to adhere to Executive Order 2006-015 for efficiency in state government and cost savings to New Mexico taxpayers.

GAMING CONTROL

The purpose of the gaming control program is to provide strictly regulated gaming activities and to promote responsible gaming to New Mexicans so they can attain a strong level of confidence in the board’s administration of gambling laws and assurance the state has competitive gaming free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of all tribal gaming quarterly revenue share verifications completed	N/A	N/A	N/A	N/A	N/A
Quality	Percentage of incidents reported to the central monitoring system help desk closed within three calendar days	99%	98%	97%	97%	99%
Outcome	Percent of work permit and work permit renewals processed within 45 business days	94%	96%	97%	97%	97%
Output	Percent of all tribal gaming operation inspections and reviews completed in one fiscal year	100%	100%	99%	99%	100%
Output	Percent of audit reports completed and mailed within thirty business days of completion of field work or desk compliance review	90%	99%	98%	98%	100%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Average annual number of inspections conducted by each agent at assigned non-tribal venues	17.0	12.0	24.0	24.0	24.0
Output	Average annual number of inspections conducted by each agent at each assigned bingo and raffle location	3.0	4.0	6.0	4.0	6.0
Output	Percent of transported gaming software and devices inspected by agents	99%	85%	90%	90%	90%
Outcome	Percent of key and business license applications are to be completed and board presented within 90 days of receipt of application	66%	90%	90%	90%	95%
Outcome	Percent of staff permit license applications with complete information submitted by applicants and presented to the Board within 30 business days of receipt of the application	61%	89%	93%	93%	93%

Statutory Authority

The primary functions of the State Racing Commission, as defined in Sections 60-1-1 through 6-1-26 NMSA 1978, are to license horseracing industry participants, make rules and regulations surrounding the operations of race meets, and set race dates.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,476.7	2,871.3	4,409.8	2,987.4	4.0
Other Transfers	114.2	0.0	0.0	0.0	0.0
Other Revenues	1,913.5	1,000.0	4,000.0	4,000.0	300.0
TOTAL SOURCES	\$4,504.4	\$3,871.3	\$8,409.8	\$6,987.4	80.5
USES					
Personal Services and Employee Benefits	1,529.7	2,007.8	3,474.8	2,123.9	5.8
Contractual services	1,206.3	1,539.9	3,039.9	3,039.9	97.4
Other	464.8	323.6	1,895.1	1,823.6	463.5
TOTAL USES	\$3,200.8	\$3,871.3	\$8,409.8	\$6,987.4	80.5
FTE					
Permanent	18.0	19.9	31.9	19.9	0.0
Term	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	21.0	19.9	31.9	19.9	0.0

At A Glance

The State Racing Commission (SRC) requested a \$1.5 million increase in general fund appropriations, a 53.6 percent increase above the FY24 operating budget. SRC’s request also included \$700 thousand in other revenues from the racehorse testing fund and \$300 thousand from industry racing revenue, consistent with FY24 amounts. The request further included a \$3 million increase in other revenue from the newly established exercise rider and jockey insurance fund created by Laws 2023, Chapter 122. The overall budget request is 80.5 percent, or \$4.5 million, over the FY24 operating budget.

SRC’s request for personnel included a \$116.1 thousand, or 4 percent, increase in the base budget to fill a vacant veterinarian position and to fund a significant increase in employee liability insurance. The agency requested a base increase in the contractual services category of \$1.5 million, or 97.4 percent, over the FY24 budget, for exercise rider and jockey insurance premiums required by Laws 2023, Chapter 122, and \$400 thousand to fund racetrack safety program positions for the racetracks. SRC requested \$1.5 million in the other costs category, 463.5 percent over the FY24 budget, to pay \$1.5 million in federal Horseracing Integrity and Safety Act (HISA) assessment fees and other payments collected from racetracks and passed onto federal regulators.

SRC’s request included a \$1.4 million expansion, \$1.3 million in personnel services and employee benefits for 12 FTE, and \$71.5 thousand in the other category for supporting expenses for the additional staff.

The committee recommends fully funding SRC’s base request for revenue and expenditures. The recommendation included a \$116.1 thousand increase, or 5.8 percent, in the personal services and employee benefits category to fill a vacant veterinarian position and to fund an increase in employee liability insurance. The committee recommends a \$1.5 million increase in the contractual services category, a 97.4 percent increase over FY24, including \$1.5 million for assessment fees associated with federal requirements while keeping agency contract funding consistent with prior fiscal year levels as requested by SRC. The recommendation further includes an increase of \$1,500 in the other costs category to fund fuel costs. The committee recommendation does not support the agency’s \$1.4 million expansion request.

Budget Issues

In April 2023, SRC was charged with the responsibility for regulatory oversight of a new exercise rider and jockey insurance fund created by Laws 2023, Chapter 122. As a result, the agency is receiving 1.2 percent of state gaming excise tax proceeds to pay exercise rider and jockey insurance to New Mexico's five racetracks. SRC is projecting revenues of \$250 thousand monthly, or \$3 million annually, to go toward exercise rider and jockey insurance, as well as federal Horseracing Integrity and Safety Act (HISA) assessment fees. The \$3 million will cover insurance costs and HISA assessment fees for the state's five racetracks. The federal budget for HISA is \$66.4 million, a budget financed by state racing programs. New Mexico paid \$1.6 million for federal regulatory oversight in FY23, and assessment fees fund all areas of the national HISA program including nationwide investigations, the salaries of federal HISA employees, national lawsuits, in-competition and out-of-competition drug testing nationwide, and salaries of HISA stewards.

In August 2023, the governor sent SRC a memo demanding action to protect New Mexico racehorses and riders. In 2012 and 2013, the agency was in the spotlight for the most racehorse and rider fatalities in the nation. In FY23, catastrophic injuries again rose well above the national average. In response to these issues, SRC has included contracts for racetrack safety program positions in its FY25 request: \$51 thousand for a medical equine director, \$45 thousand for an equine hearing officer, \$55 thousand for an out-of-competition vet, \$60 thousand for racetrack auditors, and \$200 thousand for veterinarians. The LFC recommendation funds these safety aspects as requested by the agency both in the contracts and other costs categories.

The agency has completed its first year with the federal HISA program. Four out of the five New Mexico racinos participate in the HISA program. According to SRC, SunRay Park and Casino opted not to export its horseracing simulcast signal, which cost the state 21 days of revenue in FY23. This is estimated to be roughly \$400 thousand in lost revenue. SunRay was deliberate in its decision not to comply with the HISA program, but the racino was permitted to broadcast its signal internationally, which is outside of HISA jurisdiction. Despite not participating in the national HISA program, the track must contribute to the state-mandated exercise rider and jockey insurance fund. Insurance bills from SunRay do not appear in budget projections due to opting out of the HISA program, but SRC projects the track will pay \$8,500 every month to the insurance fund.

Racetracks are responsible for selecting the rider and jockey insurance vendor of their choice. Because the program is new, there is no audit mechanism in place for overseeing the new fee and its distribution. LFC analysis projects \$1.6 million in exercise rider and jockey insurance costs and SRC would like to allow racetracks to put in HISA safety-related purchase requests if there is any funding remaining after insurance is paid during the year.

In FY24, SRC budgeted \$700 thousand from the racehorse testing fund and projects the same revenue in the current year. The agency usually expends prior year balances for testing because statute limits deposits to the fund to \$600 thousand. Excess revenues are used to make up the difference in the \$600 thousand and \$700 thousand budgeted. In FY24, the agency used the funds for HISA program racehorse testing purposes like laboratory costs for equine urine and blood samples, testing supplies, and storage of samples. The agency does not typically spend the entire \$700 thousand because it only uses funds on necessary testing costs and not testing for horses that placed last in races, for example. The funds are generated by para-mutuel racing taxes.

SRC has relied heavily on the use of contracted veterinarians because of difficulties filling veterinary positions. The requested contracts remain consistent with FY24 amounts except for \$1.5 million earmarked for exercise rider and jockey insurance. SRC's racehorse veterinarian, the only veterinarian employed by the agency, retired at the end of May. To ensure pre-race veterinary exam requirements meet HISA program standards, the agency relied heavily on contract spending to sustain veterinary services. The procurement rates for emergency contracted veterinarians are typically \$1,000 per day. Notably, the agency had a procurement cost of \$18 thousand in September 2022 for 17 days of veterinary services and \$22 thousand in October 2022 for 21 days of veterinary care. These amounts equated to nearly 7 percent of SRC's contract budget. Out-of-state travel costs are also significant due to veterinarian shortages in New Mexico.

The 2023 General Appropriation Act contained a reauthorized special appropriation to SRC for \$500 thousand for HISA-related purposes. SRC requested to budget the special appropriation into the personal services and employee benefits category and intends to hire two veterinarians. The veterinarians will be paid a minimum of \$1,000 per day plus benefits for 188 days. SRC reports salaries are not attracting applicants and need to be at a more competitive rate. Other positions, such as stewards, will also be paid from the special appropriation. The special appropriation established specifically for the payment of charges associated with federal requirements was reauthorized from FY23 when the agency was unable to expend it due to the absence of established HISA program guidelines.

SRC continues to face challenges in collecting penalty fines; 85 percent of the \$2.1 million in fines receivable for FY21 are uncollectable and the agency does not actively pursue past-due amounts. Fines imposed by stewards are required to be paid within 30 days, and unpaid fines can result in a suspension for the offending owner or trainer. Offenders often appeal, keeping fines tied up in legal proceedings, sometimes for years. SRC is drafting a rule to reduce the timeframe for collection to 14 days. SRC maintains the practice of suspension is adequate for keeping bad actors out of the industry, and individuals who want to remain active in New Mexico's horseracing industry will pay their fees to continue participating.

Base Expansion

Due to catastrophic deaths and injuries in New Mexico during the 2022 and 2023 race season, NMRC requested a \$1.4 million expansion. The agency is requesting \$1.3 million in the personnel category to fund 12 FTE. The remaining \$71.5 thousand is requested in other costs is for new laptops, furniture, one vehicle, and funds for travel to racetracks across the state. In addition to starting programmatic improvements, the agency has also requested the expansion to further its efforts to adhere to the requirements of the HISA program. Based on the FY25 LFC budget guidelines and the legislation for results framework, the LFC did not recommend the base expansion. The committee recommendation includes a 4 percent base budget increase.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Additional FTE	P681	1,422.4	0.0
TOTAL			\$1,422.4	\$0.0

HORSE RACING REGULATION

The purpose of the horse racing regulation program is to provide regulation in an equitable manner to New Mexico's pari-mutuel horse racing industry and to protect the interest of wagering patrons and the state of New Mexico in a manner that promotes a climate of economic prosperity for horsemen, horse owners and racetrack management.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Number of breathalyzer tests administered per race meet	0.0	229.0	50.0	50.0	80.0
Outcome	Percent of cases won at the district court level	0%	75%	100%	100%	100%
Outcome	Percent of horses getting pre-race inspected	0%	40%	100%	100%	100%
Outcome	Percent of out-of-competition samples testing positive for illegal substances	0%	2%	5%	5%	0%
* Outcome	Percent of equine samples testing positive for illegal substances	1%	0%	1%	1%	0%
* Explanatory	Amount collected from pari-mutuel revenues, in millions	\$1	\$513,868	N/A	N/A	N/A
Explanatory	Average regulatory cost per live race day at each racetrack	\$9,759.0	\$7,920.0	N/A	N/A	N/A
Outcome	Timely collections of penalty fees by licensee to the general fund, number of days	30.0	90.0	90.0	90.0	14.0
Outcome	Number of equine tests per live race	4.0	4.0	4.0	4.0	6.0
Efficiency	Average number of days to bring case to prosecution	40.0	50.0	50.0	50.0	45.0
Outcome	Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	3.0	3.0	10.0	10.0	3.0
Efficiency	Average number of days to refer investigation cases for administrative prosecution	12.0	10.0	10.0	10.0	10.0
Outcome	Number of out-of-competition samples tested	861.0	979.0	1,000.0	750.0	1,000.0
Outcome	Number of race tracks audited.	0.0	1.0	1.0	1.0	2.0
* Explanatory	Number of horse fatalities per one thousand starts	2.0	1.0	N/A	N/A	N/A

Statutory Authority

The seven-member Board of Veterinary Medicine was established under the Veterinary Practice Act, Sections 61-14-1 through 61-14-20 NMSA 1978.

Mission

The mission of the Board of Veterinary Medicine is to protect the public by promoting quality veterinary care through the regulation of the practice of veterinary medicine. The board also serves as a resource in providing assistance and disseminating current information affecting the public, applicants, and licensees.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.5	0.0	0.0	0.0	0.0
Other Revenues	2,460.9	486.2	1,484.5	1,477.7	203.9
TOTAL SOURCES	\$2,461.4	\$486.2	\$1,484.5	\$1,477.7	203.9
USES					
Personal Services and Employee Benefits	266.1	290.6	297.4	290.6	0.0
Contractual services	55.1	146.0	127.6	127.6	(12.6)
Other	37.5	49.6	1,059.5	1,059.5	2,036.1
TOTAL USES	\$358.7	\$486.2	\$1,484.5	\$1,477.7	203.9
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	3.0	3.0	3.0	3.0	0.0

At A Glance

For FY25, the Board of Veterinary Medicine (NMBVM) requested a budget of nearly \$1.5 million, a \$998.3 thousand increase, or 205.3 percent, over the board's FY24 operating budget. The board receives no general fund revenue and is supported by revenues from professional licenses, permits, and examination fees. The Animal Sheltering Board within the agency receives revenues from pet food fees (Laws 2020, Chapter 44). The repeal for the fees is effective July 1, 2026, and NMVBM will no longer be a recipient of the revenues after FY26 unless the repeal is extended through legislative action.

The committee recommends fully funding NMVBM's request for revenues. The recommendation keeps the personal services category flat with the agency's FY24 operating budget, reduces the contractual services category by \$18.4 thousand, and increases the other revenues category by \$1 million for distribution of funds to spay and neuter program statewide. The recommendation is an overall increase of \$991.5 thousand, 204 percent, above NMBVM's FY24 operating budget.

Budget Issues

NMBVM serves as the administrative agency for the animal care and facility fund created to address the overpopulation of dogs and cats in the state by providing funding to low-income individuals to have pets spayed or neutered. The agency accrued \$2 million in the fund from pet food fees and plans to award grants in FY25 to individuals and organizations applying for the spay and neuter program. In FY24, the board received more than 50 applications totaling \$1.6 million, reflecting a high demand for the program. No funds were budgeted for the spay and neuter program in FY24 because the agency continues to evaluate applicants and plans to award up to \$900 thousand. The board's review committee will present recommendations to the board in November 2023 and awards will start being distributed in the third quarter of FY24. Because the demand for the spay and neuter program is high statewide, the board is optimistic about an extension. Regardless of a repeal, the board can award funds until exhausted. The agency began accruing revenues in 2020 but the distribution of those funds to spay and neuter programs statewide was delayed by a lawsuit challenging the fee in 2022.

According to Laws 2020, Chapter 44, an annual report to the Legislature must include information on the number of dogs and cats spayed and neutered and the average cost paid per surgery from the spay and neuter subaccount of the animal care and facility fund. The board does not publish annual reports and said costs for the program will vary across the state. The review committee for spay and neuter grants plans to compile data from applications for FY25 that will encompass costs from different areas of the state. The board currently has 3 FTE and predicts the workload for duties associated with awarding grants may warrant additional FTE and continues to formulate workload projections for a request. In 2020, NMBVM estimated an annual cost of \$75 thousand to provide management and administration of the funds generated by the pet food fee but did not provide justification; LFC staff calculated a midpoint salary estimate of \$46.2 thousand and \$18.2 in benefits for a total of \$65.4 thousand for one financial specialist in the state’s classified system.

NMBVM has struggled to maintain an effective facility inspection program. In mid-2022, the agency terminated its contract with its inspector and has since faced challenges hiring licensed veterinarians willing to serve as inspectors. The requirement to travel throughout the entire state has been a deterrent to applicants. The agency is contemplating dividing the state into four quadrants to reduce required travel, but with a lack of inspectors, there is no mechanism to shut down noncompliant shelters. Inspections include cleanliness, the general care of animals, and shelter investigations.

In FY23, only 10 facilities were inspected but the board set a target of 150 inspections in FY24. The agency plans to contract with four veterinarians, one to conduct inspections in each quadrant of the state. The agency estimates each inspector will conduct at least 40 inspections, up to 160 a year. Depending on FY25 outcomes, the board may consider lowering the number or frequency of the inspections for FY26.

The board is changing its fee structures for the first time since 2013 to implement a 12 percent increase to cover a 10.7 percent increase in costs over the last nine years. To further increase revenues, the board plans to sell licensing data in FY25 for \$125 per public record and projects \$45 thousand in revenue for the board.

With its FY24 licensing system modernization project, NMBVM has begun to process license applications and renewals electronically. The agency implemented a Department of Information Technology (DoIT) system for correspondence with customers and now offers online renewals. It will soon launch a platform for the public to submit electronic complaints. The board plans to begin accepting credit card payments in FY24. NMBVM requested an \$18.4 thousand decrease in contractual services because it switched to a network hosted by DoIT, which reduced technology costs by \$16 thousand.

VETERINARY LICENSING & REGULATORY

The purpose of the veterinary licensing and regulatory program is to regulate the profession of veterinary medicine in accordance with the Veterinary Practice Act and to promote continuous improvement in veterinary practices and management to protect the public.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of facility licenses issued annually	300.0	300.0	315.0	315.0	315.0
Output	Number of facilities inspected annually	25.0	10.0	150.0	150.0	150.0
Outcome	Percent of inspected facilities meeting minimum standards	99%	100%	99%	95%	100%
Output	Number of registered veterinary technicians licenses issued annually	261.0	243.0	255.0	255.0	255.0
Output	Number of veterinarian licenses issued annually	1,067.0	1,045.0	1,025.0	1,050.0	1,050.0
Output	Number of bovine artificial insemination or bovine pregnancy diagnosis permits issued annually	24.0	24.0	20.0	25.0	25.0
Output	Number of months to resolution of disciplinary matter	10.0	13.0	7.0	7.0	7.0
Outcome	Number of licenses issued to shelters	30.0	30.0	45.0	45.0	45.0
Outcome	Number of inspected shelters meeting minimum standards	50.0	0.0	45.0	45.0	45.0

Statutory Authority

The Cumbres and Toltec Scenic Railroad Compact was ratified by the New Mexico and Colorado legislatures and given the consent of Congress in 1974. Ratification of the compact and statutory authorization of the commission appears in Sections 16-5-1 through 16-5-13 NMSA 1978 (the Cumbres and Toltec Scenic Railroad Act) and Sections 24-60-1901 through 24-60-1908 of the Colorado Revised Statutes. The compact was approved by the president on October 24, 1974. The commission comprises four members, two from New Mexico and two from Colorado, appointed by the governors of each state.

Mission

The mission of the Cumbres and Toltec Scenic Railroad Commission is to preserve and develop the Cumbres and Toltec Scenic Railroad, a historic 19th century railroad “museum on wheels” for the education, enlightenment, and enjoyment of future generations.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	362.8	362.8	380.0	380.0	4.7
Other Revenues	5,420.2	5,967.0	5,459.0	5,459.0	(8.5)
TOTAL SOURCES	\$5,783.0	\$6,329.8	\$5,839.0	\$5,839.0	(7.8)
USES					
Personal Services and Employee Benefits	117.8	117.8	117.8	117.8	0.0
Contractual services	5,558.8	6,105.6	5,597.6	5,597.6	(8.3)
Other	106.4	106.4	123.6	123.6	16.2
TOTAL USES	\$5,783.0	\$6,329.8	\$5,839.0	\$5,839.0	(7.8)
FTE					
Permanent	0.0	1.8	1.8	1.8	0.0
TOTAL FTE	0.0	1.8	1.8	1.8	0.0

At A Glance

The Cumbres and Toltec Scenic Railroad Commission requested a general fund increase of \$17.2 thousand, or 4.7 percent, over the FY24 operating budget, primarily for increased property insurance premiums. The agency’s total budget request decreased by \$490.8 thousand, or 7.8 percent, due to lower forecasted ticket revenue generation. The LFC recommendation supports the agency request.

Budget Issues

As an enterprise agency, most of the commission’s operating budget is supported by ticket sales. Revenues over the last 10 years trended upward, from \$2.7 million in FY11 to \$5.2 million in FY19, but fell significantly during the Covid-19 pandemic. The shutdown reduced overall ridership and revenue by 80 percent, or approximately \$4 million, compared with FY19. Despite closures and opening three weeks later than usual due to wildfires, the scenic railroad revenue generated \$5 million in revenue in FY23. The agency anticipates generating \$5.4 million in ticket revenue in FY24.

The Legislature appropriated \$3 million in federal relief funds to the agency during the 2022 regular legislative session to supplant lost revenue throughout the closures. The agency reported encumbering all the funds for railroad maintenance, salaries, and increased insurance costs.

Fleet. Between the Chama and Antonito, Colorado, railyards, the railroad has 5 operational narrow gauge locomotives. Although the Cumbres and Toltec Scenic Railroad remains one of the few railroads in America that never converted its coal-burning steam engines to diesel engines, the agency converted one engine from coal-fueled to oil-fueled. The oil-fueled engine ran for the first time during the 2021 season. Though the commission holds that coal is still safe to burn throughout most of the year, during extremely dry conditions, oil burns “cleaner,” expelling fewer embers and is, therefore, less likely to cause a fire. The commission plans to convert at least one other engine using federal relief funds appropriated in 2022.

Capital Outlay. The primary use of funding provided to the commission from New Mexico and Colorado is for infrastructure. The commission has requested approximately \$1.1 million per year for the next 10 years for capital improvements and to address deferred maintenance for the railroad tracks and the railroad’s oldest train, a 115-year-old locomotive, and the youngest locomotive, 93 years old. Capital outlay funds can be used for track rehabilitation and locomotive and boiler upgrades, as well as a water tank supply system, sand house repair, and a visitor gateway center. The commission had \$3.7 million in unspent capital outlay funds as of May 2023. The commission has struggled to find adequately skilled contractors to repair locomotives and rails but has secured a contractor and anticipated expending funds by the end of winter, the train’s “off season,” when most repairs are made.

SCENIC RAILROAD COMMISSION

The purpose of the Cumbres and Toltec scenic railroad commission program is to provide railroad excursions through, into and over the scenic San Juan mountains.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Total number of passengers	31,218.0	32,292.0	60,000.0	35,521.0	35,521.0
Output	Revenue generated from ticket sales, in millions	\$5.66	\$5.42	\$7.00	\$6.00	\$6.00

Statutory Authority

The Office of Military Base Planning and Support was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Section 9-15-48 NMSA 1978, and is administratively attached to the Economic Development Department. The director of the office is appointed by the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	296.2	304.1	304.5	304.5	0.1
TOTAL SOURCES	\$296.2	\$304.1	\$304.5	\$304.5	0.1
USES					
Personal Services and Employee Benefits	126.5	194.9	194.9	194.9	0.0
Contractual services	44.7	79.2	79.2	79.2	0.0
Other	11.5	30.0	30.4	30.4	1.3
TOTAL USES	\$182.7	\$304.1	\$304.5	\$304.5	0.1
FTE					
Term	1.0	1.5	1.5	1.5	0.0
TOTAL FTE	1.0	1.5	1.5	1.5	0.0

At A Glance

The Office of Military Base Planning and Support (OMBPS) requested a general fund increase of \$400, or 0.1 percent, in the other costs category to support increased travel, meal, and office supply expenses. The committee supports the request.

The Office of Military Base Planning and Support has 1.5 FTE, the director of the agency who reports directly to the governor's chief of staff, and a part-time administrative assistant. The director position was vacant from September 2021 to July 2022, resulting in no performance results for FY22. The Military Base Planning Commission, administratively attached to the Economic Development Department, is charged with providing experienced executive level support to military installations and communities in which they are located. The Legislature extended the sunset date for OMBPS and the commission to July 2027 during the 2021 regular legislative session. The membership of the Military Base Commission consists of 12 members, 11 whom are appointed by the governor with advice and consent of the senate. Members include the lieutenant governor and nine appropriate representatives from the counties, or adjoining counties, in which military bases are located. Two additional members are appointed at large from other counties.

OFFICE OF MILITARY BASE PLANNING AND SUPPORT

The purpose of the office of military base planning and support program is to provide advice to the governor and lieutenant governor on New Mexico's four military installations, to work with community support groups, to ensure state initiatives are complementary of community actions and to identify and address appropriate state-level issues that will contribute to the long-term viability of New Mexico military installations.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Number of military units impacted by the activities of the commission and the office	0.0	10.0	10.0	10.0	10.0
Outcome	Number of community support organizations that have benefited from the activities of the commission and the office	0.0	10.0	10.0	10.0	10.0
Output	Number of communities assisted by the office of military base planning and support	0.0	10.0	10.0	10.0	10.0

Statutory Authority

The Spaceport Authority was created pursuant to the Spaceport Development Act, Sections 58-31-1 through 58-31-7 NMSA 1978.

Mission

The mission of the Spaceport Authority is to plan, develop, and operate the world's first inland commercial spaceport.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,878.4	4,246.7	4,626.0	3,846.7	(9.4)
Other Revenues	10,523.5	7,330.6	8,681.4	9,060.7	23.6
TOTAL SOURCES	\$14,401.9	\$11,577.3	\$13,307.4	\$12,907.4	11.5
USES					
Personal Services and Employee Benefits	2,612.9	3,537.7	3,881.5	3,881.5	9.7
Contractual services	5,149.7	5,655.4	6,064.6	5,664.6	0.2
Other	2,314.6	2,384.2	3,361.3	3,361.3	41.0
TOTAL USES	\$10,077.2	\$11,577.3	\$13,307.4	\$12,907.4	11.5
FTE					
Permanent	21.0	23.0	31.0	31.0	34.8
Term	8.0	8.0	0.0	0.0	(100.0)
TOTAL FTE	29.0	31.0	31.0	31.0	0.0

At A Glance

The Spaceport Authority requested a general fund increase of \$379.3 thousand, or 8.9 percent, compared to the FY24 operating budget. A majority of the general fund request was to fully fund 31 FTE and for an increase in contractual services for attorney fees.

The agency increased projections for other revenue by \$1.3 million, or 18.4 percent, but is still \$1.8 million below FY23 actuals. The agency plans to spend increased other revenues on other costs and contractual services primarily for fuel costs, rent, building maintenance, and lease principal payments. Overall, the agency requested a \$1.7 million, or 14.9 percent, increase over the FY24 total budget.

LFC recommends a decrease of \$400 thousand in general fund revenue and increases the agency's other revenues by 23.6 percent for a total budget increase of 11.5 percent over the FY24 budget. The recommendation fully funds the agency's request for personnel but reduces contractual services by \$400 thousand.

Budget Issues

In FY23, the Legislature significantly increased general fund revenue to the Spaceport Authority, primarily to replace \$1.7 million in expected revenue from Dona Ana and Sierra counties after the New Mexico Attorney General determined the funds should be used for infrastructure, not agency operations. In FY24, the agency received a 5.7 percent increase in the operating budget, which included an expansion of \$220 thousand in general fund revenue for 2 FTE.

In FY25, the agency requested an increase from the general fund for the personnel and to partially fund contractual services. Within contractual services, funding for professional services was changed from general fund revenue to other revenue and general fund revenue. Additionally, attorney services, funded by general fund revenue, increased by 404 percent. All other services, such as building maintenance, rental expense, and fuel expenses are funded through other revenue funds.

Attorney Fees. Legal services are funded from the general fund. For FY25, Spaceport America requested \$554 thousand for legal services, a 404 percent increase, or 454.8 thousand, from FY24. The request includes contracts with four law offices for attorney services and advice on ongoing lawsuits.

Firefighter and Security Costs. Contract costs increased significantly in FY18 due to the addition of Federal Aviation Administration (FFA) environmental studies formerly expensed through capital outlay. These environmental studies, required to maintain FAA licenses for roads, fences, new buildings, and parking lots, have become a recurring contractual cost in the operating budget.

Firefighter and security costs to provide emergency and security services are a significant portion of the Spaceport’s expenses. Because tenants, launches, and staffing levels increased, the FY25 request for security was \$4.77 million, an 11 percent increase from FY24. The contract provides 24/7 security, protection, fire, and emergency medical services for Spaceport America.

Vacancy Rates. The agency’s FTE increased from 26 in FY22 to 31 in FY24. Since 2020, the agency has maintained an average vacancy rate of 20 percent. As of October 2023, the agency had eight vacant positions out of 31 authorized FTE . For FY25, the agency requested to fully fund 31 positions. LFC recommends fully funding the positions in FY25 to encourage the agency to find qualified employees.

Current Tenants. Current tenants at Spaceport America include Virgin Galactic, SpinLaunch, UP Aerospace, AeroVironment, and Prismatic. The agency currently has contracts with Swift Engineering, C6 Launch Systems, Stratodynamics, Inc., White Sands Researchers and Developers, and USAF Thunderbirds. Tenants maintain an ongoing long-term presence at the facility while customers use the facilities as needed.

Virgin Galactic. Virgin Galactic, the Spaceport’s anchor tenant, began operations in the Virgin Galactic terminal hangar facility in FY20. The Virgin Galactic lease payment increased from \$1 million in FY20 to \$3 million in FY22. The company launched commercial space flights with the company’s first private passengers in August 2023. The flight reached an altitude of 55 miles—nearly five miles above NASA’s definition of the “edge of space.” The company reports selling approximately 800 flight tickets. Many of those tickets were sold at a cost ranging between \$200 thousand and \$250 thousand each. The company reopened ticket sales with pricing beginning at \$450 thousand per seat.

Spaceport America Cup. Spaceport America hosts the Spaceport America Cup, the world’s largest intercollegiate rocket engineering conference and competition for student teams. The competition attracts over 1,500 students and faculty from across the country and world. Teams stay in the surrounding cities, such as Las Cruces and the city of Elephant Butte.

Capital Outlay. Since 2018, the Legislature appropriated approximately \$44 million for multiple Spaceport capital outlay projects, including a ground support equipment hangar, electric utility extension to the vertical launch area, site preparation for new launch rails, lightning detection, equipment upgrades, road improvements, water utilities, runway upgrades, and archaeological surveys.

The Legislature approved the use of \$1.7 million in capital outlay funding for project planning in FY22. In FY24, the Legislature approved \$110 thousand to support an infrastructure project manager for the agency.

As of October 2023, only \$11 million of the \$44 million was expended for five projects, two in the first phase of construction and the rest still in the planning phase.

SPACEPORT AUTHORITY

The purpose of the spaceport authority program is to finance, design, develop, construct, equip and safely operate spaceport America and thereby generate significant high technology economic development throughout the state.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Number of aerospace customers and tenants	10.0	28.0	20.0	32.0	32.0
Output	Number of events held	3.0	26.0	9.0	30.0	30.0
Output	Number of visitors to spaceport	4,500.0	48,022.0	15,000.0	55,000.0	55,000.0
Outcome	Annual number of jobs due to New Mexico spaceport authority efforts	350.0	811.0	550.0	900.0	900.0

Agriculture, Energy and Natural Resources

Statutory Authority

The Cultural Affairs Department (DCA) was created in 2004 by the Cultural Affairs Department Act (Sections 9-4A-1 through 94-A18 NMSA 1978). In addition to the Cultural Affairs Department Act, divisions within DCA are authorized by the following statutes: Sections 18-2-1 through 18-2-23 NMSA 1978 (creating the Library Division); Sections 18-3-1 through 18-3-8 NMSA 1978 (establishing the Museum of New Mexico); Sections 18-3A-1 through 18-3A-9.1 NMSA 1978 (the Natural History and Science Museum Act); Section 18-5-1 through 18-5-7 NMSA 1978 (creating the Arts Division); Sections 18-6-1 through 18-6-23 NMSA 1978 (the Cultural Properties Act); Sections 18-7-1 through 18-7-4 NMSA 1978 (creating the Museum of Space History); Sections 18-8-1 through 18-8-8 NMSA 1978 (New Mexico Prehistoric and Historic Sites Preservation Act); Sections 18-11-1 through 18-11-9 NMSA 1978 (Farm and Ranch Heritage Museum Act); Sections 18-12-1 through 18-12-8 NMSA 1978 (National Hispanic Cultural Center Act); Sections 13-4A-1 through 13-4A-11 NMSA 1978 (Art in Public Places Act) and 13-4B-1 through 13-4B-3 NMSA 1978 (Fine Art in Public Buildings Act); and Sections 47-12A1 through 47-12A-6 NMSA 1978 (Cultural Properties Preservation Easement Act).

Mission

The department’s mission is to lead in the preservation, development, promotion, and access to New Mexico’s cultural resources for the use, education, and enjoyment of present and future generations.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	35,422.5	41,434.1	45,228.1	42,710.6	3.1
Other Transfers	2,577.2	783.5	1,823.8	1,823.8	132.8
Federal Revenues	5,113.3	4,053.4	4,173.9	4,173.9	3.0
Other Revenues	5,600.5	6,541.9	7,099.4	7,099.4	8.5
Fund Balance	145.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$48,858.9	\$52,812.9	\$58,325.2	\$55,807.7	5.7
USES					
Personal Services and Employee Benefits	33,720.0	38,113.5	39,438.3	38,888.9	2.0
Contractual services	4,007.6	3,352.9	3,289.7	2,686.4	(19.9)
Other	10,222.0	11,346.5	14,597.2	14,232.4	25.4
Land of Enchantment Legacy Fund	0.0	0.0	1,000.0	0.0	0.0
TOTAL USES	\$47,949.6	\$52,812.9	\$58,325.2	\$55,807.7	5.7
FTE					
Permanent	452.0	426.8	445.0	441.5	3.4
Term	86.0	103.5	102.0	102.0	(1.4)
Temporary	30.0	5.0	10.0	10.0	100.0
TOTAL FTE	568.0	535.3	557.0	553.5	3.4

At A Glance

The Cultural Affairs Department (DCA) requested a total increase of \$5.5 million, or 9.4 percent, compared with the FY24 operating budget, including \$3.8 million, or 9.2 percent, from the general fund. The request increased other transfers by 132.8 percent in anticipation of a \$1 million increase from the land of enchantment legacy fund from which the agency will receive its first distribution in FY25. The request included a \$1.7 million base increase primarily for computer and equipment replacement, supplies, utilities, and insurance. An additional \$2.1 million was requested for expansions primarily for new personnel.

The LFC recommendation supports the agency request for other revenues and transfers, and includes a \$1.3 million, or 3.1 percent, general fund revenue increase. The LFC recommendation reflects funding for staffing and additional funding for security, IT support, computer and equipment replacement, and funding to assume the operation of the Taylor-Mesilla Historic Site.

Budget Issues

The Cultural Affairs Department preserves and celebrates the cultural integrity and diversity of New Mexico. The agency manages eight historic sites and eight museums, which received 767 thousand visitors in FY23, a 21 percent increase compared to FY22. DCA opened the New Mexico Museum of Modern Contemporary in September 2023. The agency requested an expansion to assume the operation of the Taylor-Mesilla Historic Site in FY25. The home, artifacts, and adjacent properties belong to former Representative J. Paul Taylor, who passed away in February 2023. The agency presented 35 new exhibits statewide in FY23.

Approximately 70 percent of the agency's base budget is for personnel costs. The agency has had a high vacancy rate over the past several years. The agency notes that compensation increases have helped with hiring, although turnover remains high. As of October 2023, the agency's vacancy rate was 11 percent.

Museums and Historic Sites. The Museum and Historic Sites Program oversees eight museums and eight historic sites, and also includes the Facilities Management Division and the Museums Resources Division to assist museums with marketing promotions, exhibit design, and exhibit setup.

The agency requested a \$2.5 million increase from the general fund, or 8.5 percent, compared with the FY24 operating budget. The agency expected federal revenue to decrease by \$20.3 thousand, or 29.9 percent, which is aligned to what the agency expects to receive in FY25. The agency also projects increased other revenues by \$406.6 thousand, or 7.5 percent. Other revenues consist of license plates, admissions to historic sites and museums, and building rentals and leases.

The total general fund request includes a base increase of \$1.1 million and expansion requests of \$1.3 million. The base request included \$248.5 thousand for declining vacancy rates and increased insurance costs, \$111.3 thousand for security and IT support, and \$788.1 thousand for increases in supplies, maintenance, and other fixed costs like insurance, communication, equipment, and computers.

The LFC recommendation increases the Museum and Historic Program general fund revenue by \$776.6 thousand, or 2.7 percent, and includes \$248.5 thousand to fill vacancies, \$19.8 thousand for IT and security, and \$158.3 thousand for maintenance, supplies, and operational costs.

Preservation. The Preservation Program consists of the Historic Preservation Division (HPD) and the Office of Archaeological Studies (OAS). The program serves as the state's principal historic compliance office, maintains registered historic sites, and conducts archaeological fieldwork as requested by clients or mandated by state and federal historic regulations. The Office of Archaeological Studies is a client-funded enterprise.

The agency requested a general fund increase of \$548.5 thousand, or 49.2 percent. The agency is also projecting an increase of \$1.16 million, or 42 percent, in other transfers, other revenue, and federal revenue for FY25 compared to FY24. The agency will receive a transfer of \$1 million from the land of enchantment legacy fund for the first time in FY25, with the money earmarked for activity under the Cultural Properties Protection Act.

The base increase included \$6,300 for adjusted insurance costs for staff, \$100 thousand for preservation support contracts, and \$72.2 thousand for computer and equipment replacement. This base increase is specifically for the Historic Preservation Division for increased workload.

Other revenue consists of fees and services by the Office of Archaeological Studies and is primarily used for temporary staffing services for archaeological records management. Federal funds are primarily used for operating and capital costs, such as term positions, consulting services, upgrades of the New Mexico cultural resource information system (NMCRIS), and the agency's efforts to move toward a full e-compliance database within NMCRIS.

The committee recommends a general fund increase of \$55 thousand. The recommendation maintains a flat budget for personnel, increases contractual services by \$40 thousand for preservation support and archaeological investigations contracts, and increases operational costs by \$15 thousand for equipment replacement and office and field supplies. The LFC personnel recommendation considers funded vacancy rates and for the Preservation Program.

Music Commission. The New Mexico Music Commission promotes the state's music heritage. Fiscal year 23 was the first year the commission had funding to support concerts and musical events. In FY24, the commission received \$150 thousand from the Arts Program. The Music Commission requested a base budget of \$150 thousand. The Arts Program's budget is reduced by \$150 thousand because it is no longer transferring funds to the Music Commission. The base budget request included \$50 thousand for 0.5 FTE, \$75 thousand for contractual services for outreach and musical performances, and \$25 thousand for other operational costs.

The Music Commission requested a general fund expansion of \$125 thousand, including \$40 thousand to fund 0.5 FTE and \$85 thousand in contractual services to award more contracts to music festivals and events. The committee supports the agency's base budget for personnel and operational costs and increases grants by \$100 thousand.

New Mexico State Library. The Library Services Program provides services that support public and tribal libraries. The program consists of four bureaus—Public Services, Development, Technical Services, and Operations. The Development Bureau administers four important funding programs for public and tribal libraries: state grants-in-aid (SGIA), tribal library program grants, rural library endowment fund, and general obligation bonds. The program received funds for the rural library endowment fund in FY22 and will make its first round of distributions in FY24.

The Library Services Program requested a general fund increase of \$183.4 thousand, or 4 percent. The program projected an increase of \$111.9 thousand, or 51 percent, for other transfers, other revenue, and federal revenue. The request for general fund revenue included \$7,900 for personnel rate increases and \$75.5 thousand for computer and equipment replacement. The agency requested a flat budget for contractual services. Additionally, the agency requested an expansion of \$100 thousand to fund an additional FTE position for a librarian continuing education coordinator. The LFC recommendation fully funds the agency's request.

Program Support. The agency requested a general fund increase of \$415.5 thousand, or 8.4 percent, including a base increase of \$265.5 thousand and expansion of \$150 thousand. The request included \$144.4 thousand, or 3.4 percent, for personnel funding; \$50 thousand, or 12 percent, for ticketing system contracts; and \$71.1 thousand, or 25.4 percent, for increases in meals, property insurance, telecommunications, and computer and equipment replacement. The agency requested two expansions totaling \$150 thousand for operational costs for the director of real estate, IT training, and equipment replacement. The committee recommends a general fund increase of \$182 thousand, including \$74.4 thousand for personnel funding, \$50 thousand for contractual services, and \$58.4 thousand for supplies and computer replacement.

Arts. The Arts Program awards grants to nonprofits and governmental organizations for art activities and apprenticeships, manages the Art in Public Places program, and hosts programs to support the art sector. In FY23, the program awarded \$1 million—50 percent from the general fund and 50 percent from the federal National Endowment for the Arts fund—to 186 nonprofits and government organizations and eight apprenticeships. Additionally, the Arts Program funded 73 nonprofits and government organizations with \$10 thousand from federal American Rescue Plan Act funding. The program also manages the Art in Public Places program, which uses a percent set-aside from all eligible capital outlay projects to fund art in public buildings. The program supported the acquisition of 89 public artworks in FY23.

The agency requested a general fund decrease of \$95.9 thousand and projected a \$40 thousand increase in federal revenues.

The agency general fund request reflected a reduction of \$150 thousand, included in the Music Commission's base budget, as well as an increase of \$54.1 thousand, which included \$27.6 thousand to ensure the current staff level can be maintained and \$26.5 thousand in other costs to cover rate increases and computer and equipment replacement. The committee recommendation fully funds the agency's request for the Arts Program.

Capital Outlay. DCA owns 191 buildings across the state, including properties associated with eight museums and eight historic sites. Capital outlay appropriations are often used for emergency repairs, but many facility repairs outpace available funding due to years of deferred maintenance. The department created a facility master plan to help prioritize funding. In addition to capital outlay funding, Laws 2020, Chapter 42, created the cultural affairs facilities infrastructure fund and authorized the fund to receive transfers from the public project revolving loan fund (PPRF). Chapter 42 also appropriated \$5 million from the PPRF to the cultural affairs facilities infrastructure fund for expenditure in FY21 and subsequent fiscal years. The DCA capital improvement project plan request totaled \$29.2 million for FY25, broken into three broad categories of need: life, health, and safety to address immediate safety concerns, facility stabilization, and preservation of property.

Base Expansion

The department requested \$2.1 million for nine expansions.

The agency requested \$1.3 million for four expansions for the Museums and Historic Sites Program. The first expansion requested \$520 thousand for the operations of Taylor-Mesilla Historic Site. The expansion increased personnel by \$470.1 thousand for 7 FTE—three customer service representatives, three interpretive rangers, and one instructions coordinator supervisor—and increased contractual services by \$20 thousand and other services by \$29.9 thousand. The LFC partially funds the agency's expansion request for the Taylor-Mesilla Historic Site at \$350 thousand, including \$317 thousand for personnel in consideration of hiring delays and the likelihood the historic site will not be fully staffed in its first year; \$13 thousand for contractual services; and \$20 thousand for utilities and supplies. The second expansion requested \$300 thousand to continue the contract with the Northern Rio Grande National Heritage Area for economic development for the Los Luceros Historic Site. The agency was appropriated \$300 thousand in non-recurring funding in FY24. The requested expansion will maintain the contract and ensure the vendor can continue work at the Los Luceros Historic Site in FY25. LFC does not recommend the expansion but may consider one-time funding. The third expansion requested \$400 thousand for ground maintenance. LFC does not consider additional funding for an existing activity to be an expansion and does not recommend this request but recommends increasing the base budget by \$157.9 thousand for other services. The fourth expansion requested \$100 thousand for the agency's education and outreach program to leverage more partnerships and for additional supplies, materials, and printing. LFC does not recommend the expansion because it has no programmatic changes but does increase funding for other uses and contractual services in the base for the Museum and Historic Sites Program.

The agency requested a \$370 thousand expansion for the Preservation Program, including \$280 thousand for personnel, \$30 thousand for contractual services, and \$60 thousand for other category costs. This expansion request is specifically for the Office of Archaeological Studies. The \$280 thousand for personnel will fund three new positions—instructional coordinator, archaeologist to serve as laboratory coordinator, and accountant/auditor to assist in financial management. The \$30 thousand for contractual services will be used for an increase in professional services for archaeological investigations and the \$60 thousand for other category costs will be used for ground maintenance, office and field supplies, and utilities. LFC does not recommend expansion because there are no programmatic changes but provides the agency’s request for personnel in the base, along with a \$40 thousand increase for contractual services and \$145 thousand increase for other uses.

The agency requested \$125 thousand for the Music Commission, including \$40 thousand for personnel and \$85 thousand in contractual services to award more contracts to music festivals and events. LFC does not recommend expansion because there are no programmatic changes but increases the base budget by \$25 thousand for contractual services.

The agency requested \$100 thousand for the Library Services Program to fund an additional FTE position for a continuing education coordinator. This position would help identify common training and education needs for library workers statewide and create continuing engagement opportunities and timely information freely available to all New Mexico library workers. LFC supports the agency’s expansion.

The agency requested two expansions for Program Support, including \$50 thousand to provide operations for a recently hired director of real estate and \$100 thousand for IT training and security and equipment replacement. LFC does not recommend the expansions because there are no programmatic changes but does recommend an increase of \$182 thousand, which includes \$74.4 thousand for personnel costs, \$50 thousand for contractual services, and \$58.4 thousand for operational costs in the base.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Continuing Education Coordinator	P539	100.0	100.0
0	IT Training, security and equipment replacement	P540	100.0	0.0
0	Landscaping and Grounds Maintenance Services	P536	400.0	0.0
0	Los Luceros Economic Development	P536	300.0	0.0
0	Music Commission Operations	P538	125.0	0.0
0	Office of Archaeological Studies	P537	370.0	0.0
0	Real Estate Operational Costs	P540	50.0	0.0
0	Statewide Partnerships and Collaborations	P536	100.0	0.0
0	Taylor-Mesilla Historic Site	P536	520.0	350.0
TOTAL			\$2,065.0	\$450.0

NEW MEXICO MUSIC COMMISSION

The purpose of the New Mexico Music Commission is to protect, promote, and preserve the musical traditions of New Mexico, to foster appreciation of the value of music, and to encourage the educational, creative, and professional musical activities of the residents of New Mexico.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025	2024-2025	
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	275.0	175.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$275.0	\$175.0	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	0.0	0.0	90.0	50.0	0.0
Contractual services	0.0	0.0	160.0	100.0	0.0
Other	0.0	0.0	25.0	25.0	0.0
TOTAL USES	\$0.0	\$0.0	\$275.0	\$175.0	0.0
FTE					
Permanent	0.0	0.0	1.0	0.5	0.0
TOTAL FTE	0.0	0.0	1.0	0.5	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Number of musicians served	0.0	NEW	NEW	75.0	75.0
Output	Total audience attendance at events	0.0	NEW	NEW	75.0	75.0

MUSEUMS AND HISTORIC SITES

The purpose of the museums and historic sites program is to develop and enhance the quality of state museums and monuments by providing the highest standards in exhibitions, performances and programs showcasing the arts, history and science of New Mexico and cultural traditions world-wide.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	24,763.6	29,084.4	31,551.9	29,860.6	2.7
Other Transfers	1,572.6	0.0	0.0	0.0	0.0
Federal Revenues	45.9	67.8	47.5	47.5	(29.9)
Other Revenues	4,791.8	5,413.9	5,820.5	5,820.5	7.5
TOTAL SOURCES	\$31,173.9	\$34,566.1	\$37,419.9	\$35,728.6	3.4
USES					
Personal Services and Employee Benefits	23,492.7	26,506.9	27,225.5	27,072.4	2.1
Contractual services	885.2	1,084.9	1,566.2	1,187.9	9.5
Other	6,184.1	6,974.3	8,628.2	7,468.3	7.1
TOTAL USES	\$30,562.0	\$34,566.1	\$37,419.9	\$35,728.6	3.4
FTE					
Permanent	348.0	328.0	340.0	340.0	3.7
Term	52.0	64.0	62.0	62.0	(3.1)
Temporary	23.0	5.0	10.0	10.0	100.0
TOTAL FTE	423.0	397.0	412.0	412.0	3.8

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Full-time equivalent equivalency of volunteer hours	652.0	575.0	N/A	N/A	N/A
Explanatory	Dollars contributed by or administered by private sector foundations to department education programs and exhibitions	\$8,137,600	\$11,993,000	N/A	N/A	N/A
* Outcome	Number of people served through programs and services offered by museums and historic sites	1,555,140.0	1,381,621.0	1,450,000.0	1,450,000.0	1,450,000.0
Outcome	Number of children reached through museum and historic sites programs	400.0	153,224.0	400,000.0	400,000.0	400,000.0
* Outcome	Amount of earned revenue from admissions, rentals and other activity	\$1,690,481.00	\$3,783,124.00	\$2,000,000.00	\$4,000,000.00	\$4,000,000.00
Outcome	Ticketed attendance to museum and historic site exhibitions, performances and other presenting programs	726,301.0	725,472.0	825,000.0	825,000.0	825,000.0

PRESERVATION

The purpose of the preservation program is to identify, study and protect New Mexico's unique cultural resources, including its archaeological sites, architectural and engineering achievements, cultural landscapes and diverse heritage.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	858.4	1,115.0	1,663.5	1,170.0	4.9
Other Transfers	292.1	134.0	1,134.0	1,134.0	746.3
Federal Revenues	1,251.7	1,567.9	1,622.1	1,622.1	3.5
Other Revenues	699.3	1,060.3	1,166.2	1,166.2	10.0
Fund Balance	145.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,246.9	\$3,877.2	\$5,585.8	\$5,092.3	31.3
USES					
Personal Services and Employee Benefits	2,329.0	2,861.8	3,148.1	2,861.8	0.0
Contractual services	622.4	586.5	784.0	694.0	18.3
Other	295.5	428.9	653.7	1,536.5	258.2
Land of Enchantment Legacy Fund	0.0	0.0	1,000.0	0.0	0.0
TOTAL USES	\$3,246.9	\$3,877.2	\$5,585.8	\$5,092.3	31.3
FTE					
Permanent	20.0	14.0	17.0	14.0	0.0
Term	17.0	22.5	23.0	23.0	2.2
TOTAL FTE	37.0	36.5	40.0	37.0	1.4

Recommended Language

The other state funds appropriation to the preservation program of the department of cultural affairs includes one million dollars (\$1,000,000) from the department of transportation for archaeological studies as needed for highway projects.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of people participating in services provided through the preservation program	4,122.0	11,823.0	5,000.0	5,000.0	5,000.0
Explanatory	Number of historic structures preservation projects completed annually using preservation tax credits	23.0	29.0	N/A	N/A	N/A
Explanatory	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	\$609,345.00	\$33.50	N/A	N/A	N/A
Outcome	Percent of reviews of development projects completed within the standard 30 day period, excluding incomplete submittals or reviews when the parties have mutually agreed to extend the review	98.00%	99.00%	96.00%	96.00%	96.00%

LIBRARY SERVICES

The purpose of the library services program is to empower libraries to support the educational, economic and health goals of their communities and to deliver direct library and information services to those who need them.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,863.4	4,543.7	4,727.1	4,727.1	4.0
Other Transfers	378.6	649.5	669.8	669.8	3.1
Federal Revenues	2,279.9	1,760.5	1,807.1	1,807.1	2.6
Other Revenues	71.7	30.0	75.0	75.0	150.0
TOTAL SOURCES	\$6,593.6	\$6,983.7	\$7,279.0	\$7,279.0	4.2
USES					
Personal Services and Employee Benefits	3,054.7	3,414.5	3,522.4	3,522.4	3.2
Contractual services	161.2	88.6	88.6	88.6	0.0
Other	3,173.0	3,480.6	3,668.0	3,668.0	5.4
TOTAL USES	\$6,388.9	\$6,983.7	\$7,279.0	\$7,279.0	4.2
FTE					
Permanent	31.0	27.8	29.0	29.0	4.3
Term	12.0	14.0	14.0	14.0	0.0
Temporary	5.0	0.0	0.0	0.0	0.0
TOTAL FTE	48.0	41.8	43.0	43.0	2.9

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Annual number of visits to New Mexico public and tribal libraries	1,537,569.0	3,290,370.0	N/A	N/A	N/A
Output	Number of library transactions through direct services provided by the New Mexico state library	109,990.0	167,041.0	150,000.0	150,000.0	150,000.0
* Output	Number of library transactions using electronic resources funded by the New Mexico state library	2,636,625.0	3,994,268.0	2,700,000.0	2,700,000.0	2,700,000.0
Explanatory	Number of children participating in statewide summer reading programs at public and tribal libraries	17,439.0	50,376.0	N/A	N/A	N/A

ARTS

The purpose of the arts program is to preserve, enhance and develop the arts in New Mexico through partnerships, public awareness and education.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,593.0	1,765.7	1,669.8	1,669.8	(5.4)
Other Transfers	62.4	0.0	20.0	20.0	0.0
Federal Revenues	1,535.7	657.2	697.2	697.2	6.1
TOTAL SOURCES	\$3,191.1	\$2,422.9	\$2,387.0	\$2,387.0	(1.5)
USES					
Personal Services and Employee Benefits	890.1	1,063.2	1,040.8	1,040.8	(2.1)
Contractual services	2,041.3	1,177.0	150.0	150.0	(87.3)
Other	190.7	182.7	1,196.2	1,196.2	554.7
TOTAL USES	\$3,122.1	\$2,422.9	\$2,387.0	\$2,387.0	(1.5)
FTE					
Permanent	11.0	11.0	10.0	10.0	(9.1)
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	14.0	14.0	13.0	13.0	(7.1)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	31.00%	36.00%	34.00%	34.00%	34.00%
Explanatory	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	1,339,249.0	5,149,204.0	N/A	N/A	N/A
Output	Number of people provided direct services through New Mexico arts programs	21,711.0	28,681.0	16,000.0	16,000.0	16,000.0
Explanatory	Number of children reached through New Mexico arts programs and grants	148,726.0	807,506.0	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,344.1	4,925.3	5,340.8	5,108.1	3.7
Other Transfers	271.6	0.0	0.0	0.0	0.0
Other Revenues	37.7	37.7	37.7	37.7	0.0
TOTAL SOURCES	\$4,653.4	\$4,963.0	\$5,378.5	\$5,145.8	3.7
USES					
Personal Services and Employee Benefits	3,953.5	4,267.1	4,411.5	4,341.5	1.7
Contractual services	297.5	415.9	540.9	465.9	12.0
Other	378.7	280.0	426.1	338.4	20.9
TOTAL USES	\$4,629.7	\$4,963.0	\$5,378.5	\$5,145.8	3.7
FTE					
Permanent	42.0	46.0	48.0	48.0	4.3
Term	2.0	0.0	0.0	0.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	46.0	46.0	48.0	48.0	4.3

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of material weakness audit findings in the last available financial statement audit	1.0	0.0	0.0	0.0	0.0
Output	Number of significant deficiency audit findings in the last available financial statement audit	0.0	0.0	0.0	0.0	0.0

Statutory Authority

The New Mexico Livestock Board was created by Sections 77-2-1 through 77-2-29 NMSA 1978. The board is responsible for controlling disease, preventing theft or illegal movement of livestock, and promoting greater economy, service, and efficiency in the administration of laws related to the livestock industry of New Mexico. The board is composed of nine members appointed by the governor to staggered six-year terms. Seven members of the board must raise and own cattle and sheep in the state and be residents of New Mexico. An executive director manages the agency under the direction of the board.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,182.5	4,517.1	6,107.0	4,743.0	5.0
Other Transfers	74.3	0.0	0.0	0.0	0.0
Federal Revenues	197.5	0.0	0.0	0.0	0.0
Other Revenues	5,249.2	4,965.2	4,954.4	5,080.2	2.3
Fund Balance	0.0	632.0	0.0	500.0	(20.9)
TOTAL SOURCES	\$8,703.5	\$10,114.3	\$11,061.4	\$10,323.2	2.1
USES					
Personal Services and Employee Benefits	5,902.5	7,612.8	8,282.2	7,716.3	1.4
Contractual services	253.9	311.3	313.2	313.2	0.6
Other	2,128.2	2,190.2	2,466.0	2,293.7	4.7
TOTAL USES	\$8,284.6	\$10,114.3	\$11,061.4	\$10,323.2	2.1
FTE					
Permanent	79.0	88.0	88.0	88.0	0.0
TOTAL FTE	79.0	88.0	88.0	88.0	0.0

At A Glance

NMLB's FY25 appropriation request of \$11.1 million was \$947 thousand, or 9.4 percent, more than the agency's FY24 operating budget. The request did not budget any of the agency's fund balance, decreased other revenues derived by taxes and fees by \$10 thousand, and increased general fund revenue by \$1.6 million, or 35 percent. Most of the requested general fund increase supported salary increases and vehicle purchase costs for the livestock inspection program. The FY25 request replaced about \$632 thousand in fund balance revenue and added \$945 thousand for personnel and other costs.

The LFC recommendation includes an increase of \$225.9 thousand, or 5 percent, in general fund appropriations for inspection programs and budgets \$500 thousand from the fund balance. Overall, the LFC recommendation increases the agency's budget by \$208.9 thousand, or 2.1 percent.

Budget Issues

Livestock Inspection. NMLB's operating budget has historically been funded by revenue from inspection fees, brand recording fees, a tax on livestock value, and other licenses and permits, as well as accumulated fund balance from these sources. Special levies on livestock are the agency's largest source of revenue (excluding general fund appropriations), accounting for \$1.7 million in FY24. Other notable revenue sources include inspection fees (\$1.4 million) and brand recording fees (\$948.4 thousand) generated through the livestock inspection program. These funding sources are subject to changes in the local economy, weather, and national and global market conditions. In FY23, agency-generated revenues totaled approximately \$5.3 million, or a 5.7 percent increase from FY22. The FY25 request anticipated a decline in livestock revenue.

Meat Inspection. In 2021, the General Appropriation Act included a nonrecurring special appropriation of \$500 thousand for NMLB to implement a state-led meat inspection program. Currently, the U.S. Department of Agriculture conducts meat inspections in New Mexico. A state meat inspection program is projected to cost at least \$1.5 million annually. The federal government typically reimburses states for up to half of the program’s cost once it is certified as meeting U.S. Department of Agriculture (USDA) Food Safety Inspection Service (FSIS) standards. The special appropriation was intended to fund program development and start-up costs. In FY23, the program received another \$964.9 thousand in general fund appropriations, followed by an additional \$80 thousand in FY24. However, the program has been slow to get off the ground, and as of September 2023, the director of the program had quit. Although the program has nine vacant positions, the request held the budget for the program flat.

The agency reports it will take six to nine months to prepare the FSIS application to operate the state-led inspection program and allow time for federal review and approval and can only commence if the agency receives statutory authority to take on meat inspections. During the 2023 legislative session the proposed Meat Inspection Act, which would have given the Livestock Board statutory authority to conduct meat inspections, passed the House and was referred to the Senate Judiciary Committee, where it died on the last day of the session. The agency has outlined a plan to introduce similar legislation during the 2024 session and hopes that it can generate adequate support for the program in the interim.

For FY25, the LFC recommendation includes an increase of \$225.9 thousand in general fund revenue and budgets \$500 thousand from the agency’s fund balance. The recommendation supports an increase in the personal services and employee benefits category of approximately \$104 thousand, or 1.5 percent, and an increase of \$256 thousand for vehicle replacement costs in the livestock inspection program. Additionally, the recommendation budgets an additional \$104 thousand, or 5.3 percent, in the other costs category for the replacement of agency vehicles to support capital asset longevity and decrease fleet maintenance costs in the livestock inspection program.

LIVESTOCK INSPECTION

The purpose of the livestock inspection program is to protect the livestock industry from loss of livestock by theft or straying and to help control the spread of dangerous livestock diseases.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,217.6	3,471.5	5,061.4	3,697.4	6.5
Other Transfers	74.3	0.0	0.0	0.0	0.0
Federal Revenues	197.5	0.0	0.0	0.0	0.0
Other Revenues	5,249.2	4,965.2	4,954.4	5,080.2	2.3
Fund Balance	0.0	632.0	0.0	500.0	(20.9)
TOTAL SOURCES	\$7,738.6	\$9,068.7	\$10,015.8	\$9,277.6	2.3
USES					
Personal Services and Employee Benefits	5,641.7	6,817.3	7,486.7	6,920.8	1.5
Contractual services	253.9	302.9	304.8	304.8	0.6
Other	2,102.9	1,948.5	2,224.3	2,052.0	5.3
TOTAL USES	\$7,998.5	\$9,068.7	\$10,015.8	\$9,277.6	2.3
FTE					
Permanent	76.6	79.0	79.0	79.0	0.0
TOTAL FTE	76.6	79.0	79.0	79.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of law enforcement road stops per month	51.0	0.0	100.0	100.0	100.0
Outcome	Number of disease cases per one thousand head inspected	0.0	0.0	0.2	0.2	0.2
Outcome	Number of stolen or missing livestock recovered	659.0	1,163.0	850.0	850.0	850.0
Output	Number of individual animals inspected for verification of animal health, disease control and movement	2,700,776.0	2,494,742.0	2,375,000.0	2,375,000.0	2,375,000.0
Output	Number of estrays determined per 1,000 head inspected	0.2	0.2	0.8	0.8	0.8
Efficiency	Average percentage of larceny investigations where action is implemented within one month	67%	100%	92%	92%	92%
Efficiency	Average percentage of cruelty investigations where action is implemented within one month	76%	100%	95%	95%	95%

MEAT INSPECTION DIVISION

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	964.9	1,045.6	1,045.6	1,045.6	0.0
TOTAL SOURCES	\$964.9	\$1,045.6	\$1,045.6	\$1,045.6	0.0
USES					
Personal Services and Employee Benefits	260.8	795.5	795.5	795.5	0.0
Contractual services	0.0	8.4	8.4	8.4	0.0
Other	25.2	241.7	241.7	241.7	0.0
TOTAL USES	\$286.0	\$1,045.6	\$1,045.6	\$1,045.6	0.0
FTE					
Permanent	2.0	9.0	9.0	9.0	0.0
TOTAL FTE	2.0	9.0	9.0	9.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Test Meat Inspection	N/A	N/A	N/A	N/A	N/A

Statutory Authority

Sections 17-1-1 through 17-7-3 NMSA 1978 charge the Department of Game and Fish (DGF) with protecting game and fish and providing these resources for public recreation. The department operates under the direction of a seven-member State Game Commission appointed by the governor with the advice and consent of the Senate. The department is divided into four programs: Field Operations, which regulates all hunting and fishing activities statewide; Conservation Services, responsible for habitat management, biological support, and land acquisition; Wildlife Depredation and Nuisance Abatement, which oversee depredation complaints and the implementation of intervention options for dealing with animals causing property damage; and Program Support, which provides agencywide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for the administration of the department. The agency is administratively attached to the Energy, Minerals and Natural Resources Department.

Mission

The mission of the Department of Game and Fish is to provide and maintain an adequate supply of wildlife and fish within the state of New Mexico by using a flexible management system that provides for their protection, propagation, regulation, conservation, and use as public recreation and food supply.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	41.3	0.0	2,750.0	2,750.0	0.0
Federal Revenues	16,342.9	15,370.4	15,370.4	15,370.4	0.0
Other Revenues	36,320.4	34,409.2	34,709.2	34,709.2	0.9
TOTAL SOURCES	\$52,704.6	\$49,779.6	\$52,829.6	\$52,829.6	6.1
USES					
Personal Services and Employee Benefits	25,879.0	29,878.2	29,878.2	29,878.2	0.0
Contractual services	3,906.0	4,280.7	3,780.7	4,780.7	11.7
Other	16,108.8	15,438.4	16,238.4	17,988.4	16.5
Other financing uses	182.3	182.3	182.3	182.3	0.0
Land of Enchantment Legacy Fund	0.0	0.0	2,750.0	0.0	0.0
TOTAL USES	\$46,076.1	\$49,779.6	\$52,829.6	\$52,829.6	6.1
FTE					
Permanent	320.0	310.0	310.0	310.0	0.0
Temporary	3.0	2.0	2.0	2.0	0.0
TOTAL FTE	323.0	312.0	312.0	312.0	0.0

At A Glance

The Department of Game and Fish (DGF) requested 6.1 percent growth in total funding over FY24, a \$3.05 million increase substantially composed of \$2.75 million from the newly created land of enchantment legacy fund. The agency, supported primarily through hunting and fishing fees and federal matching dollars, receives no recurring funds from the general fund. The request increased spending in the other category and cut spending in the contractual services category but allocated the entire amount from the legacy fund to a new spending category, "land of enchantment legacy fund." The recommendation supports the overall spending level and distributes it between the contractual services and other spending categories.

Budget Issues

DGF requested, and the committee recommends, an appropriation of \$50.1 million in federal and state funds for FY25. Under legislation passed during the 2023 session, the agency will also receive \$2.75 million from the land of enchantment legacy fund, for a total of \$52.8 million. The request for other revenues, a less than 1 percent increase over FY24, maintained the \$46.6 million transfer of state and federal funds from the game protection fund, the depository for hunting and fishing fees and certain federal matching dollars, and increased the \$1.25 million in total transfers from the habitat management and big game management funds by \$300 thousand.

While not reflected in the request, DGF proposed increasing spending in contractual services by \$500 thousand, or 11.7 percent, and increasing spending in the other category by \$2.55 million, or 16.5 percent, mostly to expand field work but with \$300 thousand expected to be used for growth in overhead. The recommendation increases spending in the contractual services and other categories as proposed. Further, it supports the department's distribution of the funding to its programs, resulting in a \$2.35 million increase in the other category and a \$700 thousand increase in contractual services for the Conservation Services Program, which conducts the department's research and field work, and a \$200 thousand increase in the other category and a \$200 thousand reduction in contractual services for Program Support. Funding and spending in the other two DGF programs, Field Operations and Wildlife Depredation and Nuisance Abatement, are flat.

Unlike the land of enchantment legacy fund transfers to other beneficiaries (the departments of Agriculture, Environment, Economic Development, Cultural Affairs, and Energy, Minerals and Natural Resources), DGF has broad authority in the use of its allocation and reports it will focus new spending from both the other and contractual services categories on research, monitoring, and habitat restoration for species of greatest conservation need identified in the State Wildlife Action Plan. Among its plans are surveys of the populations and habitat ranges and implementation of recovery plans for species that are declining, vulnerable, limited to New Mexico, geographically isolated, or crucial to their ecosystems. The agency conducts this work with both its own biologists and with collaborators and contractors.

The enchantment fund, launched with a \$50 million appropriation, has enough revenue to distribute at least \$2.75 million to DGF—and other set amounts to the other beneficiaries—for four years. Funding beyond that will depend on income in the conservation legacy permanent fund. The Legislature appropriated \$50 million to the conservation permanent fund during the 2023 session but money in the permanent fund does not flow to the enchantment fund until the amount reaches \$150 million.

Despite the increase in workload likely to result from the influx of enchantment fund dollars and a relatively low vacancy rate of 5.9 percent, representing savings of \$1.5 million, the agency requested, and the committee supports, no increase for personnel in FY25. The request shifted one position from Program Support to the Conservation Services Program, in addition to the \$200 thousand more for contractual services, which should help Conservation Services partially address the increased workload.

Fund Balance. The department proposed unsuccessful legislation during the 2023 session to raise hunting and fishing fees, contending the game protection fund was being depleted and additional revenue was needed. Revenue from hunting and fishing fees, which grew 14 percent between FY19 and FY23, generated almost \$28 million in FY23 and represented more than half of the agency's total revenue sources and about two-thirds of the revenue going into the game protection fund. The Legislature approved a \$7 million nonrecurring general fund appropriation for the agency for FY24, largely because of the defeat of the license fee increases, and DGF is using \$3.9 million to pay game wardens, which will allow it to leave that amount in the game protection fund to shore up balances. (Of the remainder, the department is spending \$1.1 million on vehicles and \$2 million on conservation efforts.)

The department argues it needs a \$10 million balance in the game protection fund as a cushion for operations and projects the balance in the game protection fund will be \$16.6 million at the end of FY24 and \$17.6 million at the end of FY25. The annual transfer from the game protection fund generally represents close to 95 percent of the department's appropriation, although that share should be slightly lower in FY25 because of the availability of enchantment fund dollars. The department is supported to a much lesser degree by seven other funds, including some earmarked for certain purposes.

DGF has routinely used its permanent funds for capital outlay, an approach it says allows it to rebuild balances between projects. Although it did not request the use of game protection fund balances for capital outlay in FY25, it intends to ask for capital outlay funding from the fund in FY26. The balance in all the agency's funds is projected to be \$39.4 million at the end of FY24 and \$37 million at the end of FY25, including a request to spend \$7 million from the balances on wildlife habitat improvements and off-road vehicle trails.

The balance in the game protection fund declined from \$26.2 million in FY10 to \$20.3 million in FY22, although the amount consistently exceeded \$35 million between FY11 and FY15. The agency began routinely using the balance for capital outlay in FY14. Since FY15, the balance has averaged \$18.8 million and supported more than \$40 million in capital projects.

Between 2020 and 2023, the Legislature appropriated a total of \$27.8 million to the department for capital outlay funded through the game protection and other agency-administered funds. The department had spent \$6 million of that through June 2023. Plans for the \$7 million restoration of Bear Canyon Dam were also approved in FY23 and work was to begin in FY24.

Performance. The LFC Program Evaluation Unit in a 2020 report concluded the Department of Game and Fish should consider revising its performance measures to report on the population levels of big game species; the distribution of all hunting licenses to residents and nonresidents, including those initially provided to private landowners under the EPLUS system; and the effectiveness of its efforts with threatened and endangered species. The agency has declined repeated requests to change or add performance measures.

In its budget request, the Game and Fish Department reported it missed the targets on six of its 15 performance measures with targets during FY23. Two measures had no targets because they are explanatory. While the agency improved its overall performance from FY22—when it missed the targets on nine measures—it lost ground on the number of conservation hours in the field and the number of hunter and conservation education programs delivered by field staff, both likely depressed by vacancies.

Of continuing concern is the poor performance on special field operations to deter and detect off-road vehicle and game and fish violators, although performance has improved. The agency held only one-third of the 300 special operations targeted for FY22 but increased that number to 150 for FY23. In contrast, DGF continued to significantly outperform the target for the number of publications about potentially dangerous wildlife distributed or viewed, with a total of 1.8 million for FY23, far exceeding the target of 850 thousand.

FIELD OPERATIONS

The purpose of the field operations program is to promote and assist the implementation of law enforcement, habitat and public outreach programs throughout the state.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	335.5	331.1	331.1	331.1	0.0
Other Revenues	11,023.6	11,623.5	11,623.5	11,623.5	0.0
TOTAL SOURCES	\$11,359.1	\$11,954.6	\$11,954.6	\$11,954.6	0.0
USES					
Personal Services and Employee Benefits	8,470.6	9,433.0	9,433.0	9,433.0	0.0
Contractual services	61.4	98.7	98.7	98.7	0.0
Other	2,422.2	2,422.9	2,422.9	2,422.9	0.0
TOTAL USES	\$10,954.2	\$11,954.6	\$11,954.6	\$11,954.6	0.0
FTE					
Permanent	107.0	99.0	99.0	99.0	0.0
TOTAL FTE	107.0	99.0	99.0	99.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Output	Number of conservation officer hours spent in the field checking for compliance	49,984.0	47,836.0	56,000.0	56,000.0	56,000.0
Output	Number of hunter and conservation education programs delivered by field staff	720.0	709.0	800.0	800.0	800.0
Output	Number of special field operations to deter, detect and apprehend off-highway vehicle and game and fish violators	105.0	150.0	300.0	300.0	300.0
Explanatory	Number of citations issued per 100 contacts	4.0	4.2	N/A	N/A	N/A

CONSERVATION SERVICES

The purpose of the conservation services program is to provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	41.3	0.0	2,750.0	2,750.0	0.0
Federal Revenues	15,504.4	14,581.7	14,581.7	14,581.7	0.0
Other Revenues	13,009.4	12,667.6	12,967.6	12,967.6	2.4
TOTAL SOURCES	\$28,555.1	\$27,249.3	\$30,299.3	\$30,299.3	11.2
USES					
Personal Services and Employee Benefits	12,552.0	14,529.8	14,529.8	14,529.8	0.0
Contractual services	3,414.9	3,413.3	3,113.3	4,113.3	20.5
Other	9,764.5	9,123.9	9,723.9	11,473.9	25.8
Other financing uses	182.3	182.3	182.3	182.3	0.0
Land of Enchantment Legacy Fund	0.0	0.0	2,750.0	0.0	0.0
TOTAL USES	\$25,913.7	\$27,249.3	\$30,299.3	\$30,299.3	11.2
FTE					
Permanent	156.0	153.0	154.0	154.0	0.7
Temporary	3.0	2.0	2.0	2.0	0.0
TOTAL FTE	159.0	155.0	156.0	156.0	0.6

Recommended Language

The other state funds appropriation to the conservation services program of the department of game and fish in the other financing uses category includes one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operations and eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operations for the interstate stream compact compliance and water development program of the state engineer. Any unexpended balances remaining at the end of the fiscal year 2024 from this appropriation shall revert to the game protection fund.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Number of elk licenses offered on an annual basis in New Mexico	38,182.0	38,587.0	35,000.0	35,000.0	35,000.0
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	84%	84%	84%	84%	84%
* Output	Annual output of fish from the department's hatchery system, in pounds	672,642.0	640,000.0	660,000.0	660,000.0	660,000.0
Outcome	Percent of anglers satisfied with opportunity and success	89%	90%	90%	90%	90%
Output	Acres of accessible sportsperson opportunity through the open gate program	195,371.0	195,387.0	210,000.0	210,000.0	210,000.0
Output	Percent of state-threatened, endangered species or candidate species studied and conserved through the state wildlife action plan and other state programs	45%	53%	48%	48%	52%
Output	Percent of New Mexico youth participation annually through education and outreach programs	11%	13%	13%	13%	13%
Explanatory	Percent of noncompliance with wildlife laws	0.0%	0.0%	N/A	N/A	N/A

WILDLIFE DEPREDATION AND NUISANCE ABATEMENT

The purpose of the wildlife depredation and nuisance abatement program is to provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of, and precluded from, property damage and annoyances or risks to public safety caused by protected wildlife.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	34.2	0.0	0.0	0.0	0.0
Other Revenues	1,508.6	1,171.0	1,171.0	1,171.0	0.0
TOTAL SOURCES	\$1,542.8	\$1,171.0	\$1,171.0	\$1,171.0	0.0
USES					
Personal Services and Employee Benefits	324.9	402.2	402.2	402.2	0.0
Contractual services	104.3	156.7	156.7	156.7	0.0
Other	494.0	612.1	612.1	612.1	0.0
TOTAL USES	\$923.2	\$1,171.0	\$1,171.0	\$1,171.0	0.0
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	94%	97%	96%	96%	96%
Output	Number of educational publications viewed or distributed with a message about minimizing potentially dangerous encounters with wildlife	1,114,874.0	1,806,266.0	850,000.0	850,000.0	1,200,000.0
Outcome	Percent of wildlife complaints responded to	100%	100%	99%	99%	99%

PROGRAM SUPPORT

The purpose of program support is to provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	468.7	457.6	457.6	457.6	0.0
Other Revenues	10,778.9	8,947.1	8,947.1	8,947.1	0.0
TOTAL SOURCES	\$11,247.6	\$9,404.7	\$9,404.7	\$9,404.7	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	4,531.6	5,513.2	5,513.2	5,513.2	0.0
Contractual services	325.5	612.0	412.0	412.0	(32.7)
Other	3,428.1	3,279.5	3,479.5	3,479.5	6.1
TOTAL USES	\$8,285.2	\$9,404.7	\$9,404.7	\$9,404.7	0.0
FTE					
Permanent	53.0	54.0	53.0	53.0	(1.9)
TOTAL FTE	53.0	54.0	53.0	53.0	(1.9)

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury from the close of the accounting period	18.0	5.0	20.0	20.0	20.0
Outcome	Average department-wide vacancy rate for the fiscal year	15.88%	13.63%	9.00%	9.00%	9.00%

Statutory Authority

The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

Mission

The mission of EMNRD is to position New Mexico as a national leader in energy and natural resource areas. This includes developing reliable supplies of energy and energy-efficient technologies with a balanced approach toward conserving renewable and nonrenewable resources; protecting the environment and ensuring responsible reclamation of land and resources affected by mineral extraction; growing and managing healthy, sustainable forests; and improving the state park system that protects New Mexico’s natural, cultural, and recreational resources for posterity and contributes to a sustainable economy statewide.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	27,062.5	35,439.6	50,564.6	39,192.7	10.6
Other Transfers	4,413.9	4,281.3	5,143.6	5,143.6	20.1
Federal Revenues	26,224.9	69,672.3	91,858.4	91,858.4	31.8
Other Revenues	44,890.6	32,256.6	37,289.2	37,289.2	15.6
Fund Balance	0.0	10,604.1	14,089.1	14,089.1	32.9
TOTAL SOURCES	\$102,591.9	\$152,253.9	\$198,944.9	\$187,573.0	23.2
USES					
Personal Services and Employee Benefits	34,588.8	50,889.6	60,214.1	54,323.1	6.7
Contractual services	20,811.1	62,575.9	80,496.5	80,270.5	28.3
Other	18,986.2	37,229.2	55,812.8	51,964.2	39.6
Other financing uses	0.0	1,559.2	1,015.2	1,015.2	(34.9)
Land of Enchantment Legacy Fund	0.0	0.0	1,406.3	0.0	0.0
TOTAL USES	\$74,386.1	\$152,253.9	\$198,944.9	\$187,573.0	23.2
FTE					
Permanent	501.0	455.0	469.0	464.0	2.0
Term	46.0	85.0	85.0	85.0	0.0
Temporary	65.0	45.6	47.6	47.6	4.4
TOTAL FTE	612.0	585.6	601.6	596.6	1.9

At A Glance

The Energy, Minerals and Natural Resources Department (EMNRD) requested a total FY25 budget of \$198.9 million, an increase of \$46.7 million, or 31 percent, above the FY24 operating budget. The request included a general fund increase of \$15.1 million, or 42.7 percent, primarily in the State Forestry, State Parks, and Oil Conservation divisions. The agency’s budget request includes an additional \$22.2 million in federal revenue, building on FY24’s record growth that resulted from the Infrastructure Investment and Jobs Act (IIJA). The FY25 increase in federal revenue is almost entirely in the State Forestry Division, while most other programs expected federal revenue to decline or remain relatively flat. The agency also requested an \$8.5 million increase in other state revenues and fund balance, the majority of which is from the forest lands protection revolving fund.

The LFC recommendation supports the increases from federal and other state sources and includes a general fund increase of \$2.6 million, or 7.4 percent, to EMNRD’s base budget. Increases from the general fund were recommended for 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.

Budget Issues

Energy Conservation and Management. The FY25 base budget request for the Energy Conservation and Management Division (ECMD) included a general fund increase of \$2 million, or 88 percent, and a federal funds increase of \$73.2 thousand. General fund revenue was requested for the Grid Modernization Grant Program, marketing for tax credits and grant programs, vacancy rate reduction, and a transfer of 4 FTE from the Program Support Division. The request also added 2 FTE for tax credit processing, which had no budget impact. The LFC recommendation supports the transfer of \$439.9 thousand in general fund revenue and 4 FTE from Program Support to ECMD. The recommendation for FTE also includes the two additional tax credit processing staff.

Healthy Forests. The Healthy Forests Program, also known as the State Forestry Division (SFD), requested a general fund increase of \$2.7 million, or 39 percent, mostly related to firefighting personnel and equipment. In response to a record wildfire season, the FY24 SFD budget included expansion funding for a hotshot crew to improve initial attack capacity for wildfires and create a full-time workforce to complete off-season forestry work. For FY25, SFD requested additional personnel funding of \$1.2 million to staff the second of two hotshot crews authorized in FY24. The LFC recommendation includes a general fund increase of \$924.8 thousand for this purpose, which would cover the salaries of the 22-person crew.

Additionally, the LFC recommendation includes \$363.3 thousand requested to support the salary increase for a new wildland firefighter job classification approved by the State Personnel Office and \$110 thousand for building lease costs. The recommendation does not increase general fund revenue for field equipment and other miscellaneous costs.

The agency request also included a federal revenue increase of \$22.3 million for grants to local governments for tree thinning, hazardous fuel reduction, and watershed restoration projects, as well as contracted services for forest and watershed management projects, public outreach, and other forestry programs. Other state revenues were increased from the forest lands protection revolving fund and the conservation planting revolving fund for forest and watershed management projects, grants to local governments and tribes, climate change response programs, wildland fire training courses, and purchases for the conservation seedling program. The LFC recommendation supports these increases.

In FY25, EMNRD will also receive a distribution from the land of enchantment legacy fund, established by the Legislature during the 2023 regular session. The SFD request included \$1.4 million from the legacy fund for the Natural Heritage Conservation Act Program, which funds conservation and agricultural easements and land restoration projects. The LFC recommendation supports the agency's request to budget \$1 million of these funds for contractual services and \$406.3 thousand for grants to local governments.

State Parks. The FY25 request for the State Parks Division (SPD) increased general fund revenue by \$5.8 million, or 52 percent, and other state revenue by \$1.8 million. Revenue reductions were made in other transfers, federal funds, and fund balance for a net requested increase of \$6.2 million. The request included an increase of \$5.3 million in the personnel budget to fill vacancies and an additional \$1.4 million in other costs for various items including utilities and equipment, field supplies, IT services and equipment, and employee training and travel.

In FY23, EMNRD reclassified certain SPD positions to better reflect their job duties as law enforcement officers, hoping to aid recruitment of on-the-ground parks employees. This effort appears to have been very successful: SPD spent 96 percent of its FY23 personnel budget, effectively eliminating its funded vacancy rate. For this reason, LFC recommends a general fund increase to the personnel budget of \$900 thousand so the agency can continue to fill vacancies and improve employee retention. The LFC recommendation supports the request for other revenue sources and holds the contractual services and other costs budgets flat to allow for a \$1.8 million increase in personnel.

Mine Reclamation. The FY25 base budget request for the Mine Reclamation Program increased general fund revenue by \$345.7 thousand to replace revenue from federal indirect grant funds and mining fees for a net budget increase of \$55.1 thousand. The LFC recommendation adds \$120.7 thousand to replace revenue from mining fees, resulting in a net base decrease of \$169.9 thousand. The recommendation incorporates savings to the contractual services and other costs budgets to minimize the negative impact to the personnel budget. Overall, the FY25 recommendation for the Mine Reclamation Program is \$8.1 million above FY23 actual expenditures.

Oil and Gas Conservation. The Oil and Gas Conservation Division (OCD) requested a general fund increase of \$951.6 thousand, a \$76.9 thousand increase in federal funds, and a net increase of \$1.1 million in other state revenues and fund balance for a total base budget increase of \$2.2 million for FY25. The general fund increase was requested to reduce OCD's vacancy rate, which was 24 percent as of September 1, while other state revenues were requested from the oil reclamation fund (\$1.2 million) for orphaned well plugging and other contractual services to improve OCD permitting and hearing efficiency and from the OCD system and hearing fund (\$245.6 thousand) for work on a new office building, contracted hearing examiners, and court reporting services.

The LFC recommendation supports the agency's request for federal and other state funds but does not increase general fund revenue in the base budget. OCD has an estimated FY24 funded vacancy of \$1.5 million, or 18 percent, and the FY25 recommendation for base personnel funding is \$2 million above FY23 actual expenditures.

Program Leadership and Support. EMNRD’s budget request for Program Support increased general fund revenue by \$505.6 thousand, or 11 percent, and reduced federal revenue by \$369.8 thousand. The net general fund increase consisted of \$945.5 thousand to replace federal indirect grant funds and a transfer of \$439.9 thousand from Program Support to ECMD. The LFC recommendation includes the transfer and adds \$200 thousand in general fund revenue to supplement federal funds, for a total budget decrease of \$609.7 thousand and a general fund decrease of \$239.9 thousand.

Base Expansion

The Mine Reclamation Program requested an expansion of \$844.5 thousand for 1 FTE, software development services, hardware and software and IT maintenance, and new employee training and supplies related to the Water Data Act. LFC recommends a general fund increase of \$144.5 thousand for 1 FTE.

The Oil Conservation Division requested expansion funding of \$600 thousand for underground inspection control staff (5 FTE), \$490 thousand for environmental control staff (4 FTE), and \$119.8 thousand for a hearing examiner/special master (1 FTE). LFC recommends the addition of 7 FTE and \$989.8 thousand to increase field inspections and compliance in these areas. Funding is recommended for two petroleum specialists and one field supervisor in underground inspection control, two environmental specialists and one field supervisor in environmental control, and one hearing examiner/special master.

The Energy Conservation and Management Division and Program Support Division each requested 1 FTE in expansions that will be supported by federal funding sources. The recommendation includes these new FTE.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	EV Tax Credit Program	P740	117.0	0.0
0	Federal Climate Policy Advisor	P745	217.9	217.9
0	Geothermal Center Funding	P740	600.0	0.0
0	OCD Compliance base expansion	P744	1,209.8	989.8
0	Water Data Act FTE expansion	P743	844.5	144.5
TOTAL			\$2,989.2	\$1,352.2

ENERGY CONSERVATION AND MANAGEMENT

The purpose of the energy conservation and management program is to develop and implement clean energy programs to decrease per capita energy consumption; use New Mexico’s substantial renewable energy resources; minimize local, regional and global air emissions; lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,704.4	2,273.6	4,980.5	2,713.5	19.3
Other Transfers	121.7	0.0	0.0	0.0	0.0
Federal Revenues	1,163.3	3,338.3	3,411.5	3,411.5	2.2
Other Revenues	621.6	247.9	247.9	247.9	0.0
TOTAL SOURCES	\$3,611.0	\$5,859.8	\$8,639.9	\$6,372.9	8.8

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	1,885.1	3,173.4	4,097.2	3,574.4	12.6
Contractual services	898.1	1,536.8	2,251.3	1,613.1	5.0
Other	776.1	1,149.6	2,291.4	1,185.4	3.1
TOTAL USES	\$3,559.3	\$5,859.8	\$8,639.9	\$6,372.9	8.8
FTE					
Permanent	23.0	22.0	28.0	26.0	18.2
Term	4.0	8.0	8.0	8.0	0.0
Temporary	1.0	0.0	2.0	2.0	0.0
TOTAL FTE	28.0	30.0	38.0	36.0	20.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Estimated cumulative energy saved through certified performance audits, in British thermal units (BTUs)	N/A	N/A	N/A	N/A	N/A
Outcome	Estimated reduction in carbon emissions resulting from certified energy savings performance contracts, in metric tons	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	27.0	25.0	N/A	N/A	N/A
Explanatory	Number of clean energy projects to which the division provided information and technical assistance	226.0	0.0	N/A	N/A	N/A
Outcome	Percent of completed tax credit applications reviewed within thirty days of receipt	92%	99%	92%	92%	95%

HEALTHY FORESTS

The purpose of the healthy forests program is to promote the health of New Mexico’s forest lands by managing wildfires, mitigating urban-interface fire threats and providing stewardship of private and state forest lands and associated watersheds.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,417.2	6,977.1	9,691.6	8,375.2	20.0
Other Transfers	2,383.8	2,000.0	3,406.3	3,406.3	70.3
Federal Revenues	8,059.3	18,597.0	40,941.0	40,941.0	120.1
Other Revenues	121.6	672.1	331.4	331.4	(50.7)
Fund Balance	0.0	1,292.0	8,271.3	8,271.3	540.2
TOTAL SOURCES	\$14,981.9	\$29,538.2	\$62,641.6	\$61,325.2	107.6

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	6,025.0	14,187.0	14,940.7	14,632.1	3.1
Contractual services	3,021.4	5,103.3	20,635.6	21,625.6	323.8
Other	4,909.4	10,191.7	25,602.8	25,011.3	145.4
Other financing uses	0.0	56.2	56.2	56.2	0.0
Land of Enchantment Legacy Fund	0.0	0.0	1,406.3	0.0	0.0
TOTAL USES	\$13,955.8	\$29,538.2	\$62,641.6	\$61,325.2	107.6
FTE					
Permanent	69.0	100.0	100.0	100.0	0.0
Term	19.0	43.0	43.0	43.0	0.0
TOTAL FTE	88.0	143.0	143.0	143.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	883.0	1,554.0	1,500.0	1,500.0	1,500.0
* Output	Number of acres treated in New Mexico's forests and watersheds	14,020.0	15,735.0	14,750.0	14,500.0	15,000.0
Output	Percentage of forest and watershed restoration projects with total funding leveraged from other sources (federal, local, tribal, private and other state funding)	78%	95%	75%	50%	75%
Output	Percentage of wildland firefighting equipment and training provided to local communities and fire departments in medium/high threat response areas	76%	68%	50%	50%	50%
Output	Percentage of communities with medium/high impervious surface cover that receive technical assistance	50%	54%	50%	50%	50%

STATE PARKS

The purpose of the state parks program is to create the best recreational opportunities possible in state parks by preserving cultural and natural resources, continuously improving facilities and providing quality, fun activities and to do it all efficiently.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,469.2	11,331.9	17,178.3	12,231.9	7.9
Other Transfers	609.9	1,044.0	500.0	500.0	(52.1)
Federal Revenues	2,414.5	9,253.9	9,236.7	9,236.7	(0.2)
Other Revenues	13,030.2	12,779.2	14,620.4	14,620.4	14.4
Fund Balance	0.0	6,042.3	5,087.5	5,087.5	(15.8)
TOTAL SOURCES	\$25,523.8	\$40,451.3	\$46,622.9	\$41,676.5	3.0
USES					
Personal Services and Employee Benefits	12,537.4	14,638.1	19,917.7	16,407.3	12.1
Contractual services	1,866.7	3,270.2	3,277.9	3,270.2	0.0
Other	10,182.7	21,387.9	22,816.2	21,387.9	0.0
Other financing uses	0.0	1,155.1	611.1	611.1	(47.1)
TOTAL USES	\$24,586.8	\$40,451.3	\$46,622.9	\$41,676.5	3.0
FTE					
Permanent	262.0	186.0	186.0	186.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
Temporary	63.0	45.6	45.6	45.6	0.0
TOTAL FTE	328.0	234.6	234.6	234.6	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Explanatory	Number of visitors to state parks	5,211,898.0	4,775,786.0	N/A	N/A	N/A
* Explanatory	Amount of self-generated revenue per visitor, in dollars	\$1.01	\$1.21	N/A	N/A	N/A
Explanatory	Number of new proposed Rio Grande Trail miles to the Rio Grande Trail Commission	N/A	N/A	N/A	N/A	N/A

MINE RECLAMATION

The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	713.8	1,205.0	2,395.2	1,470.2	22.0
Other Transfers	83.3	97.1	97.1	97.1	0.0
Federal Revenues	3,841.5	11,436.3	11,297.4	11,297.4	(1.2)
Other Revenues	763.7	645.0	643.4	643.4	(0.2)
Fund Balance	0.0	158.3	8.2	8.2	(94.8)
TOTAL SOURCES	\$5,402.3	\$13,541.7	\$14,441.3	\$13,516.3	(0.2)
USES					
Personal Services and Employee Benefits	3,018.4	4,181.3	4,374.6	4,314.5	3.2
Contractual services	1,625.8	8,637.8	9,040.7	8,574.2	(0.7)
Other	548.6	674.4	977.8	579.4	(14.1)
Other financing uses	0.0	48.2	48.2	48.2	0.0
TOTAL USES	\$5,192.8	\$13,541.7	\$14,441.3	\$13,516.3	(0.2)
FTE					
Permanent	18.4	17.0	18.0	18.0	5.9
Term	17.0	18.0	18.0	18.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	36.4	35.0	36.0	36.0	2.9

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	99%	99%	98%	98%	98%
Outcome	Percent of inspections of active mining operations showing compliance with approved permits and regulations	83%	100%	98%	98%	98%

OIL AND GAS CONSERVATION

The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional, dynamic regulation.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,163.1	9,230.3	11,391.7	10,220.1	10.7
Other Transfers	348.8	0.0	0.0	0.0	0.0
Federal Revenues	10,093.6	25,842.8	25,919.7	25,919.7	0.3
Other Revenues	30,353.4	17,912.4	21,446.1	21,446.1	19.7
Fund Balance	0.0	3,111.5	722.1	722.1	(76.8)
TOTAL SOURCES	\$47,958.9	\$56,097.0	\$59,479.6	\$58,308.0	3.9
USES					
Personal Services and Employee Benefits	6,548.1	8,576.2	10,479.8	9,566.0	11.5
Contractual services	13,219.0	43,831.3	45,090.9	44,990.9	2.6
Other	2,228.4	3,389.8	3,609.2	3,451.4	1.8
Other financing uses	0.0	299.7	299.7	299.7	0.0
TOTAL USES	\$21,995.5	\$56,097.0	\$59,479.6	\$58,308.0	3.9
FTE					
Permanent	78.0	81.0	91.0	88.0	8.6
Term	3.0	13.0	13.0	13.0	0.0
TOTAL FTE	81.0	94.0	104.0	101.0	7.4

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of oil and gas facility inspections reported in high priority sites	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of oil spills reported to the Oil Conservation Division annually	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of violations issued with associated administrative penalties	N/A	N/A	N/A	N/A	N/A
Outcome	Total Number of regulatory filings approved	N/A	N/A	N/A	N/A	N/A
Outcome	Total number of regulatory filings received	N/A	N/A	N/A	N/A	N/A
* Output	Number of inspections of oil and gas wells and associated facilities	31,154.0	29,522.0	31,000.0	30,000.0	31,000.0
Output	Average number of days to process application drill permits	88.0	9.0	92.0	92.0	92.0
Outcome	Volume of flared gas	15,990,238.0	20,044,058.0	15,990,000.0	15,990,000.0	15,990,000.0
Explanatory	Volume of produced water injected	898,110,200.0	995,067,459.0	N/A	N/A	N/A
Explanatory	Number of requested hearing and continuances	1,672.0	2,041.0	N/A	N/A	N/A
Explanatory	Volume of produced water recycled	138,136,506.0	685,908,344.0	N/A	N/A	N/A
Outcome	Volume of vented gas	512,912.0	1,558,221.0	15,990,000.0	15,500,000.0	15,500,000.0
* Output	Number of abandoned wells properly plugged	49.0	76.0	70.0	70.0	70.0
Explanatory	Number of violations issued	3,213.0	2,318.0	N/A	N/A	N/A

PROGRAM LEADERSHIP AND SUPPORT

The purpose of the program leadership and support program is to provide leadership, set policy and provide support for every division in achieving their goals.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,594.8	4,421.7	4,927.3	4,181.8	(5.4)
Other Transfers	866.4	1,140.2	1,140.2	1,140.2	0.0
Federal Revenues	652.7	1,204.0	1,052.1	1,052.1	(12.6)
TOTAL SOURCES	\$5,113.9	\$6,765.9	\$7,119.6	\$6,374.1	(5.8)
USES					
Personal Services and Employee Benefits	4,574.9	6,133.6	6,404.1	5,828.8	(5.0)
Contractual services	180.2	196.5	200.1	196.5	0.0
Other	341.1	435.8	515.4	348.8	(20.0)
TOTAL USES	\$5,096.2	\$6,765.9	\$7,119.6	\$6,374.1	(5.8)
FTE					
Permanent	50.6	49.0	46.0	46.0	(6.1)
TOTAL FTE	50.6	49.0	46.0	46.0	(6.1)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of prior-year financial audit findings resolved	99.0	100.0	100.0	100.0	100.0
Output	Number of working days after the final grant expenditures are available and the federal funds are allowed to be drawn	90.0	90.0	90.0	90.0	90.0

Statutory Authority

Sections 9-5B-1 through 9-5B-11 NMSA 1978 establish the New Mexico Youth Conservation Corps Act. The purpose of the act is to provide employment for youth in public projects that conserve New Mexico’s natural resources and provide community benefits of lasting value. The corps is administratively attached to the Energy, Minerals and Natural Resources Department (EMNRD).

Mission

The Youth Conservation Corps’ mission is to promote the education, success, and well-being of the youth of New Mexico through the conservation and enhancement of the state’s natural resources and to provide lasting community benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	4,362.3	4,600.0	4,800.0	4,800.0	4.3
Fund Balance	0.0	1,298.3	1,200.0	1,200.0	(7.6)
TOTAL SOURCES	\$4,362.3	\$5,898.3	\$6,000.0	\$6,000.0	1.7
USES					
Personal Services and Employee Benefits	205.8	278.0	232.4	232.4	(16.4)
Contractual services	3,313.0	5,400.0	5,545.0	5,545.0	2.7
Other	73.1	95.3	97.6	97.6	2.4
Other financing uses	10.0	125.0	125.0	125.0	0.0
TOTAL USES	\$3,601.9	\$5,898.3	\$6,000.0	\$6,000.0	1.7
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	2.0	2.0	2.0	2.0	0.0

At A Glance

The Youth Conservation Corps (YCC), funded with an earmark of 10.4 percent of governmental gross receipts tax revenue, requested and LFC recommends a 1.7 percent increase over the FY24 operating budget. The request cut personnel and increased contractual services, primarily to support an increase in the per-project award cap.

Budget Issues

The agency’s request for \$101.7 thousand more for FY25 included a 2.7 percent, or \$145 thousand, increase for contractual services to raise the award cap from \$200 thousand to \$225 thousand. That increase was partially offset by a \$45.6 thousand decrease in personnel, a 16.4 percent cut from the FY24 operating budget, which overfunded personnel. The committee supports both requests, as well as the agency’s request to continue to pay the Energy, Minerals and Natural Resources Department \$125 thousand a year for administrative services.

YCC’s request included \$1.2 million from the balance in the YCC fund; the governmental gross receipts tax revenue designated for YCC does not revert and is held in the agency’s fund balance. The agency has been trying to spend down the balance in the fund, which had grown to more than \$10 million at the close of FY23. That was up slightly from the \$9.7 million balance at the close of FY22 despite the agency spending almost \$2.5 million from the balance over the last two years.

The agency is using the fund balance for cooperative agreements with state agencies for various site improvement and other projects with a goal of encouraging state agency careers. YCC has existing contracts with the Energy, Minerals and Natural Resources Department and State Land Office and is pursuing agreements with other state agencies.

Contractors with YCC, which has contracted for 40 projects throughout the state for FY24, directly hire youth who qualify for the program but have struggled to find employees since YCC hit a high of 900 youth employed in 2016. While the number of hires has recovered some from the 400 hired in FY22 during the pandemic, the 543 hired in FY23 fell far short of the target of 840. The agency noted projects that offered higher wages to smaller crews were more successful in hitting their hiring targets. The average hourly wage in the program is \$14. The agency plans to offer training for the project managers on how to develop compelling job postings and recruitment messages.

Projects this year included four crews performing restoration projects in the Hermits Peak/Calf Canyon burn area; recreational, rangeland, and trail constructions and improvements in the Lincoln, Santa Fe, Carson, Cibola and Gila national forests; farm to table agriculture in Taos, Albuquerque’s South Valley, Acoma, Santa Fe and Silver City; public art design, fabrication, and installation in Albuquerque, Silver City and Santa Fe; municipal facilities and park improvements in Tucumcari, Espanola, Bernalillo County, Estancia, Mountainair, Farmington, Gallup, Bloomfield, and Alamo; inventory of acequias and dams in Rio Arriba County and inventory of abandoned mines in Sierra County.

Corps members have received a broad variety of training, including first aid and CPR, trail construction, food handling certification, GED classes, bike repair, chainsaw certification, financial literacy, interview and resume skills, wildland firefighting certification, recreation management, flora and fauna identification, watershed restoration techniques, wilderness first aid, dam safety, and inventory.

However, in addition to missing the target on the number of youth employed, the agency also missed its target for distributing tuition vouchers to eligible corps members—corps members who work multiple summers are eligible for a tuition voucher up to \$1,500 tuition and a bonus up to \$500. Just 25 corps members of 64 contacted responded and accepted the voucher, short of the target of 85 percent. Of note, a voucher of \$1,500 might be too small an incentive to keep youth in the program given New Mexico’s generous opportunity and lottery scholarship programs.

YOUTH CONSERVATION CORPS

The purpose of the youth conservation corps program is to provide funding for the employment of New Mexicans between the ages of fourteen and twenty-five to work on projects that will improve New Mexico’s natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Number of youth employed annually	394.0	543.0	840.0	840.0	840.0
Outcome	Percent of all grant award monies used for wages for corps member wages	80%	76%	77%	77%	77%
Outcome	Percent of eligible corps members receiving tuition reimbursement	57%	55%	85%	85%	85%

Statutory Authority

The Commissioner of Public Lands is an elective office created in the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 through 19-1-24 NMSA 1978 and consist of the management, care, custody, and control of state trust lands allocated to specific beneficiaries by the federal Ferguson Act. State trust lands include 8.9 million land surface acres and 13.4 million subsurface, or mineral, acres administered by the commissioner through the State Land Office (SLO). Each acre is designated to a specific beneficiary, with educational institutions the beneficiary of 90 percent of the acreage.

Mission

The mission of the State Land Office is to generate revenue for our state’s public institutions sustainably for future generations to come.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	21,305.8	24,588.1	26,320.5	25,614.9	4.2
TOTAL SOURCES	\$21,305.8	\$24,588.1	\$26,320.5	\$25,614.9	4.2
USES					
Personal Services and Employee Benefits	16,829.3	18,544.0	20,008.5	19,389.5	4.6
Contractual services	2,087.8	2,877.9	3,017.7	2,964.2	3.0
Other	2,388.7	3,166.2	3,294.3	3,261.2	3.0
TOTAL USES	\$21,305.8	\$24,588.1	\$26,320.5	\$25,614.9	4.2
FTE					
Permanent	193.0	181.5	187.5	184.5	1.7
Temporary	4.0	0.0	0.0	0.0	0.0
TOTAL FTE	197.0	181.5	187.5	184.5	1.7

At A Glance

The State Land Office (SLO), funded with revenue earned from state trust lands, asked for an overall increase of 7 percent, primarily for inflation and additional staff to address a workload increase driven by the surge in oil and gas activity. Given the 23 percent increase in the agency’s budget between FY22 and FY24 and the volatility of the revenue source for the agency’s operating budget, the committee recommends a moderate increase of 4.2 percent that allows for the agency to hire three new employees and address increased costs.

Budget Issues

SLO’s request for a total of \$26.3 million in FY25 was a \$1.7 million increase over FY24 and included \$1.46 million more for personnel, a nearly 8 percent increase. The agency’s request for personnel included both a base increase of 4.8 percent and expansion funding for six new positions: a petroleum engineer and lease management employee in the Oil, Gas and Minerals Division; two auditors in royalty management; a tribal liaison in the Cultural Resources Office; and a grant manager position.

The request for contractual services was a little over \$3 million, a \$239.8 thousand or 4.9 percent increase over FY24, and the request for other uses was about \$3.3 million, a \$128.1 thousand or 4 percent increase over FY24. Both increases were to address higher cost and, in contractual services, additional workload.

The committee recommends a total budget of \$25.6 million, an increase slightly over \$1 million. The recommendation increases personnel by \$845.5 thousand, or 4.5 percent. This would allow the agency to continue to add staff to address the oil-boom-fueled increase in workload. The recommendation increases both contractual services and other uses by 3 percent for increased costs to both the contractual services and other uses categories, a figure closer to the likely inflation rate, for a total increase in those categories of \$181.6 thousand.

Spending as a Share of Revenue. SLO's total request for FY25 represented about a quarter of the \$110 million the recommendation assumes the agency will generate in FY25 for the land maintenance fund, the depository for income earned through grazing leases, rights of way, renewable energy leases, and other activity on state trust land that does not deplete the resource. Money left in that fund after SLO expenses are, along with much larger distributions from the land grant permanent funds, distributed to the 22 educational and state entities that are beneficiaries of the state land trust. (Public schools are the designated beneficiary for 85 percent of both surface and subsurface trust land acreage.) While the agency receives no income from the general fund, higher spending at the agency reduces the amount of land maintenance fund revenue distributed to beneficiaries, increasing the beneficiaries' reliance on general fund revenue.

Notably, the agency estimated FY25 revenue in the fund at \$80 million; however, the agency generally takes a very conservative approach to its estimate because the income is highly variable. The year-to-year change in the fund over the last 10 years has ranged from a drop of 48 percent to growth of 60 percent. Revenue in FY23 was \$135 million and it is expected to be close to that in FY24 because of continued strength in income from renewable energy leases. The recommendation's assumption of \$110 million for FY25 is the 10-year average.

The agency's FY25 request represented a larger share of estimated land maintenance fund revenue than has been typical for the last 10 years. SLO operational spending as a share of land maintenance fund revenue has averaged 17.2 percent over the last 10 years and has rarely exceeded 20 percent. Planned spending for FY24 is likely to stay under 20 percent of revenue, as well. Under the FY25 request, proposed spending was 24 percent of estimated revenue (and nearly a third of the agency's conservative revenue estimate).

The recommended spending level is 23 percent of estimated revenue, still higher than both the average and the more prudent threshold of 20 percent that has been the norm, but a level that slows the rapid growth of FY22 to FY24, when spending grew from \$19.9 million to \$24.6 million, or 23 percent.

Workload. About three-quarters of the \$4.7 million growth in spending between FY22 and FY24 was driven by personnel, although some increased spending on personnel was the result of across-the-board pay increases for all state employees. While workload, using revenue volumes as a proxy, has certainly increased, with the oil and gas industry driving a doubling of total trust land revenues between FY21 and FY23, growth has slowed, an indication workload is likely stabilizing. SLO projects total revenues (both the income from non-depleting activities deposited in the land maintenance fund and the oil production and other income from depleting activities deposited in the permanent fund) will drop to \$1.9 billion in FY25 from \$2.7 billion in FY23, suggesting workload will decline; however, as noted, the agency tends to take a very conservative approach to estimating revenue. The consensus forecast assumes oil production will stay strong through the decade, and the agency itself, in its budget request, said royalty payments from oil and gas production on leased land, 95 percent of all revenues, are likely to remain higher than historical averages. The recommendation assumes workload will continue to grow and provides funding for additional positions, but not as many as sought by the agency in its request.

The vacancy rate at SLO tends to be lower than the state average, with the SLO vacancy rate at 10.6 percent compared with a statewide average of 19.7 percent at the time of the agency's budget hearing in November 2023. The *Albuquerque Journal* named SLO the 2023 top midsize employer in the state, and the agency reports a stable workforce with lower turnover than the state government average. However, the agency was on track to overspend its personnel budget in FY23 until it transferred \$115 thousand from contractual services to personnel in late FY23 to cover the shortfall and would be short by a projected \$430 thousand in FY25 absent an increase in the appropriation for personnel. The recommendation increases personnel spending by \$845.5 thousand, covering the existing positions and funding three more.

Total Revenues and Distributions. While the revenue assumptions built into the recommendation suggest distributions to trust land beneficiaries from the maintenance fund will total about \$85 million in FY25, those distributions will be dwarfed by distributions from the land grant permanent funds. Distributions from the permanent fund, made up of oil production royalty payments and other activities on trust land that deplete the resource and invested by the State Investment Council, typically total in the hundreds of millions of dollars, with the figure over \$1 billion in FY23. Based on total distributions to beneficiaries, the amount spent on State Land Office operations provided a 39-to-1 return on investment in FY23.

Distributions from the permanent fund are based on a percentage of the five-year average of the fund and are more consistent and more predictable than distributions from the land maintenance fund. This has prompted the State Land Office to explore ways to move revenue now destined for the maintenance fund into the permanent fund. While shifting land maintenance income to the permanent fund would stabilize distributions for beneficiaries, it would also mean the loss of "now" money for beneficiaries. The agency has yet to pursue this approach, partly because it would require a change in statute and a consensus among beneficiaries.

Unlike other leases, SLO has built royalty-like revenue-sharing into its renewable energy leases, with “percent rent” payments based on the volume of energy produced and transmitted creating predictable, ongoing income. Currently, all money earned on renewable leases, both the initial bonus paid to win the lease and annual lease and revenue-sharing payments, are deposited into the maintenance fund. The renewable energy lease revenues have partially made up for the loss of oil and gas bonus payments to the maintenance fund. Most state trust land oil and gas tracts in the high-demand Permian Basin are already leased and unavailable for auction, where lease bonuses are paid. However, the office reports, while the availability of premium, unleased oil and gas parcels is still limited, the agency’s compliance efforts have led to some leases being terminated or expiring, putting them back on the market.

Performance. The State Land Office met the targets on all but two of its 10 measures. The office fell short on the amount distributed related to trespass cases and the number of acres treated for sustainability. The agency says efforts to prevent trespassing onto state trust lands, including training and enforcement, will reduce the amounts that can be collected, and in effect, successfully preventing trespass will make it difficult to meet the target. The agency distributed \$818 thousand with a target of \$1 million.

The agency also missed the target for the number of acres treated for sustainability, treating 26,380 acres with a 30 thousand target, and has requested the target be lowered to 25 thousand acres. The agency reports it spent more than \$2 million on monitoring, surveying, and treating acreage and has maximized the number of acres it can treat with available resources. The request sought to lower the target to 25 thousand; the recommendation lowers the target to 27 thousand, a number close to actual performance and achievable with careful allocation of resources. Notably, SLO had a cash balance of \$4.2 million in its restoration and remediation fund as of October 2023, \$400 thousand more than in October 2022.

The recommendation raises the target for the number of wells plugged and sites reclaimed, a measure related to sustainability, from 20 to 25. The agency plugged 288 wells in FY23 because, the agency reports, it has worked to educate lessees on environmental compliance requirements and created additional capacity to work on remediation and reclamation with a new Environmental and Compliance Office. The measure was added in FY23 and the initial target might have been set too low.

The agency requested to raise the targets for annual income from commercial and leasing activity from \$7 million to \$10 million, for annual income from renewable energy from \$2.1 million to \$4 million, for share of trust revenue distributed to beneficiaries from 98 percent to 99 percent, and for total trust revenue generated from \$1.5 billion to \$1.8 billion. The recommendation supports the request.

Base Expansion

The agency requested \$578.3 thousand for 6 FTE due to workload growth. Consistent with LFC budget guidelines, the recommendation does not consider workload growth as an expansion; however, this request was considered as part of the agency’s base budget.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	New FTE	P615	578.3	0.0
TOTAL			\$578.3	\$0.0

LAND TRUST STEWARDSHIP

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

Recommended Language

The state land office is authorized to hold in suspense amounts eligible, because of the sale of state royalty interests, for tax credits under Section 29 of the Internal Revenue Code, above those amounts required by law to be transferred to the land grant permanent fund. The commissioner may expend as much of the money so held in suspense, as well as additional money held in escrow accounts resulting from the sales and money held in fund balances, as is necessary to repurchase the royalty interests pursuant to the agreements.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of wells plugged and sites reclaimed through compliance and enforcement efforts.	NEW	288.0	20.0	20.0	25.0
Output	Total trust revenue generated, in millions	2,293.8	2,700.0	1,500.0	1,800.0	1,800.0
Outcome	Bonus income per acre leased for oil and gas activities, in dollars	\$1,039.53	\$1,802.00	\$600.00	\$600.00	\$600.00
* Outcome	Dollars generated through oil and natural gas audit activities, in millions	\$1.8	3.6	2.0	2.0	2.5
* Output	Average income per acre from oil, natural gas and mining activities, in dollars	\$1,046	\$1,496	\$500	\$500	\$500
Output	Percent of total trust revenue allocated to beneficiaries	99%	99%	98%	99%	99%
* Output	Number of acres treated to achieve desired conditions for future sustainability	17,330.0	26,380.0	30,000.0	25,000.0	27,000.0
Output	Annual income from renewable energy	\$12,064,546	\$4,403,343	\$2,100,000	\$4,000,000	\$4,000,000
Output	Annual income from commercial/leasing activities	\$12,227,328	\$12,443,207	\$7,000,000	\$10,000,000	\$10,000,000
Output	Annual revenue distributed related to trespass cases	\$1,304,187	\$817,951	\$1,000,000	\$1,000,000	\$1,000,000

Statutory Authority

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are companion agencies. Pursuant to Section 72-2-1 through 72-2-18 NMSA 1978, the state engineer, appointed by the governor and confirmed by the Senate, is responsible for supervision of New Mexico's water resources, including the measurement, appropriation, and distribution of the resources.

ISC consists of nine members. Eight are appointed by the governor and the ninth member is the state engineer, who serves as the commission secretary. Pursuant to Section 72-14-1 through 72-14-44 NMSA 1978, ISC negotiates compacts with other states, settles interstate water controversies, and is responsible for fostering equitable distribution and division of water in interstate stream systems. New Mexico is currently party to eight interstate stream compacts. ISC also operates and maintains the Ute Dam. ISC has an administrative director who also serves as the deputy state engineer.

Mission

The mission of OSE is to actively protect and manage the water resources of New Mexico for beneficial uses by its people and in accordance with law.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	25,246.6	30,665.4	34,034.9	32,882.3	7.2
Other Transfers	16,320.7	12,374.9	12,374.9	12,374.9	0.0
Federal Revenues	1,184.1	0.0	0.0	0.0	0.0
Other Revenues	4,501.1	3,553.4	3,553.4	3,553.4	0.0
Fund Balance	905.4	751.2	751.2	751.2	0.0
TOTAL SOURCES	\$48,157.9	\$47,344.9	\$50,714.4	\$49,561.8	4.7
USES					
Personal Services and Employee Benefits	27,292.7	34,376.2	37,745.7	36,593.1	6.4
Contractual services	4,633.9	7,245.7	7,245.7	7,245.7	0.0
Other	5,984.3	5,643.0	5,643.0	5,643.0	0.0
Other financing uses	4,500.0	80.0	80.0	80.0	0.0
TOTAL USES	\$42,410.9	\$47,344.9	\$50,714.4	\$49,561.8	4.7
FTE					
Permanent	333.0	334.0	372.0	361.0	8.1
Term	4.0	5.0	5.0	5.0	0.0
Temporary	20.0	2.0	2.0	2.0	0.0
TOTAL FTE	357.0	341.0	379.0	368.0	7.9

At A Glance

The Office of the State Engineer (OSE) requested a flat base budget for FY25 and made no changes to funding sources or program allocations. The agency requested \$3.4 million from the general fund and 38 new positions for expansions to the Water Resource Allocation Program, the Interstate Stream Compact Compliance Program, and the Litigation and Adjudication Program. Roughly half of the requested expansion funding is related to negotiation and implementation of water rights settlements. An almost equal amount is requested for a comprehensive effort to update the structure and functioning of the agency to implement the modernized regional water planning initiative codified by the Water Security Planning Act of 2023. The remainder of the expansion funding request would support water infrastructure planning and project management.

The LFC recommendation maintains OSE's FY24 funding levels in the base budget and adds \$2.2 million in expansions across the agency for all three requested priorities.

Budget Issues

Revenues. In addition to general fund appropriations, OSE receives revenue from the irrigation works construction fund (IWCF), the improvement of the Rio Grande income fund (IRGIF), the emergency drought water agreement fund, the New Mexico unit fund, and the New Mexico Finance Authority water project fund. The IWCF and the IRGIF receive annual distributions from the land grant permanent fund and the land maintenance fund; they also earn interest on long-term investments of the income funds managed by the State Investment Council (SIC). According to OSE, the balance of the IWCF in the state treasury was \$20.5 million and the balance of the IRGIF was \$4.2 million at the close of FY23.

Appropriations from IWCF and IRGIF are intended to be used primarily for water conservation and management projects to support acequias, community ditches, and other partners. Still, for most of the funds' existence, they have been used to support agency operations. In FY24, \$8.2 million was appropriated from both funds to the agency's operating budget, roughly the same as in FY23, but down \$13.3 million, or 37 percent, from FY22. The Legislature and OSE planned to gradually reduce operating expenditures from the IWCF and IRGIF, which has been accomplished primarily by shifting operating expenses to the general fund. However, the agency's FY25 request maintained flat revenue from these funds compared with FY24.

Water Resource Allocation Program. New Mexico must responsibly and proactively manage water resources in the Lower Rio Grande Basin to support its Rio Grande Compact compliance litigation efforts in a lawsuit against Texas. The Water Resource Allocation Program (WRAP) processes water rights applications, conducts scientific research for making water rights decisions, maintains water rights records, and enforces conditions or restrictions on water use. This program also contains the dam safety bureau, responsible for dam regulation that includes safety inspections and modification or construction permitting.

The LFC recommendation for the WRAP base budget is equal to the agency request and the FY24 operating budget. As of the agency's budget request submission, WRAP had 20 vacant positions, seven of which can be filled with current funding. This is an improvement from the FY24 request cycle when the program had 30 vacant positions, but the agency still reports difficulty in recruiting new employees for WRAP's current vacancies.

Interstate Stream Compact Compliance Program. The Interstate Stream Compact Compliance Program (ISC) staff is tasked with ensuring New Mexico's compliance with interstate stream compacts, resolving conflicts under those compacts, and planning for the state's future water use. ISC provides technical support to the state Attorney General for U.S. Supreme Court litigation with Texas. At risk in this case is a large volume of surface water and, consequently, the economic health of the Lower Rio Grande region, which depends on that water for agriculture. The LFC recommendation supports the ISC's request for a flat base budget. As of the agency's request, ISC had four vacant positions and more than sufficient funding to fill them all. However, due to a disparity in the number of authorized positions recognized by LFC and the Department of Finance and Administration, the committee recommends an increase of 6 FTE with no budget impact to realign the FTE count.

Litigation and Adjudication Program. The Litigation and Adjudication Program (LAP) provides legal and technical representation for the state in the multiple ongoing water rights adjudications in state and federal courts. LAP staff also collaborate closely with the Office of the Attorney General on the *Texas v. New Mexico* case and in related settlement discussions. The LFC recommendation maintains a flat base budget for LAP in accordance with the agency's request.

Program Support. The LFC recommendation for the Program Support budget is equal to the agency request and the FY24 operating budget. At the time of budget submission, the program had 10 vacant positions. To reconcile the number of authorized positions between LFC's records and the Department of Finance and Administration, 1 FTE is added to Program Support in this recommendation.

Base Expansion

OSE submitted three expansion requests for negotiation and implementation activities related to the state's water rights settlements. In total, 15 FTE at a cost of \$1.6 million were requested across the agency to implement the *Texas v. New Mexico* settlement, as well as negotiate and implement Native American water rights settlements and Colorado River apportionment. According to the request, new staff will manage a depletion reduction program and active administration to ensure compliance with compact delivery obligations to Texas. The positions would also support the state's new obligations to perform administrative and funding oversight for Native American water rights settlements.

The LFC recommendation for expansions of water rights settlement activities is as follows: \$333.9 thousand for 3 FTE in WRAP; \$279.5 thousand for 3 FTE in ISC; and \$232 thousand for 2 FTE in LAP. In total, LFC recommends \$845.4 thousand and 8 FTE for this purpose.

The agency also requested three expansions to support implementation of the modernized regional water planning initiative codified by the Water Security Planning Act. Each of these requests is part of an agencywide plan to update the structure and functioning of OSE, and the new staff would support community and economic resilience to climate change through enhanced, streamlined enforcement of water laws and regional water planning. The agency requested \$1.4 million and 13 FTE for this initiative.

The LFC recommendation includes just over \$1 million and 9 FTE for these expansions: \$535 thousand and 5 FTE are added to the WRAP budget, \$118 thousand and 1 FTE is added to ISC, and \$261 thousand and 2 FTE are added to LAP.

Finally, OSE requested 1 FTE each in WRAP, ISC, and LAP to increase capacity for leveraging new state and federal resources and managing local capital project grants. Additional staff for this purpose will hopefully assist communities with water infrastructure needs when their own resources and technical expertise are limited. LFC recommends all 3 FTE for this purpose, at a total cost of \$359.5 thousand.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Climate Change Resilience	P552	216.0	216.0
0	Climate Change Resilience – Preparing for Aridification through Planning and Active Water Resource Management	P551	963.0	535.0
0	Climate Change Resilience – Preparing for Aridification through Planning and Active Water Resource Management	P553	261.0	261.0
0	Water Infrastructure + Innovation	P551	116.5	116.5
0	Water Infrastructure + Innovation	P552	118.0	118.0
0	Water Infrastructure + Innovation	P553	125.0	125.0
0	Water Settlements, Negotiation and Implementation	P551	779.0	333.9
0	Water Settlements, Negotiation and Implementation	P552	559.0	279.5
0	Water Settlements, Negotiation and Implementation	P553	232.0	232.0
TOTAL			\$3,369.5	\$2,216.9

WATER RESOURCE ALLOCATION

The purpose of the water resource allocation program is to provide for efficient use of the available surface and underground waters of the state so any person can maintain their quality of life and to provide safety inspections of all nonfederal dams within the state so owners and operators of such dams can operate the dams safely.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	14,998.7	17,308.3	19,166.8	18,293.7	5.7
Other Transfers	1,456.3	723.9	723.9	723.9	0.0
Federal Revenues	45.0	0.0	0.0	0.0	0.0
Other Revenues	1,219.0	929.4	929.4	929.4	0.0
TOTAL SOURCES	\$17,719.0	\$18,961.6	\$20,820.1	\$19,947.0	5.2
USES					
Personal Services and Employee Benefits	14,353.1	16,722.2	18,580.7	17,707.6	5.9
Contractual services	541.7	626.5	626.5	626.5	0.0
Other	1,671.1	1,612.9	1,612.9	1,612.9	0.0
TOTAL USES	\$16,565.9	\$18,961.6	\$20,820.1	\$19,947.0	5.2
FTE					
Permanent	180.0	178.0	195.0	187.0	5.1
Temporary	14.0	0.0	0.0	0.0	0.0
TOTAL FTE	194.0	178.0	195.0	187.0	5.1

Recommended Language

The internal service funds/interagency transfers appropriations to the water resource allocation program of the state engineer include seven hundred twenty-three thousand nine hundred dollars (\$723,900) from the improvement of the Rio Grande income fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Average number of unprotested new and pending applications processed per month	58.0	38.0	35.0	35.0	35.0
Explanatory	Number of unprotested and unaggrieved water right applications backlogged	499.0	445.0	N/A	N/A	N/A
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	28,665.0	19,210.0	21,000.0	21,000.0	21,000.0
Outcome	Number of notices issued to owners of publicly-owned dams notifying them of deficiencies or potential issues	61.0	60.0	45.0	45.0	45.0

INTERSTATE STREAM COMPACT COMPLIANCE AND WATER DEVELOPMENT

The purpose of the interstate stream compact compliance and water development program is to provide resolution of federal and interstate water issues and to develop water resources and stream systems for the people of New Mexico so they can have maximum sustained beneficial use of available water resources.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,852.4	4,204.7	5,097.7	4,818.2	14.6
Other Transfers	11,602.7	9,081.7	9,081.7	9,081.7	0.0
Federal Revenues	1,139.1	0.0	0.0	0.0	0.0
Other Revenues	805.7	147.6	147.6	147.6	0.0
Fund Balance	905.4	751.2	751.2	751.2	0.0
TOTAL SOURCES	\$17,305.3	\$14,185.2	\$15,078.2	\$14,798.7	4.3
USES					
Personal Services and Employee Benefits	4,437.1	6,644.9	7,537.9	7,258.4	9.2
Contractual services	2,687.0	4,763.7	4,763.7	4,763.7	0.0
Other	3,174.2	2,776.6	2,776.6	2,776.6	0.0
Other financing uses	4,500.0	0.0	0.0	0.0	0.0
TOTAL USES	\$14,798.3	\$14,185.2	\$15,078.2	\$14,798.7	4.3
FTE					
Permanent	49.0	47.0	62.0	59.0	25.5
Term	4.0	5.0	5.0	5.0	0.0
Temporary	1.0	2.0	2.0	2.0	0.0
TOTAL FTE	54.0	54.0	69.0	66.0	22.2

Recommended Language

The internal service funds/interagency transfer appropriations to the interstate stream compact compliance and water development program include six hundred fifty-two thousand two hundred dollars (\$652,200) from the New Mexico unit fund.

The internal service funds/interagency transfer appropriations to the interstate stream compact compliance and water development program of the state engineer include seven million five hundred thirty-four thousand dollars (\$7,534,000) from the irrigation works construction fund, seven hundred thirteen thousand two hundred dollars (\$713,200) from the improvement of the Rio Grande income fund, one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operations, eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operations. Any unexpended balances remaining at the end of fiscal year 2024 from these appropriations shall revert to the appropriate fund.

Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement and from contractual reimbursements associated with the interstate stream compact compliance and water development program is appropriated to the interstate stream compact compliance and water development program to be used per the agreement with the United States bureau of reclamation.

The interstate stream commission’s authority to make loans for irrigation improvements includes five hundred thousand dollars (\$500,000) for loans to irrigation districts, conservancy districts and soil and water conservation districts for re-loan to farmers for implementation of water conservation improvements.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of the calendar year, in acre-feet	157,200.0	156,600.0	161,600.0	161,600.0	161,600.0
* Outcome	Cumulative state-line delivery credit per the Rio Grande compact at the end of the calendar year, in acre-feet	(127,100.0)	(93,000.0)	(150,000.0)	(150,000.0)	(150,000.0)
Explanatory	Cumulative New Mexico unit fund expenditures	21,999,223.0	22,300,000.0	N/A	N/A	N/A

LITIGATION AND ADJUDICATION

The purpose of the litigation and adjudication program is to obtain a judicial determination and definition of water rights within each stream system and underground basin to effectively perform water rights administration and meet interstate stream obligations.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,885.5	3,302.6	3,920.6	3,920.6	18.7
Other Transfers	3,072.0	2,569.3	2,569.3	2,569.3	0.0
Other Revenues	2,476.4	2,476.4	2,476.4	2,476.4	0.0
TOTAL SOURCES	\$8,433.9	\$8,348.3	\$8,966.3	\$8,966.3	7.4
USES					
Personal Services and Employee Benefits	5,144.9	6,196.4	6,814.4	6,814.4	10.0
Contractual services	1,348.7	1,635.8	1,635.8	1,635.8	0.0
Other	448.4	436.1	436.1	436.1	0.0
Other financing uses	0.0	80.0	80.0	80.0	0.0
TOTAL USES	\$6,942.0	\$8,348.3	\$8,966.3	\$8,966.3	7.4
FTE					
Permanent	61.0	63.0	68.0	68.0	7.9
Temporary	4.0	0.0	0.0	0.0	0.0
TOTAL FTE	65.0	63.0	68.0	68.0	7.9

Recommended Language

The internal service funds/interagency transfers appropriations to the litigation and adjudication program include one million five hundred one thousand eight hundred dollars (\$1,501,800) from the irrigation works construction fund and one million sixty-seven thousand five hundred dollars (\$1,067,500) from the improvement of the Rio Grande income fund.

The other state funds appropriations to the litigation and adjudication program of the state engineer include two million four hundred seventy-six thousand four hundred dollars (\$2,476,400) from the water project fund pursuant to Section 72-4A-9 NMSA 1978.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of cases docketed in the State Engineer's Hearing Unit	0.0	0.0	N/A	N/A	N/A
Outcome	Proportion of sections within each adjudication for which partial final judgement and decrees have been entered.	0.0%	0.0%	25.0%	25.0%	25.0%
* Outcome	Number of offers to defendants in adjudications	142.0	436.0	300.0	300.0	300.0
* Outcome	Percent of all water rights claims with judicial determinations	77%	77%	76%	76%	76%

PROGRAM SUPPORT

The purpose of program support is to provide necessary administrative support to the agency programs so they may be successful in reaching their goals and objectives.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,510.0	5,849.8	5,849.8	5,849.8	0.0
Other Transfers	189.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,699.7	\$5,849.8	\$5,849.8	\$5,849.8	0.0
USES					
Personal Services and Employee Benefits	3,357.7	4,812.7	4,812.7	4,812.7	0.0
Contractual services	56.5	219.7	219.7	219.7	0.0
Other	690.6	817.4	817.4	817.4	0.0
TOTAL USES	\$4,104.8	\$5,849.8	\$5,849.8	\$5,849.8	0.0
FTE					
Permanent	43.0	46.0	47.0	47.0	2.2
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	44.0	46.0	47.0	47.0	2.2

Health, Hospitals and Human Services

Statutory Authority

The Commission on the Status of Women, created by Sections 28-3-1 through 28-3-11 NMSA 1978, consists of 15 members appointed by the governor, including one member of the Human Rights Commission.

Mission

The Commission on the Status of Women’s mission is to ensure the success, advancement, and equity of all New Mexican women. The commission will incorporate and celebrate diversity with understanding and compassion, while advocating for women-specific issues. The commission will incorporate all voices for meaningful social, cultural, and economic change in the lives of New Mexican women.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	302.9	611.0	318.0	5.0
TOTAL SOURCES	\$0.0	\$302.9	\$611.0	\$318.0	5.0
USES					
Personal Services and Employee Benefits	0.0	132.1	234.9	136.1	3.0
Contractual services	0.0	81.5	146.6	81.5	0.0
Other	0.0	89.3	229.5	100.4	12.4
TOTAL USES	\$0.0	\$302.9	\$611.0	\$318.0	5.0
FTE					
Permanent	1.0	1.0	2.0	1.0	0.0
TOTAL FTE	1.0	1.0	2.0	1.0	0.0

At A Glance

For FY25, the commission requested to more than double its general fund revenue request to \$611 thousand. The request increased the director’s salary to \$127 thousand from \$90.4 thousand and included \$65.1 thousand to hire a contractor for programming work for the women’s summit and six other events held annually. Previously funded in nonrecurring appropriations, the commission also requested recurring general fund revenue for women’s summit expenses.

Fiscal year 24 was the first year the Commission on the Status of Women’s operating budget was funded with recurring appropriations. LFC recommends a 5 percent increase in general fund revenue. The recommendation allows for the director’s salary to be adjusted in the statewide compensation package like other agencies but would not fund the \$65.1 thousand for the contractor for the women’s summit. However, the LFC recommendation includes \$11.1 thousand for overall women’s summit expenses and \$4,000 for personnel cost increases.

Base Expansion

The commission requested an expansion item to add a financial specialist to manage day-to-day administrative tasks for \$83.2 thousand. LFC did not recommend the expansion.

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	CSW Personnel Expansion	P691	83.2	0.0
TOTAL			\$83.2	\$0.0

STATUS OF WOMEN

The purpose of the status of women program is to provide information, public events, leadership, support services and career development to individuals, agencies and women’s organizations so they can improve the economic, health and social status of women in New Mexico.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Dollar amount of grants obtained to support programs at the commission on the status of women	\$0	\$0	NEW	\$50,000	\$50,000
Output	Annual number of regional event attendees for all commission on the status of women public events	0.0	0.0	NEW	1,500.0	1,500.0
Output	Number of individuals contacted about state programs and resources through information campaigns sponsored by the commission on the status of women	0.0	0.0	NEW	6,000.0	6,000.0

Statutory Authority

Section 28-21-1 through 28- 21-4 NMSA 1978. The agency is attached administratively to the Human Services Department.

Mission

The agency's mission is to study and provide solutions to issues relevant to African Americans, ensure recognition of the accomplishments and contributions made by African Americans in New Mexico and the United States, and act as an advocate for African American citizens in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,041.3	1,071.7	1,546.6	1,071.7	0.0
Other Revenues	84.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$1,125.7	\$1,071.7	\$1,546.6	\$1,071.7	0.0
USES					
Personal Services and Employee Benefits	564.3	735.3	1,183.2	681.7	(7.3)
Contractual services	18.8	215.0	227.0	268.6	24.9
Other	130.1	121.4	136.4	121.4	0.0
TOTAL USES	\$713.2	\$1,071.7	\$1,546.6	\$1,071.7	0.0
FTE					
Permanent	12.0	7.0	9.0	7.0	0.0
Temporary	3.0	1.0	1.0	1.0	0.0
TOTAL FTE	15.0	8.0	10.0	8.0	0.0

At A Glance

The Office of African American Affairs (OAAA) requested a general fund increase of \$474.9 thousand, a 31 percent increase over the FY24 operating budget. The request includes a \$200.9 thousand base expansion increase for 2 additional FTE and a \$247 thousand increase in personnel due to a technical error made during the agency's budget development process. The committee recommends a flat budget for FY25. The committee recommends decreasing personnel costs by \$53.6 thousand and reallocating this amount to contractual services to replace the grant-funded contract for a health coordinator position. The committee does not recommend the base expansion of \$200.9 thousand and the 2 FTE.

Budget Issues

In FY22, OAAA received funds from the city of Albuquerque to hire a health coordinator responsible for community outreach in at-risk communities and to collaborate with healthcare providers throughout the state. The total contract awarded the office \$181.6 thousand, of which \$143.6 thousand was allocated to hire a health coordinator position for two years with a base salary of \$50 thousand. The grant-funded contract ended in June 2023.

Prior to the grant-funded contract, the office had three full-time coordinator positions focused on economics, education, and health. In FY21, OAAA decided to reclassify the health coordinator position to a communication and marketing coordinator due to the grant-funded contract. However, since the termination of the contract, the office has been without a health coordinator. The \$53.6 thousand increase in contractual services will allow the office to contract for a health coordinator to identify health-related needs of the African American community in New Mexico.

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	FY25 OAAA-New-FTEs	P692	200.9	0.0
TOTAL			\$200.9	\$0.0

PUBLIC AWARENESS

The purpose of the public awareness program is to provide information and advocacy services to all New Mexicans and to empower African Americans of New Mexico to improve their quality of life.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of participants in the capacity-building programs who rate the programs as satisfactory or above	NEW	0%	80%	85%	85%
Output	Number of reviews summarizing and highlighting the research, programs and policies and evidence-based solutions for issues impacting African Americans in New Mexico	NEW	4.0	2.0	5.0	5.0
Output	Number of resources produced, including data-based tools, documents and publications related to economic, education and health disparities of African Americans	5.0	25.0	45.0	45.0	45.0
Output	Number of events, including educational conferences, town hall meetings, workshops and forums to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico's African American citizens	15.0	15.0	18.0	20.0	20.0
Outcome	Number of individuals who participated in agency initiatives/programs via sign-in sheets, passport cards, head count and registrations	1,500.0	400.0	1,750.0	1,750.0	1,750.0
Output	Number of educational conferences, town hall meetings, workshops and forums to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico African American citizens	N/A	N/A	N/A	N/A	N/A

Statutory Authority

Sections 28-11B-1 through 28-11B-4 and Sections 63-9F-1 through 63-9F-13 NMSA 1978 create the Commission for Deaf and Hard-of-Hearing Persons. The commission consists of seven members, a majority of whom are deaf or hard-of-hearing. Three members are ex officio and four are appointed by the governor without regard for party affiliation.

Mission

The commission is responsible for overseeing the New Mexico telecommunications relay network for deaf and hard-of-hearing citizens and hearing individuals affiliated with those with hearing loss. The commission operates a single program providing advocacy, outreach, referral, educational services, and oversight of the telecommunications relay network for deaf and hard-of-hearing persons.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,186.2	1,651.7	2,141.3	1,651.7	0.0
Other Transfers	0.0	1,589.6	1,100.0	1,187.6	(25.3)
Other Revenues	1,082.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$2,269.1	\$3,241.3	\$3,241.3	\$2,839.3	(12.4)
USES					
Personal Services and Employee Benefits	974.2	1,613.4	1,613.4	1,415.4	(12.3)
Contractual services	699.7	1,229.3	1,229.3	1,025.3	(16.6)
Other	213.3	282.1	282.1	282.1	0.0
Other financing uses	116.5	116.5	116.5	116.5	0.0
TOTAL USES	\$2,003.7	\$3,241.3	\$3,241.3	\$2,839.3	(12.4)
FTE					
Permanent	15.0	16.0	16.0	16.0	0.0
TOTAL FTE	15.0	16.0	16.0	16.0	0.0

At A Glance

The Commission for the Deaf and Hard-of-Hearing Persons requested \$2.1 million in general fund revenue, nearly a 30 percent increase over the FY24 operating budget, that would offset a projected decrease in telecommunications relay service (TRS) revenue. The request maintained spending levels from the FY24 operating budget.

The LFC recommendation maintains general fund revenue commensurate with the FY24 operating budget and right-sizes TRS revenue reducing it closer to FY23. Total recommended spending levels are a 12.4 percent decrease from the FY24 operating budget but still 41 percent above FY23 spending levels. In FY23, the agency received a 50 percent increase in general fund revenue to adjust for unrealized TRS revenue but only spent about 60 percent of its FY23 operating budget. Because of the lower spending levels in FY23, balances in the fund grew in FY24. LFC continues to recommend the commission consider pursuing statutory changes to taxation and fee schedules to apply across more lines of telecommunication services to generate additional revenue.

In FY24, the agency had 6.4 funded vacancies; thus, in FY25 LFC recommends personnel spending to reduce the number of funded vacancies by about 2 FTE.

The LFC recommendation also supports the request for the continued transfer of \$91.5 thousand from the commission to the Division of Vocational Rehabilitation (DVR) to leverage federal funds to provide services to deaf and hard-of-hearing people and a transfer of \$25 thousand to the Signed Language Interpreting Practices Board at the Regulation and Licensing Department (RLD).

The agency met five of its six FY23 performance targets, missing the target for “average number of relay minutes per month.”

DEAF AND HARD-OF-HEARING

The purpose of the deaf and hard-of-hearing program is to serve as a dynamic resource that will enhance the quality of life for deaf and hard-of-hearing citizens of New Mexico by being the recognized advocate on important issues impacting the deaf and hard-of-hearing community, the proactive provider of innovative programs and services and the statewide umbrella and information clearinghouse for interested individuals, organizations, agencies and institutions.

Recommended Language

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes ninety-one thousand five hundred dollars (\$91,500) to transfer to the rehabilitation services program of the division of vocational rehabilitation to match with federal funds to provide deaf and hard-of-hearing rehabilitation services and twenty-five thousand dollars (\$25,000) to transfer to the signed language interpreting practices board of the regulation and licensing department for interpreter licensure services.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of workshops and training sessions conducted	125.0	135.0	135.0	135.0	135.0
Output	Number of outreach events coordinated	56.0	161.0	122.0	122.0	160.0
Output	Average number of relay minutes per month	6,246.0	4,849.0	10,000.0	10,000.0	6,000.0
* Output	Number of accessible technology equipment distributions	994.0	1,342.0	1,070.0	1,070.0	1,340.0
Output	Number of sign language interpreters who participated in New Mexico commission for deaf and hard-of-hearing persons-sponsored professional development, including in-house mentoring programs and events provided in collaboration with other organizations	131.0	212.0	200.0	200.0	215.0
Output	Number of communication barriers addressed	24,247.0	22,022.0	21,000.0	21,000.0	22,000.0

Statutory Authority

The Martin Luther King Jr. Commission is authorized under Section 28-19-1 through 28-19-4 NMSA 1978. The commission consists of 13 board members, with four members appointed by the governor, four appointed by the Senate and House majority and minority leadership, and five designees from the office of the State Treasurer, Secretary of State, Indian Affairs Department, Human Rights Division, and Public Regulation Commission.

The commission plans and coordinates statewide events to commemorate the Martin Luther King Jr. holiday and promote King’s nonviolent principles and philosophy. The commission also hosts an annual youth conference to teach King’s philosophy, supports education programs for elementary school students and at-risk youth, and coordinates activities with statewide violence prevention projects.

Mission

The mission of the Martin Luther King, Jr. Commission is to promote Martin Luther King Jr.’s principles and philosophy to the people of New Mexico to improve interracial cooperation and reduce youth conflicts in communities.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	327.9	368.3	452.2	386.7	5.0
Other Transfers	11.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$339.7	\$368.3	\$452.2	\$386.7	5.0
USES					
Personal Services and Employee Benefits	188.2	223.6	307.5	223.6	0.0
Contractual services	16.4	27.8	27.8	46.2	66.2
Other	106.2	116.9	116.9	116.9	0.0
TOTAL USES	\$310.8	\$368.3	\$452.2	\$386.7	5.0
FTE					
Permanent	2.0	2.0	3.0	2.0	0.0
TOTAL FTE	2.0	2.0	3.0	2.0	0.0

At A Glance

The commission requested a \$452.2 thousand budget for FY25, a 19 percent increase over the FY24 operating budget. The commission’s request included an expansion increase of \$84 thousand, or 28 percent, for 1 additional FTE. The request for contractual services and other costs remained flat for FY25.

The committee recommends general fund revenue of \$386.7 thousand, a 5 percent increase, to fund professional financial services and to hire additional support for MLK Youth Leadership Program. The committee supports the \$18.4 thousand increase in contractual services to hire additional assistance for the MLK Youth Leadership Program. The commission’s expanded capacity would help increase program attendance. In addition, this will allow the commission to hire a financial professional to ensure the agency is financially compliant. The committee does not recommend an additional FTE.

The commission’s FY22 financial audit was much improved, with only one repeat finding from the prior year. The one repeat finding was for insufficient supporting documentation of financial statement transactions. The commission in FY20, received an “at-risk” designation from the State Auditor’s Office because their FY15, FY16, FY17, and FY18 audits were not complete. Some of the resolved findings dated back to 2014. The commission’s director is also the chief financial officer for the office. The commission recommended the director remain the chief financial officer but requested additional support for financial management.

BASE EXPANSION LISTING
FY 2024-2025

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Additional FTE for MLKJRC	P694	83.9	0.0
TOTAL			\$83.9	\$0.0

MARTIN LUTHER KING, JR. COMMISSION

The purpose of the Martin Luther King, Jr. commission program is to promote Martin Luther King, Jr.'s nonviolent principles and philosophy to the people of New Mexico through remembrance, celebration and action so that everyone gets involved in making a difference toward the improvement of interracial cooperation and reduction of youth violence in our communities.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of statewide holiday commemorative programs supported	6.0	7.0	10.0	10.0	10.0
Output	Number of youth anti-violence workshops conducted	4.0	0.0	20.0	10.0	10.0
Outcome	Number of student ambassadors who worked with state agencies to explore the historical, social, political and cultural themes associated with the life and works of Dr. King	55.0	0.0	55.0	80.0	80.0
Outcome	Number of commission visits to schools, tribes, non-profit providers and communities to teach Dr. King's principles of nonviolence	5.0	7.0	10.0	10.0	10.0
Output	Number of youth attending statewide youth conferences using Dr. King's principles of nonviolence	85.0	150.0	250.0	250.0	250.0

Statutory Authority

The Commission for the Blind, created by Sections 28-7-15 through 28-7-23 NMSA 1978, consists of three members appointed by the governor for staggered three-year terms. The agency provides a variety of services enabling the blind and visually impaired to become fully participating members of society.

Mission

The Commission for the Blind’s mission is to enable people who are blind to achieve vocational, economic, and social equality. This is to be accomplished by providing career preparation, training in the skills of blindness, and, above all, promoting the belief that blindness is not a barrier to successful employment or to living an independent and meaningful life.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,303.6	2,533.0	2,743.1	2,743.1	8.3
Other Transfers	393.3	261.0	265.0	265.0	1.5
Federal Revenues	5,867.1	6,190.9	6,409.7	6,409.7	3.5
Other Revenues	8,087.6	8,011.5	8,202.3	8,202.3	2.4
Fund Balance	18.3	150.0	250.0	250.0	66.7
TOTAL SOURCES	\$16,669.9	\$17,146.4	\$17,870.1	\$17,870.1	4.2
USES					
Personal Services and Employee Benefits	5,108.0	6,593.4	6,217.1	6,217.1	(5.7)
Contractual services	129.3	136.5	208.2	208.2	52.5
Other	11,325.9	10,309.4	11,337.3	11,337.3	10.0
Other financing uses	106.8	107.1	107.5	107.5	0.4
TOTAL USES	\$16,670.0	\$17,146.4	\$17,870.1	\$17,870.1	4.2
FTE					
Permanent	91.0	91.0	91.0	91.0	0.0
TOTAL FTE	91.0	91.0	91.0	91.0	0.0

At A Glance

The Commission for the Blind requested \$2.7 million in general fund revenue, an 8.3 percent increase over the FY24 operating budget. The general fund increase is for independent living services and to leverage more federal revenue. The commission’s federal revenue request aligned with projected revenues and the request for other sources of revenue aligned with FY23. The agency’s other revenues are generated from contracts to provide food services at the federal Law Enforcement Training Center (FLETC) in Artesia and at Kirtland Air Force Base in Albuquerque. The commission’s request for personnel costs is in line with projected FY25 costs and the other cost and other financing uses category spending request is in line with prior year spending. The request for contractual services is a 52 percent increase but is funded with federal revenue.

The LFC recommendation supports the commission’s request because it was largely in line with projected personnel costs and prior year spending. The recommendation supports the projected increase in spending on independent living services. The recommendation also supports spending on personnel costs and the \$107.5 thousand transfer to the Division of Vocational Rehabilitation to leverage a match.

The agency met three out of four of its performance targets, including exceeding the target for average hourly wages and keeping people out of costly assisted living. There were no findings in the FY22 financial audit and one prior year audit finding over capital asset controls was resolved.

BLIND SERVICES

The purpose of the blind services program is to assist blind or visually impaired of New Mexicans to achieve economic and social equality so they can have independence based on their personal interests and abilities.

Recommended Language

The general fund appropriation to the blind services program of the commission for the blind in the other financing uses category includes up to one hundred seven thousand one hundred dollars (\$107,100) to transfer to the rehabilitation services program of the vocational rehabilitation division to match with federal funds to provide rehabilitation services for the disabled.

The internal service funds/interagency transfers appropriation to the blind services program of the commission for the blind includes two hundred thousand dollars (\$200,000) from the division of vocational rehabilitation to provide services to the blind or visually impaired citizens of New Mexico.

Any unexpended balances in the commission for the blind remaining at the end of fiscal year 2024 from appropriations made from the general fund shall not revert.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of quality employment opportunities obtained for agency's blind or visually impaired clients	19.0	27.0	20.0	22.0	27.0
Output	Number of blind or visually impaired clients trained in the skills of blindness to enable them to live independently in their homes and communities	403.0	435.0	500.0	500.0	500.0
* Outcome	Average hourly wage for the blind or visually impaired person	\$23.19	\$22.90	\$19.00	\$19.75	\$22.50
* Outcome	Number of people who avoided or delayed moving into a nursing home or assisted living facility as a result of receiving independent living services	76.0	137.0	100.0	125.0	135.0

Statutory Authority

Section 9-21-1 through 9-21-24 NMSA 1978 created the Indian Affairs Department and the advisory Indian Affairs Commission. The commission consists of 10 members appointed by the governor.

Mission

The mission of the Indian Affairs Department (IAD) is to lead and improve the quality of life for all New Mexico Native American citizens by affecting policy that strengthens tribal-state relations and supports tribes with access to resources, technical assistance, and funding opportunities.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,479.9	4,598.6	5,200.6	4,718.6	2.6
Other Transfers	299.0	249.3	249.3	249.3	0.0
Other Revenues	22.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$3,801.3	\$4,847.9	\$5,449.9	\$4,967.9	2.5
USES					
Personal Services and Employee Benefits	1,431.0	2,720.8	3,142.8	2,840.8	4.4
Contractual services	770.4	630.1	630.1	630.1	0.0
Other	620.8	1,497.0	1,677.0	1,497.0	0.0
TOTAL USES	\$2,822.2	\$4,847.9	\$5,449.9	\$4,967.9	2.5
FTE					
Permanent	23.0	24.0	29.0	25.0	4.2
TOTAL FTE	23.0	24.0	29.0	25.0	4.2

At A Glance

The department’s FY25 budget request was \$5.45 million, a 12 percent increase over the FY24 operating budget. The requested increase was primarily for personnel. Proposed increases included 5 new FTE to support the Missing and Murdered Indigenous Women initiative and processing of capital outlay payments, as well as increased mileage, travel, and other expenses in the other category.

Between FY22 and FY23, the department received a 56 percent budget increase but reverted \$657 thousand to the general fund from its FY22 budget. In FY23, the agency’s operating budget was \$4.5 million, but spending was only \$2.8 million. In FY24, the agency’s operating budget increased 7.4 percent over FY23.

Given the department’s historic spending, staffing levels, and reversions, LFC recommends increasing the budget by \$120 thousand for personnel costs for the Missing and Murdered Indigenous Women Initiative because the department has unused resources that may support the additional FTE the department requested.

Budget Issues

The department’s budget was increased by 25 percent between FY21 and FY24, and the agency has had significant reversions. The approved FTE in the department’s budget has increased by 41 percent since FY21, from 17 to 24. However, the agency has not increased its headcount, maintaining a flat number of filled FTE around 14. In September 2023, the department’s vacancy rate was 42 percent. The department could fill seven additional positions within its FY24 personnel budget.

The LFC recommendation includes a \$120 thousand increase to the agency’s personnel budget for expansion for the Missing and Murdered Indigenous Women and Relatives initiative, enough funding to support 1 additional FTE of the agency’s 5 requested because the agency may fund additional positions within its existing personnel budget.

One of the department’s primary responsibilities is to oversee capital outlay project appropriations from the general fund and severance tax bond proceeds to Native American tribes and pueblos and to administer some of these funds through the Tribal Infrastructure Act. As of June 2023, the department was overseeing 93 projects, dating back to 2019, worth a total value of about \$166 million, of which \$105 million was unspent.

Some of these larger project expenditures include \$3.10 million for the Santa Ana Pueblo for the public safety and social services complex, \$2.98 million for Jemez comprehensive health center renovation and remodel project, and \$2.19 million for the Jicarilla Apache Nation Cutter Reservoir lateral waterline.

The department also coordinates operations across state executive agencies and the state’s 23 pueblos and tribes to improve the outcomes of Native American populations while recognizing tribal sovereignty. This includes hosting the annual state-tribal leadership summit, maintaining agency plans and policies related to the State-Tribal Collaboration Act, ensuring all state agencies consult and collaborate with tribes, and making sure agency tribal liaisons are trained and culturally competent.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Indian Affairs	P696	422.0	120.0
TOTAL			\$422.0	\$120.0

INDIAN AFFAIRS

The purpose of the Indian affairs program is to coordinate intergovernmental and interagency programs concerning tribal governments and the state.

Recommended Language

The internal service funds/ interagency transfers appropriation to the Indian affairs department includes two hundred forty-nine thousand three hundred dollars (\$249,300) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of infrastructure capital improvement plans top five capital outlay projects funded by the Legislature	NEW	89.0	N/A	N/A	N/A
Explanatory	Number of capital outlay, tribal infrastructure fund, grant trainings and/or technical assistance sessions conducted	15.0	21.0	N/A	N/A	N/A
Outcome	Percent of capital projects closed on schedule	70%	100%	100%	100%	100%
Outcome	Percent of tribal infrastructure fund projects closed on schedule	86%	100%	100%	100%	100%
Explanatory	Number of outreach meetings held in tribal communities	17.0	21.0	N/A	N/A	N/A
Explanatory	Number of tribal consultation meetings conducted or facilitated by the Indian affairs department	10.0	6.0	N/A	N/A	N/A
Output	Number of tobacco cessation or special grant awards successfully awarded to tribal governments and/or tribal serving organizations	5.0	8.0	8.0	8.0	8.0
Explanatory	Number of state employees attending cultural competency trainings provided by the Indian affairs department and the state personnel office throughout the fiscal year	415.0	678.0	N/A	N/A	N/A

Statutory Authority

The Early Childhood Education and Care Department established in Sections 9-29-1 to 9-29-12 NMSA 1978 is a cabinet department consisting of (1) Administrative Services (2) Office of the Secretary (3) Childcare Licensing and Services (4) Early Childhood Education and (5) Early Intervention Services, which consists of the (a) Home Visitation Bureau and (b) Family, Infant, Toddler program.

Mission

The department’s mission is to develop priorities for programs and the use of department resources based on state policy, national best-practice standards, evidence-based interventions and practices, and local considerations and priorities and coordinate and align an early childhood education and care system.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	195,112.6	328,079.7	477,603.9	347,719.7	6.0
Other Transfers	84,950.3	181,728.7	187,027.5	269,027.5	48.0
Federal Revenues	257,694.9	247,992.1	147,154.2	147,154.2	(40.7)
Other Revenues	6,593.5	3,258.5	6,400.9	19,913.6	511.1
TOTAL SOURCES	\$544,351.3	\$761,059.0	\$818,186.5	\$783,815.0	3.0
USES					
Personal Services and Employee Benefits	22,495.6	26,897.9	35,992.2	35,180.7	30.8
Contractual services	99,070.8	196,381.1	135,860.7	103,860.7	(47.1)
Other	363,856.8	430,302.2	623,332.0	608,972.0	41.5
Other financing uses	54,068.6	107,477.8	23,001.6	35,801.6	(66.7)
TOTAL USES	\$539,491.8	\$761,059.0	\$818,186.5	\$783,815.0	3.0
FTE					
Permanent	214.0	202.0	205.0	198.0	(2.0)
Term	108.0	126.0	147.0	147.0	16.7
Temporary	3.0	0.0	3.0	3.0	0.0
TOTAL FTE	325.0	328.0	355.0	348.0	6.1

At A Glance

The Early Childhood Education and Care Department (ECECD) requested an increase of \$149.5 million in general fund revenues for FY25, representing a 45.6 percent increase over the FY24 operating budget. The primary focus of this request was on childcare assistance, provider technical assistance, and prekindergarten programs.

In FY24, ECECD received \$150 million from the early childhood trust fund (ECTF) and requested an additional \$5 million for FY25, bringing the total trust fund revenue request to \$155 million. The department also received \$140 million from the permanent school fund in FY24 and requested an increase of \$17.6 million for FY25. A significant portion of the total request was attributed to the conclusion of federal pandemic response funds, which were previously utilized to broaden childcare assistance eligibility, modify family co-payments, and increase provider rates. Consequently, due to the expiration of these federal revenues, the department requested a \$100 million reduction in federal funds. Overall, ECECD requested \$818.2 million from all revenue sources, a 7.5 percent increase.

The general fund revenue request for the Childcare Assistance Program included \$9 million for restructuring childcare assistance co-payments, \$23 million to replace nonrecurring federal revenues used for increased childcare assistance eligibility and provider rates, and \$43 million to expand infant and toddler slots in the program. Additionally, the department requested \$5 million from the ECTF for childcare assistance co-payments, making the total request for childcare assistance \$80 million.

ECECD also requested \$30 million for provider technical assistance and quality services, \$11 million of which is to develop a new tiered quality rating and improvement system (TQRIS) for childcare providers. Currently, New Mexico is using its third generation TQRIS, named Focus. Significant funding to develop Focus was previously provided federally through the nationwide Race to the Top grant, which is no longer providing funds to states. Furthermore, the department requested \$10 million to pilot a wage and career ladder program for infant and toddler early educators, and \$33 million to expand prekindergarten programs.

LFC recommends an increase in general fund revenue of \$19.6 million, or 6 percent. This includes \$17.6 million for prekindergarten to expand services and \$2 million for quality support to providers. The LFC recommendation retains the federal Temporary Assistance for Needy Families (TANF) grant transfer for Childcare Assistance.

Additionally, the LFC recommendation from the ECTF comprises \$80 million for childcare assistance, a \$12.8 million transfer to the Health Care Authority for Medicaid (including incentives and rate increases for Medicaid home visiting parental supports 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 increases the distribution from the ECTF to \$250 million contingent on legislation increasing the fund distribution. In total, the LFC recommendation amounts to \$782.8 million, reflecting a 2.9 percent increase.

Budget Issues

New Mexico continues to show leadership in early childhood care and education funding. Since FY12, early childhood program appropriations have more than doubled (see Volume III, “Early Childhood System Funding”). While the current system defines services and goals programmatically, delivery and standards vary significantly. Delivering services through both public and private entities allows for an agile system so rural and metropolitan areas can grow services based on infrastructure availability and parental preference.

ECECD administers parts of the state’s early childhood care and education system. Primary programs include prekindergarten, home visiting services for new families, the Family, Infant, Toddler (FIT) program, and Childcare Assistance. However, some programs still considered part of the early care and education system remain in other state agencies or are directly funded, such as the Women, Infants and Children (WIC) program, children’s behavioral and physical health through Medicaid, and Head Start. These programs are funded by both the state and federal governments and delivered by both public and private entities.

Early Learning. New Mexico prekindergarten is an early education program for 3- and 4-year-olds implemented by private providers and public schools. Originally a half-day program, most prekindergarten programs now cover a full day of care. In FY24, the state contracted for 17,473 children to receive prekindergarten services. Prior to FY21, New Mexico prekindergarten was administered by the Children, Youth and Families Department (CYFD), which contracted with private providers, and the Public Education Department (PED), which oversaw programs in public schools. ECECD became the sole administration of the program in FY21. New Mexico continues to compare favorably with other states for funding prekindergarten. According to the National Institute of Early Education Research (NIEER), 32 percent of 4-year-olds in the United States were enrolled in prekindergarten programs in 2022, and the average state spending was \$6,571 per child enrolled. New Mexico reported having higher enrollment at 34 percent and New Mexico ranked 13th for 4-year-olds enrolled in prekindergarten programs in 2022 and 10th for state spending at \$8,270 per child. The department request included \$33 million to continue expansion of prekindergarten.

Prekindergarten Outcomes. LFC has consistently found prekindergarten programs improve math and reading proficiency for low-income 4-year-olds and lower special education rates, low retention rates, and lessen the negative effects of transience. LFC has also found prekindergarten programs deliver a positive return on investment for New Mexico taxpayers based on improvement in test scores through the 12th grade and increased high school graduation rates for participants. Low-income students who participated in prekindergarten performed significantly better on the third-grade PARCC standards-based assessment than peers who did not participate; however, this pattern was not consistent for non-low-income students. In FY24, prekindergarten received a historical increase to expand prekindergarten slots, rates, and funding for wraparound care. The LFC recommendation includes \$17 million from the permanent school fund to continue expansion for 3-year-olds because most 4-year-olds have access to services.

Head Start. Head Start programs, completely federally funded and not administered by the state, serve children from birth to age 5 and provide early education, health, and parental support services. A 2019 LFC evaluation of Childcare Assistance noted a lack of coordination among Head Start programs and childcare providers hurt access to programming in some counties. This lack of coordination continues, with the number of Head Start slots decreasing as the number of other early childhood program slots increase, signaling prekindergarten may be crowding out Head Start programs. In effect, state funds are supplanting federally funded programs and the state needs to help providers of federally funded Head Start coordinate effectively with state-funded prekindergarten and childcare. The number of Early Head Start slots continues to increase as Head Start slots decrease, and Early Head Start enrollment is its highest in eight years.

A recent LFC evaluation noted teacher qualification is a component of federal high-quality standards for Head Start programs. New Mexico continues to lag the nation on Head Start teacher qualifications. Nationally, 70 percent of teachers have a bachelor's degree or higher, but in 2022, New Mexico had 35.5 percent of its Head Start teachers meeting this requirement. In 2022, New Mexico Head Start and Early Head Start had 6,502 slots, and 6 percent went unfilled.

Childcare Outcomes. Previous LFC evaluations have not found childcare assistance to improve educational outcomes for children, unlike the prekindergarten program. Created as an economic support program for families in 1990 when Congress enacted the Child Care and Development Block Grant, the program assists families in participating economically while reducing the cost burden for childcare. Despite continued investment by the state in childcare assistance to improve quality, LFC evaluations have continued to find childcare assistance outcomes are primarily based on family economic improvement. As policymakers invest in expanding the early childhood system, consideration of program outcomes are essential. Each program in the early childhood system has successful outcome focuses, such as early neglect prevention from Home Visiting, educational outcomes from prekindergarten, and family income support from Childcare Assistance. Prioritizing investments in the outcomes policymakers want to improve should change the investment strategy in these programs.

Federal Pandemic Response Funding for Childcare Assistance. Childcare Assistance benefited greatly from unprecedented federal revenue increases included in the federal Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and American Rescue Plan Act (ARPA). Between these three federal acts, Childcare Assistance in New Mexico received \$432.2 million, which must be spent by 2024. Portions of these revenues were used to increase the family income eligibility to qualify for childcare assistance, waive co-payments, and increase provider rates. As these revenues cease in FY25, state revenues were requested by the department to continue these executive policy decisions.

Childcare Increased Income Eligibility. Historically childcare assistance provided an opportunity for low-income families to work or go to school by paying a voucher to childcare providers. However, because the department has expanded income eligibility to nearly double New Mexico's median household income, the program now supports higher income families as well. The program subsidizes the cost of childcare for families with incomes up to 400 percent of the federal poverty level (FPL), increased from 250 percent in previous fiscal years. This means a family of four with an income of \$120 thousand is now eligible for childcare assistance. In FY24, New Mexico was funded to serve over 26 thousand children up to age 14. For FY25, the Childcare Assistance request was estimated to serve 28 thousand children monthly.

Childcare Enrollment. Prior to the pandemic, despite increased eligibility, average monthly enrollment in the program was relatively flat, ranging between 18 thousand and 20 thousand children a month. As a result of the Covid-19 pandemic, Childcare Assistance enrollment declined to 13,151 children in February 2021, its lowest point since 1999. At the close of FY23, monthly enrollment increased to nearly 25 thousand and continued to increase in FY24. However, of those children enrolled, nearly 72 percent of families enrolled are at or below 200 percent of the federal poverty level. The income limits is 400 percent of the federal poverty level. Additionally, a significant proportion of the children served by this program are school-age. Since FY15, the percent of school-age children enrolled in Childcare Assistance has ranged between 41 percent and 49 percent, while children less than 2 years old has ranged between 14 percent and 20 percent. As other care funding options for children increases, such as that for prekindergarten and public education after-school care and extended learning, there should be less pressure on Childcare Assistance funding for older children and the funding should be prioritized for the care of the youngest children. The LFC recommendation includes language to prioritize increased funding to expand infant and toddler care in Childcare Assistance by \$43 million increase for childcare assistance is to expand.

Childcare Assistance Funding. A majority of these significant childcare assistance policy changes were funded through nonrecurring federal pandemic response dollars and had not been contemplated in the Legislature's development of the FY24 appropriation. To continue funding these policy changes, the department requested \$80 million in recurring revenue for FY25. The LFC recommends increasing the distribution for FY25 to provide recurring funding contingent on legislation increasing the FY25 distribution from the early childhood trust fund.

Early Support and Intervention. The Support and Intervention Program administers New Mexico Home Visiting and the Family, Infant, Toddler Program (FIT). FIT is focused on providing early intervention services for children from birth to age 3 diagnosed with developmental delays, disabilities, and serious medical conditions. The number of children served in the FIT Program has increased by over 3,000 children since FY14, or about 24 percent. The LFC recommendation supports the department request.

Home Visiting Services. Certain home visiting programs, comprehensive parent education programs, have demonstrated effectiveness in reducing child abuse and enhancing the well-being of both children and parents. In FY24, 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.

Home Visiting Outcomes. Home visiting stands as a key preventive investment the Legislature has prioritized to improve long-term outcomes for children and families. However, the challenges of implementing, recruiting, and retaining high-quality home visiting programs are significant hurdles that ECECD must tackle to realize the expected improvements in outcomes. While 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. 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. The LFC recommendation includes \$2 million to increase rates and provide families incentives for Medicaid-funded home visiting.

Medicaid-Matched Home Visiting. Maximizing the use of Medicaid revenues for home visiting 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, 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 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.

Program Support and Policy Research and Quality Programs. Program Support consists of the office of the secretary and administrative services. The LFC recommendation includes over \$605 for administrative oversight support and \$500 thousand for information technology. The Policy, Research and Quality Initiatives Program supports policy and data work for Program Support and other programs at ECECD. The program requested and the LFC recommendation supports \$2 million for prekindergarten and childcare assistance quality observation tool implementation and \$6 million ECTF revenue for additional provider quality supports.

Base Expansion

The LFC recommendation supports several of the requested expansions through ECTF revenue.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Child Care Assistance FTE Expansion	P623	293.0	0.0
10	Program Support Reclass from TERM to PERM	P621	82.0	82.0
2	Program Support FTE Expansion	P621	138.9	0.0
3	Program Support FTE Expansion	P621	108.3	108.3
4	Family Support and Early Intervention FTE Expansion	P622	94.9	95.0
5	Regulatory Oversight Unit FTE Expansion	P623	189.8	0.0
6	Child Care Assistance FTE Expansion	P623	106.1	0.0
7	Child Care Assistance FTE Expansion	P623	75.5	0.0
8	Regulatory Oversight Unit FTE Expansion	P623	106.1	0.0
9	program Support Reclass from TERM to PERM	P621	76.0	76.0
TOTAL			\$1,270.6	\$361.3

FAMILY SUPPORT AND EARLY INTERVENTION

The purpose of the family support and early intervention program is to provide culturally sensitive early childhood comprehensive system of supports for families and young children, including home visiting, early intervention services and perinatal case management services.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	46,036.6	59,581.7	59,676.6	59,581.7	0.0
Other Transfers	5,552.9	7,414.2	7,348.1	7,348.1	(0.9)
Federal Revenues	8,428.4	8,371.5	8,474.6	8,474.6	1.2
Other Revenues	2,478.7	1,956.0	2,517.1	2,612.1	33.5
TOTAL SOURCES	\$62,496.6	\$77,323.4	\$78,016.4	\$78,016.5	0.9
USES					
Personal Services and Employee Benefits	3,661.4	4,034.3	6,098.7	6,098.8	51.2
Contractual services	30,117.1	36,553.6	37,432.6	37,432.6	2.4
Other	28,394.0	25,833.9	23,583.5	23,583.5	(8.7)
Other financing uses	6,088.9	10,901.6	10,901.6	10,901.6	0.0
TOTAL USES	\$68,261.4	\$77,323.4	\$78,016.4	\$78,016.5	0.9
FTE					
Permanent	26.0	14.0	15.0	15.0	7.1
Term	31.0	45.0	42.0	42.0	(6.7)
TOTAL FTE	57.0	59.0	57.0	57.0	(3.4)

Recommended Language

The internal service funds/interagency transfers appropriations of the support and intervention program of the early childhood education and care department includes ninety-five thousand dollars (\$95,000) from the early childhood education and care fund for home visiting program personnel contingent on legislation increasing the distribution of the fund in fiscal year 2025.

The general fund appropriation to the support and intervention program of the early childhood education and care department shall be reduced by eight million dollars (\$8,000,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Article 12, Section 7 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof for home visiting services. Any unexpended balance from the school permanent fund in the prekindergarten program remaining at the end of fiscal year 2025 shall revert to the school permanent fund.

Any unexpended balance from the early childhood education and care program fund remaining at the end of fiscal year 2025 shall revert to the early childhood education and care fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Average annual number of home visits per family	0.0	19.0	12.0	20.0	20.0
Explanatory	Percent of home visiting families with face-to-face visits, monthly	NEW	NEW	N/A	N/A	N/A
Outcome	Percent of children enrolled in home visiting for longer than six months who receive regular well child exams as recommended by the American academy of pediatrics	86.0%	88.4%	86.0%	90.0%	90.0%
Outcome	Percent of children making significant improvement annually in social emotional skills, knowledge and skills and appropriate behavior	NEW	NEW	78.0%	80.0%	80.0%
Outcome	Percent of families enrolled in families first by the twenty-eighth week of pregnancy	NEW	NEW	80.0%	80.0%	80.0%
Outcome	Percent of families enrolled in home visiting by the twenty-eighth week of pregnancy	NEW	NEW	23.0%	25.0%	30.0%
Outcome	Percent of families enrolled in home visiting who receive safe sleep education and supporting materials and follow the recommended safe sleep practices	NEW	NEW	75.0%	80.0%	85.0%
Outcome	Percent of children performing at categorical age expectations annually, to include positive social and emotional skills, knowledge and skills and appropriate behavior	NEW	NEW	75.0%	75.0%	80.0%
Outcome	Percent of women enrolled in home visiting who are eligible for medicaid and access prenatal care by the twenty-eighth week of pregnancy	NEW	NEW	80.0%	80.0%	80.0%
Outcome	Percent of women who are pregnant when they enroll in families first and access postpartum care	NEW	NEW	70.0%	75.0%	80.0%
Output	Average annual number of home visits per family	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of parents participating in the New Mexico home visiting program for at least eight months who demonstrate progress in practicing positive parent-child interactions as demonstrated by the state-approved, evidence-based screening tool	74.73%	79.34%	78.00%	80.00%	80.00%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of women enrolled in families first who are eligible for medicaid and access prenatal care by the twenty-eighth week of pregnancy	93.00%	89.94%	93.00%	93.00%	93.00%
Outcome	Percent of children participating in the family infant toddler program for at least six months who demonstrate substantial increase in their development as measure by the early childhood outcomes tool in: positive social-emotional skills (including social relationships), acquisition and use of knowledge and skills (including early language/ communication), and use of appropriate behaviors to meet their needs	0.00%	77.83%	76.00%	78.00%	78.00%
Outcome	Number of families enrolled in centennial home visiting	299.0	440.0	1,250.0	1,000.0	1,250.0
Outcome	Percent of women who are pregnant when they enroll in home visiting and access postpartum care	80.00%	85.73%	90.00%	90.00%	90.00%
Outcome	Percent of eligible infants and toddlers with an individual family service plan for whom an initial evaluation and initial assessment and an initial individual family service plan meeting were conducted within the forty-five day timeline	91.00%	93.00%	100.00%	100.00%	100.00%

EARLY CARE AND EDUCATION

The purpose of the early care and education program is to ensure New Mexicans have access to high-quality, healthy, safe and supportive early childhood education environments for children and their families, as well as access to healthy meals.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	51,173.3	40,473.8	116,244.3	40,473.8	0.0
Other Transfers	31,590.9	135,127.5	139,914.5	215,914.5	59.8
Federal Revenues	197,702.6	210,976.2	127,207.6	127,207.6	(39.7)
Other Revenues	609.5	1,100.0	1,100.0	1,100.0	0.0
TOTAL SOURCES	\$281,076.3	\$387,677.5	\$384,466.4	\$384,695.9	(0.8)
USES					
Personal Services and Employee Benefits	8,536.9	10,067.2	14,628.1	13,857.6	37.7
Contractual services	2,513.0	13,877.9	3,979.6	3,979.6	(71.3)
Other	269,753.7	363,732.4	365,858.7	366,858.7	0.9
TOTAL USES	\$280,803.6	\$387,677.5	\$384,466.4	\$384,695.9	(0.8)
FTE					
Permanent	86.0	89.0	95.0	89.0	0.0
Term	49.0	64.0	59.0	59.0	(7.8)
TOTAL FTE	135.0	153.0	154.0	148.0	(3.3)

Recommended Language

The internal service funds/interagency transfers appropriations to the early childhood education and care program of the early childhood education and care department include thirty-one million five hundred twenty-seven thousand five hundred dollars (\$31,527,500) from the federal temporary assistance for needy families block grant for childcare.

The internal service funds/interagency transfers appropriations to the early childhood education and care program of the early childhood education and care department include eighty million dollars (\$80,000,000) from the early childhood care and education fund for childcare assistance including forty-three million dollars (\$43,000,000) to expand infant and toddler care in the childcare assistance program contingent on legislation increasing the distribution of the fund in fiscal year 2025.

Any unexpended balance from the early childhood education and care program fund remaining at the end of fiscal year 2025 shall revert to the early childhood education and care fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Average length of time enrolled in months for families receiving child care assistance	1,999,998.0	NEW	12.0	12.0	12.0
Outcome	Average length of time enrolled in months for families receiving childcare assistance	N/A	N/A	N/A	N/A	N/A
Outcome	Average monthly copay as a percentage of monthly income	0.0%	0.0%	10.0%	10.0%	7.0%
Outcome	Percent of children attending full-time child care, defined as thirty hours or more a week	NEW	NEW	72.0%	75.0%	75.0%
* Outcome	Percent of children who participated in a New Mexico prekindergarten program for at least nine months, who are proficient in literacy in kindergarten	0.0%	60.5%	75.0%	75.0%	80.0%
Outcome	Percent of enrolled families at or below one hundred twenty-five percent of the federal poverty level	NEW	NEW	65.0%	65.0%	70.0%
* Outcome	Percent of infants and toddlers participating in the childcare assistance program enrolled in childcare programs with four or five stars	60%	58%	60%	65%	75%
Outcome	Percent of children participating in the public and private state-funded New Mexico prekindergarten program for at least six months showing measurable progress on the school readiness spring preschool assessment tool	39.00%	92.79%	90.00%	90.00%	92.00%

POLICY, RESEARCH AND QUALITY INITIATIVES PROGRAM

The purpose of the policy, research and quality initiatives program is to oversee the early childhood education and care department’s quality initiatives, including workforce development, coaching and consultation, infant early childhood mental health consultation and data analysis and reporting and performance. The program also conducts internal audits to ensure program integrity for the childcare assistance program.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,375.0	13,872.3	53,872.3	15,872.3	14.4
Other Transfers	60.9	5,600.0	5,000.0	11,000.0	96.4
Federal Revenues	3,906.4	8,178.2	4,248.8	4,248.8	(48.0)
TOTAL SOURCES	\$16,342.3	\$27,650.5	\$63,121.1	\$31,121.1	12.6

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	2,157.9	2,959.1	2,959.1	2,959.1	0.0
Contractual services	15,603.7	21,729.1	58,999.7	26,999.7	24.3
Other	3,155.6	2,962.3	1,162.3	1,162.3	(60.8)
TOTAL USES	\$20,917.2	\$27,650.5	\$63,121.1	\$31,121.1	12.6
FTE					
Permanent	10.0	24.0	24.0	24.0	0.0
Term	2.0	6.0	11.0	11.0	83.3
TOTAL FTE	12.0	30.0	35.0	35.0	16.7

Recommended Language

The general fund appropriations to the policy, research and quality initiatives program of the early childhood education and care department shall be reduced by two million dollars (\$2,000,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Article 12, Section 7 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof for a classroom observation tool. Any unexpended balance from the school permanent fund in the prekindergarten program remaining at the end of fiscal year 2025 shall revert to the school permanent fund.

Any unexpended balance from the early childhood education and care program fund remaining at the end of fiscal year 2025 shall revert to the early childhood education and care fund.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Output	Percent of early childhood professionals, including tribal educators, with degrees and/or credentials	0.0%	49.0%	50.0%	50.0%	50.0%
Outcome	Number of infant early child mental health professionals trained and onboarded	NEW	NEW	15.0	15.0	15.0
Outcome	Percent of early childhood professionals receiving support from infant early child mental health consultants	NEW	NEW	10.0%	10.0%	10.0%
Outcome	Percent of licensed child care providers participating in the focus tiered quality rating and improvement system	51.0%	63.7%	60.0%	60.0%	60.0%
Outcome	Percent of licensed childcare providers participating in the focus tiered quality rating and improvement system at the four- and five-star level	0.0%	60.0%	50.0%	50.0%	60.0%

PREKINDERGARTEN

The purpose of the prekindergarten program is to ensure New Mexicans have access to a high-quality mixed-delivery early childhood education system. The program oversees the administration, monitoring, quality supports, and technical assistance for prekindergarten in traditional public schools, charter schools, and community-based organizations. In collaboration with the public education department, the program administers prekindergarten funding and ensures all prekindergarten children with special education needs receive the services and supports they need.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	77,675.3	204,829.5	237,829.5	222,469.5	8.6
Other Transfers	17,446.8	15,704.1	15,704.1	15,704.1	0.0
TOTAL SOURCES	\$95,122.1	\$220,533.6	\$253,533.6	\$238,173.6	8.0
USES					
Personal Services and Employee Benefits	1,070.2	1,207.8	1,990.5	1,990.5	64.8
Contractual services	41,051.6	115,496.0	22,920.2	22,920.2	(80.2)
Other	20,716.8	19,753.6	228,622.9	213,262.9	979.6
Other financing uses	47,979.7	84,076.2	0.0	0.0	(100.0)
TOTAL USES	\$110,818.3	\$220,533.6	\$253,533.6	\$238,173.6	8.0
FTE					
Permanent	0.0	12.0	16.0	16.0	33.3
TOTAL FTE	0.0	12.0	16.0	16.0	33.3

Recommended Language

The internal service funds/interagency transfers appropriations to the prekindergarten program of the early childhood education and care department include six million dollars (\$6,000,000) from the early childhood care and education fund for prekindergarten quality supports contingent on legislation increasing the distribution of the fund in fiscal year 2025.

The general fund appropriations to the prekindergarten program of the early childhood education and care department shall be reduced by one hundred forty-nine million six hundred forty thousand dollars (\$149,640,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Article 12, Section 7 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof for prekindergarten programs. Any unexpended balance from the school permanent fund in the prekindergarten program remaining at the end of fiscal year 2025 shall revert to the school permanent fund.

Any unexpended balance from the early childhood education and care program fund remaining at the end of fiscal year 2025 shall revert to the early childhood education and care fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Percent of children enrolled for at least six months in the state-funded New Mexico prekindergarten program who score at first step for kindergarten or higher on the fall observation kindergarten observation tool	NEW	NEW	75.0%	75.0%	80.0%
* Outcome	Percent of children who participated in a New Mexico prekindergarten program for at least nine months who are proficient in math in kindergarten	NEW	NEW	75.0%	75.0%	80.0%

PROGRAM SUPPORT

The purpose of program support is to provide leadership and support for the early childhood education and care department through strategic planning, legal services, information and technology services, financial services and budget, human resources and background checks.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,852.4	9,322.4	9,981.2	9,322.4	0.0
Other Transfers	30,298.8	17,882.9	19,060.8	19,060.8	6.6
Federal Revenues	47,657.5	20,466.2	7,223.2	7,223.2	(64.7)
Other Revenues	3,505.3	202.5	2,783.8	16,201.5	7,900.7
TOTAL SOURCES	\$89,314.0	\$47,874.0	\$39,049.0	\$51,807.9	8.2
USES					
Personal Services and Employee Benefits	7,069.2	8,629.5	10,315.8	10,274.7	19.1
Contractual services	9,785.4	8,724.5	12,528.6	12,528.6	43.6
Other	41,836.6	18,020.0	4,104.6	4,104.6	(77.2)
Other financing uses	0.0	12,500.0	12,100.0	24,900.0	99.2
TOTAL USES	\$58,691.2	\$47,874.0	\$39,049.0	\$51,807.9	8.2
FTE					
Permanent	92.0	63.0	55.0	54.0	(14.3)
Term	26.0	11.0	35.0	35.0	218.2
Temporary	3.0	0.0	3.0	3.0	0.0
TOTAL FTE	121.0	74.0	93.0	92.0	24.3

Recommended Language

The internal service funds/interagency transfers appropriations from program support of the early childhood education and care department to the medical assistance program of the health care authority department include five million dollars (\$5,000,000) from the early childhood education and care fund for provider rate increases for maternal and child health, five million eight hundred thousand dollars (\$5,800,000) from the early childhood education and care fund for birthing doulas and lactation counselor services and two million dollars (\$2,000,000) from the early childhood education and care fund for Medicaid home visiting contingent on legislation increasing the distribution of the fund in fiscal year 2025.

The internal service funds/interagency transfers appropriations to program support of the early childhood education and care department include one million one hundred five thousand dollars (\$1,105,000) for personnel and information technology contingent on legislation increasing the distribution of the fund in fiscal year 2025.

Any unexpended balance from the early childhood education and care program fund remaining at the end of fiscal year 2025 shall revert to the early childhood education and care fund.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of Comprehensive Addiction and Recovery Act families connected to agency services and supports	NEW	NEW	55.0%	60.0%	60.0%

Statutory Authority

Sections 9-23-1 through 9-23-12 NMSA 1978, created the cabinet-level the Aging and Long-Term Services Department (ALTSD) is composed of four programs: the Consumer and Elder Rights Program, which administers the Long-Term Care Ombudsman Program and the Aging and Disability Resource Center; the Aging Network Program, which administers the federal Older Americans’ Act; the Adult Protective Services Program, which investigates cases of elder neglect, abuse, and exploitation; and Program Support, which provides clerical, record-keeping, and administrative support to the department in the areas of personnel, budget, procurement, and contracting.

Mission

The mission of the Aging and Long-Term Services Department is to provide accessible, integrated services to older adults, adults with disabilities, and caregivers to assist them in maintaining their independence, dignity, autonomy, health, safety, and economic well-being, thereby empowering them to live on their own terms in their own communities as productively as possible.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	51,443.0	65,372.5	79,969.9	70,452.3	7.8
Other Transfers	4,024.8	5,876.3	5,876.3	5,876.3	0.0
Federal Revenues	12,936.6	14,291.1	14,498.7	14,498.7	1.5
Other Revenues	46.9	115.8	115.8	115.8	0.0
Fund Balance	0.0	3,747.0	2,275.6	2,275.6	(39.3)
TOTAL SOURCES	\$68,451.3	\$89,402.7	\$102,736.3	\$93,218.7	4.3
USES					
Personal Services and Employee Benefits	17,856.4	21,603.9	24,952.4	23,604.0	9.3
Contractual services	3,905.2	14,559.5	17,422.6	12,422.6	(14.7)
Other	44,021.6	53,239.3	60,361.3	57,192.1	7.4
TOTAL USES	\$65,783.2	\$89,402.7	\$102,736.3	\$93,218.7	4.3
FTE					
Permanent	240.0	229.0	231.0	231.0	0.9
Term	8.0	15.0	15.0	15.0	0.0
Temporary	32.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	280.0	245.0	246.0	246.0	0.4

At A Glance

The Aging and Long-Term Services Department (ALTSD) FY25 request sought \$79.9 million from the general fund, a 22 percent increase from the FY24 operating budget. Notable allocations include \$4 million for grants in the Aging Network Program, \$1.3 million for food support, and \$5 million for New Medicare. The LFC base recommendation supports increased funding for grants, volunteer services, and personnel for the state’s ombudsman program.

Budget Issues

The Aging Network Program oversees services for over 145 thousand older adults, including home-delivered meals and services in senior centers. The department proposed a reorganization, separating funding for area agencies on aging (AAA), but the LFC recommendation does not support this, emphasizing the importance of connectedness and collaboration. The Aging Network and AAA collectively requested a 19 percent increase in general fund revenues, targeting initiatives, such as raising wages to \$15 per hour for AAA. The LFC recommendation includes a \$4 million increase for the Aging Network to address service needs.

Additionally, the Aging Network request included increases of \$1.3 million for food support, \$500 thousand for volunteer services, \$200 thousand for Senior Olympics, \$450 thousand for community health programs, \$485 thousand for FTE reclassifications, and \$605 thousand for FTE expansions. The LFC recommendation allocates \$105 thousand for a volunteer services coordinator. Previously, providers have voiced concerns about slow reimbursements from federal programs, prompting past practices of advanced payments. The LFC recommends continuing language allowing a 12.5 percent distribution from the Department of Finance and Administration for initial payments to Aging Network providers.

Adult Protective Services. The department general fund request for the Adult Protective Services Program (APS) increased significantly in FY24, close to 50 percent above the FY23 operating budget. The department request for FY25 was a \$5.4 million increase, or 35 percent, mostly to expand a new program called New Mexicare. The department reports New Mexicare will be an all-inclusive caregiver support services through a participant-centered and self-directed model of service delivery. New Mexicare offers incentives, services, and supports to those caring for family members through financial assistance, training, and support. Each participant would be provided with an individualized allotment that can be used for home care, respite, adult day services, chores, transportation, and equipment.

The Consumer and Elder Rights Program’s general fund request includes a 27 percent increase of \$565 thousand for personnel, and the LFC recommendation allocates \$400 thousand for the ombudsman office. Program Support’s FY25 general fund request of \$651 thousand for personnel receives an LFC recommendation of \$200 thousand.

Kiki Saavedra Senior Dignity Fund. During the 2020 legislative session, the Legislature appropriated \$7 million to the newly created Kiki Saavedra senior dignity fund. The fund is overseen by ALTSD to address high-priority services for senior citizens and adults with disabilities in New Mexico, to include transportation, food insecurity, physical and behavioral health, case management, and caregiving. The department requested \$2.3 million for the caregiver cooperative, ombudsman outreach, the volunteer network, senior physical and mental well-being services, and Medicaid infrastructure. However, the Legislature should be cautious in the use of nonrecurring revenue, such as revenue from this fund, in building programs with recurring expenses, absent plans for evaluating services to assess effectiveness and for future options in the recurring budget..

Capital Outlay. From 2018 to 2023, senior centers received a total of \$119.4 million in capital outlay appropriations for renovations, repairs, new construction, vehicles, and equipment. As of September 2023, \$85.5 million was unspent. For 2023, the ALTSD has requested about \$31 million in capital outlay on behalf of senior centers.

Base Expansion

The department included several expansion FTE requests and the LFC recommendation includes \$105 thousand for volunteer services.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	ALZ FTE	P594	105.8	0.0
1	AND Deputy Director FTE	P594	140.0	0.0
1	Community Health Worker FTE	P594	150.0	0.0
1	Food Security Coordinator	P594	105.0	0.0
1	Volunteer coordinator FTE	P594	105.0	105.0
TOTAL			\$605.8	\$105.0

CONSUMER AND ELDER RIGHTS

The purpose of the consumer and elder rights program is to provide current information, assistance, counseling, education and support to older individuals and people with disabilities, residents of long-term care facilities and their families and caregivers that allow them to protect their rights and make informed choices about quality services.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,741.9	2,085.3	2,650.7	2,085.3	0.0
Other Transfers	1,089.5	1,300.0	900.0	900.0	(30.8)
Federal Revenues	1,713.4	2,352.2	1,848.7	1,848.7	(21.4)
TOTAL SOURCES	\$4,544.8	\$5,737.5	\$5,399.4	\$4,834.0	(15.7)
USES					
Personal Services and Employee Benefits	2,873.6	4,314.6	4,424.3	3,858.9	(10.6)
Contractual services	386.3	563.8	121.0	121.0	(78.5)
Other	338.4	859.1	854.1	854.1	(0.6)
TOTAL USES	\$3,598.3	\$5,737.5	\$5,399.4	\$4,834.0	(15.7)
FTE					
Permanent	42.0	40.0	32.0	32.0	(20.0)
Term	1.0	8.0	8.0	8.0	0.0
TOTAL FTE	43.0	48.0	40.0	40.0	(16.7)

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of participants in the capacity-building programs who rate the programs as satisfactory or above.	N/A	N/A	N/A	N/A	N/A
Quality	Percentage of calls to the aging and disability resource center that are resolved in a single contact	0%	NEW	NEW	90%	90%
Quality	Percentage of complaints resolved by the ombudsman's office to the satisfaction of the nursing facility resident over the reporting period	0%	NEW	NEW	70%	70%
Quality	Percentage of complaints resolved by the Ombudsman's Office to the satisfaction of the Nursing Facility resident over the reporting period.	N/A	N/A	N/A	N/A	N/A
Quality	Percentage of customers satisfied with the outcome of their call to the aging and disability resource center	0%	NEW	NEW	90%	90%
* Quality	Percent of calls to the aging and disability resource center answered by a live operator	52%	81%	90%	90%	90%
Outcome	Percent of ombudsman complaints resolved within sixty days	99.00%	100.00%	99.00%	99.00%	99.00%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Percent of residents who remained in the community six months following a nursing home care transition	86%	98%	90%	90%	98%
Quality	Percent of nursing and assisted living facility residents who remained in the facility following a discharge or eviction complaint	96.11%	93.00%	96.00%	96.00%	96.00%
Quality	Percent of people accessing consumer and elder rights division programs who indicated the assistance improved their quality of life and made a positive difference in their decisions	96.00%	98.00%	96.00%	96.00%	98.00%
Outcome	Percent of individuals provided short-term assistance who accessed services within thirty days of a referral from options counseling	81.00%	83.65%	92.00%	92.00%	92.00%
Output	Percent of facilities visited monthly	32.00%	52.00%	40.00%	40.00%	50.00%

ADULT PROTECTIVE SERVICES

The purpose of the adult protective services program is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,771.8	15,385.1	20,785.1	15,785.1	2.6
Other Transfers	2,577.9	4,576.3	4,976.3	4,976.3	8.7
Federal Revenues	0.0	0.0	503.5	503.5	0.0
Other Revenues	0.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$12,349.8	\$19,961.4	\$26,264.9	\$21,264.9	6.5
USES					
Personal Services and Employee Benefits	9,412.3	10,821.4	11,792.6	11,992.6	10.8
Contractual services	1,596.1	8,418.6	13,195.9	8,195.9	(2.6)
Other	949.3	721.4	1,276.4	1,076.4	49.2
TOTAL USES	\$11,957.7	\$19,961.4	\$26,264.9	\$21,264.9	6.5
FTE					
Permanent	131.0	127.0	135.0	135.0	6.3
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE	136.0	132.0	140.0	140.0	6.1

Recommended Language

The appropriations for personal services and employee benefits in adult protective services program of the aging and long-term services department shall not revert at the end of fiscal year 2024 and may be spent for personal services and employee benefits in fiscal year 2025.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of consumers for whom referrals were made that accessed services and remained in a community setting for six or more months	0%	NEW	NEW	90%	90%
* Outcome	Percent of emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	99%	99%	100%	100%	100%
Output	Number of adult protective services' investigations of abuse, neglect or exploitation	5,550.0	6,863.0	6,150.0	6,150.0	6,850.0
Output	Number of referrals made to and enrollments in home care and adult day care services as a result of an investigation of abuse, neglect or exploitation	238.0	147.0	400.0	400.0	400.0
Outcome	Percent of repeat abuse, neglect or exploitation cases within six months of a substantiation of an investigation	0.00%	0.00%	2.00%	2.00%	2.00%
Outcome	Percent of contractor referrals in which services were implemented within two weeks of the initial referral	60.00%	71.75%	80.00%	80.00%	80.00%
Outcome	Percent of priority two investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed time frames	98.00%	99.00%	98.00%	98.00%	99.00%
Output	Number of outreach presentations conducted in the community within adult protective services' jurisdiction	180.0	409.0	180.0	180.0	400.0

AGING NETWORK

The purpose of the aging network program is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education and work experience to older individuals so they can enter or re-enter the workforce and receive appropriate income and benefits.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	33,621.4	41,055.4	20,854.5	45,535.2	10.9
Other Transfers	100.0	0.0	0.0	0.0	0.0
Federal Revenues	11,203.4	11,817.0	882.1	12,024.6	1.8
Other Revenues	46.8	115.8	115.8	115.8	0.0
TOTAL SOURCES	\$44,971.6	\$52,988.2	\$21,852.4	\$57,675.6	8.8
USES					
Personal Services and Employee Benefits	1,549.3	1,657.6	3,328.0	2,722.2	64.2
Contractual services	1,405.8	1,539.9	1,539.9	1,539.9	0.0
Other	41,054.9	49,790.7	16,984.5	53,413.5	7.3
TOTAL USES	\$44,010.0	\$52,988.2	\$21,852.4	\$57,675.6	8.8

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025	LFC	Percent
	Actuals	Budgeted	Agency Request	Recommendation	Inc (Decr)
FTE					
Permanent	16.0	17.0	22.0	22.0	29.4
Term	1.0	1.0	1.0	1.0	0.0
Temporary	29.0	0.0	0.0	0.0	0.0
TOTAL FTE	46.0	18.0	23.0	23.0	27.8

Recommended Language

The general fund appropriation to the aging network program of the aging and long-term services department in the other category shall allow for an additional twelve and one-half percent distribution from the department of finance and administration for initial payments to aging network providers at the beginning of the fiscal year.

Any unexpended balances remaining in the aging network from the conference on aging at the end of fiscal year 2024 from appropriations made from other state funds for the conference on aging shall not revert to the general fund.

Any unexpended balances remaining in the aging network from the tax refund contribution senior fund, which provides for the provision of the supplemental senior services throughout the state, at the end of fiscal year 2025 shall not revert to the general fund.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of individuals exiting the senior employment programs achieving financial independence through employment without public sector subsidy	29.00%	32.00%	43.00%	43.00%	43.00%
* Outcome	Number of hours of caregiver support provided	167,701.0	196,246.0	167,000.0	167,000.0	200,000.0
* Output	Number of hours of service provided by senior volunteers, statewide	733,910.0	472,250.0	745,000.0	745,000.0	745,000.0
Explanatory	Average cost per meal in Bernalillo and Santa Fe counties	\$0.00	\$0.00	N/A	N/A	N/A
Explanatory	Average cost per meal in all counties except Bernalillo and Santa Fe	\$0.00	\$0.00	N/A	N/A	N/A
Explanatory	Average cost per unit of transportation in Bernalillo and Santa Fe counties	\$0.00	\$0.00	N/A	N/A	N/A
Explanatory	Average cost per unit of transportation in all counties except Bernalillo and Santa Fe	\$0.00	\$0.00	N/A	N/A	N/A
Output	Number of outreach events and activities to identify, contact and provide information about aging network services to potential aging network consumers who may be eligible to access senior services but are not currently accessing those services	802.0	764.0	800.0	800.0	800.0
Output	Number of meals served in congregate and home-delivered meal settings	4,443,066.0	4,105,279.0	4,430,000.0	Discontinued	4,105,000.0
Explanatory	Number of clients appointed as legal guardians of kinship children in their care	0.0	0.0	N/A	N/A	N/A
Output	Number of transportation units provided	136,426.0	223,938.0	300,000.0	Discontinued	224,000.0
Outcome	Percent of older New Mexicans receiving congregate and home-delivered meals through aging network programs that are assessed with "high" nutritional risk	15.37%	17.10%	17.00%	Discontinued	17.00%

AREA AGENCIES ON AGING

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	28,181.9	0.0	0.0
Federal Revenues	0.0	0.0	11,142.5	0.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$39,324.4	\$0.0	0.0
USES					
Other	0.0	0.0	39,324.4	0.0	0.0
TOTAL USES	\$0.0	\$0.0	\$39,324.4	\$0.0	0.0

PROGRAM SUPPORT

The purpose of program support is to provide clerical, record-keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,307.9	6,846.7	7,497.7	7,046.7	2.9
Other Transfers	257.4	0.0	0.0	0.0	0.0
Federal Revenues	19.8	121.9	121.9	121.9	0.0
Fund Balance	0.0	3,747.0	2,275.6	2,275.6	(39.3)
TOTAL SOURCES	\$6,585.1	\$10,715.6	\$9,895.2	\$9,444.2	(11.9)
USES					
Personal Services and Employee Benefits	4,021.2	4,810.3	5,407.5	5,030.3	4.6
Contractual services	517.0	4,037.2	2,565.8	2,565.8	(36.4)
Other	1,679.1	1,868.1	1,921.9	1,848.1	(1.1)
TOTAL USES	\$6,217.3	\$10,715.6	\$9,895.2	\$9,444.2	(11.9)
FTE					
Permanent	51.0	45.0	42.0	42.0	(6.7)
Term	1.0	1.0	1.0	1.0	0.0
Temporary	3.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	55.0	47.0	43.0	43.0	(8.5)

Statutory Authority

The Health Care Authority Department was created by Sections 9-8-1 through 9-8-12 NMSA 1978. The agency is responsible for administering a number of programs to provide medical and financial assistance for eligible populations and for child support collection activities. The agency consists of nine divisions: Administrative Services, Child Support Enforcement, Medical Assistance, Medicaid Behavioral Health, Behavioral Health Services, Income Support, Developmental Disabilities Support, Health Improvement, and State Health Benefits. The Developmental Disabilities Support, Health Improvement, and State Health Benefits Divisions were transferred in 2023 from other agencies.

Mission

The Health Care Authority (HCA) administers several large state and federally funded programs that provide healthcare, financial assistance, child support, and food assistance to New Mexico’s most needy citizens. The agency manages over \$11 billion of federal and state funding that provide life’s most basic services to New Mexico’s lowest-income individuals and families, serving more than half of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,343,025.2	1,611,088.7	2,297,521.3	1,950,971.6	21.1
Other Transfers	293,313.7	342,399.0	212,931.9	434,602.9	26.9
Federal Revenues	10,120,952.9	8,473,631.8	9,765,665.1	9,030,192.9	6.6
Other Revenues	145,833.5	103,803.6	616,435.0	619,730.7	497.0
Fund Balance	3.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$11,903,128.9	\$10,530,923.1	\$12,892,553.3	\$12,035,498.1	14.3
USES					
Personal Services and Employee Benefits	121,161.2	145,043.4	183,818.2	177,687.9	22.5
Contractual services	281,664.8	314,225.2	426,706.1	368,361.2	17.2
Other	11,440,031.0	10,071,654.5	12,282,029.0	11,267,630.3	11.9
Other financing uses	0.0	0.0	0.0	221,818.7	0.0
TOTAL USES	\$11,842,857.0	\$10,530,923.1	\$12,892,553.3	\$12,035,498.1	14.3
FTE					
Permanent	1,984.6	2,018.5	2,363.5	2,305.5	14.2
Term	14.0	21.0	54.0	54.0	157.1
TOTAL FTE	1,998.6	2,039.5	2,417.5	2,359.5	15.7

At A Glance

Fiscal year 25 is the first year the authority requested its budget as the newly reorganized Health Care Authority, formerly the Human Services Department but with the Developmental Disabilities Support, Health Improvement, and State Health Benefits Divisions transferred from other agencies. With the additional programs, several requested Medicaid rate adjustments, and other items, the FY25 budget request grows the authority’s total budget by \$2.4 billion, or 22 percent, over the FY24 Human Services Department operating budget. The total general fund revenue request is a 26.5 percent increase that includes nearly \$400 million, or a 24 percent increase within the three Medicaid matched programs. Nearly 50 percent of the requested general fund increase is related to increasing the payment rates for certain Medicaid healthcare providers, such as maintaining rate parity with Medicare, increasing maternal and child health and physical health service rates to 150 percent of Medicare, and bumping-up rates for nursing facilities and other facilities. Federal revenue also decreased \$107 million due to one-time American Rescue Plan Act Revenue in the Developmental Disabilities Support Program being fully expended and the federal Medicaid matching rate decreasing 0.91 percent.

The \$11.9 billion LFC recommendation is a \$1.5 billion, or 7.5 percent, increase above the FY24 operating budget and prioritizes stabilizing rural physical and behavioral health services, continuing the move toward funding more evidence-based services, and seeking to leverage as much Medicaid and other revenue sources as possible. With the Medicaid budget growing 70 percent since 2019, including for significant provider 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 non-recurring recommendation and elsewhere, the committee supports efforts to expand access.

Budget Issues

Medicaid Provider Rate Adjustments. The Legislature has invested heavily in Medicaid over the last decade. In the past five years, hundreds of millions went toward rate increases with the intention that Medicaid managed care organizations (MCO) increase provider rates with the hope of improving access by drawing more providers into the Medicaid system. In 2023, rates were increased to either match Medicare rates or benchmark at 120 percent of Medicare in targeted areas. However, because of the process for contracting with Medicaid managed care and the need in many cases to renegotiate provider agreements, these rate adjustments do not always result in better rates or timely increases for providers. Sidestepping the MCO process, the Legislature appropriated funding for supplemental and directed payments based on Medicaid utilization.

However, many Medicaid healthcare 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 to lack access or have trouble making appointments. With improved health insurance coverage over the past decade, access to quality care should be the state's priority.

With increased rates and directed payments now implemented, the impact on network adequacy leading to improved access and better outcomes is unclear. It is also unclear whether further rate increases, without a long-term strategy based on evidence that seeks to bolster the healthcare workforce and expand providers in rural areas, will impact outcomes.

For FY25, the authority requested \$187.3 million in general fund revenue for rate increases that would generate an estimated \$646.2 million in federal revenue. One of the authority's rate increases for \$91 million in general fund revenue raises some provider rates to 150 percent of Medicare. However, the request does not break out how much is for the different provider types, such as maternal and child health, physical health, behavioral health, or nursing facilities. An analysis of last year's rate adjustments, confirmed by the authority, indicates about 62 percent of the adjustments would go toward maternal and child health and physical health while the remainder would go to the other provider types.

Additionally, the department requested \$91 million in general fund revenue to maintain Medicare rate parity for providers that received increases last year and to bring the providers that were left out of the rate increases last year up to 100 percent of Medicare.

Given the uncertain impact of further rate increases, that many of the rates and directed payments that were appropriated during the 2023 session were not implemented as of December 2023, and that there has not been enough time to evaluate the impact of these adjustments, LFC's recommendation adjusts rates more moderately than requested. The recommendation increases rates by a total of \$82 million and prioritizes maternal and child health, developmental disabilities services, and rate maintenance, but at a lower rate than requested. The committee's recommended adjustments also include \$1 million for rural preceptor clinical training and \$5 million for directed payments for the state's 20 smallest rural hospitals, which will generate \$3.4 million and \$17.2 million in Medicaid revenue, respectively.

Another requested increase would add doula and lactation counselors to the list of benefits available to members at a cost of \$5.8 million in general fund revenue, LFC supports the request but funded it using early childhood trust fund revenue.

Medicaid Enrollment. The request assumes significant continued Medicaid program enrollment growth and assumes the growth would cost \$48.5 million in general fund revenue. This is despite significant reductions in Medicaid enrollment in recent months related to the ending of the public health emergency (PHE), which started in April 2023. Federal actions prohibited the state from disenrolling Medicaid recipients throughout the pandemic, but now that the PHE ended, the state is evaluating eligibility for all recipients.

A November 2023 Kaiser Family Foundation report on Medicaid disenrollments found that New Mexico had the highest percentage nationally of procedural disenrollments at 96.4 percent. Procedural disenrollments happen when people do not complete the renewal process, which typically happens because of outdated contact information or enrollees missing deadlines.

The authority's September 2023 monthly statistical report quoted an 11.21 percent decrease in enrollment from the prior year, with enrollment sitting at about 867 thousand, and 53 thousand fewer enrollees than was shown in the department's September budget projection. The reduction in enrollment would result in about \$67.5 million less in projected general fund spending over the course of FY25.

Services for the Disabled. Enrollment in the Medicaid waiver programs for people with developmental disabilities is expected to continue increasing over the next few years, but more moderately than in the last few years when the state was working towards eliminating the waiting list to receive services. The authority's request included \$55.7 million in general fund revenue which would generate another \$192.2 thousand in federal revenue, for enrollment and other program growth. At an average annual cost per member of \$95 thousand, this would be sufficient to bring well over 2,000 people onto the waiver.

The committee's recommendation of \$8.8 million for developmental disabilities Medicaid waiver slots would generate an additional \$30.3 million in federal revenues and is sufficient to bring over 400 more individuals onto the waiver programs.

The agency also requested \$11.8 million in general fund revenue to increase provider rates for developmental disability provider rate adjustments. The LFC recommendation supports this request.

Medicaid Revenue Changes. The authority also requested to move most of the Developmental Disabilities Support Division's (DDSD) funding into the Medical Assistance Division (MAD). The program says that budgeting it this way will result in more streamlined funding and reduce administrative burden.

However, this arrangement would be less transparent and the \$171.3 million in general fund revenue for people with developmental disabilities would be lost in the larger \$8.7 billion program. The committee does not support this request and keeps general fund revenue for DDSD intact.

Also related to services for people with developmental disabilities, the authority requested, and the committee supports, replacing \$38.6 million in one-time federal pandemic recovery revenues with general fund revenues. In FY23, the Department of Health began using nonrecurring funding sources and existing fund balances to remove everyone from the waiting list for the waiver program and gradually phase in estimated state costs over the next several years. In FY23 and FY24, the Legislature was aware that it was accruing a liability using the nonrecurring revenue and that the state would need to backfill the \$38.6 million in FY25.

The department also requested \$68.9 million in general fund revenue to replace a reduction in federal revenue due to a decrease in the federal match rate of 0.91 percent. The projected rate decrease was confirmed through Federal Funds Information for States. The committee supports the request given the changes in the rate so the loss in federal revenue does not affect services.

Because \$16.2 million in nonrecurring tobacco settlement program fund balances were used in the department's recurring FY24 budget and because total tobacco settlement revenue for FY25 is projected to be \$6.5 million less than was appropriated in FY24, the LFC recommendation reduces revenue from the tobacco settlement program fund for the authority by \$12 million and backfills this revenue with general fund revenue. Revenue to the tobacco settlement permanent fund declined recently due to less tobacco use and because the Attorney General's Office and tobacco defendants arbitrate tobacco settlement revenue amounts on an annual basis. The result has been wide variation in the amount of tobacco settlement revenue available each year, with an overall downward trend. Because of the projected decrease, the committee also recommends replacing tobacco settlement revenue with general fund revenue for the other agencies that benefited in recent years from the revenue, including University of New Mexico Health Sciences Center and the Department of Health.

Additionally, because of increased gross receipts tax revenues and the tax increments associated with the county-supported Medicaid and the safety net care pool funds, LFC supported the agency's request to increase these revenue sources by \$8.6 million and \$36.5 million, respectively.

Establishment of the Health Care Authority. The Legislature established the Health Care Authority in Laws 2023 Chapter 205, which maintained all the divisions from the former Human Services Department but added the Developmental Disabilities Support Division (DDSD) and the Division of Health Improvement from the Department of Health and State Health Benefits from the General Services Department. The authority now has nine programs. In November 2023, the authority submitted its transition plan as required by Laws 2023, Chapter 205.

The plan stated the governor was going to issue an executive order requiring the New Mexico Public Schools Insurance Authority, Retiree Health Care Authority (RHCA), and Interagency Benefits Advisory Committee (IBAC) to work closely with the department to optimize healthcare purchasing. As of December 2023, that order had not been issued. However, the report includes proposed statutory changes that would administratively attach RHCA to the authority, require IBAC to make recommendations to the secretary of the authority for final approval, and move the healthcare affordability fund from the Office of the Superintendent of Insurance to HCA.

While the plan includes recommendations to improve the state's healthcare purchasing power, it says very little about how the department plans to improve health outcomes for New Mexicans. While the plan will help with healthcare insurance coverage, it is silent on how to improve access to services, including how to increase the number of providers.

Behavioral Health Services. The Behavioral Health Services Program's FY25 budget request increases general fund revenue by 21.7 percent. The request included \$5.9 million to replace expiring 988 Crisis Line federal grants that are ending. The federal government's original reason for funding 988 on a nonrecurring basis was that states would eventually enact telecommunications surcharge taxes to replace the expiring grants. LFC does not fund this request with recurring revenue but instead recommends funding it through a special appropriation to give the program the opportunity to seek enactment of a surcharge tax to fund 988 in the future.

The program also requested an additional \$5.5 million in general fund revenue to continue programs that funded with opioid settlement revenue in FY24, including certified community behavioral health clinics (CCBHC), screening brief intervention and referral to treatment (SBIRT), and housing for people with opioid use disorder. Another request was for \$1 million to make funding for housing for people with serious mental illness recurring.

LFC recommends funding the CCBHCs and SBIRT through an expendable trust that contains four years of funding, providing enough time to evaluate the effectiveness of the programs. The recommendation also includes \$2 million in recurring opioid settlement revenue for housing for people with opioid use disorder. LFC also supported the \$1 million request for recurring revenue for housing for people with serious mental illness.

Income Support. The Income Support Program includes funding and support for the Temporary Assistance for Needy Families (TANF) Program, Supplemental Nutrition Assistance Program (SNAP), General Assistance (GA), Low-Income Home Energy Assistance Program (LIHEAP), and other programs. These programs provide eligible low-income families with cash, food, medical, employment, and energy assistance so they can achieve self-sufficiency.

For FY25, Income Support's request nearly doubled revenue from the general fund while it increased revenue from other sources by 0.5 percent over the FY24 operating budget. The request included two significant program expansions totaling \$53 million to increase the SNAP benefit for the elderly from \$25 to \$150 monthly and increase TANF income eligibility from 85 percent to 95 percent of the federal poverty level. The request for SNAP also included a \$17 million special appropriation for enhancements to SNAP's automated system. LFC did not recommend any of these items since the program has trouble keeping up with its current workload.

A recent LFC program evaluation progress report noted New Mexico continues to have low enrollment for many programs and should address access barriers prior to expansion. For FY25, including the expansion, the program requested nearly \$50 million to expand SNAP enrollment while the time to process existing SNAP clients is slow. The request expands eligibility for all SNAP participants from 165 percent of the federal poverty level to 200 percent, in addition to other targeted increases for the elderly, individuals with disabilities, and children. However, recent performance reporting from the authority indicates the agency may be struggling to serve its existing SNAP clients. Since June 2022, SNAP has not met the federal target of 95 percent of its applications processed within 45 days, indicating the program is having trouble serving all its existing clients in a timely manner. As of August 2023, only 39 percent of applications were processed within 30 days.

Additionally, TANF cash assistance benefits in August increased from \$539 to \$663 for a family of four. This is the first increase in assistance payments since 2011. However, TANF has persistently not met its performance measure targets as defined in the authority's quarterly performance report cards. Additionally, in FY22 the program stopped reporting on two outcome measures in the agency's quarterly report card.

The program also requested \$700 thousand for SNAP meal access and \$310 thousand for SNAP summer electronic benefits transfer (EBT). LFC's recommendation supports both requests.

Other General Fund Revenue Requests. The Child Support Enforcement Division (CSED) and Division of Health Improvement (DHI) each requested increases of 7.4 percent and 29.6 percent, respectively. CSED's request eliminates fees charged to non-TANF families for full child support services. DHI's request was primarily to fill vacancies. Additionally, the State Health Benefits Program has never been funded with general fund revenue, but the agency requested \$3.3 million to fund the program's operations. The request would fund 9 FTE, conduct a claims integrity audit, hire a consultant on how the program delivers services, and conduct Requests for Proposals.

The committee supports CSED's \$234.8 thousand request to eliminate child support fees. Because DHI has many funded vacancies, the committee partially supports DHI's personnel cost request and increases general fund revenue to the program 12.7 percent. The committee does not support the request for the State Health Benefits Program but instead recommends the program fund its ongoing operations with state employee health insurance premium revenue, as has always been done.

Administrative Costs. The authority requested increases to support administrative operations across all nine programs. In the Medical Assistance, Income Support, and Child Support Enforcement Divisions, the department requested a total of \$3.7 million in general fund revenue for the call center contract while requesting a decrease of 117 FTE in Income Support and Child Support Enforcement. Program Support requested a \$12.5 million, or a 53.7 percent increase in general fund revenue to support adding 31 FTE, increasing IT infrastructure, maintaining new IT system modules, adding IT support for the new divisions, and creating a new 10 FTE data analytics team.

LFC’s recommendation does not support increasing the call center contract in preference of state employees because the contract is more expensive than the employees. The committee supports an increase of \$590.9 thousand (including federal match) in Program Support to transfer 20 FTE from the Department of Health and an additional \$600 thousand to support the newly added divisions in the authority.

Performance and FY22 Financial Audit. In FY23, the department missed or nearly missed almost all of its performance targets in the final quarterly performance report. For example, 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 department’s FY22 financial audit included three findings, two of which were relatively minor. For the third finding, a sample of 25 out of approximately 25 thousand providers who received payment during the year were tested to determine whether required screening was performed before the provider was enrolled. Required screening and license verification for 10 of 25 providers tested was not properly supported by the authority’s records. For eight of 25 providers tested, the authority was not able to provide documentation that the required screening was performed.

Base Expansion

The authority requested ten expansions. LFC did not recommend any of the expansions, but included increases in the base.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	ISD Expansion	P525	1,010.0	0.0
0	IT Data Analytics Expansion	P522	3,508.9	0.0
0	IT HCA Expansion	P522	9,152.3	0.0
0	MAD Program Expansion	P524	799,317.2	0.0
0	New FTE for DHI	P520	2,611.4	0.0
0	New FTE for New MCOs	P524	444.8	0.0
0	Program and Services Fees Expansion	P523	690.6	0.0
0	Program Support HCA Expansion	P522	4,628.0	0.0
0	SNAP: Senior: Elderly and Disabled	P525	29,772.5	0.0
0	TANF Cash Assistance Expansion	P525	22,924.4	0.0
TOTAL			\$874,060.1	\$0.0

DEVELOPMENTAL DISABILITIES SUPPORT

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025	LFC	Percent
	Actuals	Budgeted	Agency Request	Recommendation	Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	19,686.9	248,879.3	0.0
Federal Revenues	0.0	0.0	19,686.9	9,738.1	0.0
Other Revenues	0.0	0.0	184.6	184.6	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$39,558.4	\$258,802.0	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	0.0	0.0	16,866.4	15,914.9	0.0
Contractual services	0.0	0.0	13,429.3	12,588.9	0.0
Other	0.0	0.0	9,262.7	8,479.5	0.0
Other financing uses	0.0	0.0	0.0	221,818.7	0.0
TOTAL USES	\$0.0	\$0.0	\$39,558.4	\$258,802.0	0.0
FTE					
Permanent	0.0	0.0	152.0	152.0	0.0
Term	0.0	0.0	43.0	43.0	0.0
TOTAL FTE	0.0	0.0	195.0	195.0	0.0

Recommended Language

The general fund appropriation to the developmental disabilities support program of the health care authority department in the other financing uses category includes eleven million eight hundred twenty-one thousand three hundred dollars (\$11,821,300) to raise rates for developmental disability providers.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Percent of developmental disabilities waiver applicants who have a service plan and budget in place within ninety days of income and clinical eligibility determination	0.0%	0.0%	NEW	95.0%	95.0%
Explanatory	Number of individuals on the developmental disabilities waiver waiting list	0.0	0.0	N/A	N/A	N/A
Explanatory	Number of individuals receiving developmental disabilities waiver services	0.0	0.0	N/A	N/A	N/A
Explanatory	Percent of home visits that result in an abuse, neglect, or exploitation report	0.0%	0.0%	N/A	N/A	N/A
Outcome	Percent of adults between ages twenty-two and sixty-two served on a developmental disabilities waiver (traditional or mi via) who receive employment supports	0.0%	0.0%	NEW	13.0%	15.0%
Outcome	Percent of general event reports in compliance with general events timely reporting requirements (two day rule)	0.0%	0.0%	NEW	86.0%	88.0%
Outcome	Percent of people receiving waiver services that have received their annual level of care assessment	0%	0%	NEW	95%	98%
Quality	Number of home visits	0.0	0.0	NEW	19,458.0	19,458.0

HEALTH IMPROVEMENT

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	13,023.9	11,324.6	0.0
Federal Revenues	0.0	0.0	8,155.5	8,098.1	0.0
Other Revenues	0.0	0.0	1,913.0	1,913.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$23,092.4	\$21,335.7	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	18,322.7	18,379.0	0.0
Contractual services	0.0	0.0	2,542.2	922.5	0.0
Other	0.0	0.0	2,227.5	2,034.2	0.0
TOTAL USES	\$0.0	\$0.0	\$23,092.4	\$21,335.7	0.0
FTE					
Permanent	0.0	0.0	207.0	197.0	0.0
TOTAL FTE	0.0	0.0	207.0	197.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Abuse rate for developmental disability waiver and mi via waiver clients	0%	0%	N/A	N/A	N/A
Explanatory	Re-abuse rate for developmental disabilities waiver and mi via waiver clients	0%	0%	N/A	N/A	N/A
Output	Number of caregiver criminal history screening appeal clearance recidivism/ re-offense (conviction) after a successful appeal	0.0	0.0	NEW	10.0	10.0
Output	Percent of acute and continuing care facility survey statement of deficiencies (center for medicare and medicaid services form 2567/ state form) distributed to the facility within ten days of survey exit	0.0%	0.0%	NEW	85.0%	90.0%
Output	Percent of assisted living facilities complaints that meet criteria for seventy-two hour priority assignments surveys initiated	0.0%	0.0%	NEW	85.0%	90.0%
Output	Percent of assisted living health facility survey statement of deficiencies CMS form 2567/state form) distributed to the facility within ten days of survey exit	0.0%	0.0%	NEW	85.0%	95.0%
Output	Percent of incident management bureau-assigned investigations initiated within required timelines	0.0%	0.0%	NEW	86.0%	90.0%
Output	Percent of long-term care health facility survey statement of deficiencies (center for medicare and medicaid services form 2567/ state form) distributed to the facility within ten days of survey exit	0.0%	0.0%	NEW	85.0%	90.0%
Output	Percent of quality management bureau 1915c home and community-based services waivers report of findings distributed within twenty-one working days from end of survey	0.0%	0.0%	NEW	86.0%	95.0%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Quality	Percent of abuse, neglect and exploitation investigations completed according to established timelines	0.0%	0.0%	NEW	86.0%	98.0%
Quality	Percent of developmental disabilities support division clients receiving wellness checks per year as part of the audit conducted by the quality management bureau	0.0%	0.0%	NEW	15.0%	20.0%
Quality	Percent of home visits that result in an abuse, neglect, or exploitation report	N/A	N/A	N/A	N/A	N/A
Quality	Percent of nursing home incident reports submitted following participation in a division of health improvement training on reporting requirements	0.0%	0.0%	NEW	85.0%	90.0%
Quality	Percent of nursing home survey citation(s) upheld when reviewed by the centers for medicare and medicaid services and through informal dispute resolution process	0.0%	0.0%	NEW	90.0%	90.0%

STATE HEALTH BENEFITS

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	3,295.7	0.0	0.0
Other Revenues	0.0	0.0	476,072.3	479,368.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$479,368.0	\$479,368.0	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	1,173.3	1,173.3	0.0
Contractual services	0.0	0.0	32,825.7	32,825.7	0.0
Other	0.0	0.0	445,369.0	445,369.0	0.0
TOTAL USES	\$0.0	\$0.0	\$479,368.0	\$479,368.0	0.0
FTE					
Permanent	0.0	0.0	9.0	9.0	0.0
TOTAL FTE	0.0	0.0	9.0	9.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Annual loss ratio for the health benefits fund	0/0	0/0	NEW	98/0	98/0
Explanatory	Number of members who designate the stay well health center as their primary care provider	0.0	0.0	N/A	N/A	N/A
Explanatory	Number of visits to the stay well health center	0.0	0.0	N/A	N/A	N/A
Explanatory	Percent of available appointments filled at the stay well health center	0.0%	0.0%	N/A	N/A	N/A
Explanatory	Percent of eligible state employees purchasing state medical insurance	0.0%	0.0%	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Projected year-end fund balance of the health benefits fund, in thousands	\$0.0	\$0.0	N/A	N/A	N/A
Explanatory	Rate per one thousand members of emergency department use categorized as non-emergent	0.0	0.0	N/A	N/A	N/A
Outcome	Percent change in state employee medical premium	0.0%	0.0%	NEW	5.0%	5.0%
Outcome	Percent change in the average per-member per-month total healthcare cost	0.0%	0.0%	NEW	5.0%	3.0%
Outcome	Percent of state group prescriptions filled with generic drugs within 3 percent of public-entity-peer rate as reported by pharmacy benefits manager	0.0%	0.0%	NEW	80.0%	85.0%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	0.0%	0.0%	NEW	61.0%	65.0%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	0.0%	0.0%	NEW	86.0%	86.0%

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children; to ensure that all court orders for support payments are being met to maximize child support collections; and to reduce public assistance rolls.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,105.2	12,641.0	13,575.0	12,875.8	1.9
Other Transfers	819.7	0.0	0.0	0.0	0.0
Federal Revenues	22,904.4	27,062.3	28,985.7	28,985.7	7.1
Other Revenues	908.5	267.0	267.0	267.0	0.0
TOTAL SOURCES	\$34,737.8	\$39,970.3	\$42,827.7	\$42,128.5	5.4
USES					
Personal Services and Employee Benefits	21,947.7	24,960.2	24,960.2	24,960.2	0.0
Contractual services	8,254.3	10,353.1	13,210.5	12,511.3	20.8
Other	4,426.9	4,657.0	4,657.0	4,657.0	0.0
TOTAL USES	\$34,628.9	\$39,970.3	\$42,827.7	\$42,128.5	5.4
FTE					
Permanent	369.0	370.0	340.0	340.0	(8.1)
TOTAL FTE	369.0	370.0	340.0	340.0	(8.1)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Amount of child support collected, in millions	\$130	\$121	\$147	\$147	\$147
* Outcome	Percent of current support owed that is collected	58%	58%	63%	60%	65%
* Outcome	Percent of cases with support orders	83%	84%	85%	85%	85%
Output	Total dollars collected in child support obligations for each dollar expended by the child support enforcement program	\$0	NEW	\$4	\$4	\$4
Explanatory	Average amount of child support collected, per child	\$0	\$58	N/A	N/A	N/A
* Explanatory	Percent of noncustodial parents paying support to total cases with support orders	52%	51%	N/A	N/A	N/A

MEDICAL ASSISTANCE

The purpose of the medical assistance program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost healthcare.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,059,903.5	1,285,112.2	1,838,191.3	1,358,683.5	5.7
Other Transfers	289,056.5	339,600.8	210,133.7	423,177.8	24.6
Federal Revenues	7,584,445.4	6,436,523.7	7,626,594.8	6,949,744.7	8.0
Other Revenues	141,870.0	102,264.4	136,556.4	136,556.4	33.5
TOTAL SOURCES	\$9,075,275.4	\$8,163,501.1	\$9,811,476.2	\$8,868,162.4	8.6
USES					
Personal Services and Employee Benefits	13,252.2	16,996.8	19,237.3	17,886.9	5.2
Contractual services	106,511.5	131,102.5	159,511.2	131,102.5	0.0
Other	8,914,124.9	8,015,401.8	9,632,727.7	8,719,173.0	8.8
TOTAL USES	\$9,033,888.6	\$8,163,501.1	\$9,811,476.2	\$8,868,162.4	8.6
FTE					
Permanent	202.6	221.5	225.5	221.5	0.0
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	203.6	221.5	225.5	221.5	0.0

Recommended Language

The appropriations to the medical assistance program of the health care authority department assume the state will receive an enhanced federal medical assistance percentage rate for those enrolled in the expansion adult category through fiscal year 2025 as provided for in the federal Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Should the federal government reduce or rescind the federal medical assistance percentage rates established by the federal Patient Protection and Affordable Care Act, the health care authority department shall reduce or rescind eligibility for the new adult category.

The internal service funds/interagency transfers appropriation to the medical assistance program of the health care authority department in the other category includes one million two hundred fifty-five thousand four hundred dollars (\$1,255,400) from the tobacco settlement program fund for the breast and cervical cancer treatment program, nine million five hundred ninety thousand nine hundred dollars (\$9,590,900) from the tobacco settlement program fund for medicaid programs.

The internal service funds/interagency transfers appropriation to the medical assistance program of the health care authority department in the other category includes one million eight hundred thirty-nine thousand dollars (\$1,839,000) from the opioid crisis recovery fund for plans of safe care navigators as outlined in Section 32A-3A-13 NMSA 1978, three million five hundred thousand dollars (\$3,500,000) from the opioid crisis recovery fund for the ongoing costs of the opioid epidemic, two million two hundred eighty-seven thousand nine hundred dollars (\$2,287,900) from the opioid crisis recovery fund for housing assistance for people affected by opioid use disorder and one million dollars (\$1,000,000) from the opioid crisis recovery fund for behavioral health telehealth services.

The internal service funds/interagency transfers appropriations to the medical assistance program of the health care authority department include sixty-five million seven hundred twenty-nine thousand nine hundred dollars (\$65,729,900) from the county-supported medicaid fund.

The other state funds appropriations to the medical assistance program of the health care authority department include thirty-five million four hundred sixty-five thousand dollars (\$35,465,000) from the health care facility fund.

The general fund appropriation to the medical assistance program of the health care authority department in the other category includes thirty-one million two hundred eighty-nine thousand five hundred dollars (\$31,289,500) to raise rates for primary care and maternal and child health services up to one hundred fifty percent of medicare rates or equivalent levels based on the health care authority's comprehensive rate review but excludes funds for nonmedical costs.

The internal service funds/interagency transfers appropriations to the medical assistance program of the health care authority department include five million dollars (\$5,000,000) from the early childhood education and care fund for provider rate increases for maternal and child health, five million eight hundred thousand dollars (\$5,800,000) from the early childhood education and care fund for birthing doulas and lactation counselor services and two million dollars (\$2,000,000) from the early childhood education and care fund for medicaid home visiting contingent on legislation increasing the distribution of the fund in fiscal year 2025.

The general fund appropriation to the medical assistance program of the health care authority department in the other category includes two million dollars (\$2,000,000) for up to a six percent or greater rate increase for rural primary care clinics and federally qualified health centers.

The general fund appropriation to the medical assistance program of the health care authority department in the other category includes twenty-two million dollars (\$22,000,000) to maintain medicaid rates at one hundred percent of medicare rates or equivalent rates as implemented based on the health care authority's comprehensive rate review and appropriated in Section 4 of Chapter 210 of Laws 2023.

The general fund appropriation to the medical assistance program of the health care authority department in the other category includes three million five hundred thousand dollars (\$3,500,000) to increase rates for phase three providers to 100 percent of medicare rates based on the health care authority department's comprehensive rate review.

The general fund appropriation to the medical assistance program of the health care authority department in the other category includes one million dollars (\$1,000,000) to provide rate differentials for rural preceptors.

The general fund appropriation to the medical assistance program of the health care authority department in the other category includes five million dollars (\$5,000,000) for directed payment rate increases to New Mexico's twenty smallest rural hospitals contingent on hospitals strengthening the rural health care workforce through student loan repayments, continuing education, increasing rural training opportunities, and other evidence-based rural healthcare workforce development programs.

Medicaid managed care organization contractors may negotiate different reimbursement amounts for different specialties or for different practitioners in the same specialty but shall not negotiate less than the medicaid fee-for-service rate. The health care authority department will monitor implementation of the rate increases and share any reports or monitoring information quarterly with the legislative finance committee. The health care authority department will not expand medicaid eligibility without prior approval of the legislature.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of adolescent and adult medicaid managed care members with a new episode of alcohol or other drug dependence who received initiation of alcohol and other drug treatment	0%	TBD	50%	50%	50%
Outcome	Percent of children two years of age enrolled in medicaid managed care who had four diphtheria, tetanus and acellular pertussis; three polio; one measles, mumps, and rubella; three haemophilus influenza type B; three hepatitis B; one chicken pox and four pneumococcal conjugate vaccines by their second birthday	0%	TBD	69%	69%	69%
Outcome	Percent of discharges for members six years of age or older in medicaid managed care who were hospitalized for treatment of selected mental illness diagnoses and who had a follow-up visit with a mental health practitioner within thirty days after discharge	0%	TBD	55%	55%	90%
Outcome	Percent of emergency department visits for members six years of age and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	0%	TBD	48%	48%	90%
Outcome	Percent of medicaid managed care member deliveries with a postpartum visit on or between seven and eighty-four calendar days after delivery	0%	TBD	66%	66%	66%
Outcome	Percent of Medicaid managed care members age eighteen years and older as of April 30 of the measurement year who were diagnosed with a new episode of major depression during the intake period and received at least one-hundred eighty calendar days six months of continuous treatment with an antidepressant medication	0%	TBD	35%	35%	35%
Outcome	Percent of medicaid managed care members eighteen to sixty-four years of age with schizophrenia, schizoaffective disorder or bipolar disorder who were dispensed an antipsychotic medication and had a diabetes screening test during the measurement year	0%	TBD	77%	77%	77%
Outcome	Percent of medicaid members ages six to twelve newly prescribed attention-deficit/hyperactivity disorder medication who had at least three follow-up care visits within a ten month period	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of members three to seventeen years of age enrolled in medicaid managed care who had an outpatient visit with a primary care physician or obstetrician/gynecologist and who had evidence of counseling for physical activity during the measurement year	0%	TBD	58%	58%	58%
Outcome	Percent of members with a nursing facility level of care who are being served in a non-institutional setting	N/A	N/A	N/A	N/A	N/A
Output	Number of unique medicaid managed care members receiving behavioral health services by a behavioral health provider	0.0	TBD	240,000.0	240,000.0	240,000.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of unique medicaid managed care members receiving behavioral health services by a non-behavioral health provider	0.0	TBD	150,000.0	150,000.0	150,000.0
Output	Number of unique medicaid managed care members with a telemedicine visit at the end of the previous calendar year	0.0	TBD	140,000.0	140,000.0	140,000.0
* Outcome	Percent of children ages two to twenty years enrolled in medicaid managed care who had at least one dental visit during the measurement year	0%	TBD	68%	68%	68%
* Explanatory	Percent of infants and children in medicaid managed care who had six or more well-child visits in the first fifteen months of life	0%	TBD	N/A	N/A	N/A
* Outcome	Percent of children and adolescents in medicaid managed care ages three to twenty-one years who had one or more well-care visits during the measurement year	0%	TBD	60%	60%	60%
* Outcome	Percent of members eighteen to seventy-five years of age in medicaid managed care with diabetes, types 1 and 2, whose HbA1c was 9 percent during the measurement year	0%	TBD	65%	65%	65%
Outcome	Percent of hospital readmissions for children in medicaid managed care ages two through seventeen years within thirty days of discharge	7%	7%	5%	5%	5%
* Outcome	Percent of adults in medicaid managed care age eighteen and over readmitted to a hospital within thirty days of discharge	0%	TBD	8%	8%	8%
* Outcome	Percent of medicaid managed care member deliveries who received a prenatal care visit in the first trimester or within forty-two days of eligibility	0%	TBD	80%	80%	80%
Explanatory	Expenditures for children and youth receiving services through medicaid school-based service programs through an individualized education program, in millions	\$15,811,816	\$16,631,677	N/A	N/A	N/A
Quality	Percent of members reporting satisfaction with New Mexico's medicaid services	83%	79%	82%	82%	82%
Outcome	Percent of medicaid managed care members participating in member rewards	45%	34%	47%	47%	47%
Outcome	Rate of short-term complication admissions for medicaid managed care members with diabetes per one hundred thousand members	16.6	19.3	16.4	16.4	16.4
Outcome	Percent of medicaid managed care members five through sixty-four years of age who were identified as having persistent asthma and had a ratio of controller medications to total asthma medications of 0.50 or greater during the measurement year	0%	TBD	55%	55%	55%
Explanatory	Number of justice-involved individuals who are made eligible for medicaid prior to release	487.0	10,096.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of non-emergent utilization of all emergency department utilization that is categorized as non-emergent care	53%	55%	50%	50%	60%
Explanatory	Number of medicaid managed care members being served by patient-centered medical homes	454,690.0	486,048.0	N/A	N/A	N/A
Output	Number of medicaid managed care members that have received treatment for hepatitis C in the reporting year	1,112.0	1,085.0	1,200.0	1,200.0	1,200.0
Output	Percent of provider payments included in value-based purchasing arrangements	0%	TBD	50%	50%	50%
Outcome	Percent of medicaid managed care members with a nursing facility level of care who are being served in a non-institutional setting	89%	88%	85%	85%	85%

INCOME SUPPORT

The purpose of the income support program is to provide cash assistance and supportive services to eligible low-income families so they can achieve self-sufficiency. Eligibility requirements are established by state law within broad federal statutory guidelines.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	55,751.6	61,200.7	118,009.8	62,600.7	2.3
Other Transfers	2,560.4	0.0	0.0	0.0	0.0
Federal Revenues	1,821,797.7	1,266,452.1	1,272,488.4	1,274,388.4	0.6
Other Revenues	1,537.9	60.8	60.8	60.8	0.0
TOTAL SOURCES	\$1,881,647.6	\$1,327,713.6	\$1,390,559.0	\$1,337,049.9	0.7
USES					
Personal Services and Employee Benefits	64,507.1	77,138.9	71,060.1	71,060.1	(7.9)
Contractual services	53,303.4	40,273.6	56,503.8	46,742.4	16.1
Other	1,762,654.1	1,210,301.1	1,262,995.1	1,219,247.4	0.7
TOTAL USES	\$1,880,464.6	\$1,327,713.6	\$1,390,559.0	\$1,337,049.9	0.7
FTE					
Permanent	1,121.0	1,124.0	1,062.0	1,062.0	(5.5)
Term	8.0	9.0	9.0	9.0	0.0
TOTAL FTE	1,129.0	1,133.0	1,071.0	1,071.0	(5.5)

Recommended Language

The federal funds appropriations to the income support program of the health care authority department include eleven million five hundred seven thousand seven hundred dollars (\$11,507,700) from the federal temporary assistance for needy families block grant for administration of the New Mexico Works Act.

The appropriations to the income support program of the health care authority department include one million nine hundred seventy-two thousand two hundred dollars (\$1,972,200) from the general fund and fifty-seven million nine hundred fifty-two thousand two hundred dollars (\$57,952,200) from the federal temporary assistance for needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including wage subsidies for participants, transitions, two clothing allowances per year, diversion payments and state-funded payments to undocumented workers.

The federal funds appropriations to the income support program of the health care authority department include sixteen million six hundred forty-eight thousand three hundred dollars (\$16,648,300) from the federal temporary assistance for needy families block grant for job training and placement and job related transportation services, employment-related costs and a transitional employment program. The funds for the transitional employment program and the wage subsidy program may be used interchangeably.

The federal funds appropriations to the income support program of the health care authority department include thirty-one million five hundred twenty-seven thousand five hundred dollars (\$31,527,500) from the federal temporary assistance for needy families block grant for transfer to the early childhood education and care department for childcare programs.

The federal funds appropriation to the income support program of the health care authority department includes seventeen million seven hundred ninety-eight thousand six hundred dollars (\$17,798,600) from the federal temporary assistance for needy families block grant for transfer to the children, youth and families department for supportive housing, adoption services, foster care services, multilevel response system implementation as outlined in Section 32A-4-4.1 NMSA 1978, services for youth aging out of foster care, family support services, family preservation services, evidence-based prevention and intervention services, and fostering connections.

The federal funds appropriations to the income support program of the health care authority department include five hundred thousand dollars (\$500,000) from the federal temporary assistance for needy families block grant for transfer to the public education department for the graduation, reality and dual-role skills program to expand services and implement mentorship programs for teenage fathers.

The federal funds appropriations to the income support program of the health care authority department include two million dollars (\$2,000,000) from the federal temporary assistance for needy families block grant for transfer to the higher education department for adult basic education and one million dollars (\$1,000,000) for integrated education and training programs, including integrated basic education and skills training programs.

The appropriations to the income support program of the health care authority department include seven million two hundred twenty thousand dollars (\$7,220,000) from the general fund and one million four hundred thousand dollars (\$1,400,000) from federal funds for general assistance.

Any unexpended balances remaining at the end of fiscal year 2025 from the other state funds appropriations derived from reimbursements received from the social security administration for the general assistance program shall not revert.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Average supplemental nutrition assistance program benefit payment, per client	\$0.00	\$187.44	\$300.00	\$300.00	\$300.00
Outcome	Number of new students placed in education works program	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of mandatory TANF adults with an active work participation agreement and are in compliance with the TANF work requirements	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of mandatory temporary assistance for needy families adults with an active work participation agreement and who are in compliance with the temporary assistance for needy families work requirements	NEW	NEW	75.0%	97.0%	97.0%
Outcome	Percent of mandatory temporary assistance for needy families adults with an active work participation agreement who are in compliance with the temporary assistance for needy families work requirements	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of SNAP recertifications processed in a timely manner	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of supplemental nutrition assistance program and medicaid recertifications, including supplemental nutrition assistance program and medicaid benefits, that were approved ongoing and terminated during reporting period	0.0%	90.6%	96.0%	96.0%	96.0%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of supplemental nutrition assistance program payment errors showing percent over issued during reporting period	0.00%	TBD	1.20%	1.20%	1.20%
Outcome	Percent of supplemental nutrition assistance program payment errors showing percent under issued during reporting period	0.00%	TBD	1.20%	1.20%	1.20%
Outcome	Percent of supplemental nutrition assistance program recertifications processed in a timely manner	NEW	NEW	97.0%	75.0%	75.0%
Output	Number of homes heated and cooled in New Mexico via the low-income home energy assistance program	0.0	0.0	4,000.0	4,000.0	4,000.0
Output	Number of meals provided to New Mexican families via the supplemental nutrition assistance program	0.0	456,614,875.0	1,250,000.0	1,250,000.0	1,250,000.0
Output	Number of New Mexican families provided with necessities and shelter for the last full month via the temporary assistance for needy families program	0.0	0.0	6,000.0	6,000.0	6,000.0
* Outcome	Percent of all parent participants who meet temporary assistance for needy families federal work participation requirements	3%	0%	45%	45%	45%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federal work participation requirements	3%	0%	60%	60%	60%
Outcome	Percent of expedited (emergency) supplemental nutritional assistance program cases meeting federally required measure of timeliness within seven days	92%	66%	98%	98%	98%
Outcome	Percent of non-expedited (non-emergency) supplemental nutritional assistance program cases meeting the federally required measure of timeliness within thirty days	96%	46%	98%	98%	98%
Outcome	Percent of adult temporary assistance for needy families recipients who become newly employed during the report year	4%	TBD	45%	45%	45%
Outcome	Percent of adult temporary assistance for needy families recipients who have become ineligible for cash assistance due to new work-related income	1%	2%	37%	37%	37%

MEDICAID BEHAVIORAL HEALTH

The purpose of the medicaid behavioral health program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost behavioral healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	143,787.0	169,772.5	184,068.8	171,892.6	1.2
Other Transfers	0.0	498.2	498.2	5,837.2	1,071.7
Federal Revenues	612,357.4	653,227.0	712,675.0	672,619.9	3.0
TOTAL SOURCES	\$756,144.4	\$823,497.7	\$897,242.0	\$850,349.7	3.3
USES					
Other	738,940.2	823,497.7	897,242.0	850,349.7	3.3
TOTAL USES	\$738,940.2	\$823,497.7	\$897,242.0	\$850,349.7	3.3

Recommended Language

The general fund appropriation to the medicaid behavioral health program of the health care authority department in the other category includes five million one hundred twenty thousand one hundred dollars (\$5,120,100) for behavioral health provider rate increases up to one hundred fifty percent of medicare rates or equivalent levels based on the health care authority's comprehensive rate review, excluding nonmedical costs, and five hundred thousand dollars (\$500,000) for bilingual behavioral health therapy differential rates.

The general fund appropriation to the medicaid behavioral health program of the health care authority department includes fifty thousand dollars (\$50,000) to transfer to the administrative hearings office to support medicaid hearing officers.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	10%	10%	5%	5%	5%
* Output	Number of individuals served annually in substance use or mental health programs administered through the behavioral health collaborative and medicaid programs	212,486.0	217,126.0	210,000.0	210,000.0	210,000.0
Outcome	Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and received two or more additional services within thirty-four days of the initial visit	19%	TBD	19%	19%	19%

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to lead and oversee the provision of an integrated and comprehensive behavioral health prevention and treatment system so the program fosters recovery and supports the health and resilience of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	52,285.7	58,880.8	71,683.7	59,980.2	1.9
Other Transfers	441.3	0.0	0.0	3,287.9	0.0
Federal Revenues	34,337.4	40,524.0	25,539.5	34,524.0	(14.8)
Other Revenues	44.3	0.0	169.5	169.5	0.0
TOTAL SOURCES	\$87,108.7	\$99,404.8	\$97,392.7	\$97,961.6	(1.5)
USES					
Personal Services and Employee Benefits	4,097.4	5,135.2	5,631.4	5,234.6	1.9
Contractual services	80,086.2	91,589.4	89,035.7	90,046.8	(1.7)
Other	2,536.0	2,680.2	2,725.6	2,680.2	0.0
TOTAL USES	\$86,719.6	\$99,404.8	\$97,392.7	\$97,961.6	(1.5)
FTE					
Permanent	49.0	58.0	68.0	68.0	17.2
Term	5.0	12.0	2.0	2.0	(83.3)
TOTAL FTE	54.0	70.0	70.0	70.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of certified community behavioral health clinics enrolled within the medicaid program	\$0.0	\$0.0	N/A	N/A	N/A
Outcome	Percent of emergency department visits for members six years of age and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	0.0%	0.0%	54.0%	54.0%	54.0%
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within seven days of emergency department visit	0.0%	0.0%	54.0%	54.0%	54.0%
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within seven days of emergency department visit	N/A	N/A	N/A	N/A	N/A
Output	Number of unique medicaid managed care members receiving behavioral health services by a behavioral health provider	0.0	0.0	NEW	140,000.0	140,000.0
Output	Number of unique medicaid managed care members receiving behavioral health services by a non-behavioral health provider	0.0	0.0	NEW	100,000.0	100,000.0
* Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at thirty days	59%	0%	60%	60%	60%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of increase in health homes clients over the prior year	9%	-4%	5%	Discontinued	Discontinued
Explanatory	Number of suicides of youth served by the behavioral health collaborative and medicaid programs in the prior fiscal year	0.0	0.0	N/A	N/A	N/A
Quality	Percent of persons receiving behavioral health services who report satisfaction with those services	86%	0%	86%	Discontinued	Discontinued
* Outcome	Percent of adults diagnosed with major depression who remained on an antidepressant medication for at least one hundred eighty days	38%	0%	42%	42%	42%
Outcome	Number of persons served through telehealth in urban, rural and frontier counties for behavioral health	35,062.0	30,629.0	35,062.0	35,062.0	35,062.0
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within thirty days of emergency department visit	0.0%	0.0%	54.0%	54.0%	54.0%
Output	Percent of certified peer support workers providing services in at least two quarters of the measurement year	76%	0%	50%	Discontinued	Discontinued
Explanatory	Members with opioid abuse or dependence who initiated treatment within fourteen days of diagnosis	0.0	0.0	N/A	N/A	N/A
* Outcome	Percent of medicaid members released from inpatient psychiatric hospitalization stays of four or more days who receive seven-day follow-up visits into community-based behavioral health	34%	0%	51%	51%	51%
Explanatory	Members with alcohol abuse or dependence who initiated treatment within fourteen days of diagnosis	0.0	0.0	N/A	N/A	N/A
Explanatory	Members with opioid abuse or dependence who had two or more additional visits within thirty-four days	0.0	0.0	N/A	N/A	N/A
Outcome	Number of persons receiving telephone behavioral health services through medicaid and non-medicaid programs	62,439.0	48,718.0	30,000.0	30,000.0	50,000.0
Explanatory	Members with alcohol abuse or dependence who had two or more additional visits within 34 days	0.0	0.0	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist it in achieving its programmatic goals.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	21,192.2	23,481.5	35,986.2	24,734.9	5.3
Other Transfers	435.8	2,300.0	2,300.0	2,300.0	0.0
Federal Revenues	45,110.7	49,842.7	71,539.3	52,094.0	4.5
Other Revenues	1,472.9	1,211.4	1,211.4	1,211.4	0.0
Fund Balance	3.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$68,215.2	\$76,835.6	\$111,036.9	\$80,340.3	4.6
USES					
Personal Services and Employee Benefits	17,356.7	20,812.3	26,566.8	23,078.9	10.9
Contractual services	33,509.4	40,906.6	59,647.7	41,621.1	1.7
Other	17,348.9	15,116.7	24,822.4	15,640.3	3.5
TOTAL USES	\$68,215.0	\$76,835.6	\$111,036.9	\$80,340.3	4.6
FTE					
Permanent	243.0	245.0	300.0	256.0	4.5
TOTAL FTE	243.0	245.0	300.0	256.0	4.5

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of administrative cost to total claims collected by the Medicaid program integrity unit	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of automated eligibility decisions including real time eligibility, administrative renewal, auto denial/closure, and mass update	41%	35%	30%	30%	50%
Outcome	Percent of employees who leave the human services department during the quarter as an annualized number	17%	20%	15%	15%	15%
Outcome	Percent of human services department mentions in the media with positive and neutral sentiments compared to negative sentiments	81%	94%	81%	81%	81%
Outcome	Percent of human services department positions that are filled as a portion of authorized full time equivalent positions and budgeted positions	82%	84%	95%	95%	95%
Outcome	Average customer self-reported satisfaction with the human services department and its programs supplemental nutrition assistance program, temporary assistance for needy families, child support, medicaid and low-income home energy assistance program	3%	75%	3%	3%	80%
Outcome	Average human services department staff self-reported score related to having the tools, training, and resources needed to telework effectively	4%	68%	4%	80%	80%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of visits across human services department website, medicaid portal, yesNM portal, child support portal, human services department facebook page and human services department twitter account	1,102,633.0	0.0	900,000.0	900,000.0	900,000.0
Output	Percent of timely final decisions on administrative disqualification hearings (within ninety days of hearing being scheduled)	0.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Percent of intentional violations in the supplemental nutrition assistance program investigated by the office of inspector general, completed and referred for an administrative disqualification hearing within ninety days from the date of the assignment	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of administrative cost compared to total claims collected by the restitution services bureau	0%	5%	15%	15%	15%
Outcome	Total medicaid program integrity recoveries collected for each dollar expended by the program	\$10	\$29	\$7	\$7	\$15

Supplemental Table with Comparison of Developmental
Disabilities Support Division Operating Budget, Request, and
Recommendation

BUDGET SUMMARY

(Dollars in Thousands)

				FY25-2024-25				
		FY23	2022-23	FY24	2023-24	Agency	LFC	Percent
		Actuals	Budget	Request	Budget	Request	Recommen- dation	Increase (Decrease)
SOURCES								
111	General Fund Transfers	183,053.2	194,119.0	19,686.9		248,879.3		28.2%
120	Federal Revenues	6,406.4	9,738.1	19,686.9		9,738.1		0.0%
130	Other Revenues	212.2	184.6	184.6		184.6		0.0%
TOTAL SOURCES		189,671.8	204,041.7	39,558.4		258,802.0		26.8%
USES								
200	Personal Services and Employee Benefits	15,793.6	15,914.9	16,866.4		15,914.9		0.0%
300	Contractual services	12,243.9	12,588.9	13,429.3		12,588.9		0.0%
400	Other	4,583.8	8,479.5	9,262.7		8,479.5		0.0%
500	Other financing uses	131,194.9	167,058.4	0.0		221,818.7		32.8%
TOTAL USES		163,816.2	204,041.7	39,558.4		258,802.0		26.8%
FTE POSITIONS								
810	Permanent	128.15	95.00	152.00		152.00		60.0%
820	Term	78.00	97.00	43.00		43.00		-55.7%
TOTAL FTE POSITIONS		206.15	192.00	195.00		195.00		1.6%

Supplemental Table with Comparison of Division of Health
Improvement Operating Budget, Request, and Recommendation
BUDGET SUMMARY
(Dollars in Thousands)

				FY25-2024-25				
		FY23	2022-23	FY24	2023-24	Agency	LFC	Percent
		Actuals	Budget	Request	Recommendation	Increase	(Decrease)	
SOURCES								
111	General Fund Transfers	6,906.6	10,047.9	13,023.9	11,324.6			12.7%
112	Other Transfers	3,743.9	5,498.4	0.0	0.0			-100.0%
120	Federal Revenues	2,546.6	2,876.4	8,155.5	8,098.1			181.5%
130	Other Revenues	2,320.1	1,913.0	1,913.0	1,913.0			0.0%
TOTAL SOURCES		15,517.2	20,335.7	23,092.4	21,335.7			4.9%
USES								
200	Personal Services and Employee Benefits	13,594.6	17,379.0	18,322.7	18,379.0			5.5%
300	Contractual services	885.8	922.5	2,542.2	922.5			0.0%
400	Other	1,665.6	2,034.2	2,227.5	2,034.2			0.0%
TOTAL USES		16,146.0	20,335.7	23,092.4	21,335.7			4.9%
FTE POSITIONS								
810	Permanent	73.15	82.00	207.00	203.00			58.5%
820	Term	104.00	121.00	0.00	0.00			0.0%
TOTAL FTE POSITIONS		177.15	203.00	207.00	203.00			0.0%

Supplemental Table with Comparison of State Health Benefits
 Division Operating Budget, Request, and Recommendation
BUDGET SUMMARY
 (Dollars in Thousands)

				FY25-2024-25				
		FY23	2022-23	FY24	2023-24	Agency	LFC	Percent
		Actuals	Budget	Request	Recommendation	Request	Recommendation	Increase (Decrease)
SOURCES								
111	General Fund Transfers	0.0	0.0	3,295.7	0.0		0.0	0.0%
112	Other Transfers	1,586.2	0.0	0.0	0.0		0.0	0.0%
130	Other Revenues	370,773.8	363,142.2	476,072.3	479,368.0		479,368.0	32.0%
TOTAL SOURCES		372,360.0	363,142.2	479,368.0	479,368.0		479,368.0	32.0%
USES								
200	Personal Services and Employee Benefits	0.0	0.0	1,173.3	1,173.3		1,173.3	
300	Contractual services	24,754.9	30,703.3	32,825.7	32,825.7		32,825.7	6.9%
400	Other	426,575.8	332,438.9	445,369.0	445,369.0		445,369.0	34.0%
TOTAL USES		451,330.7	363,142.2	479,368.0	479,368.0		479,368.0	32.0%
FTE POSITIONS								
810	Permanent	0.00	0.00	9.00	9.00		9.00	0.0%
TOTAL FTE POSITIONS		0.00	0.00	9.00	9.00		9.00	0.0%

Statutory Authority

The Workforce Solutions Department was created in 2007 by Sections 9-26-1 through 9-26-15 NMSA 1978 to establish a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Labor Department and the Office of Workforce Development. The department administers the Unemployment Compensation Act, Wagner-Peyser Act of 1993 as amended, Trade Adjustment Act of 1974, Unemployment Tax Act, Human Rights Act, and labor laws and regulations.

Mission

The mission of the Workforce Solutions Department is to improve the quality, career mobility, and empowerment of the New Mexico workforce, enhance productivity and competitiveness of New Mexico industry, and increase the self-sufficiency of those entering and moving up in the workforce.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,849.9	11,166.1	17,435.5	11,528.5	3.2
Other Transfers	15,859.5	20,728.8	19,435.1	20,435.1	(1.4)
Federal Revenues	76,029.5	93,608.9	87,566.7	87,566.7	(6.5)
Other Revenues	163,791.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$265,530.1	\$125,503.8	\$124,437.3	\$119,530.3	(4.8)
USES					
Personal Services and Employee Benefits	42,314.4	48,789.6	55,639.0	52,703.0	8.0
Contractual services	11,509.7	17,001.8	13,667.5	12,199.5	(28.2)
Other	43,530.7	59,712.4	55,130.8	54,627.8	(8.5)
TOTAL USES	\$97,354.8	\$125,503.8	\$124,437.3	\$119,530.3	(4.8)
FTE					
Permanent	683.6	547.0	547.0	547.0	0.0
Term	125.0	158.5	158.5	158.5	0.0
Temporary	70.0	38.0	38.0	38.0	0.0
TOTAL FTE	878.6	743.5	743.5	743.5	0.0

At A Glance

Workforce Solutions’ FY25 budget request totaled \$124.4 million, an overall decrease of 1 percent from the FY24 operating budget. During the pandemic, the agency received one-time federal American Rescue Plan Act (ARPA) funds to support operations during the pandemic and, as enhanced funding has expired, has reduced planned spending accordingly.

However, the FY25 operating budget request included a general fund increase of \$6.3 million, or 56.2 percent. The agency request replaced \$1 million in Workers’ Compensation Administration revenue with general fund revenue and included \$4.5 million to make recurring several initiatives for which the agency previously received special appropriations, including the Be Pro Be Proud and pre-apprenticeship initiatives. The request also included an expansion request of \$641 thousand to fill 8 additional FTE in the Labor Relations Division and \$100 thousand for case management software licenses in the Workforce Technology Division, both of which are not the expansion of new programs but cost increases for existing programs.

The committee supports continuing the transfer of \$1 million from the workers’ compensation administration fund to the department. In addition, the committee recommendation includes increasing the personnel budget within the Labor Relations Division by \$262 thousand and providing \$100 thousand to fund the case management software in the Workforce Technology Division. Overall, the committee recommendation provides a general fund increase of \$362.4 thousand, or 3.2 percent. The committee recommendation also includes \$2.6 million in nonrecurring, special appropriations for four years for the agency’s Be Pro Be Proud initiative and pre-apprenticeship programs to pilot and evaluate the programs.

Budget Issues

Unemployment Insurance. The unemployment rate, or the rate of people surveyed who said they were not employed but still looking for work or waiting to be called back to work after a layoff, has improved since the height of the pandemic and was 3.7 percent in September 2023. In August 2023, roughly 9,000 New Mexicans were receiving unemployment insurance benefits, equivalent to prepandemic levels. As federal pandemic revenues to support unemployment insurance have ended, Workforce Solutions is projecting a decline in federal revenues and corresponding reductions in expenditures.

Within the Unemployment Insurance Division, the agency is experiencing a decrease in enhanced federal pandemic era revenue that supported the significant increase in unemployment insurance claims processing and has requested offsetting expense reductions, primarily by increasing the division's vacancy rate and not funding unfilled positions.

At the same time, the labor force participation rate, the percentage of working-age adults working or looking for work, continued a steady decline dating back to 2008 that was exacerbated by the pandemic. The state's national ranking in the labor force participation rate also decreased from about 42nd in 2008 to 47th in 2023.

Employment Services. For WSD, unemployment and labor force participation trends mean decreased administrative burden due to less demand for unemployment insurance benefits but a greater need to identify people who have left the labor force and provide case management and other services to get them working again. Bringing people into the labor force also requires working with higher education institutions to establish educational and training pipelines, including apprenticeships, and working with the Economic Development Department to ensure the right jobs are created in the most beneficial areas with the greatest impact.

During the 2022 legislative session, the department received two appropriations totaling \$10 million for youth apprenticeships and adult and youth case management, targeting unemployed adults and disengaged or disconnected, unemployed youth. The department used these investments for the Be Pro Be Proud initiative to get youth interested in industries such as welding, machining, and other trades delivered through simulators located in a bus that will travel around the state. The Be Pro Be Proud bus is slated to begin visiting high schools in January 2024. In addition, Workforce Solutions has used funds from these appropriations to place career counselors in 15 high schools around the state and funded pre-apprenticeship programs for roughly 300 young adults through the fall of 2023. During a September LegisStat hearing, Workforce Solutions highlighted these strategies as initiatives to prevent young adults from becoming disengaged from the labor force but did not offer strategies to substantially increase workforce participation, particularly among adults already disengaged from the labor force.

With more than 100 thousand more workers needed for New Mexico to reach the national labor force participation rate, additional efforts are needed to change the state's labor force participation trajectory.

In addition, the employment services budget request included an increase of \$4.7 million in personnel and an offsetting decrease in other categories. This shift between spending categories is because the department previously paid the Temporary Assistance for Need Families (TANF) Program (New Mexico Works) participants within the other category. This program provides wage subsidies, unpaid work opportunities, and employment search support for TANF participants. Beginning in FY24, the department entered into an agreement with the Human Services Department to begin directly paying participant costs from the personal services and employee benefits category and sustained this change in the FY25 operating budget request. The committee recommendation reflects the agency's base budget request.

Finally, WSD requested a reauthorization of the \$14.5 million special appropriation made in 2023 to assist displaced workers in affected communities pursuant to the Energy Transition Act. As of November 2023, the department had distributed \$10.3 million in cash payments to affected workers and intends to focus on education and apprenticeships for dislocated workers, in addition to plans to offer cash payments and workforce training to some workers over the next two years. The department should also evaluate the outcomes of the strategy that pairs direct cash assistance for dislocated workers with retraining opportunities. The LFC recommendation includes the extension of the special appropriation.

Labor Relations. In 2021, the Legislature passed the Healthy Workplaces Act that requires employers within the state to provide sick leave. Workforce Solutions is also required to investigate complaints related to the act, which may significantly increase investigations. In FY23, Workforce Solutions did not meet targets related to investigations and determinations and reported the staffing levels of the department were insufficient for timely case processing and enforcement. Workforce Solutions requested \$641 thousand in general fund expansion for 8 additional FTE. As of October 2023, the Labor Relations Division had 6 vacant FTE with sufficient funds for 4 additional FTE. The committee recommendation includes \$262 thousand to fund 3 existing FTE.

Accountability. The department's FY22 audit included five findings, all of which were repeated findings, including a lack of internal controls to ensure timely, complete, and accurate reporting and reconciliations within the unemployment insurance program.

The department did not meet the target for several of the most important performance measures related to improving the state’s labor force participation rate, including bringing veterans and disabled veterans back into the workforce. The number of those receiving services in a Connections Office was only 63 thousand, while the target is 125 thousand. The department did meet the target for unemployed individuals who are employed after receiving services in a Connections Office and exceeded the target for the number of apprentices registered and in training.

Base Expansion

The agency’s FY25 budget request included \$4.5 million from the general fund for an expansion to make recurring the Be Pro Be Proud initiative, continue the placement of career counselors in 15 high schools, and continue funding pre-apprenticeships for young adults. The committee recommendation includes a nonrecurring appropriation to pilot the Be Pro Be Proud initiative and pre-apprenticeships and evaluate the employment outcomes of program participants. The committee does not recommend making the program recurring, given the lack of program outcome data.

In addition, the committee recommends funding a portion of the agency’s pre-apprenticeship request as a four-year pilot through a special appropriation and targeting the program to disengaged, unemployed out-of-school youth. Federal Workforce Innovation and Opportunity Act (WIOA) funds may also be used for paid and unpaid work experiences for out-of-school youth, and New Mexico has carried forward unused statewide WIOA Youth program allocations in recent years.

The committee recommendation does not include continuing to place career counselors in high schools because this effort may duplicate the work of guidance counselors in public schools and is not targeted to disengaged young adults, who are unlikely to attend high schools.

The agency also requested \$641.4 thousand to fill vacant positions in the Labor Relations Division and \$100 thousand for case management software in the Workforce Technology Division, a portion of which the committee recommendation includes as base budget increases.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Employment Services Division Expansion Form	P778	4,528.0	0.0
0	Labor Relations Division Expansion Form	P776	641.4	0.0
0	Workforce Technology Division Expansion Form	P777	100.0	0.0
TOTAL			\$5,269.4	\$0.0

UNEMPLOYMENT INSURANCE

The purpose of the unemployment insurance program is to administer an array of demand-driven workforce development services to prepare New Mexicans to meet the needs of business.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,139.5	1,139.5	1,139.5	1,139.5	0.0
Other Transfers	1,000.0	818.2	818.2	818.2	0.0
Federal Revenues	17,051.4	14,609.7	11,888.9	11,888.9	(18.6)
Other Revenues	161,476.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$180,667.4	\$16,567.4	\$13,846.6	\$13,846.6	(16.4)

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	9,934.3	13,266.6	11,758.7	11,758.7	(11.4)
Contractual services	275.2	1,255.0	287.9	287.9	(77.1)
Other	1,054.7	2,045.8	1,800.0	1,800.0	(12.0)
TOTAL USES	\$11,264.2	\$16,567.4	\$13,846.6	\$13,846.6	(16.4)
FTE					
Permanent	148.1	132.0	132.0	132.0	0.0
Term	35.0	32.0	32.0	32.0	0.0
Temporary	9.0	0.0	0.0	0.0	0.0
TOTAL FTE	192.1	164.0	164.0	164.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	35%	36%	80%	80%	80%
Output	Percent of all first payments made within 14 days after the waiting week	52.20%	60.70%	87.00%	87.00%	87.00%
Output	Percent accuracy rate of claimant separation determinations	64.90%	51.00%	75.00%	75.00%	75.00%
* Output	Average wait time to speak to a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	7:2	16:3	9:0	18:0	9:0
* Output	Average wait time to speak to a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	9:3	14:5	11:0	15:0	11:0

LABOR RELATIONS

The purpose of the labor relations program is to provide employment rights information and other work-site-based assistance to employers and employees.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,557.2	3,465.0	4,106.4	3,727.4	7.6
Other Transfers	824.3	399.5	399.5	399.5	0.0
Federal Revenues	328.4	488.2	516.7	516.7	5.8
Other Revenues	756.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$4,466.3	\$4,352.7	\$5,022.6	\$4,643.6	6.7

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	2,770.3	3,755.5	4,396.9	4,017.9	7.0
Contractual services	46.5	144.8	204.8	204.8	41.4
Other	395.2	452.4	420.9	420.9	(7.0)
TOTAL USES	\$3,212.0	\$4,352.7	\$5,022.6	\$4,643.6	6.7
FTE					
Permanent	45.0	41.5	41.5	41.5	0.0
Term	3.0	4.0	4.0	4.0	0.0
TOTAL FTE	48.0	45.5	45.5	45.5	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Average number of days for the wage and hour bureau to investigate a claim and issue a determination	NEW	NEW	175.0	175.0	175.0
Efficiency	Percent of discrimination claims investigated and issued a determination by the human rights bureau within one year.	NEW	NEW	75%	75%	75%
Efficiency	Percent of total public works projects inspected, and public work payrolls audited within one year.	NEW	NEW	80%	80%	80%
Efficiency	Percent of wage and hour violation claims investigated and issued a determination by the wage and hour bureau within two hundred days.	NEW	NEW	90%	90%	90%
Outcome	Percent of investigated wage claims that are issued an administrative determination within ninety days	50.00%	19.50%	Discontinued	Discontinued	Discontinued
Output	Average number of days for the human rights bureau to investigate a claim and issue a determination	NEW	187.0	250.0	250.0	230.0
Outcome	Percentage of legacy claims that are issued an administrative determination	100.00%	Discontinued	Discontinued	Discontinued	Discontinued
Output	Percent of total public works projects inspected	76.50%	100.50%	Discontinued	Discontinued	Discontinued
Output	Percent of discrimination claims investigated and issued a determination within two hundred days	28%	53%	Discontinued	Discontinued	Discontinued

WORKFORCE TECHNOLOGY

The purpose of the workforce technology program is to provide and maintain customer-focused, effective and innovative information technology services for the department and its service providers.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,361.8	5,728.7	5,828.7	5,828.7	1.7
Other Transfers	2,236.0	2,384.4	2,384.4	2,384.4	0.0
Federal Revenues	11,150.2	19,202.1	14,246.4	14,246.4	(25.8)
TOTAL SOURCES	\$18,748.0	\$27,315.2	\$22,459.5	\$22,459.5	(17.8)
USES					
Personal Services and Employee Benefits	4,762.1	5,490.7	5,490.7	5,490.7	0.0
Contractual services	8,838.1	12,665.0	8,822.1	8,822.1	(30.3)
Other	6,717.7	9,159.5	8,146.7	8,146.7	(11.1)
TOTAL USES	\$20,317.9	\$27,315.2	\$22,459.5	\$22,459.5	(17.8)
FTE					
Permanent	47.0	42.0	42.0	42.0	0.0
Term	7.0	8.0	8.0	8.0	0.0
Temporary	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	54.0	53.0	53.0	53.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of time the unemployment framework for automated claims and tax services are available during scheduled uptime	99%	100%	99%	99%	99%
Outcome	Response time from system outage to restoration of service on unemployment framework for automated claims and tax services in minutes	4:4	150:0	7:0	20:0	7:0

EMPLOYMENT SERVICES

The purpose of the employment services program is to provide standardized business solution strategies and labor market information through the New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	522.9	522.9	6,050.9	522.9	0.0
Other Transfers	11,757.4	15,566.4	14,272.7	15,272.7	(1.9)
Federal Revenues	14,212.2	16,667.1	17,639.0	17,639.0	5.8
Other Revenues	1,451.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$27,944.2	\$32,756.4	\$37,962.6	\$33,434.6	2.1

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	17,248.9	16,748.5	24,040.7	21,483.7	28.3
Contractual services	1,674.8	1,757.4	3,144.4	1,676.4	(4.6)
Other	9,129.4	14,250.5	10,777.5	10,274.5	(27.9)
TOTAL USES	\$28,053.1	\$32,756.4	\$37,962.6	\$33,434.6	2.1
FTE					
Permanent	339.5	227.5	227.5	227.5	0.0
Term	78.0	108.5	108.5	108.5	0.0
Temporary	59.0	32.0	32.0	32.0	0.0
TOTAL FTE	476.5	368.0	368.0	368.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriations to the employment services program of the workforce solutions department include one million dollars (\$1,000,000) from the workers' compensation administration fund of the workers' compensation administration.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of reemployment services and eligibility assessment program participants exhausting unemployment insurance benefits	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of reemployment services and eligibility assessment program participants reemployed	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of recently separated veterans entering employment	47.50%	51.00%	60.00%	50.00%	60.00%
Outcome	Percent of unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office	46.00%	50.00%	60.00%	50.00%	60.00%
Output	Total number of individuals receiving employment services in a connections office	60,116.0	50,041.0	100,000.0	75,000.0	100,000.0
* Outcome	Percent of unemployed individuals employed after receiving employment services in a connections office	51%	61%	60%	60%	60%
Outcome	Percent of unemployed individuals that have received employment services in a connections office retaining employment after six months	54.30%	63.00%	60.00%	60.00%	70.00%
* Outcome	Average six-month earnings of individuals entering employment after receiving employment services in a connections office	\$15,076	\$15,547	\$16,000	\$16,000	\$16,500
Outcome	Percent of recently separated veterans retaining employment after six months	46.80%	51.00%	60.00%	50.00%	60.00%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a connections office	\$18,801	\$19,323	\$19,000	\$18,000	\$19,000
Outcome	Average change in six-month earnings of working individuals after receiving employment services in a connections office	\$2,032	\$4,616	\$2,000	\$2,000	\$4,700
* Output	Percent of audited apprenticeship programs deemed compliant	50%	66%	75%	75%	75%
Output	Total number of individuals accessing the agency's online job seeker portal	106,659.0	63,024.0	125,000.0	110,000.0	125,000.0
Output	Number of apprentices registered and in training	1,883.0	2,273.0	2,000.0	2,000.0	2,300.0

SPECIAL REVENUE

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Other financing uses	4,101.9	0.0	0.0	0.0	0.0

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program to achieve organizational goals and objectives.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	268.5	310.0	310.0	310.0	0.0
Other Transfers	41.8	1,560.3	1,560.3	1,560.3	0.0
Federal Revenues	33,287.4	42,641.8	43,275.7	43,275.7	1.5
Other Revenues	106.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$33,704.3	\$44,512.1	\$45,146.0	\$45,146.0	1.4
USES					
Personal Services and Employee Benefits	7,598.9	9,528.3	9,952.0	9,952.0	4.4
Contractual services	675.0	1,179.6	1,208.3	1,208.3	2.4
Other	26,233.7	33,804.2	33,985.7	33,985.7	0.5
TOTAL USES	\$34,507.6	\$44,512.1	\$45,146.0	\$45,146.0	1.4

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	104.0	104.0	104.0	104.0	0.0
Term	2.0	6.0	6.0	6.0	0.0
Temporary	2.0	3.0	3.0	3.0	0.0
TOTAL FTE	108.0	113.0	113.0	113.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of adult and dislocated workers receiving supplemental services of the Workforce Innovation and Opportunity Act as administered and directed by the local area workforce board	0.0	3,423.0	2,863.0	2,863.0	2,863.0
Outcome	Percentage of title I youth program participants who are in education or training activities, or in unsubsidized employment, during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program.	70.30%	63.40%	70.00%	70.00%	70.00%
Outcome	Percent of reemployment services and eligibility assessment (RESEA) program participants exhausting unemployment insurance benefits.	57.75%	40.90%	47.00%	47.00%	47.00%
Outcome	Percent of youth who are employed in the state	70.80%	63.40%	70.00%	70.00%	72.00%
Outcome	Percent of reemployment services and eligibility assessment (RESEA) program participants reemployed.	35.30%	48.60%	54.00%	54.00%	55.00%
Outcome	Number of enrolled participants in title I Workforce Innovation and Opportunity Act (WIOA) training programs.	6,125.0	5,872.0	6,800.0	6,800.0	6,900.0
Outcome	Percentage of participants who are in unsubsidized employment during the fourth quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	76.00%	76.00%	78.00%	78.00%	78.00%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percentage of title I youth program participants who are in education or training activities, or in unsubsidized employment, during the fourth quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program.	70.00%	66.90%	70.00%	70.00%	70.00%
Outcome	Percentage of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	73.80%	76.00%	77.00%	77.00%	77.00%
Outcome	Median earnings of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	\$8,341	\$8,701	\$8,500	\$8,500	\$8,800
Outcome	Percentage of those participants enrolled in an education or training program (excluding those in on-the-job training (OJT) and customized training) who attain a recognized postsecondary credential or a secondary school diploma, or its recognized equivalent, during participation in or within one year after exit from a Workforce Innovation and Opportunity Act (WIOA) program	69.00%	69.30%	70.00%	70.00%	70.00%
Output	Number of youth receiving services and registered in the online career solutions tool	1,453.0	4,337.0	3,000.0	3,000.0	3,500.0

Statutory Authority

The Workers' Compensation Administration (WCA) administers the Worker's Compensation Act (Sections 52-1-1 through 52-1-70 and Sections 52-5-1 through 52-5-22 NMSA 1978), Occupational Disease Disablement Act (Sections 52-3-1 through 52-3-60 NMSA 1978), and Health Care Provider Act (52-4-1 through 52-4-5 NMSA 1978). WCA is responsible for monitoring the insurance industry to ensure compliance with accepted performance standards, mediating and adjudicating contested workers' compensation claims, and regulating workers' compensation self-insurance activity.

Mission

The mission of the Worker's Compensation Administration (WCA) is to ensure the quick and efficient delivery of medical benefits and services to injured and disabled workers at a reasonable cost to employers. WCA provides services at its state headquarters in Albuquerque and its regional offices in Farmington, Las Cruces, Las Vegas, Lovington, Santa Fe, and Roswell.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	13,294.6	13,662.3	13,792.8	13,792.8	1.0
Fund Balance	0.0	0.0	0.0	476.5	0.0
TOTAL SOURCES	\$13,294.6	\$13,662.3	\$13,792.8	\$14,269.3	4.4
USES					
Personal Services and Employee Benefits	9,600.5	10,389.0	11,303.7	10,853.0	4.5
Contractual services	403.9	345.0	468.1	394.3	14.3
Other	1,882.0	1,928.3	2,021.0	2,022.0	4.9
Other financing uses	1,000.0	1,000.0	0.0	1,000.0	0.0
TOTAL USES	\$12,886.4	\$13,662.3	\$13,792.8	\$14,269.3	4.4
FTE					
Permanent	123.0	122.0	124.0	122.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	124.0	122.0	124.0	122.0	0.0

At A Glance

The Workers' Compensation Administration (WCA) FY25 budget request eliminated the annual transfer of \$1 million to the Workforce Solutions Department (WSD). However, the administration's request increased overall spending by 9 percent above the FY24 operating budget for compensation increases, contributing to an overall budget request that was 0.4 percent above the FY24 operating budget. The agency also requested \$83.9 thousand for an additional FTE for an ombudsman in the Santa Fe field office. In FY24, WCA filled several vacant positions and provided 6 percent compensation increases and anticipates using fund balance to cover some personnel costs.

The FY25 LFC recommendation increases personnel spending 4.5 percent to cover the costs of existing filled positions and maintains the \$1 million transfer to the Workforce Solutions Department. Overall, the FY25 LFC recommendation is a 4.4 percent increase over FY24. Historically, due to the stability of revenues and large fund balances, WCA has transferred between \$900 thousand and \$1.5 million to WSD for general operations and programming.

Budget Issues

The base assessment for workers' compensation has not increased since it was first established in 1993 through Section 52-5-19 NMSA 1978. Revenue from the \$4.30 per employee per quarter assessment is used to operate the Workers' Compensation Administration and consists of a \$2.30 employer contribution matched with a \$2 employee payroll deduction. Four dollars per employee is deposited into the WCA fund and 30 cents is earmarked for the uninsured employer's fund (UEF) to pay claims filed against employers noncompliant with the workers' compensation insurance law. The Taxation and Revenue Department collects the fees.

Revenue has nearly recovered to prepandemic levels. In FY19, the agency recorded \$13.8 million in revenue. The FY25 agency request projects \$13.8 million in revenue and assumes revenue generated for the uninsured employer's fund will be equal to the FY24 operating budget. The FY25 LFC recommendation projects revenue totaling \$13.8 million, a 1 percent increase over the FY24 operating budget.

WCA expenses have grown faster than revenue recovery. The agency's FY24 operating budget includes expenses that are 16 percent more than FY19 expenditure levels. The agency has provided in-pay-band compensation adjustments in recent years to address recruitment and retention challenges. In FY24, the agency filled several FTE and provided compensation increases of 6 percent to agency staff, as provided in the FY24 compensation package adopted by the Legislature. Within the agency's FY24 operating budget, four filled positions are currently unfunded, and the agency projects using some fund balance in FY24 to cover personnel costs. The agency requested an increase of 9 percent increase in personnel spending in FY25 to fund an additional ombudsman position, provide in-pay-band compensation increases, and fund filled positions. The LFC recommendation provides a 4.5 percent increase in personnel spending to fund the four unfunded positions.

LFC has previously recommended WCA evaluate whether six field offices are still needed because many WCA staff, including safety inspectors and compliance officers, work in the field, and the public rarely visits regional offices. WCA reports the agency returned to conducting court proceedings in person and continues to conduct this function in field offices.

Historically, revenues deposited into the worker's compensation administration fund have exceeded WCA expenses. As of August 2023, the worker's compensation administration fund had a balance of \$3.9 million. The agency is using fund balance for existing IT projects to modernize systems, and the FY25 LFC recommendation includes the use of \$476.5 thousand in fund balance for operating expenses in FY25, which will reduce the balance in the fund to a projected \$2 million at the start of FY26.

The Workers' Compensation Administration met or exceeded almost all performance targets in FY23.

The agency's FY22 annual financial audit included three findings, two of which were repeated findings. The one new finding was a material weakness that involved issues with recording year-end close activities properly. The agency's FY21 annual financial audit also included three findings. The two repeated finding were for untimely cash deposits that did not meet the 24-hour deposit deadline and a failure to implement adequate controls to prevent the purchase of premium gasoline on a state-issued gas credit card.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Additional FTE	P697	83.9	0.0
TOTAL			\$83.9	\$0.0

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to assure the quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to employers.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted	Agency Request		
SOURCES					
Other Revenues	12,125.0	12,691.9	12,738.5	12,738.5	0.4
Fund Balance	0.0	0.0	0.0	476.5	0.0
TOTAL SOURCES	\$12,125.0	\$12,691.9	\$12,738.5	\$13,215.0	4.1

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	9,317.2	9,988.6	10,871.5	10,420.8	4.3
Contractual services	304.9	275.0	396.0	323.2	17.5
Other	1,528.7	1,428.3	1,471.0	1,471.0	3.0
Other financing uses	1,000.0	1,000.0	0.0	1,000.0	0.0
TOTAL USES	\$12,150.8	\$12,691.9	\$12,738.5	\$13,215.0	4.1
FTE					
Permanent	120.0	118.0	120.0	118.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	121.0	118.0	120.0	118.0	0.0

Recommended Language

The other state funds appropriation to the workers' compensation administration program in the other financing uses category includes one million dollars (\$1,000,000) from the workers' compensation administration fund for the employment services program of the workforce solutions department.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of formal claims resolved without trial	96.40%	96.50%	97.00%	97.00%	97.00%
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	\$0.5	0.5	0.5	0.5	0.5
* Outcome	Percent of employers determined to be in compliance with insurance requirements of the Workers' Compensation Act after initial investigations	98%	98%	97%	97%	98%
Outcome	Percent of employers in the risk reduction program who pass the follow up inspections	0.00%	0.00%	96.00%	96.00%	96.00%
Outcome	Percent of formal complaints and applications resolved within six months of filing	82.40%	83.00%	82.00%	82.00%	83.00%

UNINSURED EMPLOYERS' FUND

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	1,169.6	970.4	1,054.3	1,054.3	8.6
TOTAL SOURCES	\$1,169.6	\$970.4	\$1,054.3	\$1,054.3	8.6

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	283.3	400.4	432.2	432.2	7.9
Contractual services	99.0	70.0	72.1	71.1	1.6
Other	353.3	500.0	550.0	551.0	10.2
TOTAL USES	\$735.6	\$970.4	\$1,054.3	\$1,054.3	8.6
FTE					
Permanent	3.0	4.0	4.0	4.0	0.0
TOTAL FTE	3.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of indemnity payments for eligible and compensable claims initiated within 120 days of filing of formal litigation complaint	33.00%	67.70%	70.00%	70.00%	70.00%
Output	Percent of reimbursements collected to claims expenses paid out on a fiscal year basis	10.00%	39.00%	33.00%	33.00%	33.00%

Statutory Authority

The Vocational Rehabilitation Division (DVR), a division within the Public Education Department, is governed by the statutory guidelines outlined in Sections 22-14-1 to 22-14-30 NMSA 1978. The statute requires DVR to provide guidance, counseling, and vocational education to disabled individuals, training for vocational education instructors, training material and equipment, and transportation.

Mission

The mission of DVR is to encourage and assist the efforts of New Mexicans with disabilities to reach their goals for working and living in their communities.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,467.7	6,608.2	7,347.4	6,867.3	3.9
Other Transfers	198.3	198.6	198.6	198.6	0.0
Federal Revenues	39,068.8	49,097.4	50,140.4	48,140.4	(1.9)
Other Revenues	15.4	0.0	0.0	0.0	0.0
Fund Balance	2,405.0	0.0	750.3	750.3	0.0
TOTAL SOURCES	\$48,155.2	\$55,904.2	\$58,436.7	\$55,956.6	0.1
USES					
Personal Services and Employee Benefits	22,757.6	27,067.3	29,856.2	29,356.2	8.5
Contractual services	6,087.0	7,773.7	7,379.7	6,879.7	(11.5)
Other	18,356.1	20,802.2	20,935.8	19,455.7	(6.5)
Other financing uses	261.0	261.0	265.0	265.0	1.5
TOTAL USES	\$47,461.7	\$55,904.2	\$58,436.7	\$55,956.6	0.1
FTE					
Permanent	131.0	46.0	41.0	41.0	(10.9)
Term	231.0	307.0	313.0	313.0	2.0
TOTAL FTE	362.0	353.0	354.0	354.0	0.3

At A Glance

The Vocational Rehabilitation Division (DVR) requested \$7.3 million from the general fund, an 11.2 percent increase over the FY24 operating budget, and requested an additional 2.1 percent in federal revenue. The request maintained funding levels in the Administrative Services and the Disability Determination programs but would increase general fund revenue by 12 percent in the Rehabilitation Services Program, mostly for personnel costs, and 3.2 percent in the Independent Living Program for community-based services.

The LFC recommendation for FY25 supports the agency’s request for the Administrative Services, Disability Determination, and Independent Living programs. However, the agency’s request for federal revenue in the Rehabilitation Services Program is 26 percent higher than was received in FY23. It is unlikely the division would receive this much federal revenue. With the assumed increased federal revenue, the program would fund an additional 18.5 vacancies above the 10 funded vacancies in the FY24 budget. Because of this, the LFC recommendation reduces the number of funded vacancies from federal revenues and adjusts the other spending categories to coincide closer to prior year spending.

Budget Issues

The Vocational Rehabilitation Division is primarily funded through federal revenues leveraged with a 10 percent state match for supported employment and independent living grants and a 21.3 percent state match for the rehabilitation services grant. The agency reported it provided rehabilitative services to 7,708 New Mexicans and had 324 people on the waiting list for services.

For FY25, the agency requested \$58.4 million, including the transfer of funds from the Commission for Deaf and Hard-of-Hearing Persons at \$91.5 thousand and the transfer from the Commission for the Blind at \$100 thousand. The LFC recommendation continues these transfers to leverage federal revenues to provide vocational rehabilitation services to visually impaired and deaf and hard-of-hearing people.

The general fund recommendation of \$6.9 million is an increase of \$259.1 thousand, or 3.9 percent over FY24 operating levels. The agency’s funded vacancy rate of 4 percent is an improvement over prior years but remains elevated in the Rehabilitation Services Program, warranting a smaller recommended increase than was requested.

Program Funding. The requested general fund revenue, along with the \$91.5 thousand transfer from the Commission for Deaf and Hard-of-Hearing Persons and \$100 thousand from the Commission for the Blind, qualify as state matching funds to leverage federal funds and to meet maintenance-of-effort requirements.

The Independent Living Services Program contracts with providers throughout the state to provide community-based independent living services and supports to people with disabilities. The committee supports the request for the program.

The Disability Determination Program is funded by the Social Security Administration and adjudicates eligibility for supplemental security income and social security disability insurance for applicants in New Mexico. Currently, over 130 thousand New Mexicans are receiving over \$1 billion in annual disability benefits. The program continues to struggle with disability adjudicator attrition and turnover and has almost 50 vacant positions.

ADMINISTRATIVE SERVICES

The purpose of the administration services program is to provide leadership, policy development, financial analysis, budgetary control, information technology services, administrative support and legal services to the vocational rehabilitation division. The administration services program function is to ensure the vocational rehabilitation division achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	3,361.7	5,444.4	5,444.4	5,444.4	0.0
Other Revenues	15.4	0.0	0.0	0.0	0.0
Fund Balance	2,405.0	0.0	750.3	750.3	0.0
TOTAL SOURCES	\$5,782.1	\$5,444.4	\$6,194.7	\$6,194.7	13.8
USES					
Personal Services and Employee Benefits	4,762.6	4,182.6	4,859.0	4,859.0	16.2
Contractual services	199.7	235.9	235.9	235.9	0.0
Other	819.2	1,025.9	1,099.8	1,099.8	7.2
TOTAL USES	\$5,781.5	\$5,444.4	\$6,194.7	\$6,194.7	13.8
FTE					
Permanent	12.0	2.0	1.0	1.0	(50.0)
Term	36.0	51.0	44.0	44.0	(13.7)
TOTAL FTE	48.0	53.0	45.0	45.0	(15.1)

Recommended Language

Any unexpended balances in the vocational rehabilitation division remaining at the end of fiscal year 2025 from appropriations made from the general fund shall not revert and may be expended in fiscal year 2026.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	5.0	5.0	7.0	7.0	5.0
Outcome	Number of working days between disbursements of federal funds from federal treasury to deposit of such funds into state treasury	1.0	1.0	1.0	1.0	1.0

REHABILITATION SERVICES

The purpose of the rehabilitation services program is to promote opportunities for people with disabilities to become more independent and productive by empowering individuals with disabilities so they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,825.5	5,966.0	6,684.7	6,204.6	4.0
Other Transfers	191.5	191.5	191.5	191.5	0.0
Federal Revenues	18,778.6	24,698.3	25,698.3	23,698.3	(4.0)
TOTAL SOURCES	\$24,795.6	\$30,855.8	\$32,574.5	\$30,094.4	(2.5)
USES					
Personal Services and Employee Benefits	10,277.3	13,826.0	15,544.7	15,044.7	8.8
Contractual services	2,728.1	3,389.3	3,389.3	2,889.3	(14.8)
Other	11,589.3	13,440.5	13,440.5	11,960.4	(11.0)
Other financing uses	200.0	200.0	200.0	200.0	0.0
TOTAL USES	\$24,794.7	\$30,855.8	\$32,574.5	\$30,094.4	(2.5)
FTE					
Permanent	58.0	29.0	27.0	27.0	(6.9)
Term	114.0	136.0	146.0	146.0	7.4
TOTAL FTE	172.0	165.0	173.0	173.0	4.8

Recommended Language

The general fund appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes five hundred thousand dollars (\$500,000) to provide adult vocational rehabilitation services.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes one hundred thousand dollars (\$100,000) from the commission for the blind to match with federal funds to provide rehabilitation services to blind or visually impaired New Mexicans.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes ninety-one thousand five hundred dollars (\$91,500) to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

The federal funds appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other financing uses category includes two hundred thousand dollars (\$200,000) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Number of clients achieving suitable employment for a minimum of ninety days	437.0	439.0	700.0	750.0	750.0
* Outcome	Percent of clients achieving suitable employment outcomes of all cases closed after receiving planned services	18%	36%	45%	40%	40%
Outcome	Percent of clients achieving suitable employment outcomes competitively employed or self-employed	100.00%	100.00%	99.00%	99.00%	99.00%
Outcome	Percent of clients with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	100.00%	99.00%	99.00%	99.00%	99.00%

INDEPENDENT LIVING SERVICES

The purpose of the independent living services program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	642.2	642.2	662.7	662.7	3.2
Other Transfers	6.8	7.1	7.1	7.1	0.0
Federal Revenues	1,524.0	902.0	945.0	945.0	4.8
TOTAL SOURCES	\$2,173.0	\$1,551.3	\$1,614.8	\$1,614.8	4.1
USES					
Contractual services	1.3	51.5	51.5	51.5	0.0
Other	1,418.6	1,438.8	1,498.3	1,498.3	4.1
Other financing uses	61.0	61.0	65.0	65.0	6.6
TOTAL USES	\$1,480.9	\$1,551.3	\$1,614.8	\$1,614.8	4.1

Recommended Language

The internal service funds/interagency transfers appropriation to the independent living services program of the division of vocational rehabilitation in the other category includes seven thousand one hundred dollars (\$7,100) from the commission for the blind to match with federal funds to provide independent living services to blind or visually impaired New Mexicans.

The federal funds appropriation to the independent living services program of the division of vocational rehabilitation in the other financing uses category includes sixty-five thousand dollars (\$65,000) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Number of independent living plans developed	660.0	690.0	750.0	750.0	750.0
* Output	Number of individuals served for independent living	700.0	700.0	765.0	765.0	765.0

DISABILITY DETERMINATION

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so they may receive benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	15,404.5	18,052.7	18,052.7	18,052.7	0.0
TOTAL SOURCES	\$15,404.5	\$18,052.7	\$18,052.7	\$18,052.7	0.0
USES					
Personal Services and Employee Benefits	7,717.7	9,058.7	9,452.5	9,452.5	4.3
Contractual services	3,157.9	4,097.0	3,703.0	3,703.0	(9.6)
Other	4,529.0	4,897.0	4,897.2	4,897.2	0.0
TOTAL USES	\$15,404.6	\$18,052.7	\$18,052.7	\$18,052.7	0.0
FTE					
Permanent	61.0	15.0	13.0	13.0	(13.3)
Term	81.0	120.0	123.0	123.0	2.5
TOTAL FTE	142.0	135.0	136.0	136.0	0.7

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Efficiency	Average number of days for completing an initial disability claim	82.0	229.0	100.0	227.0	150.0
Quality	Percent of initial disability determinations completed accurately	95.70%	95.70%	97.00%	98.30%	98.30%

Statutory Authority

Sections 28-10-1 through 28-10-8 NMSA 1978 create the Governor's Commission on Disability. The commission has 15 members, with nine appointed by the governor. Six members are representatives of other state agencies: the secretaries of the Human Services, Workforce Solutions, Aging and Long-Term Services, and Children, Youth and Families departments and the directors of the Division of Vocational Rehabilitation of the Public Education Department and the Behavioral Health Services Division of the Health Care Authority.

Mission

The mission of the Governor's Commission on Disability is to improve the quality of life of all New Mexicans with disabilities and remove barriers to their full participation in their communities.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	Agency Request	LFC Recommendation	Percent Inc (Decr)
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	1,389.0	1,498.3	1,819.6	1,513.2	1.0
Other Transfers	50.5	0.0	0.0	0.0	0.0
Federal Revenues	298.1	527.7	522.1	522.1	(1.1)
Fund Balance	0.0	100.0	250.0	250.0	150.0
TOTAL SOURCES	\$1,737.6	\$2,126.0	\$2,591.7	\$2,285.3	7.5
USES					
Personal Services and Employee Benefits	880.8	1,257.0	1,486.8	1,270.9	1.1
Contractual services	170.1	204.3	223.8	216.9	6.2
Other	281.9	664.7	881.1	797.5	20.0
TOTAL USES	\$1,332.8	\$2,126.0	\$2,591.7	\$2,285.3	7.5
FTE					
Permanent	12.0	11.0	11.0	11.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	16.0	15.0	15.0	15.0	0.0

At A Glance

The Governor's Commission on Disability requested a total general fund appropriation of \$1.8 million, an increase of \$321.3 thousand, or 21 percent, over FY24. The commission requested a 1.1 percent decrease in federal revenue and requested \$250 thousand from fund balance for FY25, a 60 percent increase from FY24. The agency's request will increase support to the Residential Accessibility Modifications Program (RAMP) and New Mexico Technology Assistance Program (TAP). The commission also requested a 16 percent increase in personal services and employee benefits due to personnel and wage increases.

The committee recommends a general fund increase of \$1.5 million, or a 1 percent increase from FY24. The committee recommends the agency request for a \$150 thousand increase from the fund balance to support the RAMP and TAP program. The committee also supports the agency's \$16 thousand increase for the Brain Injury Advisory Council and Children's Helmet Safety Program.

The commission's FY24 funded vacancy rate is 5.3 percent, a significant improvement from the FY24 funded vacancy rate of 28.6 percent. In FY23, the RAMP program was temporarily stopped due to a lack of employees. However, the commission's RAMP program is now fully staffed and will resume architectural site visits. In 2021, the council partnered with the University of New Mexico Department of Speech and Hearing Sciences to create brain injury educational modules for healthcare professionals. The commission conducts architectural plan reviews to improve accessibility for people with disabilities, and its RAMP program has tripled in size over the past few years. The Brain Injury Advisory Council did not meet either of its performance measure targets, and the commission met three of its four performance measure targets. The Brain Injury Advisory Council's performance was hampered by a lack of staff; the position is now filled. The commission's other performance measure target was not met in FY23 based on the temporary stoppage of RAMP, where they were unable to conduct architectural plan reviews and site inspections due to lack of staff. In FY24, the commission's RAMP is fully staffed.

GOVERNOR'S COMMISSION ON DISABILITY

The purpose of the governor's commission on disability program is to promote policies and programs that focus on common issues faced by New Mexicans with disabilities, regardless of type of disability, age or other factors. The commission educates state administrators, legislators and the general public on the issues facing New Mexicans with disabilities, especially as they relate to federal Americans with Disabilities Act directives, building codes, disability technologies and disability culture so they can improve the quality of life of New Mexicans with disabilities.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,180.8	1,279.1	1,584.4	1,278.0	(0.1)
Other Transfers	45.3	0.0	0.0	0.0	0.0
Federal Revenues	298.1	527.7	522.1	522.1	(1.1)
Fund Balance	0.0	100.0	250.0	250.0	150.0
TOTAL SOURCES	\$1,524.2	\$1,906.8	\$2,356.5	\$2,050.1	7.5
USES					
Personal Services and Employee Benefits	850.2	1,169.6	1,393.2	1,177.3	0.7
Contractual services	119.2	147.2	156.9	150.0	1.9
Other	257.0	590.0	806.4	722.8	22.5
TOTAL USES	\$1,226.4	\$1,906.8	\$2,356.5	\$2,050.1	7.5
FTE					
Permanent	12.0	10.0	10.0	10.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	16.0	14.0	14.0	14.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of requested architectural plan reviews and site inspections completed	100%	56%	98%	98%	98%
Output	Number of technology assistance program devices loaned statewide	330.0	734.0	580.0	580.0	580.0
Output	Number of technology assistance program outreach presentations, trainings and events	107.0	205.0	220.0	175.0	220.0
Outcome	Percent of constituent inquiries addressed	100.00%	100.00%	99.00%	99.00%	99.00%

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the use and implementation of programs provided through the human services department's brain injury services fund so the department may align service delivery with needs identified by the brain injury community.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	208.2	219.2	235.2	235.2	7.3
Other Transfers	5.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$213.4	\$219.2	\$235.2	\$235.2	7.3
USES					
Personal Services and Employee Benefits	30.6	87.4	93.6	93.6	7.1
Contractual services	50.9	57.1	66.9	66.9	17.2
Other	24.9	74.7	74.7	74.7	0.0
TOTAL USES	\$106.4	\$219.2	\$235.2	\$235.2	7.3
FTE					
Permanent	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	0.0	1.0	1.0	1.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of individuals receiving education or training on brain injury issues who demonstrate increased knowledge as evidenced by pre- and post-training tests	98.00%	0.00%	95.00%	95.00%	95.00%
Output	Number of individuals who received technical assistance regarding brain injury	3,315.0	2,030.0	3,300.0	3,300.0	3,300.0

Statutory Authority

The Developmental Disabilities Council (DDC) was created to comply with the federal Developmental Disabilities Assistance and Bill of Rights Act and functions as a statewide planning and advocacy agency for people with developmental disabilities. The council includes the Office of Guardianship, responsible for providing guardianship services to individuals assigned by the judiciary as being unable to manage their financial affairs (Section 45-5-310 NMSA 1978), and the Office of the Special Education Ombud (Section 28-16C-1 to 28-16C-11 NMSA 1978), responsible for investigating and resolving special education concerns raised by parents or guardians.

Mission

The Developmental Disabilities Council will engage in advocacy, capacity building, and systemic change activities to contribute to a culturally competent and coordinated system of community services, supports, and other forms of assistance that are individual- and family-centered and -directed and to enable individuals with disabilities to exercise self-determination, be independent, be productive, and be integrated and included in all facets of community life.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,543.4	9,029.2	11,657.6	9,300.1	3.0
Other Transfers	611.1	625.0	625.0	625.0	0.0
Federal Revenues	564.7	576.1	576.1	576.1	0.0
TOTAL SOURCES	\$8,719.2	\$10,230.3	\$12,858.7	\$10,501.2	2.6
USES					
Personal Services and Employee Benefits	1,945.8	2,048.9	3,114.1	2,245.5	9.6
Contractual services	6,094.8	7,353.6	8,786.5	7,421.7	0.9
Other	557.7	827.8	958.1	834.0	0.7
TOTAL USES	\$8,598.3	\$10,230.3	\$12,858.7	\$10,501.2	2.6
FTE					
Permanent	22.0	23.0	27.0	27.0	17.4
Term	1.0	1.0	1.0	1.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	24.0	24.0	28.0	28.0	16.7

At A Glance

The Developmental Disability Council (DDC) requested \$11.7 million in general fund revenue, a \$2.6 million or 29 percent increase from the FY24 operating budget. DDC’s request included a \$385.2 thousand expansion for 4 additional FTE. Within the DDC request, the Office of Guardianship (OOG) requested \$9.8 million in general fund revenue, or \$2.1 million increase, including \$1.3 million in contractual services to reduce the wait list, as well as for the court visitor program and other guardianship projects. OOG also requested an expansion of \$289.5 thousand for two social workers and one staff attorney. For the agency’s other program, DDC requested \$1.9 million in general fund revenue, or a \$485.9 thousand increase, which includes \$139 thousand in contractual services for the council’s state jobs program and the special education ombudsman program, as well as \$95.7 thousand for an expansion human resources administrator FTE.

The committee recommends an overall general fund revenue increase of \$270.9 thousand, a 3 percent increase over the FY24 operating budget. The recommendation includes a \$202.7 thousand expansion increase for an attorney and social worker for OOG. The committee recommends an increase of \$68 thousand in contractual services for OOG’s court-visitor program, which recruits, trains, and oversees court visitors for guardianship cases. The committee recommends a flat budget for Developmental Disability Council Program.

Budget Issues

Guardianship. If a court orders a professional guardian for a protected person in an Office of Guardianship (OOG) case, DDC is legally obligated to provide guardianship services to the protected person. At the close of FY23, the agency had a total of 1,006 professional guardianship cases, including 372 new cases, and a waiting list of 203 cases. As of September 2023, the agency has 1,023 open professional cases, including 111 new cases, and a waiting list of 177 cases. The Department of Health’s (DOH) developmental disability wavier program has increased the number of applications for OOG services. In addition, the retirement of the council’s comprehensive service review (CRS) vendor also increased the need for OOG services. In FY21 and FY22, the council received a special appropriation of \$500 thousand to reduce the waiting list for guardianship services. However, \$332 thousand went unspent and reverted to the general fund due to an administrative financial mistake. The agency estimates each new guardianship case costs \$2,200 in legal services to initiate and a flat monthly rate for professional guardianship services of \$395 per protected person. Historically, about two-thirds of requests for guardianship services result in the assignment of a professional guardian, with the remaining one-third resulting in the appointment of a family or nonprofessional guardian, who are not paid.

Following guardianship oversight failures, the state enacted several key guardianship reforms related to transparency and oversight. State law imposes new requirements on guardians and conservators requiring additional information about a protected person to be submitted in initial and annual reports to the courts. In addition, statutory changes in 2018 imposed new bonding requirements on conservators to help safeguard the assets of a protected person. The law also requires guardians and conservators to keep the protected person’s financial records for seven years and to comply with the requirements of any audit of the protected person’s account, inventory, report, or property. The reforms also opened court hearings in guardianship and conservatorship proceedings previously closed and increased access to court records for family members and others entitled to notice of guardianship proceedings. In 2019, the Legislature adopted legislation adding specific rights for the alleged incapacitated person, requiring a professional guardian and conservator be certified and in good standing, increasing fines for overdue interim or annual reports to \$25 a day, and creating a new grievance process to file a complaint about a court-appointed guardian or conservator.

Base Expansion

The committee’s recommendation for an additional attorney position would expand the capacity of reviewing guardianship applications and reduce the amount of time an application is on the waiting list. The committee’s recommendation also includes a social worker to handle comprehensive service reviews, which gives the council the ability to conduct its own site visits to ensure protected people are receiving the necessary care and support they need.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Attorney 1 - PB LF	P737	0.0	115.8
0	SOC WKR, AO-A - PB 65	P737	0.0	86.9
1	SOC WKR, AO-A - PB 65	P737	173.7	0.0
2	Human Resources Generalist III-PB BI	P727	95.7	0.0
3	Attorney 1 - PB LF	P737	115.8	0.0
TOTAL			\$385.2	\$202.7

DEVELOPMENTAL DISABILITIES COUNCIL

The purpose of the developmental disabilities council program is to provide and produce opportunities for persons with disabilities so they may realize their dreams and potential and become integrated members of society.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,038.9	1,379.2	1,865.1	1,379.2	0.0
Other Transfers	122.0	75.0	75.0	75.0	0.0
Federal Revenues	564.7	576.1	576.1	576.1	0.0
TOTAL SOURCES	\$1,725.6	\$2,030.3	\$2,516.2	\$2,030.3	0.0
USES					
Personal Services and Employee Benefits	912.8	1,183.0	1,477.5	1,183.0	0.0
Contractual services	178.6	160.7	300.0	160.7	0.0
Other	401.6	686.6	738.7	686.6	0.0
TOTAL USES	\$1,493.0	\$2,030.3	\$2,516.2	\$2,030.3	0.0
FTE					
Permanent	9.0	13.0	14.0	13.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	11.0	14.0	15.0	14.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of individuals contacting the office of the special education ombud for assistance supporting a student with disabilities who receive a response from the office within two business days	0.0%	100.0%	95.0%	95.0%	95.0%
Outcome	Percent of individuals contacting the office of the special education ombud for assistance supporting a student with disabilities who receive a response from the office within two business days	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of individuals contacting the office of the special education ombud for emergency assistance supporting a student with disabilities who receive a response from the office within twenty-four hours	0.0%	100.0%	95.0%	95.0%	95.0%
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within one month of completion of a request for services	0.0%	100.0%	95.0%	95.0%	95.0%
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within six months of completion of a request for services	0.0%	100.0%	95.0%	95.0%	95.0%
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within three months of completion of a request for services	0.0%	100.0%	95.0%	95.0%	95.0%
Output	Number of initial ombud recruitment trainings conducted	\$0.0	2.0	4.0	4.0	4.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of initial ombud recruitment trainings conducted	N/A	N/A	N/A	N/A	N/A
Output	Number of presentations or trainings provided statewide to promote the rights of students with disabilities and the services of the office of the special education ombud	\$0.0	32.0	25.0	25.0	25.0
Output	Number of individuals with developmental disabilities and family members trained on leadership, self-advocacy and disability-related issues	3,320.0	7,965.0	4,000.0	4,000.0	4,000.0
Output	Number of outreach/training activities conducted statewide focused on accessing community supports	221.0	830.0	200.0	150.0	150.0
Output	Number of contact with individuals with developmental disabilities and family members to assist in accessing information on local, community-based health resources	155,545.0	76,085.0	155,000.0	10,000.0	100,000.0
Output	Number of training opportunities for individuals with developmental disabilities to become leaders and train and mentor others with developmental disabilities	100.0	254.0	100.0	90.0	90.0
Outcome	Percent of developmental disabilities planning council funded projects that promote meaningful employment opportunities and public awareness that people with developmental disabilities can work	89.00%	87.50%	85.00%	85.00%	85.00%
Output	Number of presentations/trainings/technical assistance provided statewide that promotes individualized and inclusive educational opportunities within the school system for students with developmental disabilities	91.0	188.0	170.0	150.0	150.0

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship program is to enter into, monitor and enforce guardianship contracts for income-eligible persons and to help file, investigate and resolve complaints about guardianship services provided by contractors to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,504.5	7,650.0	9,792.5	7,920.9	3.5
Other Transfers	489.1	550.0	550.0	550.0	0.0
TOTAL SOURCES	\$6,993.6	\$8,200.0	\$10,342.5	\$8,470.9	3.3

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
USES					
Personal Services and Employee Benefits	1,033.0	865.9	1,636.6	1,062.5	22.7
Contractual services	5,916.2	7,192.9	8,486.5	7,261.0	0.9
Other	156.1	141.2	219.4	147.4	4.4
TOTAL USES	\$7,105.3	\$8,200.0	\$10,342.5	\$8,470.9	3.3
FTE					
Permanent	12.0	10.0	13.0	14.0	40.0
TOTAL FTE	12.0	10.0	13.0	14.0	40.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Number of protected person visits (including assessments, protected person welfare visits, comprehensive service review interviews and teleconference, in-person or videoconference visits) performed by office of guardianship staff or contractors	\$0.0	205.0	225.0	200.0	225.0
Output	Percent of complaints the received by the office of guardianship that are processed and resolved in compliance with 9.4.21.14 NMAC	3%	97%	5%	100%	100%
* Outcome	Number of guardianship investigations completed	4.0	0.0	5.0	Discontinued	Discontinued
Output	Percent of guardianship contractors who undergo a comprehensive service review	24%	100%	95%	100%	100%
* Outcome	Average amount of time spent on wait list, in months	7:5	9:7	9:0	9:0	9:0
Outcome	Average number of people on the wait list, monthly	108.0	166.0	100.0	100.0	100.0

Statutory Authority

The Miners' Hospital of New Mexico, created by the state constitution and guided by Sections 23-3-1 through 23-3-3 NMSA 1978, is statutorily required to provide free or reduced-cost treatment and care of resident miners. The hospital is a beneficiary of the land grant permanent fund. Miners who have the ability to pay for their care are billed for services. The facility operates a rural health clinic, a 37-bed long-term care facility, and a 25-bed critical access hospital that also provides healthcare to nonminers. An outreach program exclusively for miners uses a mobile van equipped to do chest x-rays, pulmonary function tests, and audiology tests. Revenues from Medicare, Medicaid, third-party payers, and private patient payments also support the hospital. The hospital does not receive general fund appropriations and all revenues are nonreverting.

Mission

The mission of the Miners' Hospital of New Mexico is to be a leader in healthcare, providing quality acute care, long-term care, and related services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	6,550.0	0.0	0.0
Other Transfers	9,630.0	9,900.0	9,100.0	9,560.0	(3.4)
Federal Revenues	12,074.7	16,242.0	12,546.0	15,446.0	(4.9)
Other Revenues	13,395.0	20,899.0	14,914.0	16,814.0	(19.5)
TOTAL SOURCES	\$35,099.7	\$47,041.0	\$43,110.0	\$41,820.0	(11.1)
USES					
Personal Services and Employee Benefits	22,445.3	25,980.0	23,893.0	23,893.0	(8.0)
Contractual services	11,095.2	12,686.0	10,061.0	10,061.0	(20.7)
Other	7,975.6	8,375.0	8,606.0	7,316.0	(12.6)
Other financing uses	0.0	0.0	550.0	550.0	0.0
TOTAL USES	\$41,516.1	\$47,041.0	\$43,110.0	\$41,820.0	(11.1)
FTE					
Permanent	263.0	235.0	235.0	235.0	0.0
Term	11.0	20.0	20.0	20.0	0.0
Temporary	14.0	3.0	3.0	3.0	0.0
TOTAL FTE	288.0	258.0	258.0	258.0	0.0

At A Glance

The Miners' Hospital of New Mexico requested \$6.5 million in general fund revenue to offset assumed reductions in other sources of revenue, such as patient revenue and miners' trust fund revenue. The hospital also requested a decrease in spending of 8.5 percent, related to the decision to end some services because of the high cost of staffing.

In the past, the hospital did not receive general fund revenue and primarily supported itself through miners' trust fund revenue and patient revenue from Medicaid and other billing sources. The LFC recommendation does not support adding general fund revenue but supports an interagency transfer to the Human Services Department, from land grant permanent fund revenue, to leverage a total of \$2.5 million in Medicaid revenue and a \$3.6 million special appropriation to eliminate \$1.2 million in annual debt service through 2027. Additionally, after the request was submitted in October, the hospital started receiving directed payments from Medicaid with a projected annual increase of at least \$1.4 million and later in FY24 will begin receiving its share of the \$87 million in directed payments prioritized for rural hospitals. The committee supports the requested spending levels.

Budget Issues

Miners' Hospital of New Mexico, a 25-bed acute care, long-term care, and primary care hospital in Colfax County, serves patients from all over northern New Mexico. The hospital is state-owned and receives patient revenues from private third-party insurance payers, Medicare, and Medicaid.

Revenue Opportunities. Over the past year, several smaller rural hospitals experienced budgetary shortages related to how Medicaid reimburses hospitals for uncompensated care, switching from foundational payments to directed payments based on the volume of Medicaid patients the hospitals admit. The change was required by the federal government. Adding to the shortages, Medicaid was late distributing these payments in 2023. However, Miners' Hospital received the first of these payments in early October 2023 and projects it will receive at least \$1.4 million for FY24. Also, based on Legislative appropriations, the state raised Medicaid rates in September for Miners' Hospital outpatient services by 20 percent. These rates will result in an additional \$500 thousand annually.

Additionally, during the 2023 session, the Legislature appropriated enough for \$87 million in additional FY24 directed payments, prioritizing rural hospitals statewide. Miners' Hospital will receive a share of these directed payments when it is approved by the federal government. The committee recognizes these budget difficulties but also recognizes, once all planned rate adjustments are in place, some of the difficulties will be alleviated.

Miners' Hospital has also been servicing debt, first issued in 2013, that costs the hospital about \$1.2 million annually. LFC recommends a \$3.6 million special appropriation from the general fund that would eliminate this debt after June 1, 2023, saving the hospital \$1.2 million annually through 2027.

LFC also recommends a \$550 thousand interagency transfer from the hospital's land grant permanent fund revenue to Medicaid to leverage a total of \$2.5 million in Medicaid revenue for the hospital. The state's Medicaid agency has already submitted an amendment to the federal government to allow for such a transfer.

When added together, the rate increases, debt discharge, and the new and existing directed payments will eliminate the need for the hospital to receive a general fund appropriation in FY25.

Miners' Trust Fund. The Ferguson Act of 1898 and the Enabling Act for New Mexico of 1910 set aside 50 thousand acres of trust land to generate income that helps support the Miners' Hospital. Royalty payments mostly on oil and gas production is deposited in a land grant permanent fund for the hospital. Annually, a portion of the permanent fund, along with rental, interest, and other revenue, is deposited into the miners' trust income fund. For FY25, the hospital requested a total of \$9.1 million from the income fund. The LFC recommendation aligns with this projection for miners' trust fund revenue to support the hospital in FY24. The trust fund will be depleted this year after the hospital corrects a long-standing accounting error.

Performance. The hospital missed many of its administrative-related performance measures because of the implementation of a new electronic medical record (EMR) system. However, the agency met many of its quality measures, such as maintaining low infection rates, high nursing home occupancy, and low readmission rates.

The FY22 fiscal audit included one finding for submitting a late audit. The late submission was due to the conversion to the new EMR. There were no prior-year audit finding

HEALTH CARE

The purpose of the healthcare program is to provide quality acute care, long-term care and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

Recommended Language

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include nine million six hundred-fifty thousand dollars (\$9,650,000) from the miners' trust fund.

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include five hundred-fifty thousand dollars (\$550,000) from the miners' trust fund to transfer to the Human Services Department to leverage additional federal Medicaid revenue.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of budgeted revenue collected	1.04%	80.00%	100.00%	100.00%	100.00%
Outcome	Annual percent of healthcare-associated infections	0.30%	0.08%	1.00%	1.00%	1.00%
Outcome	Average patient length of stay, in days, for the acute care facility	5.0	3.0	5.0	5.0	5.0
Outcome	Rate of unassisted patient falls per one thousand patient days in the long-term care facility	0.40%	5.72%	2.50%	3.00%	3.00%
Output	Number of outpatient visits	8,118.0	6,591.0	8,600.0	7,000.0	7,000.0
Output	Number of visits to the outreach clinic	36.0	300.0	100.0	100.0	300.0
Output	Number of surgeries performed	465.0	620.0	450.0	450.0	500.0
* Outcome	Percent of occupancy at nursing home based on licensed beds	49%	62%	50%	50%	60%
Efficiency	Number of days in accounts receivable	38.0	54.0	50.0	50.0	50.0
* Quality	Percent of patients readmitted to the hospital within thirty days with the same or similar diagnosis	0.3%	0.0%	2.0%	2.0%	1.5%
Quality	Rate of medication errors per one thousand medications administered	0.15%	0.01%	1.00%	1.00%	1.00%
Output	Number of emergency room visits	5,570.0	5,097.0	5,500.0	5,000.0	5,000.0
Output	Number of newborn births	65.0	67.0	65.0	65.0	65.0
Efficiency	Employee turnover rate	24.40%	23.30%	22.00%	22.00%	22.00%
Output	Average daily census	9.0	7.0	6.0	4.0	6.0
Efficiency	Percent agency nursing staff to total nursing staff	18.00%	21.72%	18.00%	20.00%	20.00%
Output	Number of rural health clinic visits	14,413.0	12,834.0	14,000.0	13,000.0	13,000.0
Efficiency	Number of days cash on hand	99.0	7.0	85.0	50.0	50.0

Statutory Authority

The Department of Health (DOH) was created by Sections 9-1-7 through 9-7-15 NMSA 1978 to serve New Mexicans through programs designed to prevent disease and disability, promote health, and prevent or treat problems of mental health, substance abuse, developmental disabilities, and chronic disease. The agency licenses health and long-term care facilities and operates seven treatment centers, the state scientific laboratory, and public health offices in all counties. Among the responsibilities of the department are the activities under the New Mexico Rural Primary Health Care Act and school-based health services, health surveillance and outbreak response, vital health statistics, accessible emergency medical services, and pharmaceutical services. In addition to providing other services, the Facilities Management Program operates the Los Lunas Community Program, New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute in Las Vegas, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Center and Turquoise Lodge for chemical dependency treatment, both in Albuquerque.

Mission

The mission of the New Mexico Department of Health is to provide leadership to guide public health and to protect the health of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	343,616.1	389,197.3	205,030.4	195,704.6	(49.7)
Other Transfers	57,806.7	46,527.2	35,629.4	38,145.9	(18.0)
Federal Revenues	168,151.2	187,059.9	172,637.1	172,637.1	(7.7)
Other Revenues	109,498.6	144,728.8	125,372.3	122,855.8	(15.1)
Fund Balance	0.0	1,000.0	1,000.0	1,000.0	0.0
TOTAL SOURCES	\$679,072.6	\$768,513.2	\$539,669.2	\$530,343.4	(31.0)
USES					
Personal Services and Employee Benefits	250,717.2	309,897.7	265,000.3	256,638.2	(17.2)
Contractual services	117,116.2	133,301.4	119,387.1	119,304.8	(10.5)
Other	138,178.8	157,793.4	154,819.5	153,938.1	(2.4)
Other financing uses	131,657.2	167,520.7	462.3	462.3	(99.7)
TOTAL USES	\$637,669.4	\$768,513.2	\$539,669.2	\$530,343.4	(31.0)
FTE					
Permanent	2,987.0	2,627.5	2,489.5	2,450.5	(6.7)
Term	889.0	1,194.5	958.5	976.5	(18.3)
Temporary	33.0	1.0	1.0	1.0	0.0
TOTAL FTE	3,909.0	3,823.0	3,449.0	3,428.0	(10.3)

At A Glance

The Department of Health (DOH) requested \$205 million from general fund revenues for FY25. The request includes the transfer of Developmental Disabilities Supports (DDSD) and Health Certification, Licensing, and Oversight (DHI) programs to the Health Care Authority (HCA). When adjusting for these transfers, the department’s general fund revenue request is a 10.8 percent increase above the FY24 operating budget. The request also included a reorganization to combine to Public Health, Epidemiology and Response, Laboratory Services, and Medical Cannabis Programs into the Public Health Program. The LFC recommendation does not support the reorganization but does transfer DDSD and DHI to HCA. The department also assumed continued decreases in federal revenues in the Epidemiology and Response Program, resulting in large decreases in personnel. The Facilities Management Program requested a significant general fund revenue increase, including \$6.6 million for operational and personnel costs and \$1.2 million for salary increases.

General fund increases in the Public Health Program requested by the department included over \$4 million for initiatives, such as, \$714.1 thousand for personnel, \$1.1 million for public health office operations and mobile public health services, \$980 thousand to pilot a prescription drug cost reduction program, and other operational costs. For the Epidemiology and Response program the request included \$1 million for the public health hotline due to a reduction in federal funds, \$100 thousand for vital records staff, and \$250 thousand to reduce the vacancy rate. Finally, Program Support requested \$3.6 million in general fund revenue for IT staff, personnel, and other operations despite the significant decrease in the size of the department due to the transfer of DDS and DHI to HCAD.

The LFC recommendation increases the general fund revenue by \$10.7 million, or 5.8 percent, and includes a significant increase from the general fund for the Facilities Management (FMD) program operations. Due to high operational costs and low census, the program overspent the FY23 operating budget, resulting in a \$7 million deficiency request.

Budget Issues

With the transfer of the Developmental Disabilities Supports (DDS) and Health Certification, Licensing, and Oversight (DHI) programs to the Health Care Authority Department (HCAD) in FY25, the Department of Health (DOH) is poised to experience a notable shift in program oversight and revenues than in previous fiscal years. The FY24 operating budget for DDS and DHI is \$224.4 million, or 29 percent of the total operating budget. Post-transfer, the department's portfolio will consist of the following programs: Public Health, Epidemiology and Response, Laboratory Services, Facilities Management, Medical Cannabis, and Program Support. The department also requested to combine several of the programs into the Public Health Program, but the LFC recommendation does not support this reorganization because it may reduce transparency and accountability.

Facilities. The department's request for the Facilities Management Program (FMD) increased general fund revenue by \$8.5 million, or 10.8 percent. Of the total general fund request, \$7.3 million was for personnel and operations and \$1.2 million was for salary increases. The program also requested decreases in federal revenues to more closely align with FY23 actual revenues. Additionally, the department requested a decrease in other revenues such as government payments for Medicaid, Medicare, and similar programs. These revenues have consistently underperformed the operating budget for several reasons, including low facility census and patient billing. If the department's rate of billing denials increases or its facility populations remain low, then the budgeted revenue authority does not materialize as actual revenue. At the close of FY23, 47 percent of beds were occupied. The program must increase census to address this issue.

The LFC general fund revenue recommendation supports the department request for additional operating support from general fund revenues of \$5.7 million.

New Mexico Veterans' Home (NMVH). The first phase of new facilities veterans' home facilities is expected to begin operating in 2024. Construction costs are eligible for a 65 percent federal funding match from the U.S. Department of Veterans Affairs. However, as of December 2023, DOH has not been officially approved for VA funding for the new construction at NMVH. The state construction appropriation of \$60 million may be reimbursed by federal revenue.

Public Health. The Public Health Program requested over \$4 million, including \$714.1 thousand for personnel, \$1.1 million for public health office operations and mobile public health services, \$980 thousand to pilot a prescription drug cost reduction program, and other operational costs.

In 2022, DOH released a report on alcohol misuse in New Mexico. The report found New Mexico had the highest alcohol-related death rate in the nation, nearly double the national rate in 2020. In 2020, 1,878 deaths in the state were due to alcohol. Additionally, excessive alcohol consumption can cause long-term health outcomes, such as heart disease, cancer, liver disease, physical injury, anxiety, and depression. Given the need to address alcohol misuse in the state, the Legislature appropriated \$2 million in general fund revenue for this purpose and \$3.5 million from the opioid settlement fund for medication assisted treatment (MAT). Substance misuse is a significant barrier for many state residents and the rate continues to increase. As of December 2023, the expansion for MAT services has yet to be operationalized; the department expects services to begin in early 2024.

The LFC recommendation supports an increase in general fund revenue of slightly over \$1 million for personnel, operational costs, and public health offices services.

Epidemiology and Response Program. The Epidemiology and Response Program requested a general fund revenue increase of \$1.9 million, or 13.6 percent. The request included \$1 million for the public health hotline due to a reduction in federal funds, \$100 thousand for vital records staff, and \$250 thousand to reduce the vacancy rate. The LFC general fund revenue recommendation supports the department request for the public health hotline and increases for personnel.

Medical Cannabis. The \$2.5 million in transfers from the Regulation and Licensing Department to Medical Cannabis program is from licensing fees. The requested transfer was flat with the FY24 operating budget, and the LFC recommendation supports the program's request.

Program Support. Program Support includes administrative services, such as human resources, general counsel, office of the secretary, financial services, and information technology. The program requested a general fund increase of \$3 million and an expansion of \$966.7 thousand, or nearly 46 percent. The majority of the request was to replace declining federal revenues, reduce the vacancy rate, and increase IT staff. Given the decreasing size of the department’s operational oversight responsibility, the LFC recommendation includes \$1.5 million to replace federal revenues and funds per-sonnel increases for IT and tribal liaison.

Base Expansion

The department requested two expansions for IT and public health offices. The LFC recommendation does not include funding for the expansions.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	New FTE	P001	966.7	0.0
0	New FTE	P002	1,605.4	0.0
TOTAL			\$2,572.1	\$0.0

ADMINISTRATION

The purpose of the administration program is to provide leadership, policy development, information technology, administrative and legal support to the department of health so it achieves a high level of accountability and excellence in services provided to the people of New Mexico.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025	2024-2025	
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,114.5	8,658.7	12,635.8	9,633.7	11.3
Other Transfers	10,678.4	564.3	815.5	815.5	44.5
Federal Revenues	10,730.0	9,909.8	9,027.9	9,027.9	(8.9)
Fund Balance	0.0	1,000.0	1,000.0	1,000.0	0.0
TOTAL SOURCES	\$27,522.9	\$20,132.8	\$23,479.2	\$20,477.1	1.7
USES					
Personal Services and Employee Benefits	13,770.2	16,829.7	19,867.8	16,936.5	0.6
Contractual services	811.6	1,507.8	1,085.5	1,085.5	(28.0)
Other	8,950.6	1,795.3	2,525.9	2,455.1	36.8
TOTAL USES	\$23,532.4	\$20,132.8	\$23,479.2	\$20,477.1	1.7
FTE					
Permanent	149.4	148.0	157.0	148.0	0.0
Term	21.0	31.0	31.0	31.0	0.0
TOTAL FTE	170.4	179.0	188.0	179.0	0.0

PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease preven-tion and health promotion to improve health status, reduce disparities and ensure timely access to quality, culturally competent healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	58,029.4	73,881.5	104,790.8	76,003.7	2.9
Other Transfers	20,887.9	20,291.8	27,850.3	26,195.8	29.1
Federal Revenues	97,279.8	108,019.8	154,502.1	108,019.8	0.0
Other Revenues	42,367.0	46,571.7	51,174.3	46,571.7	0.0
TOTAL SOURCES	\$218,564.1	\$248,764.8	\$338,317.5	\$256,791.0	3.2
USES					
Personal Services and Employee Benefits	57,462.3	68,687.7	112,178.6	69,665.1	1.4
Contractual services	60,414.2	79,608.4	104,084.6	80,567.2	1.2
Other	81,706.3	100,006.4	121,592.0	106,096.4	6.1
Other financing uses	462.3	462.3	462.3	462.3	0.0
TOTAL USES	\$200,045.1	\$248,764.8	\$338,317.5	\$256,791.0	3.2
FTE					
Permanent	370.2	251.0	424.0	251.0	0.0
Term	464.2	565.5	922.5	565.5	0.0
Temporary	0.0	0.0	1.0	1.0	0.0
TOTAL FTE	834.4	816.5	1,347.5	817.5	0.1

Recommended Language

The internal service funds/interagency transfers appropriations to the public health program of the department of health include five million four hundred thirty-five thousand two hundred dollars (\$5,435,200) from the tobacco settlement program fund for smoking cessation and prevention programs.

The general fund appropriation to the public health program of the department of health include one million five hundred thousand dollars (\$1,500,000) for services to address alcohol misuse.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Number of community members trained in evidence-based suicide prevention practices	853.0	775.0	700.0	700.0	700.0
Outcome	Percent of New Mexico adults who enroll in the quitnow program and successfully quit nicotine products at the 7-month follow up	0.0%	0.0%	NEW	30.0%	30.0%
Outcome	Percent of participants in the diabetes prevention program who reduced body weight between five and seven percent after completing the program	0.0%	0.0%	NEW	40.0%	40.0%
Outcome	Percent of retail pharmacies that dispense naloxone	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within fifteen calendar days	0.00%	86.10%	80.00%	80.00%	80.00%
Efficiency	Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within sixty calendar days	0.0%	96.9%	92.0%	90.0%	90.0%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	0.0%	97.8%	96.0%	95.0%	95.0%
Efficiency	Percent of registry identification cards issued within five business days of application approval	0.00%	99.99%	99.00%	99.00%	99.00%
Efficiency	Percent of registry identification cards issued within five business days of application approval	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of adolescents who use nicotine products	0%	NEW	N/A	N/A	N/A
Explanatory	Percent of adults who use nicotine products	0.0%	NEW	N/A	N/A	N/A
Explanatory	Rate of suicide per 100,000 population	0.0%	TBD	N/A	N/A	N/A
Outcome	Number of clients enrolled in the harm reduction program	NEW	12,000.0	10,000.0	10,000.0	10,000.0
Explanatory	Percent of adolescents who smoke	4%	4%	N/A	N/A	N/A
* Quality	Percent of female New Mexico department of health's public health office family planning clients, ages fifteen to nineteen, who were provided most or moderately effective contraceptives	86%	88%	88%	88%	88%
Explanatory	Percent of third-grade children who are considered obese	28.60%	28.00%	N/A	N/A	N/A
Explanatory	Percent of adults who smoke	16.10%	13.40%	N/A	N/A	N/A
Explanatory	Number of births to teens ages fifteen to nineteen per one thousand females ages fifteen to nineteen	TBD	TBD	N/A	N/A	N/A
Outcome	Number of participants in the national diabetes prevention program who were referred by a health care provider through the agency-sponsored referral system	57%	55%	57%	Discontinued	Discontinued
Outcome	Number of successful overdose reversals in the harm reduction program	3,420.0	3,025.0	3,200.0	3,200.0	3,200.0
Output	Percent of children in healthy kids, healthy communities with increased opportunities for healthy eating in public elementary schools	99.30%	92.00%	97.00%	97.00%	97.00%
Output	Percent of New Mexico adult cigarette smokers who access New Mexico department of health cessation services	1.88%	1.27%	2.60%	2.60%	2.60%
* Quality	Percent of school-based health centers funded by the department of health that demonstrate improvement in their primary care or behavioral healthcare focus area	91%	96%	95%	95%	95%
Outcome	Percent of older adults who have ever been vaccinated against pneumococcal disease	TBD	70.60%	75.00%	75.00%	75.00%
* Outcome	Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	66%	69%	66%	66%	66%
Output	Number of teens who successfully complete a youth development program to prevent unintended teen pregnancy	460.0	384.0	460.0	460.0	460.0

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events, prepare for health emergencies and provide emergency medical and vital registration services to New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,359.6	14,058.3	0.0	15,480.3	10.1
Other Transfers	1,271.5	973.0	0.0	761.0	(21.8)
Federal Revenues	44,145.0	48,798.8	0.0	40,957.8	(16.1)
Other Revenues	584.2	671.2	0.0	526.0	(21.6)
TOTAL SOURCES	\$58,360.3	\$64,501.3	\$0.0	\$57,725.1	(10.5)
USES					
Personal Services and Employee Benefits	19,682.9	36,161.9	0.0	27,582.4	(23.7)
Contractual services	25,694.5	20,269.0	0.0	21,945.2	8.3
Other	11,902.9	8,070.4	0.0	8,197.5	1.6
TOTAL USES	\$57,280.3	\$64,501.3	\$0.0	\$57,725.1	(10.5)
FTE					
Permanent	151.2	62.0	0.0	62.0	0.0
Term	154.8	300.0	0.0	300.0	0.0
Temporary	1.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	307.0	363.0	0.0	362.0	(0.3)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of substance use disorders patients in participating hospitals referred to peer support	NEW	NEW	50.0%	Discontinued	50.0%
Output	Number of people admitted to the emergency department of participating hospitals with a suicide attempt diagnosis	TBD	294.0	300.0	Discontinued	300.0
Explanatory	Percent of persons hospitalized for influenza who were treated with antivirals within 2 days of onset of illness	0.00%	11.80%	N/A	N/A	N/A
Quality	Percent of New Mexico hospitals certified for stroke care	20.00%	18.00%	24.00%	Discontinued	24.00%
* Explanatory	Drug overdose death rate per one hundred thousand population	TBD	TBD	N/A	N/A	N/A
* Explanatory	Alcohol-related death rate per one hundred thousand population	86.6	TBD	N/A	N/A	N/A
Explanatory	Rate of fall-related deaths per one hundred thousand adults, aged sixty-five years or older	TBD	TBD	N/A	N/A	N/A
Explanatory	Rate of heart disease and stroke (cardiovascular disease) deaths per one hundred thousand population	TBD	TBD	N/A	N/A	N/A
Explanatory	Percent of youth who were sexually assaulted in the last twelve months	11.90%	TBD	N/A	N/A	N/A
Explanatory	Rate of avoidable hospitalizations	655.4	TBD	N/A	N/A	N/A
Explanatory	Rate of heat related illness hospitalizations	TBD	TBD	N/A	N/A	N/A
Outcome	Percent of retail pharmacies that dispense naloxone	93%	97%	Discontinued	Discontinued	97%
Explanatory	Rate of suicide per 100,000 population	TBD	TBD	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent of persons hospitalized for influenza who were treated with antivirals within 2 days of onset of illness	17%	12%	N/A	N/A	N/A
Explanatory	Rate of pneumonia and influenza deaths per 100,000	TBD	TBD	N/A	N/A	N/A
Outcome	Number of older adults who participated in evidence-based falls prevention intervention program	TBD	444.0	800.0	Discontinued	800.0
Output	Number of youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	6,733.0	10,622.0	7,000.0	Discontinued	11,000.0
Outcome	Percent of hospitals with emergency department based self-harm secondary prevention programs	5%	3%	7%	Discontinued	7%
Outcome	Average time to provide birth certificate to customer	5.0	5.0	4.0	Discontinued	4.0
Outcome	Percent of death certificates completed by bureau of vital records & health statistics within ten days of death	50.00%	TBD	64.00%	Discontinued	65.00%
* Outcome	Percent of opioid patients also prescribed benzodiazepines	10%	9%	5%	Discontinued	5%
Outcome	Rate of persons receiving alcohol screening and brief intervention services per one hundred thousand population	TBD	25.30%	72.60%	Discontinued	73.00%
Output	Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	35.00%	33.00%	50.00%	Discontinued	40.00%
Outcome	Suicide rate per 100,000 population	N/A	N/A	N/A	N/A	N/A

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and scientific expertise for policy development for tax-supported public health, environment and toxicology programs in the state of New Mexico and to provide timely identification of threats to the health of New Mexicans.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,479.8	9,332.6	0.0	9,711.2	4.1
Other Transfers	1,427.3	787.4	0.0	893.5	13.5
Federal Revenues	4,240.8	5,143.7	0.0	5,524.5	7.4
Other Revenues	1,520.8	1,826.0	0.0	1,560.1	(14.6)
TOTAL SOURCES	\$15,668.7	\$17,089.7	\$0.0	\$17,689.3	3.5

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	9,519.7	11,130.1	0.0	10,156.1	(8.8)
Contractual services	653.7	861.7	0.0	919.4	6.7
Other	5,186.7	5,097.9	0.0	6,613.8	29.7
TOTAL USES	\$15,360.1	\$17,089.7	\$0.0	\$17,689.3	3.5
FTE					
Permanent	132.0	81.0	0.0	81.0	0.0
Term	48.0	57.0	0.0	57.0	0.0
TOTAL FTE	180.0	138.0	0.0	138.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Efficiency	Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within sixty calendar days	93.2%	96.9%	92.0%	Discontinued	97.0%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within fifteen calendar days	N/A	86.10%	80.00%	Discontinued	90.00%
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	98.30%	97.80%	96.00%	Discontinued	98.00%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are completed and reported to law enforcement within thirty calendar days	98.40%	99.00%	95.00%	Discontinued	99.00%

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral health-care services, including mental health, substance abuse, nursing home and rehabilitation programs in both facility- and community-based settings, and serve as the safety net for the citizens of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	68,673.0	79,099.3	87,603.8	84,875.7	7.3
Other Transfers	10,788.6	6,157.7	6,963.6	6,963.6	13.1
Federal Revenues	9,208.9	12,311.4	9,107.1	9,107.1	(26.0)
Other Revenues	62,494.2	93,562.3	74,198.0	74,198.0	(20.7)
TOTAL SOURCES	\$151,164.7	\$191,130.7	\$177,872.5	\$175,144.4	(8.4)

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	119,224.7	142,222.1	132,953.9	130,725.8	(8.1)
Contractual services	15,838.7	16,972.6	14,217.0	14,217.0	(16.2)
Other	23,853.2	31,936.0	30,701.6	30,201.6	(5.4)
TOTAL USES	\$158,916.6	\$191,130.7	\$177,872.5	\$175,144.4	(8.4)
FTE					
Permanent	1,981.0	1,908.5	1,908.5	1,908.5	0.0
Term	3.0	5.0	5.0	5.0	0.0
Temporary	32.0	0.0	0.0	0.0	0.0
TOTAL FTE	2,016.0	1,913.5	1,913.5	1,913.5	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Efficiency	Amount paid for direct care workers	NEW	\$64,497,898	\$10,000,000	\$10,000,000	\$10,000,000
Efficiency	Percent of eligible third-party revenue billed at all agency facilities	NEW	88.9%	98.0%	93.0%	93.0%
Efficiency	Percent of operational beds occupied	NEW	60.8%	80.0%	80.0%	80.0%
Explanatory	Number of referrals from judiciary	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of adolescents who complete the residential treatment program at sequoia adolescent treatment center	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of adolescents who complete the residential treatment program at sequoyah adolescent treatment center	NEW	12.5%	87.0%	87.0%	87.0%
Outcome	Percent of medication assisted treatment utilized in the treatment of tobacco addiction	NEW	0.0%	68.0%	68.0%	68.0%
Quality	Number of patients referred out of state	NEW	0.0	3.0	3.0	3.0
Quality	Number of patients transferred to emergency departments per one thousand patient days	NEW	0.0	4.0	4.0	4.0
Quality	Percent of long-stay residents who have a urinary tract infection	NEW	0.0%	1.5%	1.5%	1.5%
* Efficiency	Percent of eligible third-party revenue collected at all agency facilities	93%	89%	93%	93%	93%
Outcome	Percent of adolescent residents who successfully complete the center for adolescent relationship exploration program	58.00%	40.00%	80.00%	80.00%	80.00%
Output	Number of overtime hours worked	297,913.0	337,503.0	387,000.0	387,000.0	387,000.0
Quality	Number of medication errors causing harm per one thousand patient days within identified categories	\$0.2	0.0	1.0	0.0	0.0
Outcome	Percent of patients eligible for naloxone kits who received the kits	258%	52%	90%	90%	90%
Outcome	Percent of medication assisted treatment utilized in the management of alcohol use disorders while at turquoise lodge hospital	82.80%	72.88%	85.00%	85.00%	85.00%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Percent of medical detox occupancy at turquoise lodge hospital	69.00%	76.00%	80.00%	80.00%	80.00%
Efficiency	Percent of licensed beds occupied	52%	47%	80%	80%	80%
Output	Number of direct care contracted hours	88,392.0	148,528.0	218,000.0	218,000.0	218,000.0
Outcome	Percent of long-stay residents who are receiving antipsychotic drugs in the target period	4.20%	10.85%	5.00%	5.00%	5.00%
Quality	Percent of long-stay high-risk residents with stage II-IV or unstageable pressure ulcers	7.95%	0.00%	2.00%	2.00%	2.00%
Outcome	Percent of priority request for treatment clients who are provided an admission appointment to turquoise lodge hospital program within two days	79.00%	94.58%	80.00%	80.00%	80.00%
Outcome	Percent of medication assisted treatment utilized in the management of opioid use disorders while at turquoise lodge hospital	73.00%	100.00%	85.00%	85.00%	85.00%
Outcome	Percent of patients educated on medication assisted treatment options while receiving medical detox services	89.00%	82.75%	100.00%	100.00%	100.00%
Quality	Percent of in-house acquired pressure ulcers for long-term care residents - short stays	0.00%	6.65%	2.00%	2.00%	2.00%

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and support to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	183,053.2	194,119.0	0.0	0.0	(100.0)
Other Transfers	6,406.4	9,738.1	0.0	0.0	(100.0)
Other Revenues	212.2	184.6	0.0	0.0	(100.0)
TOTAL SOURCES	\$189,671.8	\$204,041.7	\$0.0	\$0.0	(100.0)
USES					
Personal Services and Employee Benefits	15,793.6	15,914.9	0.0	0.0	(100.0)
Contractual services	12,243.9	12,588.9	0.0	0.0	(100.0)
Other	4,583.8	8,479.5	0.0	0.0	(100.0)
Other financing uses	131,194.9	167,058.4	0.0	0.0	(100.0)
TOTAL USES	\$163,816.2	\$204,041.7	\$0.0	\$0.0	(100.0)
FTE					
Permanent	128.2	95.0	0.0	0.0	(100.0)
Term	78.0	97.0	0.0	0.0	(100.0)
TOTAL FTE	206.2	192.0	0.0	0.0	(100.0)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Quality	Number of home visits	NEW	0.0	1,250.0	Discontinued	Discontinued
Efficiency	Percent of developmental disabilities waiver applicants who have a service plan and budget in place within ninety days of income and clinical eligibility determination	96.30%	87.50%	95.00%	Discontinued	Discontinued
* Explanatory	Number of individuals receiving developmental disabilities waiver services	5,416.0	6,766.0	N/A	N/A	N/A
* Explanatory	Number of individuals on the developmental disabilities waiver waiting list	2,610.0	1,909.0	N/A	N/A	N/A
Outcome	Percent of general event reports in compliance with general events timely reporting requirements (two-day rule)	84.50%	90.40%	86.00%	Discontinued	Discontinued
Outcome	Percent of adults between ages twenty-two and sixty-two served on a developmental disabilities waiver (traditional or mi via) who receive employment supports	9.75%	9.49%	27.00%	Discontinued	Discontinued
Outcome	Percent of people receiving waiver services that have received their annual level of care assessment	TBD	TBD	98.0	Discontinued	Discontinued

HEALTH CERTIFICATION LICENSING AND OVERSIGHT

The purpose of the health certification, licensing and oversight program is to provide health facility licensing and certification surveys, community-based oversight and contract compliance surveys and a statewide incident management system so that people in New Mexico have access to quality healthcare and that vulnerable populations are safe from abuse, neglect and exploitation.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,906.6	10,047.9	0.0	0.0	(100.0)
Other Transfers	3,743.9	5,498.4	0.0	0.0	(100.0)
Federal Revenues	2,546.6	2,876.4	0.0	0.0	(100.0)
Other Revenues	2,320.1	1,913.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$15,517.2	\$20,335.7	\$0.0	\$0.0	(100.0)
USES					
Personal Services and Employee Benefits	13,594.6	17,379.0	0.0	0.0	(100.0)
Contractual services	885.8	922.5	0.0	0.0	(100.0)
Other	1,665.6	2,034.2	0.0	0.0	(100.0)
TOTAL USES	\$16,146.0	\$20,335.7	\$0.0	\$0.0	(100.0)
FTE					
Permanent	73.2	82.0	0.0	0.0	(100.0)
Term	104.0	121.0	0.0	0.0	(100.0)
TOTAL FTE	177.2	203.0	0.0	0.0	(100.0)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Percent of long-term care health facility survey statement of deficiencies (center for medicare and medicaid services form 2567/state form) distributed to the facility within ten days of survey exit	62.5%	0.0%	85.0%	Discontinued	Discontinued
Output	Percent of assisted living facilities complaint surveys initiated within required timeframes	NEW	0.0%	85.0%	Discontinued	Discontinued
Explanatory	Abuse rate for developmental disability waiver and mi via waiver clients	7.91%	9.80%	N/A	N/A	N/A
Explanatory	Re-abuse rate for developmental disabilities waiver and mi via waiver clients	TBD	0.00%	N/A	N/A	N/A
* Quality	Percent of abuse, neglect and exploitation investigations completed according to established timelines	95%	95%	95%	Discontinued	Discontinued
Output	Percent of quality management bureau 1915c home and community-based services waivers report of findings distributed within twenty-one working days from end of survey	90.60%	90.10%	90.00%	Discontinued	Discontinued
Output	Percent of acute and continuing care facility survey statement of deficiencies (center for medicare and medicaid services form 2567/ state form) distributed to the facility within ten days of survey exit	TBD	85.00%	0.00%	Discontinued	Discontinued
Output	Percent of incident management bureau-assigned investigations initiated within required timelines	95.40%	90.70%	92.00%	Discontinued	Discontinued
Output	Percent of assisted living health facility survey statement of deficiencies (CMS form 2567/state form) distributed to the facility within 10 days of survey exit	37.00%	64.00%	85.00%	Discontinued	Discontinued
Quality	Percent of nursing home incident reports submitted following participation in a division of health improvement training on reporting requirements	89.20%	90.00%	89.00%	Discontinued	Discontinued
Output	Number of caregiver criminal history screening appeal clearance recidivism/ re-offense (conviction) after a successful appeal	TBD	1.0	12.0	Discontinued	Discontinued
Quality	Percent of nursing home survey citation(s) upheld when reviewed by the centers for medicare and medicaid services and through informal dispute resolution process	88.00%	51.20%	90.00%	Discontinued	Discontinued

MEDICAL CANNABIS

The purpose of the medical cannabis program is to provide qualified patients with the means to legally and beneficially consume medical cannabis in a regulated system for alleviating symptoms caused by debilitating medical conditions and their medical treatments and to regulate a system of production and distribution of medical cannabis to ensure an adequate supply.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	2,602.7	2,516.5	0.0	2,516.5	0.0
TOTAL SOURCES	\$2,602.7	\$2,516.5	\$0.0	\$2,516.5	0.0
USES					
Personal Services and Employee Benefits	1,669.2	1,572.3	0.0	1,572.3	0.0
Contractual services	573.9	570.5	0.0	570.5	0.0
Other	329.8	373.7	0.0	373.7	0.0
TOTAL USES	\$2,572.9	\$2,516.5	\$0.0	\$2,516.5	0.0
FTE					
Permanent	2.0	0.0	0.0	0.0	0.0
Term	16.0	18.0	0.0	18.0	0.0
TOTAL FTE	18.0	18.0	0.0	18.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Number of patients currently enrolled in the medical cannabis program	0.0	0.0	0.0	0.0	99,600.0
Output	Number of presentations, conference sessions and workshops conducted to provide educational, law enforcement, medical professional and other community organizations with information and educational material regarding cannabis use	0.0	0.0	0.0	0.0	30.0
Quality	Percent of complete medical cannabis client applications approved or denied within thirty calendar days of receipt	0%	0%	0%	0%	99%
Efficiency	Percent of registry identification cards issued within five business days of application approval	0%	0%	0%	0%	99%

Statutory Authority

The Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, surface- and groundwater quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

Mission

The Department of Environment (NMED) preserves and protects surface- and groundwater, air quality, and land in New Mexico. The department also protects the safety and health of the state’s citizens by regulating, monitoring, and inspecting public facilities and establishments.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	18,572.4	25,487.7	34,639.7	26,752.4	5.0
Other Transfers	41,166.5	43,091.1	51,006.3	51,006.3	18.4
Federal Revenues	29,405.0	62,653.0	55,885.2	55,885.2	(10.8)
Other Revenues	53,540.6	38,250.2	44,447.9	44,447.9	16.2
Fund Balance	0.0	20,266.7	20,730.1	20,730.1	2.3
TOTAL SOURCES	\$142,684.5	\$189,748.7	\$206,709.2	\$198,821.9	4.8
USES					
Personal Services and Employee Benefits	50,182.9	72,136.6	80,107.1	72,732.8	0.8
Contractual services	13,744.0	42,950.9	41,248.6	41,239.5	(4.0)
Other	21,725.5	32,629.8	35,324.6	34,820.7	6.7
Other financing uses	36,335.1	42,031.4	48,778.9	48,778.9	16.1
Land of Enchantment Legacy Fund	0.0	0.0	1,250.0	1,250.0	0.0
TOTAL USES	\$121,987.5	\$189,748.7	\$206,709.2	\$198,821.9	4.8
FTE					
Permanent	364.2	304.6	268.8	268.8	(11.7)
Term	297.5	394.1	470.8	470.8	19.5
TOTAL FTE	661.7	698.7	739.6	739.6	5.9

At A Glance

The Environment Department (NMED) requested a total budget of \$206.7 million for FY25, nearly \$17 million, or 8.9 percent, more than the FY24 operating budget. NMED’s request increased general fund revenue by \$9.2 million, or 36 percent, for building lease costs and employee compensation. Including expansion requests, the agency increased revenue from other state sources by \$14.1 million, while federal revenue was reduced by \$6.8 million. The requested program expansions are entirely funded by federal and other state revenue, totaling \$4.9 million.

The LFC recommendation increases NMED’s general fund appropriation by \$1.3 million, or 5 percent, and supports the agency request for all other funding sources, including expansions. The general fund increase will allow NMED to stop drawing from an FY24 special appropriation intended for economic development initiatives to cover building lease expenses. LFC does not recommend increasing general fund revenue to supplant the federal and other state funds that support the agency’s personnel budget.

Budget Issues

Revenues. NMED relies heavily on special revenue from various application, certification, and permitting fees. The LFC recommendation includes \$116.2 million from other revenues, transfers, and fund balances. The agency requested, and LFC recommends, \$17.4 million from the corrective action fund (CAF) for the Petroleum Storage Tank Bureau, which administers the groundwater clean-up program the CAF is intended to support. NMED also uses the CAF for operating expenses in the Resource Management, Water Protection, and Environmental Health divisions. The LFC recommendation includes the agency’s request of \$6 million in CAF revenue for those other programs.

The largest component of NMED's FY25 budget request was a \$6.4 million general fund increase to replace special revenue and federal funds the agency is expected to use for a portion of employee salaries. When the General Appropriation Act includes across-the-board pay raises for state employees, the Department of Finance and Administration (DFA) calculates the amount of general fund revenue each state agency needs to implement those raises, and agency operating budgets are increased accordingly. DFA takes all funding sources into account so that the general fund adjustments are proportionate to the amount of general fund revenue that supports an agency's personnel costs; agencies are expected to supplement their general fund allocation with other available revenue sources. NMED disagrees with this methodology and requested recurring funding that would cover 100 percent of the cost of salary increases dating back to FY19 with general fund revenue.

LFC does not recommend the requested backfilling of employee raises with general fund revenue. The agency has not provided documentation showing that special revenue funds are unavailable due to insufficient balances or statutory limits that have been reached. Changes to the way the state determines general fund allocations for personnel costs would need to be considered in coordination with DFA for all state agencies that receive federal grants and other state revenues.

Water Protection. Since FY21, the Water Protection Program has worked to identify and address water contaminated with per- and polyfluoroalkyl substances (PFAS) and other emerging contaminants, provide technical assistance and training to more than 3,000 drinking water and wastewater utility operators, and contribute scientific analysis on the treatment and use of produced water for purposes outside the oil and gas sector to the New Mexico Produced Water Research Consortium. The program has also implemented rules to lower interest rates for water infrastructure loans and updating water quality management and monitoring plans.

LFC recommends a flat general fund appropriation for the Water Protection Program. Due to the recommended general fund increase and consolidation of all agency lease costs in the Resource Management Division, Water Protection should have approximately \$314.6 thousand no longer needed for leases available in FY25 for other program costs. The recommendation increases other transfers by \$1.3 million and reduces federal revenue by \$7.7 million, as the agency requested. Nine FTE are added for miscellaneous FTE corrections.

Resource Protection. Staff in the Resource Protection Division (RPD) are responsible for inspections of infectious waste generators, such as hospitals and healthcare clinics, which remained a high priority throughout the past several years amid the Covid-19 pandemic. RPD is also responsible for environmental monitoring of large hazardous material storage sites, including Los Alamos National Laboratory and the Waste Isolation Pilot Plant.

LFC recommends a flat general fund appropriation for RPD. Due to the recommended general fund increase and consolidation of all agency lease costs in the Resource Management Division, the program should have approximately \$782.3 thousand no longer needed for leases available in FY25 for other program costs. LFC recommends the requested adjustments to transfers and federal revenue, including an expansion request for the Hazardous Waste Bureau.

Environmental Protection. Due to the creation of a new program within NMED, the Environmental Protection Division now consists exclusively of the Air Quality Bureau, Radiation Control Bureau, and Climate Change Bureau and is primarily funded by self-generated revenue and federal grants. Other bureaus previously housed under Environmental Protection have been moved, along with associated revenues, to the new Environmental Health Division. In previous years, LFC did not support the creation of a new division due to the increased administrative costs generally associated with such a change, but NMED and the Department of Finance and Administration moved forward anyway.

The LFC recommendation supports the requested transfer of funds from the Environmental Protection Division to the Environmental Health Division and makes no other changes to the program's general fund appropriation. Due to the recommended general fund increase and consolidation of all agency lease costs in the Resource Management Division, the program should have approximately \$503.7 thousand no longer needed for leases available in FY25 for other program costs. LFC recommends the requested adjustments to transfers and federal revenue, including two expansion requests.

Environmental Health. The newly created Environmental Health Division (EHD) contains the Cannabis and Hemp Bureau, the Occupational Health and Safety Bureau, and the Environmental Health Bureau. These bureaus were previously part of the Environmental Protection Division (EPD) and oversee food safety, small onsite wastewater systems, and aquatic facilities. EHD's FY25 budget totaled \$18.4 million, including \$9.8 million from the general fund. The request transfers \$6.4 million in personnel costs from EPD, and includes an increase of \$3.3 million or 51.5 percent from the general fund. The committee recommendation funds the budget for this new division with \$7.9 million from the general fund, an increase of \$1.4 million, or 22 percent over FY24.

Resource Management. The Resource Management Division contains NMED’s Administrative Services Division, Office of General Counsel, Human Resources Bureau, Information Technology, and Office of Strategic Initiatives. The agency requested a general fund increase of \$4.3 million in this program, including \$2.9 million for building leases, currently funded by a combination of revenue from the general fund, other state funds, federal funds, and an FY24 special appropriation. The requested increase would cover nearly the entire amount of NMED’s lease costs, reported to be \$3.1 million in FY24. This would free up \$1.4 million in general fund resources currently being spent on leased space for general administrative costs in the Resource Management Division. It would also allow NMED to stop drawing from the FY24 special appropriation intended for economic development initiatives.

The LFC recommendation adds \$1.3 million from the general fund to fully replace the amount currently being spent on leases from the special appropriation. Because the agency is already using general fund appropriations for most of the remaining costs, LFC recommends shifting resources within the division to reflect that spending and align the budget with actual expenditures. To that end, the recommendation reallocates \$1 million in personnel funding and \$352.5 thousand in contracts and other costs to bring the increase for building leases to \$2.6 million. Despite these reallocations, the recommendation exceeds FY23 actual expenditures by \$2.5 million for personnel and \$646.4 thousand for contractual services.

Base Expansion

NMED requested six expansions to the base budget, totaling \$4.9 million with no general fund impact. LFC recommends all the requested expansion funding and FTEs.

The Resource Management program requested federal funds and internal service funds/interagency transfers for nine FTE in the Administrative Services Division. The new positions will help manage the agency’s increasing programmatic initiatives and funding opportunities and include a human resources professional, a health and safety coordinator, a compliance and enforcement officer, grant administrators, and financial managers.

Also, in the Resource Management program, internal service funds/interagency transfers for 1 FTE were requested for the Office of Information Technology. The requested program manager will assist with business application expansion, planning, and support for the agency. Additionally, three FTE were requested by the Office of General Counsel to perform compliance and enforcement work associated with the Environmental Crimes Task Force, which was initiated in early FY23. Federal funds and other transfers will support the three attorney positions.

In the Resource Protection Division, 12 FTE are requested in the Hazardous Waste Bureau to increase inspections and permits for hazardous waste facilities to ensure compliance with US Environmental Protection Agency requirements. The request will primarily be supported by revenue from permits and other fees collected by the bureau, which were increased in 2020. Some federal funding is also included in the request.

The Environmental Protection Division requested 11 FTE in the Air Quality Bureau to manage the increased workload associated with the robust oil and gas activity of the past several years. Staff will complete air quality permit applications, compliance reports and certifications, onsite inspections, and other enforcement activities. The entire request is supported by internal service funds/interagency transfers.

The Environmental Protection Division also requested 8 FTE in the Radiation Control Bureau, responsible for licensing and inspecting over 6,000 oil and gas sites across New Mexico. The increase in staff will allow the bureau to license 1,000 sites annually and inspect approximately 400 sites annually. The request is supported by internal service funds/interagency transfers.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	ASD FTE Request	P567	901.6	901.6
2	OIT FTE Request	P567	160.4	160.4
3	HWB FTE Request	P569	1,365.6	1,365.6
4	OGC FTE Request	P567	411.3	411.3
5	AQB FTE Request	P570	1,150.6	1,150.6
6	RCB FTE Request	P570	860.5	860.5
TOTAL			\$4,850.0	\$4,850.0

RESOURCE MANAGEMENT

The purpose of the resource management program is to provide overall leadership, administrative, legal and information management support to all programs within the department. This support allows the department to operate in the most responsible, efficient and effective manner so the public can receive the information it needs to hold the department accountable.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,397.4	5,581.2	9,890.3	6,845.9	22.7
Other Transfers	4,123.4	3,324.0	4,739.5	4,739.5	42.6
Federal Revenues	1,735.3	2,460.4	2,981.4	2,981.4	21.2
Other Revenues	0.1	0.0	0.0	0.0	0.0
Fund Balance	0.0	200.0	200.0	200.0	0.0
TOTAL SOURCES	\$9,256.2	\$11,565.6	\$17,811.2	\$14,766.8	27.7
USES					
Personal Services and Employee Benefits	6,982.9	8,981.8	12,012.1	9,445.1	5.2
Contractual services	655.1	1,155.2	1,310.6	1,301.5	12.7
Other	1,394.7	1,428.6	4,488.5	4,020.2	181.4
TOTAL USES	\$9,032.7	\$11,565.6	\$17,811.2	\$14,766.8	27.7
FTE					
Permanent	60.0	46.0	43.1	43.1	(6.3)
Term	36.3	39.3	55.3	55.3	40.6
TOTAL FTE	96.3	85.3	98.4	98.4	15.4

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Total dollars collected and transferred to the general fund resulting from successful prosecutions and/or settlements stemming from non-compliance with laws, rules or permits administered by the department	\$2,351,183	\$1,086,858	\$500,000	\$750,000	\$750,000
Output	Percent of department financial transactions completed online by the public or regulated community	18%	20%	50%	50%	50%

WATER PROTECTION

The purpose of the water protection program is to protect and preserve the ground, surface and drinking water resources of the state for present and future generations. The program also helps New Mexico communities develop sustainable and secure water, wastewater and solid waste infrastructure through funding, technical assistance and project oversight.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,078.5	6,956.0	8,543.2	6,956.0	0.0
Other Transfers	8,308.3	11,246.0	12,591.0	12,591.0	12.0
Federal Revenues	7,357.2	44,209.4	36,539.8	36,539.8	(17.3)
Other Revenues	247.9	100.0	100.0	100.0	0.0
TOTAL SOURCES	\$20,991.9	\$62,511.4	\$57,774.0	\$56,186.8	(10.1)
USES					
Personal Services and Employee Benefits	13,802.8	22,992.6	20,518.9	18,931.7	(17.7)
Contractual services	8,300.2	31,659.2	29,266.4	29,266.4	(7.6)
Other	3,902.3	7,717.1	6,509.8	6,509.8	(15.6)
Other financing uses	41.2	142.5	228.9	228.9	60.6
Land of Enchantment Legacy Fund	0.0	0.0	1,250.0	1,250.0	0.0
TOTAL USES	\$26,046.5	\$62,511.4	\$57,774.0	\$56,186.8	(10.1)
FTE					
Permanent	94.3	68.1	66.1	66.1	(3.0)
Term	94.8	123.2	123.2	123.2	0.0
TOTAL FTE	189.1	191.3	189.3	189.3	(1.0)

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Percent of surface water permittees with active/ongoing violations	0%	0%	N/A	N/A	N/A
* Output	Number of nonpoint source impaired waterbodies restored by the department relative to the number of impaired water bodies	1/4	1/3	1/4	1/4	1/4
Outcome	Reduction in nonpoint source sediment loading attributed to implementation of watershed restoration and on-the-ground improvement projects, in tons	394.0	2,165.0	900.0	1,000.0	1,000.0
Output	Percent of surface water permittees inspected	155%	145%	100%	100%	100%
Output	Number of superfund sites cleaned up as compared to the number of superfund sites remaining	0/0	0/2	0/0	0/2	1/5
Output	Number of new water infrastructure projects	114.0	157.0	115.0	115.0	115.0
Outcome	Percent of the population served safe and healthy drinking water	91%	90%	95%	95%	95%
Outcome	Number of community water system violations returned to compliance as a result of NMED assistance	144.0	89.0	500.0	150.0	150.0
Outcome	Number of drinking water systems serving drinking water that did not meet at least one standard compared to the total number of drinking water systems	230/6	236/6	200/6	200/6	200/6
Output	Percent of ground water permittees inspected	21%	18%	65%	65%	65%
Outcome	Percent of groundwater permittees in violation	10%	1%	8%	Discontinued	Discontinued

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Quantity of nutrient-based pollutants (nitrogen / phosphorus) reduced due to implementation of watershed restoration and on-the-ground improvement projects, in pounds	941.0	2,588.0	1,300.0	1,250.0	1,250.0
* Outcome	Percent of groundwater permittees in compliance	94%	98%	92%	92%	92%
Outcome	Number of brownfield acres of contaminated land cleaned up and available for reuse	44.0	645.0	20.0	5.0	20.0
Outcome	Percent of surface water permittees in compliance	42%	79%	85%	85%	85%
Output	Investments in water infrastructure, in dollars	\$31,017,102	\$50,720,000	\$30,000,000	\$30,000,000	\$30,000,000

RESOURCE PROTECTION DIVISION

The purpose of the resource protection program is to monitor and provide regulatory oversight of the generation, storage, transportation and disposal of wastes in New Mexico. The program also oversees the investigation and cleanup of environmental contamination covered by the Resource Conservation and Recovery Act.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,161.3	2,777.2	3,517.5	2,777.2	0.0
Other Transfers	9,635.2	10,323.3	11,221.4	11,221.4	8.7
Federal Revenues	3,587.3	5,552.9	5,902.5	5,902.5	6.3
TOTAL SOURCES	\$15,383.8	\$18,653.4	\$20,641.4	\$19,901.1	6.7
USES					
Personal Services and Employee Benefits	10,292.0	13,806.5	15,720.5	15,015.8	8.8
Contractual services	1,925.5	3,466.1	3,288.8	3,288.8	(5.1)
Other	1,640.8	1,380.8	1,632.1	1,596.5	15.6
TOTAL USES	\$13,858.3	\$18,653.4	\$20,641.4	\$19,901.1	6.7
FTE					
Permanent	54.6	34.0	35.0	35.0	2.9
Term	71.3	110.3	120.3	120.3	9.0
TOTAL FTE	125.9	144.3	155.3	155.3	7.6

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent of petroleum storage tank permittee inspections showing compliance	0%	0%	N/A	N/A	N/A
Explanatory	Percent of petroleum storage tank permittees with active/ongoing violations	0%	NEW	N/A	N/A	N/A
Output	Percent of petroleum storage tank permittees inspected	0%	NEW	0%	50%	50%
Outcome	Percent of solid waste facilities and infectious waste generators not in compliance with New Mexico solid waste rules.	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of hazardous waste facilities in compliance	58%	26%	90%	90%	90%
Output	Percent of solid and infectious waste management facilities inspected	47%	53%	85%	85%	85%
* Outcome	Percent of solid and infectious waste management facilities in compliance	96%	75%	90%	90%	90%
Outcome	Percent of hazardous waste facilities in violation	42%	1%	8%	5%	5%
Output	Percent of hazardous waste facilities inspected	4%	4%	15%	10%	15%
Output	Number of underground storage tank sites cleaned up compared to the total number of leaking underground petroleum storage tank sites remaining	20/9	19/9	20/9	850/0	20/9
Explanatory	Percent of solid and infectious waste management facilities in violation	5%	11%	N/A	N/A	N/A
Output	Number of completed cleanups of petroleum storage tank release sites that require no further action	1,964.0	2,005.0	1,976.0	2,050.0	2,050.0

ENVIRONMENTAL PROTECTION DIVISION

The purpose of the environmental protection program is to ensure New Mexicans breathe healthy air, to prevent and mitigate the impacts of climate change on the state's population and industries, and to protect the public from radiation-related risks. The program implements rules and initiatives that reduce greenhouse gas emissions, protect the public from environmental contaminants, and limit exposure to radon and radioactive materials.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,935.2	10,173.3	2,851.4	2,255.9	(77.8)
Other Transfers	16,199.6	18,197.8	15,950.1	15,950.1	(12.4)
Federal Revenues	2,529.1	6,168.3	4,146.2	4,146.2	(32.8)
Other Revenues	145.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$26,809.2	\$34,539.4	\$22,947.7	\$22,352.2	(35.3)

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	8,621.4	12,716.2	16,051.9	15,456.4	21.5
Contractual services	505.4	1,438.4	1,997.8	1,997.8	38.9
Other	2,547.5	4,165.5	4,898.0	4,898.0	17.6
TOTAL USES	\$11,674.3	\$18,320.1	\$22,947.7	\$22,352.2	22.0
FTE					
Permanent	73.9	156.5	31.0	31.0	(80.2)
Term	59.3	121.3	111.0	111.0	(8.5)
TOTAL FTE	133.2	277.8	142.0	142.0	(48.9)

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Number of liquid waste system violations resulting from complaints	0.0	0.0	N/A	N/A	N/A
Explanatory	Number of zero-emission vehicles registered in New Mexico.	0.0	0.0	N/A	N/A	N/A
Explanatory	Percent of cannabis and hemp permittee inspections showing compliance	0%	0%	N/A	N/A	N/A
Explanatory	Percent of cannabis and hemp permittees with active/ongoing violations	0%	0%	N/A	N/A	N/A
Outcome	Number of restaurants/food manufacturers that did not meet at least one standard compared to the total number of restaurants/food manufacturers.	N/A	N/A	N/A	N/A	N/A
Output	Percent of all employers inspected	0%	0%	0%	1%	1%
Output	Percent of cannabis and hemp permittees inspected	0%	0%	0%	85%	85%
Output	Percent of high-hazard employers' facilities inspected	0%	0%	0%	2%	2%
* Outcome	Percent of the population breathing air meeting federal health standards	98%	99%	95%	95%	95%
Outcome	Amount of nitrogen oxides emitted statewide, in tons	214,858.0	256,957.0	123,215.0	300,000.0	250,000.0
Output	Percent of air emitting sources inspected	20%	33%	50%	30%	50%
Outcome	Percent of ionizing/non-ionizing radiation sources in compliance	96%	96%	90%	90%	90%
Outcome	Amount of nitrogen oxides emitted illegally, in tons	197.0	102.0	6,000.0	100.0	100.0
Outcome	Percent of restaurants/food manufacturers in violation	41%	6%	15%	15%	15%
Output	Percent of ionizing/non-ionizing radiation sources inspected	13%	15%	85%	20%	20%
Outcome	Percent of new or modified liquid waste systems in violation	0%	2%	13%	10%	10%
Outcome	Percent of ionizing/non-ionizing radiation sources in violation	4%	0%	10%	10%	10%
Outcome	Amount of volatile organic compounds emitted statewide, in tons	270,583.0	290,068.0	90,986.0	350,000.0	250,000.0
Outcome	Percent of new or modified liquid waste systems in compliance	100%	98%	85%	85%	85%
Outcome	Percent of air emitting sources in compliance	70%	50%	85%	85%	85%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Percent of restaurants/food manufacturers inspected	90%	80%	90%	90%	90%
Output	Percent of new or modified liquid waste systems inspected	82%	86%	85%	85%	85%
Outcome	Amount of volatile organic compounds emitted illegally, in tons	933.0	540.0	4,500.0	500.0	500.0
Outcome	Percent of air emitting sources in violation	30%	0%	15%	15%	15%
* Outcome	Percent of employers inspected that did not meet occupational health and safety requirements for at least one standard	66%	64%	55%	55%	55%
Outcome	Percent of restaurants/food manufacturers in compliance	59%	70%	88%	88%	88%

ENVIRONMENTAL HEALTH DIVISION

The purpose of the environmental health program is to protect the public from environmental health hazards by providing regulatory oversight of food service and food processing facilities, hemp-finished products, adult use and medical edible cannabis products, public swimming pools and spas, and liquid waste systems. The program also ensures every employee has safe working conditions, enforcing occupational health and safety standards to prevent workplace illnesses, injuries, and fatalities.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	9,837.3	7,917.4	0.0
Other Transfers	0.0	0.0	6,504.3	6,504.3	0.0
Federal Revenues	0.0	0.0	2,053.3	2,053.3	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$18,394.9	\$16,475.0	0.0
USES					
Personal Services and Employee Benefits	10,483.7	13,639.5	15,803.7	13,883.8	1.8
Contractual services	411.7	242.0	395.0	395.0	63.2
Other	2,058.0	2,337.8	2,196.2	2,196.2	(6.1)
TOTAL USES	\$12,953.4	\$16,219.3	\$18,394.9	\$16,475.0	1.6
FTE					
Permanent	81.4	0.0	93.7	93.7	0.0
Term	36.0	0.0	61.1	61.1	0.0
TOTAL FTE	117.4	0.0	154.8	154.8	0.0

SPECIAL REVENUE FUNDS

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
SOURCES					
Other Transfers	2,900.0	0.0	0.0	0.0	0.0
Federal Revenues	14,196.0	4,262.0	4,262.0	4,262.0	0.0
Other Revenues	53,147.3	38,150.2	44,347.9	44,347.9	16.2
Fund Balance	0.0	20,066.7	20,530.1	20,530.1	2.3
TOTAL SOURCES	\$70,243.3	\$62,478.9	\$69,140.0	\$69,140.0	10.7
USES					
Contractual services	1,946.0	4,990.0	4,990.0	4,990.0	0.0
Other	10,182.1	15,600.0	15,600.0	15,600.0	0.0
Other financing uses	36,293.8	41,888.9	48,550.0	48,550.0	15.9
TOTAL USES	\$48,421.9	\$62,478.9	\$69,140.0	\$69,140.0	10.7

Statutory Authority

The Office of the Natural Resources Trustee (ONRT) was created by Sections 75-7-1 through 75-7-5 NMSA 1978. To carry out the statutorily required responsibilities, ONRT is authorized to assess natural resource damages throughout the state, negotiate and settle damage claims, and manage natural resource restoration plans. Settlements paid by responsible parties into the natural resources trustee fund are used to fund the costs of natural resource restoration activities. The natural resources trustee fund is also used as the repository for settlement monies reimbursed to the agency for actual costs incurred by the agency in the investigation, recovery, and settlement process. ONRT is administratively attached to the Environment Department.

Mission

The Office of the Natural Resources Trustee is charged with restoring or replacing natural resources or resource services damaged by hazardous substances released into the environment or oil discharges into water. Natural resources include air, surface water, groundwater, and biological and geological resources.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	623.6	693.4	762.6	721.5	4.1
Other Transfers	541.7	0.0	0.0	0.0	0.0
Other Revenues	2,444.6	0.0	0.0	0.0	0.0
Fund Balance	0.0	4,505.0	10,000.0	10,000.0	122.0
TOTAL SOURCES	\$3,609.9	\$5,198.4	\$10,762.6	\$10,721.5	106.2
USES					
Personal Services and Employee Benefits	485.1	657.4	700.4	670.5	2.0
Contractual services	2,961.8	4,500.0	10,000.0	10,000.0	122.2
Other	50.7	41.0	62.2	51.0	24.4
TOTAL USES	\$3,497.6	\$5,198.4	\$10,762.6	\$10,721.5	106.2
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE	5.0	5.0	5.0	5.0	0.0

At A Glance

ONRT requested a 10 percent increase in its general fund appropriation for FY25, \$69.2 thousand more than its FY24 budget, and a 122 percent, or \$5.5 million, increase in transfers from the balance in the natural resources trustee fund. LFC recommends the increase in the transfer from the agency's fund, substantially boosted by recent large settlement payments from polluters, but recommends a smaller increase for the general fund appropriation of \$28.1 thousand, a 4.1 percent increase over FY24.

Budget Issues

For FY25, ONRT requested a total budget of \$10.8 million, made up of \$762.6 thousand from the general fund and \$10 million from the natural resources trustee fund for damage assessment and restoration, for a total increase of 107 percent. While the recommendation supports the request for the appropriation from the trust fund, it provides for a smaller increase from the general fund, resulting in a total increase of 106.2 percent.

ONRT, which generally spends about 90 percent of its general fund appropriation on staff, sought a 6.5 percent increase for personnel for FY25, or \$43 thousand more than the \$657.4 thousand in the FY24 operating budget. In FY23—which started with the agency having just one of five positions filled—the agency underspent its personnel budget by \$150.6 thousand and transferred \$132 thousand of its personnel budget to other uses to buy equipment and supplies it said it needed for a return to in-person work. Now fully staffed, ONRT is expected to overspend its FY24 personnel budget by \$32.7 thousand, an indication agency management hired more staff or staff at higher rates than it could afford. LFC recommends a \$13.1 thousand, or 2 percent, increase for personnel for FY25.

ONRT's request for the other uses category was a 52 percent increase in funding for other uses, an increase of \$21.2 thousand to cover higher office space and vehicle lease costs. The recommendation provides for a \$10 thousand, or 24.4 percent, increase for other uses.

ONRT's request for a \$10 million transfer from the trust fund reflects substantial increases in the balance as a result of legal settlements totaling almost \$15 million in FY22 and FY23 related to the Gold King Mine spill in the Animas River Basin and Fort Wingate hazardous waste contamination near Gallup. Under both federal and state law, restoration dollars in the trustee fund must be spent on restoration projects specifically tied to the individual settlement. If a project is delayed, the money remains in the fund.

The agency projects another nearly \$11 million in settlements will be deposited into the fund in FY24, for an estimated \$14.7 million balance at the end of FY24. With the requested spending level, the balance would be an estimated \$5.77 million at the end of FY25. The recommendation supports the request for \$10 million in transfers from the fund in FY25.

Agency Activity. In 2023, the agency received a \$1 million special appropriation to increase the revolving damage assessment fund, which accelerated four damage assessments, including the National Aeronautics and Space Administration's White Sands Test Facility, the Rio Algom Mill and Nine Mines in McKinley County, and the Los Alamos National Laboratory. The agency initiated 10 new projects using funding from the Gold King Mine Settlement and began assessing damage to natural resources in the San Mateo Creek Basin in Cibola and McKinley counties and at federal installations with known contamination from the group of chemicals known as PFAS, including the Cannon and Holloman Air Force bases. ONRT completed two multi-year restoration projects, continued work on eight projects, and initiated 10 new projects in late FY23.

ONRT encountered delays and cost increases on some restoration projects due to staffing issues with project partners, availability of contractors, and supply chain issues. As a result, some restoration projects have proceeded slower than expected.

ONRT reports general fund appropriations to the agency have historically generated a positive return on investment through the generation of damage settlements and assessment cost reimbursements, with a 12-to-1 return over the past three years. However, the agency has sometimes supplemented its general fund appropriation for operations with trust fund balance intended for assessments, an approach ONRT said can hinder its ability to initiate new cases and conflicts with state statute requiring the use of general fund moneys for ONRT personnel and administrative costs.

Performance. The agency had a clean audit for FY22 and met its performance target for acreage benefiting from restoration. It fell slightly under the target for its other measure, "number of acre-feet of water conserved, restored or protected." It requested, and the recommendation supports, a small increase in its target for habitat restoration. The agency also requested a small cut in its target for water conserved, restored, or protected, which the recommendation does not support.

OFFICE OF NATURAL RESOURCES TRUSTEE

The purpose of the natural resource damage assessment and restoration program is to restore or replace natural resources injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Number of acres of habitat benefiting from restoration	12,894.0	12,898.0	12,750.0	12,800.0	12,800.0
Outcome	Number of acre-feet of water conserved, restored or protected	1,084.0	1,080.0	1,100.0	1,000.0	1,100.0

Statutory Authority

Sections 9-22-1 through 9-22-20 NMSA 1978 establish the Veterans' Services Department (VSD). The secretary is appointed by the governor with confirmation by the Senate. The department consists of the Field Services, State Benefits, and Administrative Services divisions. The Veterans' Services Advisory Board consists of five members appointed by the governor from different geographical regions of the state to advise the secretary and department staff on matters of interest to New Mexico veterans.

Mission

VSD disseminates information regarding laws beneficial to veterans, their surviving spouses, and dependent children; assists veterans and their dependents in the preparation and initiation of claims against the United States as a result of military service; and assists veterans, their surviving spouses, and their children in establishing the benefits and privileges to which they are entitled.

The department supports 180 thousand veterans statewide through outreach services in the department's 19 field offices and contractors who serve rural, women and Native American veterans. The agency administers the Military Honors Program ensuring deceased veterans are provided a military funeral complete with bugler and flag ceremony.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,696.8	7,178.0	13,271.6	7,539.0	5.0
Other Transfers	303.3	0.0	0.0	0.0	0.0
Federal Revenues	684.5	808.4	923.9	923.9	14.3
Other Revenues	594.0	250.0	275.0	275.0	10.0
Fund Balance	0.0	100.0	0.0	200.0	100.0
TOTAL SOURCES	\$7,278.6	\$8,336.4	\$14,470.5	\$8,937.9	7.2
USES					
Personal Services and Employee Benefits	4,950.6	6,009.0	9,400.1	6,274.0	4.4
Contractual services	747.8	1,185.1	2,705.1	1,475.6	24.5
Other	985.6	1,142.3	2,365.3	1,188.3	4.0
TOTAL USES	\$6,684.0	\$8,336.4	\$14,470.5	\$8,937.9	7.2
FTE					
Permanent	73.0	69.0	96.0	73.0	5.8
Term	2.0	5.0	4.0	4.0	(20.0)
TOTAL FTE	75.0	74.0	100.0	77.0	4.1

At A Glance

The Veterans' Services Department (VSD) request for general fund revenue was a nearly \$4.1 million increase in the base and an expansion of \$2 million, for a total increase of 85 percent above the FY24 operating budget. In the recently closed fiscal year, FY23, the department spent \$6.7 million of their \$7.3 million operating budget, or 8 percent below the operating budget. After returning operations of the Truth or Consequences Veterans' Home to the Department of Health in FY20, the Veterans' Services Department is focusing on the department's traditional mission to provide outreach and assistance to New Mexico veterans and operation of state veteran cemeteries. The committee recommendation includes a general fund increase of 5 percent or \$361 thousand and increases fund balances to \$200 thousand, for a total increase of 7.2 percent for three additional veterans' services officers and transportation services.

Budget Issues

The agency request primarily increased personnel spending to reduce the vacancy rate and an expansion for 26 additional veterans services officers (VSOs). In total, the department has 29 VSOs and four were vacant as of October 2023. The FY24 operating budget has an estimated \$263 thousand for vacant positions, a funded vacancy rate of nearly 7.8 percent. The LFC recommendation increases personnel funding by \$265 thousand and three FTE in the base for additional VSOs. The LFC recommendation supports the agency federal revenue request, which includes a federal grant for veteran transportation. In addition, the LFC recommendation increases revenue from fund balances by \$100 thousand and general fund by \$50 thousand to expand veteran transportation services. Currently, the department provides transportation in 15 highly rural counties and for seven tribal localities.

Veterans' Cemeteries. The department has successfully completed the construction of the Fort Stanton Veterans' Cemetery in 2017 and the Gallup Veterans' Cemetery in 2018. The Angel Fire cemetery, situated adjacent to the Vietnam Veterans' Memorial, commenced operations in 2020. As of October 2023, ongoing capital projects at these cemeteries include the construction of a noise-reduction wall at the Angel Fire location, with the department aiming to open the cemetery in spring 2024. While most of the cemetery construction is funded by the federal government, the state is responsible for the subsequent operation and maintenance of these facilities, resulting in long-term financial demands on the state.

Base Expansion

While not included in the expansion request, the LFC recommendation includes \$265 thousand and three FTE in the base for additional VSOs.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	FTE Expansion	P726	2,026.8	0.0
TOTAL			\$2,026.8	\$0.0

VETERANS' SERVICES DEPARTMENT

The purpose of the veterans' services program is to carry out the mandates of the New Mexico legislature and the governor to provide information and assistance to veterans and their eligible dependents to obtain the benefits to which they are entitled to improve their quality of life.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,696.8	7,178.0	13,271.6	7,539.0	5.0
Other Transfers	303.3	0.0	0.0	0.0	0.0
Federal Revenues	684.5	808.4	923.9	923.9	14.3
Other Revenues	594.0	250.0	275.0	275.0	10.0
Fund Balance	0.0	100.0	0.0	200.0	100.0
TOTAL SOURCES	\$7,278.6	\$8,336.4	\$14,470.5	\$8,937.9	7.2
USES					
Personal Services and Employee Benefits	4,950.6	6,009.0	9,400.1	6,274.0	4.4
Contractual services	747.8	1,185.1	2,705.1	1,475.6	24.5
Other	985.6	1,142.3	2,365.3	1,188.3	4.0
TOTAL USES	\$6,684.0	\$8,336.4	\$14,470.5	\$8,937.9	7.2
FTE					
Permanent	73.0	69.0	96.0	73.0	5.8
Term	2.0	5.0	4.0	4.0	(20.0)
TOTAL FTE	75.0	74.0	100.0	77.0	4.1

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of eligible deceased veterans and family members interred in a regional state veterans cemetery	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of honor guard services provided for veterans and their families	0.0	NEW	N/A	N/A	N/A
Outcome	Total dollar amount of approved federal compensation and pension claims	\$0.0	NEW	\$0.0	\$1,190.0	\$1,190.0
Output	Number of claims processed for a veteran to receive federal benefits	0.0	NEW	0.0	5,700.0	5,700.0
Output	Number of claims processed for a veteran to receive state benefits	0.0	NEW	0.0	9,000.0	9,000.0
Output	Number of community meetings and events attended by the agency to assist and support veterans and their families	\$0.0	NEW	\$0.0	\$150.0	\$150.0
Output	Number of outreach referrals received for healthcare coordination	0.0	NEW	0.0	175.0	175.0
* Quality	Percent of veterans surveyed who rate the services provided by the agency as satisfactory or above	82%	89%	95%	95%	95%
* Explanatory	Number of veterans and families of veterans served by veterans' services department field offices	6,209.0	7,170.0	N/A	N/A	N/A

Statutory Authority

The Office of Family Representation and Advocacy is authorized under Section 32A-27-1 through Section 32A-27-13 NMSA 1978. The office is governed by a commission consisting of 13 members, including three members appointed by the governor, five members appointed by the chief justice of the Supreme Court, one member appointed by the speaker of the House of Representatives, one member appointed by the president pro tem of the Senate, and several other members representing higher education institutions and the public.

The office appoints, compensates, evaluates, and retains attorneys and other staff to provide legal representation for eligible adults under the Fostering Connections Act, Section 32A-26-1 NMSA 1978, and for children and parents, custodians, or guardians whose children are, or are at risk of being placed, in the legal custody of the Children, Youth and Families Department.

Mission

The mission of the Office of Family Representation and Advocacy (OFRA) is to provide high-quality legal representation for children, youth, parents, and guardians in child abuse and neglect legal proceedings with the goal of safe and timely permanency, either through reunification, adoption, or independence for youth aging out of the child welfare system.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	7,530.0	16,475.4	8,819.9	17.1
Other Transfers	0.0	1,500.0	5,616.1	2,766.1	84.4
Federal Revenues	0.0	1,500.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$0.0	\$10,530.0	\$22,091.5	\$11,586.0	10.0
USES					
Personal Services and Employee Benefits	0.0	6,194.0	10,890.7	6,194.0	0.0
Contractual services	0.0	3,891.7	9,296.1	4,470.4	14.9
Other	0.0	444.3	1,904.7	921.6	107.4
TOTAL USES	\$0.0	\$10,530.0	\$22,091.5	\$11,586.0	10.0
FTE					
Permanent	6.0	49.0	79.0	49.0	0.0
TOTAL FTE	6.0	49.0	79.0	49.0	0.0

At A Glance

OFRA requested an FY25 budget of \$22.1 million, an increase of 110 percent over the FY24 operating budget, and the first year the office operated independently. The request included \$16.5 million from the general fund, a 119 percent increase over the FY24 operating budget. The agency's FY25 request included \$2.5 million in expansion for 30 FTE to implement multidisciplinary teams in two field offices.

LFC recommends an FY25 operating budget of \$11.6 million, a 10 percent increase over the FY24 operating budget, as the new organization scales over time. In addition, LFC recommends a multiyear, nonrecurring special appropriation of \$8.2 million, with \$6.5 million from the general fund and \$1.7 million from Title IV-E funds, available over four years, to hire multidisciplinary team staff, pilot the multidisciplinary services approach in two field offices in Albuquerque and Las Cruces, and conduct an evaluation of outcomes before attempting to scale the model statewide.

Budget Issues

Senate Joint Memorial 19 in 2019 requested the Administrative Office of the Courts convene a family representation task force to recommend models for legal representation of children and parents in children's court proceedings for abuse and neglect proceedings to improve outcomes. The taskforce published a report and recommended the state create an independent agency, develop interdisciplinary legal team services, create infrastructure to support legal representation, phasing in implementation. The taskforce report calculated that creating the agency would result in annual savings to the child welfare system ranging from \$4.9 million to \$11.7 million. The stated goal of creating the office was to improve permanency, safety, and child and family well-being among families engaged in the child welfare system. The report cited several studies from other states, including one where a similar office in Washington State led to increased speed to reunification, adoption, or guardianship. Reductions in time to adoption and guardianship reduced average duration in foster care and saved state governments money.

The Office of Family Representation and Advocacy (OFRA) was created as a standalone agency during the 2022 legislative session, and a 13-member commission was appointed to oversee the organization, as required by statute. FY24 was the first year the office requested a budget and operated separately from the Administrative Office of the Courts (AOC), where the Office of Family Representation was previously housed. The commission hired an executive director in 2023 and began operations in July 2023. In FY24, the agency had an operating budget of \$10.5 million and 49 FTE, including agency leadership and administrative staff and permanent attorneys.

In FY24, OFRA reported significant increases in CYFD case filings as well as budget assumptions about federal funds that were not available to the office would result in an FY24 budget shortfall. The agency projected contract attorney costs would reach roughly \$9 million in FY24, and the agency used budget adjustment authority to transfer funds from personnel and other expenses into contracts, forgoing hiring and the establishment of field offices. In addition, the agency applied for and received \$1.5 million in emergency funding from the State Board of Finance. As of October 2023, the agency had hired 6 FTE in agency leadership positions and planned to hire between 11 and 17 more FTE in FY24. Because the agency was in its first year and still statutorily required to provide legal representation to children, youth, and respondents whose children are placed in CYFD custody, the agency primarily delivered legal representation through contract attorneys.

The agency request included nearly \$9 million in contract attorney costs. Given the agency intends to hire permanent attorneys, these costs may be duplicative. LFC's recommendation assumes staff attorneys will cover roughly 35 percent of cases in FY25. Given these assumptions, LFC recommends contractual services spending at roughly 65 percent of the contract expenses of the former AOC program. The committee recommendation includes full budget adjustment authority and revisiting the budget next year, as the agency continues to hire staff and scale over time.

The LFC recommendation increases the agency's base budget by \$1 million, or 10 percent, assuming the agency will have increased infrastructure and administrative costs associated with scaling a new organization, including training, travel, and IT expenses for new staff and two field offices in Albuquerque and Las Cruces. However, LFC's recommendation does not assume other costs as high as the agency requested.

LFC recommended the increase in personnel spending and creation of OFRA in FY24 because the committee supports the office's goal of reducing the number of contract attorneys and increasing the number of more specialized and better trained legal teams. Given the tight labor market, the need for more skilled labor in New Mexico, and the processes involved with establishing a new organization and hiring, the office is unlikely to fill 80 FTE in FY25 as requested. The office may struggle to fill the 49 FTE LFC recommends in the FY25 budget and may require budget adjustments throughout the year, transferring between personnel and contractual services to provide legal representation for clients. Overall, LFC's recommendation includes fewer administrative and supervisory positions than requested.

The office's request assumed unavailable federal funds would be replaced with general fund, and LFC's recommendation includes an increase in general fund for this reason. The agency should also be able to receive federal Title IV-E funds for providing legal representation for eligible clients, and federal funds match roughly \$1 for every \$3 in state funds. The federal Administration of Children and Families (ACF) encourages and allows states to use Title IV-E foster care services revenue to provide high-quality legal representation to children, youth, and families in foster care. ACF reports high-quality legal representation may include multidisciplinary teams to support children, youth, and respondents, and such strategies have been shown to reduce time to permanency decisions and reduce time in foster care, ultimately saving state governments money.

In addition, the committee recommendation assumes a special, nonrecurring appropriation of \$8.2 million to be expended over four years to be used to hire multidisciplinary staff, pilot the interdisciplinary model in two field offices (Albuquerque and Las Cruces), and conduct an outcome evaluation of program outcomes before attempting to scale the model statewide.

LFC recommends the office add performance measures related to increased time to permanency through reunification, adoption, and guardianship in FY25.

Base Expansion

OFRA requested \$2.5 million in expansion to hire 30 FTE, including multidisciplinary team and other agency staff.

LFC recommends a nonrecurring special appropriation to pilot and evaluate the multidisciplinary model in two field offices over four years before implementing the model statewide and moving associated costs into the organization's base budget.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	OFRA 30 New FTE Request	P792	2,540.9	0.0
TOTAL			\$2,540.9	\$0.0

OFC OF FAMILY REP AND ADVOCACY

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		Percent Inc (Decr)
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	7,530.0	16,475.4	8,819.9	17.1
Other Transfers	0.0	1,500.0	5,616.1	2,766.1	84.4
Federal Revenues	0.0	1,500.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$0.0	\$10,530.0	\$22,091.5	\$11,586.0	10.0
USES					
Personal Services and Employee Benefits	0.0	6,194.0	10,890.7	6,194.0	0.0
Contractual services	0.0	3,891.7	9,296.1	4,470.4	14.9
Other	0.0	444.3	1,904.7	921.6	107.4
TOTAL USES	\$0.0	\$10,530.0	\$22,091.5	\$11,586.0	10.0
FTE					
Permanent	6.0	49.0	79.0	49.0	0.0
TOTAL FTE	6.0	49.0	79.0	49.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Average reduction in time to reunification for children whose parent, guardian or custodian received interdisciplinary legal services from a family peer support navigator or licensed master social worker compared to those whose parent, guardian or custodian did not receive these services	0%	NEW	NEW	7%	7%
Output	Number of respondents who receive services from a family peer support navigator	0.0	NEW	NEW	120.0	120.0
Output	Percentage of hearings where client and attorney spoke at least once prior to the day of the hearing	0%	NEW	NEW	75%	75%

Statutory Authority

The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Sections 9-2A-1 through 9-2A-18 NMSA 1978. The department is responsible for state policies and programs to support children, youth, and families in need in such a manner as to promote self-sufficiency and to coordinate an integrated system of care and services for children, youth, and families among the various state agencies.

Mission

The mission of the Children, Youth and Families Department is to serve and support children and families and supervise youth in a responsive community-based system of care that is client-centered, family-focused, and culturally competent.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	230,029.2	254,840.0	293,065.7	257,359.2	1.0
Other Transfers	19,316.1	21,041.0	21,811.1	23,037.0	9.5
Federal Revenues	78,901.0	98,249.9	103,084.3	98,283.3	0.0
Other Revenues	2,204.0	4,601.4	2,902.9	2,403.0	(47.8)
Fund Balance	0.0	5,782.4	5,704.2	5,704.2	(1.4)
TOTAL SOURCES	\$330,450.3	\$384,514.7	\$426,568.2	\$386,786.7	0.6
USES					
Personal Services and Employee Benefits	153,627.0	179,707.0	193,336.8	180,979.0	0.7
Contractual services	85,704.3	114,777.6	135,516.2	114,777.7	0.0
Other	86,660.8	90,030.1	97,715.2	91,030.0	1.1
TOTAL USES	\$325,992.1	\$384,514.7	\$426,568.2	\$386,786.7	0.6
FTE					
Permanent	2,142.0	2,203.5	2,324.5	2,209.5	0.3
Term	8.0	16.0	17.0	16.0	0.0
Temporary	5.0	6.0	6.0	6.0	0.0
TOTAL FTE	2,155.0	2,225.5	2,347.5	2,231.5	0.3

At A Glance

The agency’s FY25 budget request of \$426.6 million, or a 10.9 percent increase over FY24, included a general fund revenue increase of \$38.2 million, a 15 percent increase. CYFD’s budget request included a reorganization and creation of a new program, Family Services, to focus on prevention and early intervention, as well as 70 additional FTE in the Protective Services Division and increases for foster care payments. Other requested increases included additional FTE for Program Support, or the administration of the agency, as well as additional FTE for tribal liaisons to address *Kevin S.* settlement commitments and for the Comprehensive Addiction and Recovery Act (CARA) program. Overall, the agency requested 122 additional FTE.

The FY25 committee recommendation seeks to improve child outcomes by aligning the department’s budget with national child welfare best practices and trends that prioritize evidence-based strategies for maximizing family unity and preventing the use of foster care, when appropriate, to be consistent with improvements in response to the *Kevin S.* settlement. At the same time, the recommendation considers resources available to the department that have gone unused as the agency’s budget has grown in recent years. The LFC recommendation for the department’s operating budget totals \$386.8 million, a 1 percent increase over the FY24 operating budget and includes an increase of \$2.5 million from the general fund. The committee recommendation continues to leverage federal funds and increases the use of Temporary Assistance of Needy Families (TANF) revenue to \$17.8 million to boost investments in evidence-based prevention and intervention, as well as to support youth transitioning from foster care. In addition, the committee recommendation includes \$20.1 million in nonrecurring, multi-year special appropriations to CYFD, targeted to evidence-based levers for child welfare system improvement: workforce development, expansion of a differential or multi-level responses to reports of child maltreatment, investments to address root causes and increase evidence-based prevention and early intervention, and the strengthening of mechanisms for oversight, accountability, and compliance. These multi-year investments provide a bridge and should be targeted to starting and expanding evidence-based approaches, many of which should be covered by federal funds, including federal Title IV-E Families First Prevention Services Act (FFPSA) and Medicaid, in the future.

Budget Issues

Between FY21 and FY24, CYFD's operating budget increased from \$282.5 million to \$384.5 million (36 percent). During this period, however, the agency has had significant reversions, with a total of \$34.7 million in FY22. In FY23, actual spending was \$325.9 million, roughly \$20.5 million less than the FY23 operating budget and roughly \$100 million less than the department's FY25 operating budget request. A high vacancy rate has likely contributed to resources going unspent.

Between FY21 and FY24, approved FTE at CYFD grew from 2,173.3 to 2,225.5. However, headcount at the agency has remained around 1,600 in the last year, and CYFD's vacancy rate was 27.3 percent as of November 2023.

Protective Services. The agency's budget request included a significant reorganization, carving out prevention and early intervention services from the Protective Services Program into a new Family Services Program. While the LFC recommendation prioritizes investments in prevention and intervention, the recommendation does not support an agency reorganization and creation of a new program because of the associated increases to administrative costs and potential to create a fragmented system within a large agency.

The Protective Services request included \$35.2 million for expansion, with \$30.4 million from general fund revenue, to fund 70 additional caseworker FTE, backfill federal revenue associated with increased pandemic-era federal revenue and social security benefit payments used to fund youth care and support, expand the Fostering Connections program, which supports youth aging out of foster care, and fund increases for the director's office.

The LFC recommendation generally does not support the expansion request within the operating budget. The Protective Services Program personnel budget provides sufficient funds to fill 85 additional FTE within the Protective Services Program. In FY24, the Legislature provided the department with funding to make salary adjustments and ensure the internal alignment of caseworker salaries and to fill 60 full-time positions. In addition, the Legislature never reduced state funding or took credit for increased federal revenue during the pandemic, therefore state funding does not need to be restored. The committee recommendation includes \$1.6 million in general fund revenue to backfill the use of social security benefit revenue generated by youth in care and previously used by the department to fund care and support, as the department requested.

Prevention and Intervention. Between FY18 and FY23, CYFD spending on prevention services increased roughly tenfold. However, in FY23 spending on prevention remained less than 5 percent of overall Protective Services spending. During the same period, repeat child maltreatment decreased from 17 percent to roughly 14 percent. New Mexico's repeat maltreatment rate of 14 percent remains well above the national average of 8 percent. The state would need to reduce the number of children experiencing repeat maltreatment by a few hundred cases to reach the national benchmark.

To continue increasing investments in prevention, the department submitted a federal Title IV-E Families First Prevention Services Act (FFPSA) plan in September 2022. If accepted, the federal government will provide matching funding for prevention services for children and families at-risk of entering the foster care system by supporting evidence-based efforts for mental health, substance use prevention, treatment services, and in-home parent-skill-based services to reduce the number of children entering the child welfare system. However, state plans must focus on evidence-based prevention programs identified by the federal Administration for Children and Families, and some of the programs submitted in the state's plan are not included in the FFPSA clearinghouse of evidence-based programs. To date, the state's plan has not been approved by the federal government, and the LFC recommendation includes a nonrecurring special appropriation of \$200 thousand for technical assistance to revise and resubmit the state's plan.

Not all of the department's existing prevention and early intervention efforts are evidence-based. In FY23, Protective Services spent roughly 38 percent of all prevention and intervention spending (\$10.2 million in total spending) on research or evidence-based programming. Beginning in FY24, Protective Services now requires prevention and intervention providers to deliver programs that are rated as promising or evidence-based, though not all of these programs may be listed in the federal FFPSA clearinghouse and eligible for federal Title IV-E FFPSA matching funds in the future. In addition, CYFD reports plans to expand differential response statewide in FY24, a promising intention, though LFC reports have highlighted concerns with the implementation of differential response to date.

The agency's FY25 budget request included a total of \$52.2 million for a new Family Services Program, carving out \$45.6 million from existing CYFD programs into a new division and requesting \$6.6 million in expansion, including 35 additional FTE.

While LFC supports increasing prevention and intervention services proven to reduce child maltreatment, the committee's recommendation prioritizes the expansion of evidence-based programs within the existing organizational structure and funding programs with nonrecurring that may be covered by federal Title IV-E Families First prevention or Medicaid funding in the future. The LFC recommendation increases the use of federal TANF revenue to \$17.8 million for supportive housing, multilevel or differential response implementation, family support services, evidence-based prevention and intervention services, and fostering connections, the program that supports youth aging out of foster care. In FY24, the Legislature provided \$7.6 million in general fund appropriations to match with federal revenue for evidence-based prevention programs, and the FY25 recommendation again includes this funding.

Additionally, the LFC recommendation includes \$17.6 million in nonrecurring, multi-year special appropriations from the general fund to expand the implementation of differential response statewide and expand evidence-based community-based prevention, intervention, and reunification initiatives, including Safe Care Home visiting, which evidence suggests reduces child maltreatment. In addition, the LFC recommendation includes investments in prevention and intervention programs, including the Home Visiting parental supports program administered by the Early Childhood Care and Education Department. In total, the LFC recommendation provides \$44 million to CYFD and other agencies to prevent and intervene early in child maltreatment.

Finally, the CYFD request for the new Family Services Program included an expansion of \$3 million for implementation of the Comprehensive Addiction and Recovery Act (CARA) implementation. The LFC recommendation does not support this request and instead allocates \$2 million in opioid settlement revenue to the Health Care Authority through Medicaid to support implementation and oversight associated with CARA, as recommended in a 2023 LFC evaluation of CARA implementation.

Workforce Development. Workforce shortages and turnover are significant barriers to improving the state's child welfare system, and New Mexico experiences high demand for social workers, caseworkers, and investigators. Much of the caseworker shortage is due to poor recruitment and retention, because working in the child welfare system exposes case workers to stressful, traumatic environments. A well-prepared, trained, and supported workforce of professional social workers can improve outcomes. However, the department is not focusing recruitment on people with the appropriate social work skills and credentials, potentially resulting in a skills mismatch and high turnover. A 2020 LFC evaluation found CYFD regions with the highest caseloads had the highest rates of short-term placement in foster care, a potential harm to children, and highlighted federal research showing staffing shortages have a detrimental effect on caseworker abilities to make well-supported and timely decisions regarding children's safety.

A recent CYFD workforce development plan and survey noted Protective Services staff ranked workload, self-care, and compensation as the most pressing challenges facing staff. For investigation, permanency planning, and placement caseworkers, the department set a goal to not exceed a caseload of more than 12, 15, and 25 cases, respectively, by 2023. However, these targets do not consider case complexity. To address caseloads in FY24, CYFD initiated temporary salary increases for investigation caseworkers and held rapid hire events. As of November 2023, CYFD was meeting the caseload targets for investigation and placement workers but had not met caseload standards for planned permanency workers. LFC estimates CYFD would need to fill roughly 25 FTE to meet the planned permanency caseworker standard. As noted above, CYFD has funding to fill 85 more positions within Protective Services. However, the turnover rate among protective services workers remains high, with roughly 32 percent of Protective Services workers turning over in the first quarter of FY24. While the agency has increased recruitment efforts, CYFD must address retention challenges to meet caseload targets. Beyond a request for additional FTE, the agency budget request did not include any specific workforce initiatives or funding.

In FY24, the Legislature provided a special appropriation of \$3 million to support CYFD's workforce plan, including secondary trauma support, recruitment of social workers, training, professional development, and leadership development. As of November, CYFD had spent less than \$100 thousand of the special appropriation, including for rapid-hire recruitment events. The LFC recommendation includes reauthorizing the remaining balance, with more targeted use of the funding to recruit, train, develop, and retain social workers, implementing the department's workforce development plan. In addition, the LFC recommendation includes a nonrecurring, multi-year special appropriation of \$2.25 million to support masters-level social work licensing for caseworkers and to evaluate the impact of this workforce strategy.

Behavioral Health Services. The agency's request for the Behavioral Health Services program totaled \$51.9 million, reflecting a net decrease of \$2.6 million because the department proposed moving programs and funding to the proposed Family Services Division and Program Support. The LFC recommendation does not support the reorganization of program funding and recommends a flat budget for the Behavioral Health Services Program. However, the LFC recommendation includes an increase of \$300 thousand for domestic violence programs to replace a decrease in revenue from fines and fees not requested by the department.

During the 2022 session, the Legislature appropriated \$20 million to the Human Services Department to develop a plan in partnership with CYFD to expand the capacity of behavioral health providers to deliver evidence-based services. The funds were intended to address constituent concerns about a lack of behavioral health providers and provide bridge funding to build provider capacity to deliver services that could ultimately be funded by Medicaid or FFPSA reimbursement. Several LFC reports have highlighted that this special appropriation remains unspent, although the departments have generated multiple plans for the use of funds that do not meet the intended purpose. The LFC recommendation reauthorizes the appropriation with tightened language, directing the use of funds to specifically increase the capacity and number of behavioral health providers able to deliver evidence-based services that may be reimbursed by Medicaid or FFPSA, such as multisystemic therapy and functional family therapy.

Juvenile Justice Facilities. The CYFD budget request for Juvenile Justice Facilities reflected a net decrease of \$12.9 million, because the department proposed reorganizing funding and programs to support the proposed Family Services Program and increase Program Support. The request included the use of \$1.8 million in fund balance from the juvenile community corrections fund and \$3.4 million from the regional juvenile services fund for the Family Services Program. This use may be outside the statutory purposes for these funds, and the committee does not support this request.

The LFC recommendation for Juvenile Justice Facilities totals \$81.1 million, flat with the FY24 operating budget. The recommendation includes the use of \$5.7 million in fund balance from the juvenile community corrections and regional juvenile services funds for Juvenile Justice Facilities, as the agency’s FY24 operating budget included. However, given spending trends, Juvenile Justice Facilities is unlikely to use all the recommended fund balance. In FY23, actual spending in Juvenile Justice Facilities totaled only \$74 million.

Over the last decade, the number of youth incarcerated in secure juvenile justice facilities has steadily decreased from the state’s peak (257 incarcerated youth in FY12) as CYFD has implemented evidence-based practices. However, during the first four months of FY24, the average number of youth in secure facilities has increased for the first time in a decade, from an average census of 80 in FY23 to an average census of 86 through FY24. Average daily census remains below the capacity of the state’s two secure juvenile justice facilities, the Youth Diagnostic and Development Center in Albuquerque and the J. Paul Taylor Center in Las Cruces. Together, these facilities have the capacity to incarcerate 156 youth.

Program Support. The CYFD request for Program Support, the program that provides administrative services, totaled \$28.5 million, an increase of \$6.6 million, or 30 percent. The request included a reorganization, receiving positions and funding previously in Behavioral Health Services and Juvenile Justice Facilities. The request also included \$1.1 million in expansion for 16 new FTE for IT, human resources, and tribal liaisons.

The committee recommendation does not support the reorganization, which ultimately increases the budget for administrative spending, and the committee’s base budget recommendation is \$22.7 million, an increase of \$696 thousand over the FY24 base budget, due to increased Medicaid administrative claiming of indirect revenue. The LFC recommendation includes \$576 thousand in expansion to fund 6 tribal liaison FTE to meet commitments outlined in the *Kevin S.* settlement.

Accountability and Performance. In FY23, department performance was mixed, and performance on several key measures eroded. New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of initial allegation. Between FY21 and FY23, the department reported no progress related to repeat maltreatment, though some progress was made in a few areas, including the rate of victimizations in foster care, foster care speed to placement, and placement in kinship settings.

Performance data within the first quarter of FY24 indicated several concerning trends. 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. Youth in care experienced more moves and longer time to permanency in the first quarter of FY24. Juvenile Justice Facilities, which has historically implemented evidence-based practices, experienced an increase in youth care specialist turnover and an increase in recidivism rates.

CYFD’s FY22 audit included two resolved findings and three repeated findings, including significant deficiencies and material weaknesses. Findings were for repeated procurement code violations, lack of timely close and reporting activities, insufficient documentation for federal adoption programs, failure to notify the Office of the State Auditor for complaints of waste, fraud, and abuse, and late responses for state auditor fact-finding requests.

Base Expansion

The agency request included a total of \$43.7 million in expansion for prevention and early intervention programs, the creation of the Family Services Program, to fund 70 positions in Protective Services, and increase Program Support, among other requests.

Generally, the committee recommendation does not include these increases to CYFD’s operating budget, except for \$576 thousand to fund tribal liaison positions within Program Support. The committee also recommends funding the expansion of evidence-based prevention and intervention services through multiyear nonrecurring special appropriations instead of increases to the operating budget so the department may pilot and evaluate program outcomes before including within the agency’s recurring budget and because many of the potential program costs should be eligible for federal reimbursement in the future.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Family Services Division Expansion	P581	6,641.2	0.0
2	Protective Services Expansion	P578	35,253.8	0.0
3	Program Support Expansion	P576	1,786.6	576.0
TOTAL			\$43,681.6	\$576.0

FAMILY SERVICES DIVISION

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	25,843.5	0.0	0.0
Other Transfers	0.0	0.0	9,911.6	0.0	0.0
Federal Revenues	0.0	0.0	10,963.4	0.0	0.0
Other Revenues	0.0	0.0	325.3	0.0	0.0
Fund Balance	0.0	0.0	5,204.6	0.0	0.0
TOTAL SOURCES	\$0.0	\$0.0	\$52,248.4	\$0.0	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	10,461.0	0.0	0.0
Contractual services	0.0	0.0	40,496.6	0.0	0.0
Other	0.0	0.0	1,290.8	0.0	0.0
TOTAL USES	\$0.0	\$0.0	\$52,248.4	\$0.0	0.0
FTE					
Permanent	0.0	0.0	115.0	0.0	0.0
TOTAL FTE	0.0	0.0	115.0	0.0	0.0

JUVENILE JUSTICE FACILITIES

The purpose of the juvenile justice facilities program is to provide rehabilitative services to youth committed to the department, including medical, educational, mental health and other services that will support their rehabilitation.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	65,692.2	71,886.9	64,735.7	71,886.9	0.0
Other Transfers	8,046.3	1,323.1	1,323.1	1,323.1	0.0
Federal Revenues	226.9	553.9	0.0	553.9	0.0
Other Revenues	22.7	1,677.6	1,677.6	1,677.6	0.0
Fund Balance	0.0	5,704.2	499.6	5,704.2	0.0
TOTAL SOURCES	\$73,988.1	\$81,145.7	\$68,236.0	\$81,145.7	0.0
USES					
Personal Services and Employee Benefits	52,194.9	59,089.2	56,790.5	59,089.1	0.0
Contractual services	8,919.0	14,203.5	3,656.8	14,203.6	0.0
Other	7,997.3	7,853.0	7,788.7	7,853.0	0.0
TOTAL USES	\$69,111.2	\$81,145.7	\$68,236.0	\$81,145.7	0.0
FTE					
Permanent	779.0	754.5	729.5	754.5	0.0
Temporary	2.0	0.0	1.0	0.0	0.0
TOTAL FTE	781.0	754.5	730.5	754.5	0.0

Recommended Language

The juvenile justice facilities program of the children, youth and families department includes seven thousand six hundred dollars (\$7,600) from the general fund for juvenile public safety advisory board operations.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of clients successfully completing informal probation	0%	0%	NEW	80%	80%
Outcome	Percent of clients successfully completing term of supervised release	0%	0%	0%	0%	78%
Outcome	Percent of youth confined for over six months whose northwest evaluation association reading skills increased between admission and discharge	0%	49%	NEW	56%	56%
Outcome	Percent of youth confined for over six months whose northwest evaluation association math skills increased between admission and discharge	0%	57%	NEW	56%	56%
Outcome	Percent of youth discharged from a secure facility who recidivated in the following two-year time period	0%	0%	NEW	45%	45%
Outcome	Percent of youth discharged from active field supervision who recidivated in the following two-year time period	0%	0%	NEW	20%	20%
Outcome	Percent of youth served by juvenile justice who are placed in a less restrictive, community-based setting	0.0%	N/A	93.0%	93.0%	93.0%
Output	Percent of clients reviewed at 40 days	0%	0%	0%	0%	92%
Outcome	Turnover rate for youth care specialists	39%	42%	21%	21%	21%
Outcome	Percent of clients who successfully complete formal probation	88%	93%	93%	93%	93%
Output	Number of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	2.0	4.0	3.0	3.0	3.0
Outcome	Percent of Indian Child Welfare Act youth formally supervised in the community who are in an appropriate placement	0%	0%	Discontinued	Discontinued	Discontinued
* Outcome	Percent of youth discharged from active field supervision who did not recidivate in the following two-year time period	85%	87%	88%	Discontinued	Discontinued
* Outcome	Percent of youth discharged from a secure facility who did not recidivate in the following two-year time period	65%	60%	70%	Discontinued	Discontinued
Outcome	Percent of youth confined for over six months whose reading skills increased between admission and discharge	33%	0%	56%	56%	56%
Outcome	Rate of physical assaults per one thousand days youth spent in facilities	0.0	N/A	3.8	3.8	3.8
Outcome	Percent of youth aged seventeen and older at the time of discharge from a secure facility, who obtained a diploma or GED while at the facility	0%	NEW	NEW	50%	50%

PROTECTIVE SERVICES

The purpose of the protective services program is to receive and investigate referrals of child abuse and neglect and provide family preservation and treatment and legal services to vulnerable children and their families to ensure their safety and well-being.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	106,312.0	120,295.4	136,982.0	121,938.6	1.4
Other Transfers	6,601.6	18,188.0	7,376.4	19,188.0	5.5
Federal Revenues	69,954.6	86,432.3	81,302.8	86,432.3	0.0
Other Revenues	2,170.4	1,890.4	0.0	325.4	(82.8)
Fund Balance	0.0	78.2	0.0	0.0	(100.0)
TOTAL SOURCES	\$185,038.6	\$226,884.3	\$225,661.2	\$227,884.3	0.4
USES					
Personal Services and Employee Benefits	77,456.0	92,477.1	92,602.2	92,477.1	0.0
Contractual services	37,418.8	56,694.1	49,028.7	56,694.1	0.0
Other	72,915.2	77,713.1	84,030.3	78,713.1	1.3
TOTAL USES	\$187,790.0	\$226,884.3	\$225,661.2	\$227,884.3	0.4
FTE					
Permanent	1,078.0	1,162.0	1,151.0	1,162.0	0.0
Term	6.0	8.0	9.0	8.0	0.0
Temporary	2.0	1.0	0.0	1.0	0.0
TOTAL FTE	1,086.0	1,171.0	1,160.0	1,171.0	0.0

Recommended Language

The internal service funds/interagency transfer appropriation to the protective services program of the children, youth and families department include seventeen million seven hundred ninety-eight thousand six hundred dollars (\$17,798,600) from the federal temporary assistance for needy families block grant to New Mexico for supportive housing, adoption services, foster care services, multilevel response system implementation as outlined in Section 32A-4-4.1 NMSA 1978, services for youth aging out of foster care, family support services, family preservation services, evidence-based prevention and intervention services, and fostering connections.

The general fund appropriations to the protective services program of the children, youth, and families department include seven million six hundred sixty-two thousand dollars (\$7,662,000) to match with federal revenue for well-supported, supported or promising programming as included on the clearinghouse website for the Family First Prevention Services Act or on the website for the California evidence-based clearinghouse for child welfare.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of eligible youth who enroll in fostering connections upon emancipation from foster care	1.0%	0.0%	95.0%	95.0%	95.0%
Outcome	Percent of youth served by juvenile justice who are placed in a less restrictive, community-based setting	1.0%	N/A	93.0%	Discontinued	Discontinued
Explanatory	Percent of children in foster care who have at least one monthly visit with their caseworker	96%	92%	N/A	N/A	N/A
* Output	Turnover rate for protective service workers	37%	37%	25%	30%	30%
Output	Of children who enter care during a 12-month period and stay for greater than 8 days, placement moves rate per 1,000 days of care	5.7	7.6	4.0	4.1	4.1
Outcome	Percent of children who achieve permanency within twelve months of entry into foster care	36%	33%	42%	41%	41%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Rate of maltreatment victimizations per one hundred thousand days of foster care within a rolling twelve-month period	10.1	10.2	8.0	8.5	8.5
Output	Average statewide central intake call center wait time	0:5	0:3	0:5	0:5	0:5
Outcome	Percent of children removed during a rolling twelve-month period who were initially placed with a relative or fictive kin	0%	0%	50%	45%	45%
Outcome	Percent of children in foster care for twenty-four months or more at the start of a twelve-month period who achieve permanency within that twelve months	38%	31%	42%	30%	30%
Outcome	Percent of children in care placed with relatives or fictive kin	49%	52%	55%	42%	42%
* Outcome	Percent of children in foster care for twelve to twenty-three months at the start of a twelve-month period who achieve permanency within that twelve months	42%	34%	50%	44%	44%
Outcome	Percent of children who experienced repeat maltreatment within twelve months of an initial substantiated maltreatment incident	14%	14%	9%	10%	10%
Outcome	Percent of Indian Family Protection Act youth formally supervised in the community whose tribe was notified of juvenile justice involvement	85%	86%	90%	90%	90%
Outcome	Percent of families that participated in in-home services or family support services and did not have a subsequent substantiated report within the next twelve months	75%	80%	80%	Discontinued	80%
Outcome	Percent of fatalities or near-fatalities in a rolling twelve-month period that had protective services involvement in the twelve months preceding the incident	0%	0%	5%	15%	15%

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to provide coordination and management of behavioral health policy, programs and services for children.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	44,139.3	46,958.2	45,887.3	47,258.2	0.6
Other Transfers	2,827.9	1,325.9	2,000.0	1,325.9	0.0
Federal Revenues	3,030.1	5,645.2	3,395.2	5,545.2	(1.8)
Other Revenues	0.4	600.0	600.0	400.0	(33.3)
TOTAL SOURCES	\$49,997.7	\$54,529.3	\$51,882.5	\$54,529.3	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	10,306.0	12,567.0	11,466.1	12,567.1	0.0
Contractual services	37,244.6	40,859.2	39,313.3	40,859.2	0.0
Other	1,364.1	1,103.1	1,103.1	1,103.0	0.0
TOTAL USES	\$48,914.7	\$54,529.3	\$51,882.5	\$54,529.3	0.0
FTE					
Permanent	104.0	119.0	108.0	119.0	0.0
Term	1.0	2.0	2.0	2.0	0.0
TOTAL FTE	105.0	121.0	110.0	121.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of juvenile justice-involved youth in the estimated target population who have received consultation from a community behavioral health clinician	0%	0%	80%	75%	75%
Outcome	Percent of infant mental health program participants showing improvement developmentally through clinical assessment and observation	100%	N/A	100%	90%	90%
Outcome	Percent of domestic violence program participants who agree or strongly agree that because of their participation in the program as a parent, they have a better understanding of the impact that domestic abuse/violence can have on children	0%	94%	95%	95%	95%
Output	Percent increase in supportive and/or independent housing options for transition age youth (ages 16-21 years) from baseline SFY 20 levels	0%	283%	Discontinued	Discontinued	Discontinued
Outcome	Percent of youth aged twelve or older in protective services custody who are placed in a less restrictive, community-based setting	0%	91%	85%	Discontinued	Discontinued
Outcome	Percent of domestic violence program participants who agree or strongly agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	0.0%	90.2%	95.0%	95.0%	95.0%
Output	Percent of endorsed or certified behavioral health personnel endorsed or certified by the end of the quarter	41%	103%	50%	65%	65%
Outcome	Percent of clients enrolled in multisystemic therapy who demonstrate improvement in one or more behavioral health outcomes	90.3%	88.4%	93.0%	90.0%	90.0%
Outcome	Percent of protective services-involved youth in the target population who receive consultation from a community behavioral health clinician	0%	66%	75%	75%	75%

PROGRAM SUPPORT

The purpose of program support is to provide the direct services divisions with functional and administrative support so they may provide client services consistent with the department’s mission and also support the development and professionalism of employees.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,885.7	15,699.5	19,617.2	16,275.5	3.7
Other Transfers	1,840.4	204.0	1,200.0	1,200.0	488.2
Federal Revenues	5,689.5	5,618.5	7,422.9	5,751.9	2.4
Other Revenues	10.5	433.4	300.0	0.0	(100.0)
TOTAL SOURCES	\$21,426.1	\$21,955.4	\$28,540.1	\$23,227.4	5.8
USES					
Personal Services and Employee Benefits	13,670.1	15,573.7	22,017.0	16,845.7	8.2
Contractual services	2,121.9	3,020.8	3,020.8	3,020.8	0.0
Other	4,384.1	3,360.9	3,502.3	3,360.9	0.0
TOTAL USES	\$20,176.1	\$21,955.4	\$28,540.1	\$23,227.4	5.8
FTE					
Permanent	168.0	168.0	221.0	174.0	3.6
Term	1.0	6.0	6.0	6.0	0.0
Temporary	1.0	5.0	5.0	5.0	0.0
TOTAL FTE	170.0	179.0	232.0	185.0	3.4

Public Safety

Statutory Authority

The Department of Military Affairs operates pursuant to Article I, Section 8, of the U.S. Constitution and Article XVIII, Sections 1 and 2, of the New Mexico Constitution. The department is established and governed by the New Mexico Military Code (Sections 20-1-1 through 20-12-73 NMSA 1978). The governor is the commander in chief of the state military forces. An adjutant general, appointed by the governor for a five-year term, directs the department.

Mission

The department’s primary mission is to provide the necessary infrastructure to support the army and air national guards, State Defense Force, Civil Air Patrol, and Youth Challenge Academy.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,589.8	9,082.4	11,969.0	9,530.0	4.9
Other Transfers	373.8	146.9	218.0	218.0	48.4
Federal Revenues	15,577.0	23,261.9	24,941.8	24,191.8	4.0
Other Revenues	122.1	135.2	135.2	135.2	0.0
TOTAL SOURCES	\$23,662.7	\$32,626.4	\$37,264.0	\$34,075.0	4.4
USES					
Personal Services and Employee Benefits	10,347.1	14,327.9	16,627.4	15,439.3	7.8
Contractual services	3,294.1	3,413.3	4,121.0	4,071.0	19.3
Other	9,338.5	14,885.2	16,515.6	14,564.7	(2.2)
TOTAL USES	\$22,979.7	\$32,626.4	\$37,264.0	\$34,075.0	4.4
FTE					
Permanent	79.0	45.0	46.0	46.0	2.2
Term	102.0	149.0	156.0	149.0	0.0
Temporary	0.0	0.0	1.0	0.0	0.0
TOTAL FTE	181.0	194.0	203.0	195.0	0.5

At A Glance

The Department of Military Affairs (DMA) requested a total FY25 budget of \$37.3 million, including \$12 million from the general fund, a \$2.9 million, or 31.7 percent, increase compared with the agency’s FY24 operating budget. The requested general fund increase includes a \$788.7 thousand base increase, primarily due to a \$684.8 thousand increase in personnel funding from the general fund for appropriate placement and competitive salaries to recruit for vacant positions, and \$2.9 million in expansions to provide a recurring funding stream for recruitment and retention efforts, state matching funds for the job challenge academy, a construction project management team, and reimbursements for Tricare premiums for the lowest income guard members.

The LFC recommendation partially supports both the requested base budget increase and expansion, with a total increase of \$447.6 thousand in general fund revenue, including \$352.6 thousand in the base to fill positions funded 100 percent by the general fund, and \$95 thousand for one of the requested expansions, a 4.9 percent increase compared with the department’s FY24 operating budget. Significantly, the \$95 thousand expansion would fund a construction project manager to assist the agency in completing many of the outstanding projects throughout the state currently being managed by staff funded with federal dollars.

Budget Issues

Base Operations. For FY25, the Department of Military Affairs (DMA) requested a total base budget increase of \$4.6 million, or 14.2 percent, compared with its FY24 operating budget. Approximately 62 percent of the requested increase, \$2.9 million, is requested in general fund revenue. The department requested a \$2.3 million increase in personnel for appropriate placement and to provide competitive salaries to recruit for vacant positions. The agency also requested a \$707.7 thousand increase in contractual services and a \$1.6 million increase in the other category, to support the New Mexico Military Museum and fund reimbursements for Tricare premiums for members of the National Guard.

DMA has about \$2.3 million in vacancy savings from vacant positions in FY24. Most of the 64 vacant positions are funded primarily through federal funds, the agency continues to use state general funds to fulfill core agency functions. The LFC recommendation partially supports the requested increase in personnel, with \$352.6 thousand in general fund revenue, and adjusts anticipated federal funding for personnel to reflect the estimated funds that can be leveraged by the recommended general fund appropriation accordingly. The recommendation partially supports the agency's request in the contractual services category.

National Guard Operations. The New Mexico National Guard (NMNG) was at 92 percent of manpower in FY23, and its service members conducted numerous missions in New Mexico, nationally, and abroad. State funding for the National Guard is critical to maintaining force readiness and allows the agency to provide administrative, fiscal, personnel, facility construction, and maintenance support to respond to state and federal missions and supply an experienced force to protect the public.

Youth Challenge Academy. The Youth Challenge Academy (YCA) in Roswell aims to prevent at-risk youth from entering the criminal justice system by teaching self-discipline, leadership, and responsibility in a military-style environment. Generally, two cycles of cadets complete the 22-week academy each year, but due to the impact of the Covid-19 pandemic, only one cycle was completed in FY20 and no cycles were held in FY21. In FY22, class sizes were substantially smaller than usual due to Covid-19 social distancing restrictions. Because the costs related to the academy are mostly fixed (such as personnel, facility upkeep, and lease rates), not holding cycles in FY20 and FY21 did not result in significant savings to the agency, and reduced class sizes in FY22 resulted in a higher than typical cost per cadet, at \$40.6 thousand per graduate, 23 percent of which (\$9,259) was funded from the general fund.

In FY23, 152 students registered for the YCA and 104, or 68 percent, graduated. Of the FY23 graduates, 62 percent earned a high school equivalency certificate. Research from the Rand Corporation has shown YCA programs have substantial positive benefits to participants, including increases in educational attainment, employment, and earnings.

Job Challenge Academy. In its FY23 budget request, DMA proposed to start the Job Challenge Academy (JCA), a five month program for YCA graduates to enroll in vocational and technical community college courses. The 2022 General Appropriation Act (GAA) included recurring funding for this program comprising \$500 thousand from the general fund and \$1.5 million in matching federal funds, along with 32 FTE. However, because this appropriation contained contingency language requiring the agency leverage federal funds before the appropriation was available, the agency could not budget the funds or create the new positions until federal funding was secured, which occurred in August 2022. The agency also received non-recurring funds to support the project, including \$250 thousand from the general fund, leveraging \$750 thousand in matching federal funds in the GAA and a \$450 thousand capital outlay appropriation (severance tax bonds) to support physical infrastructure needs related to the program.

The JCA serves as a continuation of DMA's YCA program in which YCA graduates will live in supervised housing in Albuquerque and enroll in vocational and technical courses at Central New Mexico Community College. The agency plans to repurpose housing facilities at the New Mexico State Fair for the program, which will require substantial renovations. With the conclusion of the New Mexico State Fair, as of October 2023, DMA has broken ground on this renovation. The agency is also actively recruiting for a director to begin developing the program and plans to hold one JCA cycle with 50 participants in fall 2024. Beginning in FY26, the agency plans to conduct two cycles (each with 50 participants) each year.

Recent evaluations of JCA programs in other states show positive results, and the benefits of YCA programs suggest such a continuation could provide further educational and vocational benefits to participants. Because the JCA class is significantly smaller than the typical YCA graduating class (the YCA graduated an average of 71 participants per cycle between FY15 and FY22), the proposed program provides the agency with an opportunity to conduct rigorous analysis of participant outcomes, with YCA graduates who do not participate in JCA serving as a control group. DMA should conduct such research and report its results to the Legislature.

Emergency Funding. Section 20-1-6 NMSA 1978 requires the state to pay for all expenditures necessary for the governor to call the New Mexico National Guard into service (often referred to as "state active duty") and provides up to \$1 million annually from "any money available in the state treasury not otherwise appropriated" for NMNG to conduct state active duty operations. Historically, the governor has issued an executive order each fiscal year allocating \$750 thousand of these funds for expenditures in that year and ordering the National Guard into state active duty to respond to any in-state civil emergencies, disasters, or search and rescue missions that might require the guard's assistance. However, these funds are not tied to any specific emergency and instead provide what is effectively recurring funding outside the agency's operating budget. Whether additional emergency funds are allocated by the governor varies from year to year based on emergency conditions.

LFC has previously recommended building such recurring needs into agency operating budgets, and DMA’s FY24 expansion request proposed to do so. In FY24, the agency requested \$1.6 million in recurring funds for these state active duty operations to be added to its operating budget rather than allocated through the emergency funding system. Over the past 10 years, the executive has allocated an average of \$1.4 million in emergency funds to DMA annually, with actual allocations depending on emergency situations encountered that year. The agency has received at least \$750 thousand in emergency funds every year in the past decade except FY13 and has received only \$750 thousand in four of the past 10 years (including as recently as FY21). Notably, the agency’s FY25 budget request did not include any attempt to build additional funding into the base budget for emergencies, and DMA plans to request emergency funding as needed for specific emergencies.

Base Expansion

DMA’s FY25 budget request included four expansions totaling \$2.9 million. The agency requested an expansion of \$1.5 to reimburse guard members for their healthcare insurance premiums. DMA also requested a \$300 thousand expansion for recruitment and retention efforts, including \$50 thousand to contract with a tutor to assist recruits studying for the Armed Services Vocational Aptitude Battery (ASVAB) and \$250 thousand for the joint enlistment enhancement program (JEEP), which provides recruitment stipends. The Job Challenge Academy requested a \$1 million expansion, of which \$250 thousand was from the general fund, to leverage \$750 thousand in federal funds. Finally, the agency requested \$95 thousand to hire a construction project manager to oversee the completion of state-funded capital projects currently being managed by staff who, problematically, are paid by federal funds.

The LFC recommendation supports the expansion for a construction project manager, which it fully funds with \$95 thousand from the general fund.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Tricare Reimbursements	P721	1,452.9	0.0
2	Job Challenge	P721	1,000.0	0.0
3	Recruiting and Retention Efforts	P721	300.0	0.0
4	Construction Project Management	P721	95.0	95.0
TOTAL			\$2,847.9	\$95.0

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard so it may maintain a high degree of readiness to respond to state and federal missions and to supply an experienced force to protect the public, provide direction for youth and improve the quality of life for New Mexicans.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25	LFC Recommendation	Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request		
SOURCES					
General Fund Transfers	7,589.8	9,082.4	11,969.0	9,530.0	4.9
Other Transfers	373.8	146.9	218.0	218.0	48.4
Federal Revenues	15,577.0	23,261.9	24,941.8	24,191.8	4.0
Other Revenues	122.1	135.2	135.2	135.2	0.0
TOTAL SOURCES	\$23,662.7	\$32,626.4	\$37,264.0	\$34,075.0	4.4
USES					
Personal Services and Employee Benefits	10,347.1	14,327.9	16,627.4	15,439.3	7.8
Contractual services	3,294.1	3,413.3	4,121.0	4,071.0	19.3
Other	9,338.5	14,885.2	16,515.6	14,564.7	(2.2)
TOTAL USES	\$22,979.7	\$32,626.4	\$37,264.0	\$34,075.0	4.4

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	79.0	45.0	46.0	46.0	2.2
Term	102.0	149.0	156.0	149.0	0.0
Temporary	0.0	0.0	1.0	0.0	0.0
TOTAL FTE	181.0	194.0	203.0	195.0	0.5

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent strength of the New Mexico national guard	94%	92%	98%	98%	98%
Output	Total cost of deferred maintenance requests	\$29,261,050	\$34,000,000	\$25,000,000	\$34,000,000	\$34,000,000
Outcome	Percent of cadets enrolled in the New Mexico national guard youth challenge academy who graduate	63.00%	68.00%	85.00%	80.00%	80.00%
* Outcome	Percent of New Mexico national guard youth challenge academy graduates who earn a high school equivalency credential	68%	62%	72%	69%	69%
Outcome	Percent of eligible New Mexico national guard service member life insurance premiums reimbursed	74.00%	72.00%	90.00%	80.00%	80.00%
Explanatory	Number of federal active duty operations conducted	1.0	0.0	N/A	N/A	N/A
Explanatory	Amount spent on state active duty operations	\$4,042,424.36	\$2,273,924.56	N/A	N/A	N/A
Explanatory	Expenditures on search and rescue operations	\$0.00	\$161,975.87	N/A	N/A	N/A
Explanatory	Number of search and rescue operations conducted	0.0	11.0	N/A	N/A	N/A
Explanatory	Number of state active duty operations conducted	7.0	3.0	N/A	N/A	N/A

Statutory Authority

The Parole Board Act (Section 31-21-22 NMSA 1978) creates the 15-member Parole Board and administratively attaches it to the Corrections Department. Even though the Parole Board is administratively attached to the Corrections Department, it functions as an independent state agency responsible for paroling adults incarcerated by the Corrections Department. The Probation and Parole Act (Section 31-21-3 through 31-21-19 NMSA 1978) further outlines the responsibilities of the Parole Board. The 15 board members are appointed by the governor and confirmed by the Senate.

Mission

The Parole Board grants, denies, or revokes parole, conducts investigations, summons witnesses, and adopts rules and regulations for the effective discharge of board duties. The Parole Board also provides recommendations to the governor on applications for executive clemency.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	605.3	755.9	929.7	783.8	3.7
Other Transfers	35.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$641.0	\$755.9	\$929.7	\$783.8	3.7
USES					
Personal Services and Employee Benefits	452.8	596.8	667.2	618.0	3.6
Contractual services	13.7	9.0	15.7	15.7	74.4
Other	126.8	150.1	246.8	150.1	0.0
TOTAL USES	\$593.3	\$755.9	\$929.7	\$783.8	3.7
FTE					
Permanent	8.0	6.0	6.0	6.0	0.0
TOTAL FTE	8.0	6.0	6.0	6.0	0.0

At A Glance

The Parole Board’s FY25 request included a general fund increase of \$173.8 thousand, or 23 percent, over its FY24 operating budget. The agency requested this increase to cover costs associated with increased compensation for parole board members, to offset the loss of transfer revenue, and to pay for increased costs for human resources services. The committee recommendation partially supports the agency’s requested increase, providing an increase of \$27.9 thousand from the general fund, or 3.7 percent, for human resource services and health insurance premium increases, leaving the budget for other costs flat.

Budget Issues

The Parole Board’s requested general fund increase for compensation of parole board members made up the majority of its requested increase of \$173.8 thousand in general fund revenue. In the 2023 session, House Bill 380 sought to amend Section 21-21-24, NMSA 1978, regarding Parole Board compensation. It proposed compensating board members up to \$95 per day for hearing preparation in addition to existing per diem and mileage pay. The bill died in committee.

The board held 2,437 hearings in FY23, a 4.9 percent decrease compared with FY22, which aligns with a 7 percent reduction in releases in FY23. Notably, prison admissions decreased by 3.3 percent in FY23, suggesting prison populations, parole hearings, and releases will continue to decline in the near future.

The Parole Board improved its performance in some areas in FY23. The share of parole hearings resulting in a parole certificate rose to 79.4 percent, up from 66 percent, suggesting canceled hearings may no longer be such a significant obstacle to timely releases, and the board’s determinations are beginning to work in line with the intent of the state’s sentencing system. The board also reduced the number of hearings canceled due to insufficient information from 112 to 50. However, the board continued to struggle with other key performance measures. The share of parole revocation hearings held within a month of a parolee’s return to custody fell from 63 percent to 43 percent, meaning many parolees arrested for alleged violations were deprived of their liberty for over a month without an opportunity to challenge their detention.

Laws 2023, Chapter 89 will address significant concerns raised in previous years regarding the status of incarcerated low-risk, high-cost prisoners. In FY21 and FY22, no applications for medical or geriatric parole were granted, despite receiving 88 applications during the height of the Covid-19 pandemic in FY21 when New Mexico's prisons had the highest Covid-19 mortality rate in the country. Of the 29 deaths from Covid-19 in state prisons since the beginning of the pandemic, 12 occurred at Central New Mexico Correctional Facility, which houses the Corrections Department's (NMCD) long-term care unit for seriously ill and elderly inmates. In FY23, 50 applications for medical or geriatric parole were received by the Parole Board, of which it granted 12. The bill created a rebuttable presumption that inmates who are geriatric, permanently incapacitated, or terminally ill do not constitute a danger to themselves or society and are, therefore, eligible for medical or geriatric parole. It requires the Parole Board to release inmates whom NMCD recommends for medical or geriatric parole absent clear and convincing evidence the inmate's release is incompatible with the welfare of society. The board may consider the totality of the circumstances, including an inmate's criminal history, but is prohibited from denying medical or geriatric parole solely based on the nature of the charge resulting in the inmate's conviction or criminal history.

The board recently moved from a facility on the Penitentiary of New Mexico campus to a portable on the NMCD campus. The board cited numerous problems with the old location, including plumbing, heating, cooling, electrical issues, space constraints, and lack of record storage. The board shifted to electronic file access and review, reducing the costs associated with copying and shipping individual files and increasing operational efficiency.

ADULT PAROLE

The purpose of the adult parole program is to provide and establish parole conditions and guidelines for inmates and parolees so they may reintegrate back into the community as law-abiding citizens.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Number of applications for medical or geriatric parole granted	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of parole hearings for serious youthful offenders and youthful offenders sentenced as adults conducted	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of serious youthful offenders and youthful offenders sentenced as adults granted parole	0.0	NEW	N/A	N/A	N/A
Output	Number of hearings conducted with victim or victim family member participation	0.0	NEW	NEW	140.0	140.0
Output	Number of informational meetings held with victims, victims' families or victim advocacy groups	138.0	125.0	90.0	Discontinued	Discontinued
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	63%	43%	95%	95%	95%
Explanatory	Number of hearings cancelled due to insufficient information	112.0	50.0	N/A	N/A	N/A
Outcome	Percent of parole certificates not issued within ten days of hearing due to insufficient information	26.30%	24.60%	0.00%	10.00%	10.00%
Explanatory	Number of persons on medical or geriatric parole returned to the custody of the corrections department	0.0	0.0	N/A	N/A	N/A
Outcome	Percent of regular parole hearings that result in a parole certificate being issued	66.0%	79.4%	90.0%	90.0%	90.0%
Explanatory	Number of applications for medical or geriatric parole received	2.0	50.0	N/A	N/A	N/A
Explanatory	Percent of applications for medical or geriatric parole granted	0.0	12.0	N/A	N/A	N/A
Output	Number of parole hearings conducted in person	0.0	0.0	0.0	Discontinued	Discontinued
Output	Number of parole hearings conducted	2,564.0	2,437.0	2,800.0	2,600.0	2,600.0

Statutory Authority

Sections 32A-7A-1 through 32A-7A-8 NMSA 1978 creates the Juvenile Public Safety Advisory Board (JPSAB). The board is administratively attached to the Children, Youth and Families Department (CYFD).

Mission

The mission of JPSAB is to provide citizen oversight, review programs and initiatives, make recommendations to CYFD on all matters relating to adjudicated youth program operations, conduct onsite facility inspections and visits, and ensure the appropriate care and treatment services are being provided to youth.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7.6	7.6	7.6	0.0	(100.0)
TOTAL SOURCES	\$7.6	\$7.6	\$7.6	\$0.0	(100.0)
USES					
Other	2.8	7.6	7.6	0.0	(100.0)
TOTAL USES	\$2.8	\$7.6	\$7.6	\$0.0	(100.0)

At A Glance

One of the Juvenile Public Safety Advisory Board’s (JPSAB) primary responsibilities is to conduct regular administrative reviews for juvenile offenders to determine if the offender has progressed and is ready to be released from a juvenile justice facility. Other board responsibilities include advising CYFD on supervised release decisions, reviewing CYFD’s activities in regard to Juvenile Justice Services (JJS) facilities, making recommendations to CYFD concerning JJS facility programs, visiting JJS facilities, and reporting to the governor and the secretary of CYFD on its findings. The board may have up to seven members, but four of the seven board seats are currently vacant.

The board’s FY25 general fund revenue request is \$7,600, flat with the FY24 operating budget. Requested expenditures included \$4,100 for board member meals and lodging and \$3,500 for board member mileage and fares.

The board reverted more than it spent during the last few years. In FY20, FY21, and FY22 the board reverted \$3,900, \$5,700, and \$5,500 respectively. FY23 actuals totaled only \$2,800. The board held meetings online during the pandemic, which may explain some of the decrease in expenditures. The board planned to begin holding meetings in person in 2022, indicating they might revert less than in the past. The LFC recommendation supports the request for \$7,600 from the general fund but includes in the Children, Youth and Families Department.

In FY23, the department met the performance target related to client completion of supervised release; 64.8 percent of clients completed their term of supervised release, and 35 percent failed to complete their terms due to abscondence, failure to be supervised, new charges, or failure to follow terms of supervision. The FY23 agency request and LFC recommends increasing the target to 78 percent. The department failed to meet its second performance target by 2 percent because only 90 percent of clients were reviewed at 40 days.

JUVENILE PUBLIC SAFETY ADVISORY BOARD

The purpose of the juvenile public safety advisory board program is to monitor each youth’s rehabilitative process through therapy and support services to assure a low risk for reoffending or revictimizing the community.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Output	Percent of clients reviewed at 40 days	87%	90%	92%	92%	Discontinued
Outcome	Percent of clients successfully completing term of supervised release	57%	65%	78%	78%	Discontinued

Statutory Authority

The Corrections Department Act, Sections 9-3-1 through 9-3-13 NMSA 1978, creates a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Corrections and Criminal Rehabilitation Department and to ensure a comprehensive criminal justice system in New Mexico.

Mission

The mission of the Corrections Department is to provide a balanced approach to corrections, from incarceration to community-based supervision, with training, education, and rehabilitation programs and services that provide opportunities for offenders to successfully transition to communities.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	335,400.7	343,844.2	365,556.4	332,422.3	(3.3)
Other Transfers	19,677.6	19,342.8	19,342.8	21,342.8	10.3
Federal Revenues	46.5	17.5	17.5	17.5	0.0
Other Revenues	7,226.4	8,209.6	8,209.6	8,209.6	0.0
Fund Balance	0.0	3,517.4	3,535.6	3,535.6	0.5
TOTAL SOURCES	\$362,351.2	\$374,931.5	\$396,661.9	\$365,527.8	(2.5)
USES					
Personal Services and Employee Benefits	160,006.2	188,865.9	194,962.7	173,341.7	(8.2)
Contractual services	80,443.7	83,866.9	94,072.0	91,287.4	8.8
Other	111,798.1	102,198.7	107,627.2	100,898.7	(1.3)
TOTAL USES	\$352,248.0	\$374,931.5	\$396,661.9	\$365,527.8	(2.5)
FTE					
Permanent	2,437.0	2,491.0	2,495.0	2,495.0	0.2
Term	3.0	30.0	30.0	30.0	0.0
Temporary	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	2,443.0	2,521.0	2,525.0	2,525.0	0.2

At A Glance

The Corrections Department (NMCD) requested a total budget of \$396.7 million for FY25, representing an increase of \$21.7 million, or 5.8 percent over FY24. The general fund request represents an increase of 6.3 percent over FY24. The agency’s request increased the base budget by \$18.9 million and included two expansions totaling \$2.8 million. Noting NMCD’s 17.2 percent vacancy rate and the agency’s nearly \$24.5 million in vacancy savings in FY23, the LFC recommendation fully supports the requested expansions but funds them by reallocating vacancy savings. The committee recommendation reduces NMCD’s general fund revenue by \$11.4 million, or 3.3 percent, while appropriately aligning program budgets with prior-year expenditures.

Budget Issues

In the past 10 years, appropriations from the general fund to the Corrections Department (NMCD) grew by \$64.4 million, or 30.8 percent. Over the same period, the population of inmates in NMCD’s care decreased by 14.2 percent. The agency’s assumption of operations at previously privately operated facilities has been a significant cost driver, with the state taking over operations of the Northeast New Mexico Correctional Facility (NEN-MCF) in Clayton in November 2019 and of Guadalupe County Correctional Facility (GCCF) in Santa Rosa and Northwest New Mexico Correctional Facility (now called Western New Mexico Correctional Facility South) in November 2021. The state currently has just two privately operated correctional facilities, the Lea County Correctional Facility in Hobbs and the Otero County Prison Facility in Chaparral. NMCD also entered into a new contract for inmate healthcare in November 2019, and while the contract has since been amended, it remains a significant expense.

In FY24, the agency received a general fund appropriation 0.2 percent higher than its FY23 operating budget, but the total appropriations exceeded the agency's actual FY22 expenditures by \$7.5 million. Significant cost savings from continued population reductions and the agency's high vacancy rate were redistributed to other programmatic priorities. Despite these changes, low prison populations and high vacancy rates produced significant cost savings that the agency reallocated. NMCD made several significant budget adjustments during FY23, including transferring \$24.5 million in vacancy savings from the Inmate Management and Control (IMAC) Program to other programs and categories. Vacancy savings from IMAC were primarily used to cover increased contract costs, purchase equipment, and conduct facility maintenance and improvements. However, because the agency routinely makes these adjustments rather than align its program budgets with actual expenditures, it has largely circumvented the appropriations process, which the committee recommendation attempts to address.

FY25 Revenues and Expenditures. NMCD requested an increase of \$21.7 million, or 5.8 percent, from the general fund for its FY25 budget to add peer support workers in the reentry program, to increase contractual services across all programs, and to address anticipated increases in fixed rate costs. The agency's request included the transfer of 20 FTE from the Inmate Management and Control program (IMAC) to the Community Offender Management program (COM). However, the agency did not request to move any of the salary costs associated with these positions and instead asked for an increase of \$2.2 million in COM. The agency also requested funding increases related to a rise in privately operated facility per-diem rates, increased costs for inmate food service, and increased utility costs. NMCD requested an additional \$2.7 million in general fund revenue for recidivism reduction programming.

The LFC recommendation reallocates additional vacancy savings to support the increases in per-diem rates for private prisons and other recidivism reduction programming. The committee recommends a general fund decrease of \$11.4 million, or 3.3 percent. The recommendation fully supports the agency's request for all other funding sources.

Using the most recent report on staffing levels from NMCD, LFC projects the agency will have \$32.5 million in vacancy savings in FY24, including \$19.4 million in IMAC. The department's reluctance to reallocate vacancy savings for persistently vacant positions within IMAC does not reflect long-term trends in population reductions and high vacancies. Consequently, the committee recommends a higher reduction in personnel in IMAC of \$18.1 million and uses the additional savings to budget for the agency's other programmatic priorities. As of November 1, 2023, 30.5 percent of correctional officer positions were vacant, but the substantial population reductions in the inmate population over the last five years make such low staffing rates manageable. While 30.5 percent of public correctional officer positions were vacant on November 1, 2023, 31.1 percent of beds in public facilities were empty.

Inmate Population Trends. The state's inmate population has plunged since 2018, falling more than 23 percent between FY19 and FY24. Still, recent increases in admissions for new offenses suggest the population is likely to stabilize in the near future. While state prison populations across the country have been declining since 2010, New Mexico's inmate population continued to rise for six years, reaching a high of 7,400 inmates in FY16. After holding relatively steady for a short time, the state's prison population began falling in September 2018. By March 2020, even before the impact of the Covid-19 pandemic on adjudications and early releases, the population had already dropped over 8 percent. The total prison population averaged 5,544 in FY23, down 2.8 percent from FY22 and 23.4 percent lower than the population peak in FY16. In total, 2,330 people were admitted to prison in FY23, including 1,990 men and 340 women.

The Sentencing Commission's August 2023 prison population projection anticipates total prison populations will average 5,398 over the course of FY24, a 2 percent drop from FY23's average population of 5,513. This reduction is projected due to falling populations in men's prisons, which the commission estimates will drop 2.9 percent between FY24 and FY25; populations in women's prisons are projected to fall an average of 2.1 percent between FY24 and FY25, but the commission anticipates the populations in women's prisons will rise during FY25.

Recidivism. The three-year recidivism rate of offenders released from NMCD's custody decreased from 44 percent in FY21 to 35.9 percent in FY23. Recidivism due to new offenses rose from 14 percent in FY21 to 19.5 percent in FY23, while recidivism due to technical parole violations fell 8.4 percentage points over the same period. Reduced recidivism aligns with the reduction in prison admissions due to parole revocations, which fell from 24 percent of prison admissions in FY22 to 19 percent of admissions in FY23.

While improvement in these areas year-over-year is encouraging, the lack of historical data to compare these results removes potentially significant context. In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been misreported 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 updated 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 for the most recent years that were reported in error.

Facility Usage. Restrictions based on custody level hamper consolidation of the inmate population that would reduce costs and enable the department to close housing units or entire prisons. Historically, men’s medium security units have had the highest occupancy levels, and recent population declines have disproportionately occurred in minimum and maximum security units. Changes to the inmate classification system in 2021 were expected to reduce populations at higher (more expensive) custody levels and increase populations at lower (less expensive) custody levels. However, without data on the impact of those changes since FY22, it is unclear whether this occurred.

High vacancy rates pose safety concerns, but low populations have enabled NMCD to adjust facility occupancy to align with staffing levels. However, this has not been possible at all facilities, such as at the Southern New Mexico Correctional Facility where a large influx of new inmates due to renovations at another facility required additional hiring of correctional officers. About 17.2 percent of the agency’s total positions were unfilled as of November 1, and public and private correctional officer vacancies remained high, at 30.5 percent and 34.8 percent, respectively, for FY24. Vacancy rates have declined notably at several facilities, with vacancies at the Western New Mexico Correctional Facility decreasing 6 percent between July and September 2023 and vacancy rates at the Northeast New Mexico Correctional Facility decreasing 14 percent in the same period. The most notable reduction occurred at Springer Correctional Facility, with a 28 percent decrease in vacancies since July.

The state’s prisons suffer from a significant number of infrastructure problems. Common needs include new roofs, heating and cooling systems, security equipment, fire suppression, and sewer system maintenance. Further, the design of housing units at older facilities creates more costly staffing requirements than more modern units. Facility condition indices for NMCD facilities show repairing the department’s buildings is more expensive than replacing them. A 2014 LFC program evaluation of capital outlay at New Mexico’s prisons estimated it would be more cost-effective to build a new medium security housing unit than to maintain existing units, and a 2019 progress report on this evaluation supported that finding. Prior funding intended to increase operational funding for facility maintenance has been diverted to other purposes.

Base Expansion

NMCD requested two base expansions for FY25 totaling \$2.8 million in IMAC. These requests include 2 FTE (\$2.5 million) to expand a medication assisted treatment program for substance use disorder and 2 FTE (\$277.1 thousand) to implement a tattoo artist training program. These expansions are evidence-based programs that studies show can improve inmate health and safety. The committee recommendation supports these expansions but funds them through applying vacancy savings rather than additional general fund appropriations.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	MAT Program to acquire and maintain its own OTP Certification and Accreditation	P531	2,500.0	2,500.0
2	Reinfection Prevention and Gang Renouncement Tattoo Artist Training Program	P531	277.1	277.1
TOTAL			\$2,777.1	\$2,777.1

INMATE MANAGEMENT AND CONTROL

The purpose of the inmate management and control program is to incarcerate in a humane, professionally sound manner offenders sentenced to prison and to provide safe and secure prison operations. This includes quality hiring and in-service training of correctional officers, protecting the public from escape risks and protecting prison staff, contractors and inmates from violence exposure to the extent possible within budgetary resources.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	265,894.6	271,107.1	284,195.1	257,910.1	(4.9)
Other Transfers	19,209.0	18,896.0	18,896.0	20,896.0	10.6
Federal Revenues	43.5	17.5	17.5	17.5	0.0
Other Revenues	801.4	691.0	691.0	691.0	0.0
Fund Balance	0.0	1,827.1	1,827.1	1,827.1	0.0
TOTAL SOURCES	\$285,948.5	\$292,538.7	\$305,626.7	\$281,341.7	(3.8)
USES					
Personal Services and Employee Benefits	115,474.8	134,949.0	139,352.1	120,448.0	(10.7)
Contractual services	67,713.9	68,288.0	74,492.3	74,492.3	9.1
Other	100,741.2	89,301.7	91,782.3	86,401.4	(3.2)
TOTAL USES	\$283,929.9	\$292,538.7	\$305,626.7	\$281,341.7	(3.8)
FTE					
Permanent	1,821.0	1,831.0	1,821.0	1,821.0	(0.5)
Term	1.0	26.0	26.0	26.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	1,823.0	1,857.0	1,847.0	1,847.0	(0.5)

Recommended Language

The general fund appropriation to the inmate management and control program of the corrections department in the other category includes eight hundred nine thousand five hundred dollars (\$809,500) to increase per diem rates for private prisons.

The internal service funds/interagency transfers appropriation to the inmate management and control program of the corrections department in the other category includes two million dollars (\$2,000,000) from the opioid crisis recovery fund for medication-assisted treatment.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Average number of female inmates on in-house parole	NEW	NEW	5.0	10.0	5.0
* Outcome	Average number of male inmates on in-house parole	NEW	NEW	65.0	65.0	25.0
* Outcome	Vacancy rate of correctional officers in public facilities	29%	32%	20%	25%	20%
* Outcome	Vacancy rate of correctional officers in private facilities	32%	34%	20%	25%	20%
Explanatory	Percent turnover of correctional officers in public facilities	15.80%	12.20%	N/A	N/A	N/A
* Output	Number of inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	4.0	7.0	12.0	10.0	10.0
* Output	Number of inmate-on-staff assaults resulting in injury requiring off-site medical treatment	4.0	4.0	3.0	4.0	2.0
Outcome	Percent of standard healthcare requirements met by medical contract vendor	95.00%	99.00%	98.00%	98.00%	98.00%
Explanatory	Percent of inmate grievances resolved informally	83%	73%	N/A	N/A	N/A
Outcome	Percent of release-eligible female inmates still incarcerated past their scheduled release date	1%	1%	Discontinued	Discontinued	Discontinued

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent of random monthly drug tests administered to at least ten percent of the inmate population that test positive for drug use	3%	1%	N/A	N/A	N/A
Outcome	Percent of release-eligible male inmates still incarcerated past their scheduled release date	1%	1%	Discontinued	Discontinued	Discontinued
Explanatory	Number of escapes	1.0	0.0	N/A	N/A	N/A
Outcome	Percent of inmates treated for hepatitis C with undetectable viral loads 12 weeks post-treatment	90%	85%	95%	95%	95%
Outcome	Percent of HIV positive inmates with undetectable viral loads	81%	100%	95%	95%	95%

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	4,234.6	5,247.3	5,247.3	5,247.3	0.0
Fund Balance	0.0	608.9	627.1	627.1	3.0
TOTAL SOURCES	\$4,234.6	\$5,856.2	\$5,874.4	\$5,874.4	0.3
USES					
Personal Services and Employee Benefits	1,714.5	2,077.9	2,096.1	2,096.1	0.9
Contractual services	5.4	51.4	51.4	51.4	0.0
Other	1,094.2	3,726.9	3,726.9	3,726.9	0.0
TOTAL USES	\$2,814.1	\$5,856.2	\$5,874.4	\$5,874.4	0.3
FTE					
Permanent	25.0	24.0	24.0	24.0	0.0
TOTAL FTE	25.0	24.0	24.0	24.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Percent of inmates receiving vocational or educational training assigned to corrections industries	23%	30%	25%	30%	25%

COMMUNITY OFFENDER MANAGEMENT

The purpose of the community offender management program is to provide programming and supervision to offenders on probation and parole, with emphasis on high-risk offenders, to better ensure the probability of them becoming law-abiding citizens, to protect the public from undue risk and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	31,825.6	34,852.1	39,012.6	37,000.0	6.2
Federal Revenues	3.0	0.0	0.0	0.0	0.0
Other Revenues	2,087.5	2,115.0	2,115.0	2,115.0	0.0
Fund Balance	0.0	781.4	781.4	781.4	0.0
TOTAL SOURCES	\$33,916.1	\$37,748.5	\$41,909.0	\$39,896.4	5.7
USES					
Personal Services and Employee Benefits	26,759.0	28,776.5	30,759.2	28,759.2	(0.1)
Contractual services	3,098.6	3,339.7	4,371.0	4,371.0	30.9
Other	5,228.5	5,632.3	6,778.8	6,766.2	20.1
TOTAL USES	\$35,086.1	\$37,748.5	\$41,909.0	\$39,896.4	5.7
FTE					
Permanent	359.0	359.0	379.0	379.0	5.6
TOTAL FTE	359.0	359.0	379.0	379.0	5.6

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Explanatory	Percent turnover of probation and parole officers	11%	8%	N/A	N/A	N/A
* Outcome	Percent of contacts per month made with high-risk offenders in the community	96%	97%	95%	95%	97%
* Quality	Average standard caseload per probation and parole officer	86.0	83.0	88.0	88.0	88.0
Output	Percent of absconders apprehended	24%	25%	30%	30%	33%
Explanatory	Number of offenders on the waiting list for intensive or high-risk supervision	0.0	NEW	N/A	N/A	N/A
* Outcome	Vacancy rate of probation and parole officers	21.0%	19.0%	15.0%	18.0%	15.0%
Explanatory	Total number of offenders referred to evidence based programming	0.0	NEW	N/A	N/A	N/A
Explanatory	Percent of offenders referred to evidence based programming who complete the program	0%	NEW	N/A	N/A	N/A

REENTRY

The purpose of the reentry program is to facilitate the rehabilitative process by providing programming options and services to promote the successful reintegration of incarcerated individuals into the community. By building educational, cognitive, life skills, vocational programs and pre- and post-release services around sound research into best correctional practices and incorporating community stakeholders throughout the effort, the reentry program removes or reduces barriers to incarcerated persons living productively in society, thereby reducing recidivism and furthering the public safety mission of the New Mexico corrections department.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	22,875.2	22,300.5	24,592.8	21,091.3	(5.4)
Other Transfers	397.1	368.2	368.2	368.2	0.0
Other Revenues	6.5	1.5	1.5	1.5	0.0
Fund Balance	0.0	300.0	300.0	300.0	0.0
TOTAL SOURCES	\$23,278.8	\$22,970.2	\$25,262.5	\$21,761.0	(5.3)
USES					
Personal Services and Employee Benefits	12,747.7	10,245.3	9,838.1	9,121.2	(11.0)
Contractual services	18,896.0	11,979.6	14,689.1	11,904.5	(0.6)
Other	2,601.5	745.3	735.3	735.3	(1.3)
TOTAL USES	\$34,245.2	\$22,970.2	\$25,262.5	\$21,761.0	(5.3)
FTE					
Permanent	126.0	127.0	121.0	121.0	(4.7)
Term	2.0	3.0	3.0	3.0	0.0
TOTAL FTE	128.0	130.0	124.0	124.0	(4.6)

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of prisoners reincarcerated within thirty-six months due to absconding	0%	NEW	NEW	30%	30%
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to technical parole violations	24%	19%	20%	20%	18%
* Output	Percent of eligible students who earn a high school equivalency credential	8%	15%	80%	80%	80%
* Output	Percent of graduates from the men's recovery center who are reincarcerated within thirty-six months	18%	17%	20%	20%	17%
* Explanatory	Percent of participating students who have completed adult basic education	10%	15%	N/A	N/A	N/A
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to new charges or pending charges	14%	17%	14%	17%	14%
* Output	Percent of graduates from the women's recovery center who are reincarcerated within thirty-six months	17%	11%	20%	20%	15%
* Explanatory	Percent of residential drug abuse program graduates reincarcerated within thirty-six months of release	22%	19%	N/A	N/A	N/A
* Outcome	Percent of sex offenders reincarcerated on a new sex offense conviction within thirty-six months of release on the previous sex offense conviction	0%	4%	3%	5%	3%
Outcome	Percent of sex offenders incarcerated receiving sex offender treatment	32%	20%	40%	20%	40%
Outcome	Percent of inmates who have filled out a YES New Mexico application at time of release	99%	99%	99%	99%	99%
* Outcome	Percent of prisoners reincarcerated within thirty-six months	37%	36%	35%	40%	35%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Percent of eligible inmates enrolled in educational, cognitive, vocational and college programs	45%	51%	60%	60%	60%
* Output	Number of students who earn a high school equivalency credential	82.0	184.0	145.0	165.0	165.0
Explanatory	Total number of inmates referred to evidence based programming	2,812.0	2,575.0	N/A	N/A	N/A
Outcome	Percent of sex offenders incarcerated who have completed sex offender treatment	16%	9%	16%	16%	16%
Explanatory	Percent of inmates referred to evidence based programming who complete the program	17%	21%	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, personnel management and cost-effective management information system services.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,805.3	15,584.5	17,755.9	16,420.9	5.4
Other Transfers	71.5	78.6	78.6	78.6	0.0
Other Revenues	96.4	154.8	154.8	154.8	0.0
TOTAL SOURCES	\$14,973.2	\$15,817.9	\$17,989.3	\$16,654.3	5.3
USES					
Personal Services and Employee Benefits	3,310.2	12,817.2	12,917.2	12,917.2	0.8
Contractual services	(9,270.2)	208.2	468.2	468.2	124.9
Other	2,132.6	2,792.5	4,603.9	3,268.9	17.1
TOTAL USES	(\$3,827.4)	\$15,817.9	\$17,989.3	\$16,654.3	5.3
FTE					
Permanent	106.0	150.0	150.0	150.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	108.0	151.0	151.0	151.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Quality	Number of prior year audit findings	0.0	0.0	0.0	4.0	0.0
Explanatory	Graduation rate of correctional officer cadets from the corrections department training academy	78.00%	79.00%	N/A	N/A	N/A
Explanatory	Percent of employee union grievances resolved prior to arbitration	100.00%	100.00%	N/A	N/A	N/A
Quality	Percent of audit findings resolved from prior year	0%	75%	80%	Discontinued	Discontinued

Statutory Authority

The Crime Victims Reparation Commission is created by Section 31-22-4 NMSA 1978 to protect New Mexicans from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcement efforts. Eligibility for reparation awards, limits on the award per victim, and required deductions for payments received from collateral sources are specified in the law. The commission board is made up of five gubernatorial appointees.

Mission

The mission of the Crime Victims Reparation Commission is to assist victims of violent crime by providing reimbursement for certain eligible expenses related to the crime and by making distributions of federal grants for victims' assistance in accordance with federal guidelines.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,031.0	11,766.1	16,236.1	12,921.8	9.8
Other Transfers	85.6	0.0	0.0	0.0	0.0
Federal Revenues	14,205.9	13,790.4	12,334.6	13,871.2	0.6
Other Revenues	762.5	756.0	456.0	456.0	(39.7)
Fund Balance	185.8	200.0	200.0	200.0	0.0
TOTAL SOURCES	\$24,270.8	\$26,512.5	\$29,226.7	\$27,449.0	3.5
USES					
Personal Services and Employee Benefits	2,013.9	2,514.5	2,592.1	2,592.1	3.1
Contractual services	7,042.5	9,026.2	12,341.7	11,314.0	25.3
Other	15,213.3	14,971.8	14,292.9	13,542.9	(9.5)
TOTAL USES	\$24,269.7	\$26,512.5	\$29,226.7	\$27,449.0	3.5
FTE					
Permanent	20.0	19.0	22.0	22.0	15.8
Term	8.0	9.0	6.0	6.0	(33.3)
TOTAL FTE	28.0	28.0	28.0	28.0	0.0

At A Glance

The Crime Victims Reparation Commission requested a total budget increase of \$2.7 million in FY25 and a \$4.5 million increase in general fund revenue, a 38 percent increase. The agency's general fund request comprised an increase of \$2 million for sexual assault service funding, \$1.25 million to replace federal revenue decreases due to potential reductions to the Victims of Crime Act (VOCA) funding, \$750 thousand for direct monetary support for crime victims (victim compensation), and \$469 thousand for agency personnel and operational costs.

The LFC recommendation partially supports the request, providing a total increase in general fund revenue of \$1.2 million, or 9.8 percent. The recommended increase provides \$250 thousand to offset the loss of fee revenue, \$500 thousand for sexual assault services, and \$405.7 thousand for agency operations to sustain positions providing victim services and grant administration.

Budget Issues

The Crime Victims Reparation Commission (CVRC) requested an FY25 budget of \$29.2 million, including \$16.2 million from the general fund, an increase of \$4.5 million, or 38 percent, compared with its FY24 operating budget. The bulk of the requested increase (\$2 million) was to expand funding for services for victims of sexual assault. CVRC received an increase of \$1.8 million in recurring funding during the 2023 legislative session. The agency used \$1 million of this increase to expand services for victims of sexual assault, \$150 thousand to expand services for victims of human trafficking, \$184 thousand for direct monetary support for crime victims, and \$332 thousand for its own personnel and operational costs. CVRC also received eight appropriations totaling \$2.1 million in the supplemental appropriation bill, known as "HB2 Junior".

Two significant revenue challenges will directly impact the CVRC's budget in FY25. First, the federal crime victims' fund, which serves as the source for VOCA funding allocations to all states, has declined since 2018. CVRC was advised by the U.S. Department of Justice (DOJ) to anticipate a projected 41 percent reduction from the current VOCA federal award funding level. Second, Laws 2023, Chapter 184 (eliminating court fees) will go into effect July 1, 2024, and will eliminate a substantial revenue stream for providing financial assistance to victims of violent crime.

Rising violent crime in New Mexico in recent years has necessitated increased victim compensation and services. CVRC approved \$2.5 million in payments in FY22, an 8 percent increase compared with FY21. In FY22, the agency received 3,778 compensation applications, 8.4 percent more than FY21, of which 3,317 were approved, an increase of 20.4 percent compared with the number of applications approved last year. The commission also approved \$19.3 million in grants to local organizations to provide shelter, counseling, and other assistance, a 6.3 percent decrease in provider funding compared with FY21.

CVRC addresses victim needs in two ways: by providing direct compensation to crime victims for necessary services and expenditures and by funding programs that provide free services to victims. While the agency was originally created primarily for the purpose of providing direct compensation, funding service providers is not inconsistent with its statutory authority. However, in recent years the agency has received significant increases in federal funds, which expanded existing services and funded new programs statewide. As a result, the vast majority of state and federal funds passing through CVRC are expended on grants to victim service providers. Funding service providers ensures crime victims have access to resources soon after the incident and assist victims in submitting compensation applications to cover medical expenses, rent and relocation, loss of wages, and funeral expenses. Additionally, victims in rural communities may struggle to access some of the services compensation is intended to pay for (like counseling), and directly funding service providers allows CVRC to help establish programs in underserved communities.

Victim Compensation. The agency's FY25 budget request increased the amount of general fund revenue for victim compensation by \$750 thousand to account for anticipated increases in compensation payments and reduced revenues from crime victim's reparation fees and inmate wages, which made up 56 percent of funds used for victim compensation payments in FY22. The agency has experienced a substantial increase in the number of applications for direct funding received in FY24 to date and anticipates compensation needs will continue to rise. Decreased revenues were provided for in the FY24 operating budget, but the agency anticipates additional decreases in FY25. CVRC has previously used balances in the crime victims reparation fund to supplement reduced revenues but has largely depleted its fund balance, making such a practice unsustainable going forward, and fund balance uses were reduced in the FY24 operating budget (the agency's FY25 request for fund balance is flat with the operating budget). The agency also requested \$137.9 thousand for personnel and operational costs to absorb one victim advocate position and fund the program's share of audit and human resource services.

The LFC recommendation partially supports the agency's request, funding \$116.4 thousand in personnel costs to convert the funding source for a victim advocate position currently funded through VOCA to the general fund and increasing the contractual and other costs for the victim compensation program by \$21.5 thousand to support operating expenses.

Grant Administration. New Mexico's existing victim services are often insufficient to meet its high need, and filling these gaps with effective services could help improve victim outcomes. For FY25, CVRC requested a \$2 million increase in funding for sexual assault services, \$1.25 million to replace cuts in federal VOCA funding and \$226 thousand to absorb two positions currently funded by VOCA. The agency also requested an additional \$50 thousand to convert nonrecurring appropriations to sustain the civil legal representation for child abuse and neglect guardianship programs and \$56.1 thousand for increased contractual and other costs.

The LFC recommendation partially funds the requested increases for victim services by providing \$500 thousand to increase contractual services for sexual assault service providers, \$250 thousand to replace lost fee revenue, and \$267.8 thousand to absorb the grants bureau chief and grants program specialist positions into the recurring general fund budget. Altogether, the committee recommendation increases funding for grant administration by \$1 million, or 11.1 percent.

CVRC's FY24 budget request also anticipated a \$1.5 million reduction in federal funding for grants related to the potential cuts to federal VOCA funding which the committee recommendation instead holds flat.

VICTIM COMPENSATION

The purpose of the victim compensation program is to provide financial assistance and information to victims of violent crime in New Mexico so they can receive services to restore their lives.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,935.7	2,601.3	3,489.2	2,739.2	5.3
Other Transfers	80.1	0.0	0.0	0.0	0.0
Federal Revenues	1,474.5	1,168.0	1,248.8	1,248.8	6.9
Other Revenues	762.5	756.0	456.0	456.0	(39.7)
Fund Balance	185.8	200.0	200.0	200.0	0.0
TOTAL SOURCES	\$4,438.6	\$4,725.3	\$5,394.0	\$4,644.0	(1.7)
USES					
Personal Services and Employee Benefits	1,392.8	1,761.0	1,810.1	1,810.1	2.8
Contractual services	29.9	62.8	67.2	67.2	7.0
Other	3,014.8	2,901.5	3,516.7	2,766.7	(4.6)
TOTAL USES	\$4,437.5	\$4,725.3	\$5,394.0	\$4,644.0	(1.7)
FTE					
Permanent	18.0	18.0	19.0	19.0	5.6
Term	1.0	2.0	1.0	1.0	(50.0)
TOTAL FTE	19.0	20.0	20.0	20.0	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Explanatory	Average compensation paid to individual victims using federal funding	\$1,836	\$1,407	N/A	N/A	N/A
Efficiency	Average number of days to process applications	43.0	34.0	45.0	45.0	45.0
Explanatory	Number of victims receiving direct advocacy	1,025.0	1,009.0	N/A	N/A	N/A
Outcome	Reimbursement rate for victim services providers	65%	65%	65%	65%	65%
Explanatory	Number of crime victims compensation applications received	3,778.0	4,044.0	N/A	N/A	N/A
Explanatory	Number of sexual assault service provider programs receiving state funding statewide	20.0	23.0	N/A	N/A	N/A
Explanatory	Number of incidents of intimate-partner violence that resulted in death reviewed by the homicide death review team	59.0	58.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors who accessed the civil legal services hotline	1,166.0	1,749.0	N/A	N/A	N/A
* Explanatory	Average compensation paid to individual victims using state funding	\$1,836	\$1,259	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors receiving civil legal services statewide	486.0	481.0	N/A	N/A	N/A
Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	7,408.0	8,076.0	N/A	N/A	N/A
Explanatory	Number of victims who received services through state-funded victim services provider programs statewide	9,095.0	9,186.0	N/A	N/A	N/A

GRANT ADMINISTRATION

The purpose of the grant administration program is to provide funding and training to nonprofit providers and public agencies so they can provide services to victims of crime.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,095.3	9,164.8	12,746.9	10,182.6	11.1
Other Transfers	5.5	0.0	0.0	0.0	0.0
Federal Revenues	12,731.4	12,622.4	11,085.8	12,622.4	0.0
TOTAL SOURCES	\$19,832.2	\$21,787.2	\$23,832.7	\$22,805.0	4.7
USES					
Personal Services and Employee Benefits	621.1	753.5	782.0	782.0	3.8
Contractual services	7,012.6	8,963.4	12,274.5	11,246.8	25.5
Other	12,198.5	12,070.3	10,776.2	10,776.2	(10.7)
TOTAL USES	\$19,832.2	\$21,787.2	\$23,832.7	\$22,805.0	4.7
FTE					
Permanent	2.0	1.0	3.0	3.0	200.0
Term	7.0	7.0	5.0	5.0	(28.6)
TOTAL FTE	9.0	8.0	8.0	8.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Efficiency	Percent of state-funded subgrantees that received site visits	0%	0%	40%	40%	40%
* Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	0.0	8,076.0	N/A	N/A	N/A
Efficiency	Percent of sexual assault service provider programs that receive compliance monitoring via desk audit	0%	100%	100%	90%	90%
Explanatory	Number of crime victims accessing emergency assistance funding	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of victim advocates funded at law enforcement agencies	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of federally funded subgrantees receiving compliance monitoring via desk audit	100%	100%	100%	95%	95%
Efficiency	Percent of federally funded subgrantees receiving site visits	0%	0%	40%	0%	0%
Outcome	Percent of subgrantees in compliance with federal quarterly performance measure reporting for providing effective services to crime victims	100%	100%	100%	95%	95%
Explanatory	Number of crime victim service provider programs that received federal funding statewide	87.0	109.0	N/A	N/A	N/A
Explanatory	Percent of victim compensation applications approved for federal funding	88%	100%	N/A	N/A	N/A
Efficiency	Percent of state-funded subgrantees that received compliance monitoring via desk audit	100%	100%	100%	90%	90%

Statutory Authority

The Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978, creates the Department of Public Safety (DPS), a cabinet department. The creation of DPS in 1987 was intended to provide overall coordination and access for all law enforcement functions in the state. The act incorporates the State Police, Law Enforcement Academy, Alcohol Beverage Control Enforcement, and Civil Emergency Preparedness Division of the Department of Military Affairs. On July 1, 1998, the Motor Transportation Division, formerly part of the Taxation and Revenue Department, was transferred to DPS. Sections 9-28-1 through 9-28-7 NMSA 1978 remove the Emergency Management and Homeland Security Support Program and create the Homeland Security and Emergency Management Department.

Mission

The mission of the Department of Public Safety is to provide the best and most efficient law enforcement, support, and emergency services available to protect and secure the people of New Mexico in their lives, homes, and communities. DPS’s areas of focus are drunken driving, drug crime, violent crime, and traffic safety.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	144,286.7	165,240.7	174,438.1	170,155.8	3.0
Other Transfers	15,453.1	7,047.9	7,047.9	7,047.9	0.0
Federal Revenues	12,250.6	16,407.8	15,660.8	15,660.8	(4.6)
Other Revenues	7,296.5	9,355.8	8,535.7	8,535.7	(8.8)
Fund Balance	0.0	4,225.2	3,780.2	3,780.2	(10.5)
TOTAL SOURCES	\$179,286.9	\$202,277.4	\$209,462.7	\$205,180.4	1.4
USES					
Personal Services and Employee Benefits	128,820.8	149,321.8	152,132.2	149,992.1	0.4
Contractual services	4,145.5	5,484.2	5,589.9	5,466.5	(0.3)
Other	42,700.3	47,471.4	51,740.6	49,721.8	4.7
TOTAL USES	\$175,666.6	\$202,277.4	\$209,462.7	\$205,180.4	1.4
FTE					
Permanent	1,255.0	1,170.0	1,206.0	1,181.0	0.9
Term	79.0	117.0	114.0	114.0	(2.6)
Temporary	10.0	55.3	55.3	55.3	0.0
TOTAL FTE	1,344.0	1,342.3	1,375.3	1,350.3	0.6

At A Glance

For FY25, the Department of Public Safety (DPS) requested a total budget of \$209.5 million, an increase of \$7.2 million compared with FY24, which included \$174.4 million from the general fund, a \$9.2 million, or 5.6 percent, increase. The general fund request includes a \$4.4 million base increase and \$4.8 million in expansions, which included the addition of 33 FTE. In the base, DPS requested increases focused primarily on overhauling body and in-car camera systems, equipment, and IT needs. The agency requested four expansions, which included additional staff for the forensics lab, records bureau, IT division, and additional staff in Program Support to administer the law enforcement protection fund.

The LFC recommendation of \$205.2 million represents an increase of \$2.9 million compared with FY24 and includes a \$4.9 million, or 3 percent, increase in general fund revenue. The recommendation fully supports the agency’s request for equipment and digital evidence storage enhancements within the state police. While the agency requested a number of significant expansions to add positions in key areas, the LFC recommendation recognizes the agency’s difficulty in filling its existing positions at current pay rates and supports the addition of 12 expansion FTE with \$2 million, which includes additional forensic scientists, Information Technology Division staff, and Administrative Services Division (ASD) staff. The recommendation also supports the agency’s request for additional contractual support for audit and compliance.

Budget Issues

For FY25, DPS requested a total budget of \$209.5 million, an increase of \$7.2 million, or 3.6 percent, compared with FY24. The request included \$174.4 million from the general fund, a \$9.2 million (or 5.6 percent) increase, comprising a \$4.4 million (2.2 percent) base increase and \$4.8 million in expansions. In the base, DPS requested general fund increases of \$3.4 million in the Law Enforcement Program and \$856 thousand in the Statewide Law Enforcement Support Program, and \$75 thousand in Program Support. These requested base increases included \$2.5 million for an overhaul of body and in-car cameras, \$610 thousand for IT maintenance and support, and \$729.8 thousand for tasers and ammunition.

Given DPS's high vacancy rates and difficulty recruiting and retaining personnel in key areas (such as dispatch, the forensic laboratory, and ASD), the LFC recommendation only partially supports the requested expansions and focuses on the agency's priorities for additional staff at the forensics laboratory and IT services division. Overall, the LFC recommendation of \$205.2 million represents an increase of \$2.9 million, or 1.4 percent, and includes a \$4.9 million, or 3 percent, increase in general fund revenue. The recommendation for the base budget supports all but \$1 million of the agency's request for state police officer body and in-car camera overhauls, with the remainder funded through an LFC-recommended nonrecurring special appropriation. In addition, the LFC base budget recommendation provides \$729.8 thousand for tasers and ammunition, \$85.7 thousand for ASD personnel, \$105.5 thousand to convert the state chemist to a permanent position, and \$325 thousand for auditing and compliance services.

The agency's four requested expansions included 12 FTE and equipment for the forensic lab (\$2.3 million), 7 FTE to the Information Technology Division (\$1.1 million), 10 FTE to the Law Enforcement Records Bureau (\$1 million), and 4 FTE to the Administrative Services Division (\$376.2 thousand). The recommendation partially supports the requested expansions to increase staff in some of these areas, including providing \$1.5 million for 8 FTE and equipment for the forensic lab, \$458.6 thousand for 3 FTE in IT, and \$85.7 thousand for 1 FTE in ASD.

New Mexico State Police. State Police averaged a force of 636 officers in FY23, an 11.9 percent overall vacancy rate and an 11.5 percent vacancy rate among positions supported by the general fund. After officers received substantial pay increases in FY23 and the agency received \$2 million to expand its recruit and lateral schools, the agency is well-positioned to expand its force strength and currently projects it will end FY24 with 645 commissioned officers, up 2.5 percent from the end of FY23. NMSP struggled to sustain its force after it eliminated its practice of hiring "laterally" (hiring officers from other agencies) in late 2019, and the agency has seen substantial improvements since resuming the practice in FY22.

In addition to increased pay in FY23 and expanded class sizes, the \$2 million DPS received in FY24 to increase state police officer pay has allowed the agency to properly place personnel in the correct pay rank step based on their years of service, the final component of the agency's new state police pay plan, and should help improve officer retention. These changes are necessary to combat unusually high retirement rates—a record 46 officers retired in FY22, more than double the retirements in FY21 and 140 percent more than the average 19 retirements between FY16 and FY21. That number was reduced to 20 retirements in FY23, which was more in line with historic numbers.

Law Enforcement Officer Recruitment and Retention. Investing in recruitment and retention of high-quality law enforcement officers is an important component of protecting and improving public safety. Laws 2022, Chapter 56, created two new programs to support law enforcement officer recruitment and retention, which the 2023 General Appropriation Act (GAA) funded with \$22.5 million in recurring general fund appropriations. The law enforcement retention fund, administered by DPS, provides officers with one-time retention differential payments equivalent to 5 percent of their annual salary on five-year intervals. The GAA included \$8.2 million for this purpose, and Laws 2022, Chapter 56, further redirected residual balances in the law enforcement protection fund (LEPF) to the retention fund beginning in FY24. Although LEPF revenues were anticipated to fully fund the retention payments in future years, recently discovered errors in revenue distributions to the fund (discussed below) may put the program—as well as other funding for programs at DPS and local law enforcement agencies—at risk. Laws 2022, Chapter 56, also created a new program within the Department of Finance and Administration (DFA) to distribute up to \$50 million over five years to local law enforcement agencies for recruitment and retention stipends, prioritizing increasing agencies' investigative capacity. However, due to vetoes of language, these funds could also be used for other recruitment and retention strategies and the majority of the funding was awarded without a clear or rigorous application process. The requested increase in staff for DPS's Administrative Services Division will help the agency push the funding out to law enforcement agencies throughout the state and ensure these funds are used for their intended purpose.

Accountability and Oversight. Independent oversight of law enforcement may help improve public confidence in police, encourage citizen reporting and cooperation with law enforcement, and ultimately make the state safer. The Law Enforcement Academy Board (LEAB) has historically been tasked with developing the standards and training required of police officers and dispatchers in New Mexico and has been responsible for granting, denying, suspending, or revoking an officer or dispatcher's certification. Although the board was established as an independent entity, it has not had its own budget, and its staff are employees of the New Mexico Law Enforcement Academy, part of DPS. Other board expenses have also flowed through DPS's budget. As a result, the agency responsible for police officer oversight has been functionally dependent on an agency that also includes NMSP, creating potential conflicts of interest.

Laws 2022, Chapter 56, made substantial changes to this system to help ameliorate those concerns and improve training and oversight of officers and dispatchers. Starting in FY24, the law redefined the role and composition of LEAB and implemented new basic and in-service training requirements for law enforcement officers and dispatchers. The law splits the training and certification functions of LEAB into two separate entities: the New Mexico Law Enforcement Standards and Training Council, tasked with developing standards and training for officers and dispatchers, and the Law Enforcement Certification Board, tasked with granting, denying, suspending, or revoking officers' and dispatchers' certifications. Additionally, the law requires the curriculum of basic and in-service training for officers and dispatchers to include crisis management and intervention, dealing with individuals who are experiencing mental health issues, methods of de-escalation, peer-to-peer intervention, stress management, racial sensitivity, and reality-based situational training. Officers must also receive use-of-force training that eliminates the use of choke holds. Beginning in FY23, NMLEA (overseen by the Standards and Training Council since the start of FY24) received a new \$200 thousand distribution from the LEPF to design and provide new training programs.

Dispatch and Commercial Motor Vehicle Inspections. Over the past four years, the Legislature has invested \$3.1 million into improving pay and reducing vacancies among dispatchers and transportation inspectors, with dramatically different results. While transportation inspector vacancies have fallen from 27 percent in FY20 to 8 percent in the first quarter of FY24, vacancy rates among dispatchers have risen from 24 percent to 27 percent. Dispatcher vacancies critically impact officer and public safety, increasing the risk of missed radio transmissions and abandoned emergency calls.

A staffing study conducted by DPS in 2019 found dispatcher starting salaries at all levels were significantly below other law enforcement agencies and recommended both in-band pay increases of 10 percent and that the agency work with the State Personnel Office (SPO) to increase pay ranges. In FY20, dispatchers made an average of \$35.4 thousand annually. The Legislature invested \$1 million from the general fund into increasing these salaries in FY21, FY22, and FY23. Although salaries increased 36 percent between 2019 and 2022, they still averaged just \$48.1 thousand in November 2022, and the agency lost 27 percent of its dispatchers over the past three years. The 2023 GAA included \$1.2 million to substantially increase dispatcher salaries and make them competitive with other state and local law enforcement agencies, including agencies in New Mexico and nearby states. The NMSP Communications Bureau is still working with the DPS Human Resources Bureau and the State Personnel Office to review job classifications and implement the pay raises.

DPS's 2019 staffing study also recommended a 10 percent increase in transportation inspector salaries and working with SPO to increase pay ranges. Transportation inspectors made an average of \$32.2 thousand annually in FY20, but after \$851.2 thousand in investments from the general fund by the Legislature to increase these salaries in FY21, FY22, and FY23, salaries rose to an average of \$53.3 thousand, a 65 percent increase, and the agency increased its transportation inspectors by 27 percent. The discrepancies in salary changes between transportation inspectors and dispatchers likely explain why transportation inspector vacancy rates have fallen so dramatically while dispatcher vacancies continue to rise.

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 the National Incident Based Reporting System (NIBRS) required by the FBI. Unfortunately, many law enforcement agencies are not yet reporting through NIBRS, although many, including NMSP, began reporting in fall 2023. As of September, 74 percent of the state's 130 law enforcement agencies were reporting to the system, which covered 86 percent of the population. The 2022 GAA included \$100 thousand in recurring funds for DPS to support other law enforcement agencies' compliance with crime reporting and other statutory reporting requirements. Notably, Laws 2022, Chapter 56, also made agencies' LEPF distributions contingent on complying with statutory reporting requirements.

Lack of reporting makes it impossible to accurately understand crime trends in the state because 2021 marked the first year the FBI's national crime statistics relied solely on information provided via NIBRS. Nationally, about 83 percent of law enforcement agencies provided data through NIBRS for 2022; comparatively, 85 percent of agencies reported data in 2020 using the previous system. In New Mexico, 33 percent of law enforcement agencies covering 61 percent of the state's population submitted 2021 data through NIBRS; in 2020, 95 percent of New Mexico law enforcement agencies reported data. The FBI estimates total crimes based on agencies reporting, meaning its estimates for crimes committed and crime rates for 2021 are substantially less reliable than those provided in prior years. The FBI did not provide estimated crime rates for New Mexico for 2021 because reporting agencies accounted for less than 80 percent of the population. For 2022, the FBI noted 13,064 "all violent crime" incidents and 15,066 offenses reported in New Mexico by 95 law enforcement agencies covering 86 percent of the population, a seeming decrease from 2019 levels.

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 13 judicial districts of New Mexico and federal court. The 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 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. Since 2016, the Legislature has appropriated over \$45 million for a new forensic laboratory and evidence storage center. The new evidence center opened in summer 2022, and the laboratory opened in summer 2023.

Base Expansion

The agency’s requested expansions added 33 FTE for personnel in the Statewide Law Enforcement Support Program and Program Support. The LFC recommendation for expansion partially or fully supports all but one of the requested expansions to increase staff in some of these areas, including providing \$1.5 million for 8 FTE and equipment for the forensic lab, \$458.6 thousand for 3 FTE for IT, and \$85.7 thousand for 1 FTE in ASD. As discussed above, the recommendation reprioritizes some funds requested for new positions to instead fund compensation increases to help fill vacant positions and retain current staff.

Statewide Law Enforcement Support. Three of the requested expansions, total \$4.8 million and add 29 FTE in the Statewide Law Enforcement Support Program, and should more properly be considered as requests to increase the base budget because they are intended to help the agency better fulfill existing functions: adding 10 FTE for the Law Enforcement Records Bureau, 7 FTE for IT, and 12 FTE and additional equipment for the forensic laboratory. The LFC expansion recommendation provides sufficient funding to add 3 FTE to IT and 8 FTE and equipment for the forensic laboratory, a total of \$2 million.

Program Support. DPS requested one expansion to Program Support totaling \$376.2 thousand to add 4 FTE, including a staff manager, program coordinator and two auditor/accountant positions. The LFC expansion recommendation funds one of the auditor/accountant positions given the program’s high vacancy rate.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Santa Fe Forensic Laboratory	P786	2,259.0	1,495.5
2	Law Enforcement Retention Fund	P503	376.2	85.7
3	Information Technology	P786	1,146.5	458.6
4	Law Enforcement Records Bureau	P786	1,039.9	0.0
TOTAL			\$4,821.6	\$2,039.8

LAW ENFORCEMENT

The purpose of the law enforcement program is to provide the highest quality of law enforcement services to the public and ensure a safer state.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25	LFC Recommendation	Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request		
SOURCES					
General Fund Transfers	122,773.7	137,436.0	140,880.8	139,880.8	1.8
Other Transfers	9,248.0	6,046.0	6,046.0	6,046.0	0.0
Federal Revenues	8,973.7	10,171.1	10,171.1	10,171.1	0.0
Other Revenues	2,095.2	2,315.0	2,437.0	2,437.0	5.3
Fund Balance	0.0	520.2	520.2	520.2	0.0
TOTAL SOURCES	\$143,090.6	\$156,488.3	\$160,055.1	\$159,055.1	1.6
USES					
Personal Services and Employee Benefits	110,801.7	122,670.1	122,490.2	122,626.7	0.0
Contractual services	1,850.8	2,343.9	2,343.9	2,343.9	0.0
Other	29,841.2	31,474.3	35,221.0	34,084.5	8.3
TOTAL USES	\$142,493.7	\$156,488.3	\$160,055.1	\$159,055.1	1.6

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
FTE					
Permanent	1,028.0	959.0	959.0	959.0	0.0
Term	40.0	58.0	54.0	54.0	(6.9)
Temporary	10.0	55.3	55.3	55.3	0.0
TOTAL FTE	1,078.0	1,072.3	1,068.3	1,068.3	(0.4)

Recommended Language

The internal service funds/interagency transfers appropriations to the law enforcement program of the department of public safety include ninety-four thousand five hundred dollars (\$94,500) from the weight distance tax identification permit fund. Any unexpended balances in the motor transportation bureau of the law enforcement program of the department of public safety remaining at the end of fiscal year 2025 from appropriations made from the weight distance tax identification permit fund shall revert to the weight distance tax identification permit fund.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Explanatory	Number of proactive special investigations unit operations to reduce driving while intoxicated and alcohol-related crime	488.0	1,088.0	N/A	N/A	N/A
* Explanatory	Percent of total crime scenes processed for other law enforcement agencies	66%	49%	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against persons investigated by the criminal investigation bureau	N/A	N/A	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against property investigated by the criminal investigation bureau	N/A	N/A	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against society investigated by the criminal investigation bureau	N/A	N/A	N/A	N/A	N/A
Explanatory	Clearance rate of homicide cases investigated by the criminal investigation bureau	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of commercial driver and vehicle out-of-service violations issued	0.0	16,831.0	N/A	N/A	N/A
Explanatory	Number of violent repeat offender arrests by the fugitive apprehension unit	219.0	230.0	N/A	N/A	N/A
Explanatory	Percent of total New Mexico state police special operations deployments for other law enforcement agencies	27.6%	35.2%	N/A	N/A	N/A
Explanatory	Total cases investigated by the New Mexico state police	0.0	1,832.0	N/A	N/A	N/A
Explanatory	Total number of crisis intervention cases handled	21.0	283.0	N/A	N/A	N/A
Output	Number of commercial vehicle enforcement community outreach events and trainings completed	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of illegally possessed firearms seized as part of criminal investigations	180.0	90.0	N/A	N/A	N/A
* Explanatory	Graduation rate of the New Mexico state police recruit school	53.60%	65.90%	N/A	N/A	N/A
Output	Number of data-driven traffic-related enforcement projects	2,074.0	4,142.0	2,600.0	4,500.0	4,500.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Output	Number of driving-while-intoxicated saturation patrols conducted	2,805.0	2,588.0	3,000.0	3,000.0	3,000.0
Explanatory	Number of criminal investigations conducted by criminal investigation bureau agents	592.0	390.0	N/A	N/A	N/A
* Explanatory	Turnover rate of commissioned state police officers	11%	7%	N/A	N/A	N/A
* Explanatory	Number of drug-related investigations conducted by narcotics agents	860.0	458.0	N/A	N/A	N/A
* Explanatory	Vacancy rate of commissioned state police officers	12%	12%	N/A	N/A	N/A
Explanatory	Number of man hours spent on governor-ordered special deployment operations	26,508.0	4,746.0	N/A	N/A	N/A
Explanatory	Number of governor-ordered special deployment operations conducted	2.0	3.0	N/A	N/A	N/A
* Output	Number of commercial motor vehicle safety inspections conducted	102,972.0	114,539.0	90,000.0	100,000.0	100,000.0
Explanatory	Number of New Mexico State Police misdemeanor and felony arrests	6,375.0	6,340.0	N/A	N/A	N/A
Explanatory	Number of driving-while-intoxicated arrests	1,450.0	1,641.0	N/A	N/A	N/A
Explanatory	New Mexico State Police transportation inspector vacancy rate	10.90%	6.90%	N/A	N/A	N/A
Explanatory	New Mexico State Police dispatcher vacancy rate	36.70%	36.00%	N/A	N/A	N/A
Explanatory	Number of motor carrier safety trainings completed	24.0	41.0	N/A	N/A	N/A
Explanatory	Commercial motor vehicle out-of-service rate compared to the current national level	63.50%	69.70%	N/A	N/A	N/A
Output	Number of community engagement projects in counties with populations less than one hundred thousand	125.0	198.0	110.0	200.0	200.0

STATEWIDE LAW ENFORCEMENT SUPPORT

The purpose of the statewide law enforcement support program is to promote a safe and secure environment for the state of New Mexico through intelligently led policing practices, vital scientific and technical support, current and relevant training and innovative leadership for the law enforcement community.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,112.3	21,696.1	26,997.5	24,005.7	10.6
Other Transfers	1,209.9	971.9	971.9	971.9	0.0
Federal Revenues	597.5	2,686.5	1,961.7	1,961.7	(27.0)
Other Revenues	5,045.3	7,040.8	6,098.7	6,098.7	(13.4)
Fund Balance	0.0	705.0	260.0	260.0	(63.1)
TOTAL SOURCES	\$22,965.0	\$33,100.3	\$36,289.8	\$33,298.0	0.6

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	13,571.8	20,627.3	23,272.7	21,279.8	3.2
Contractual services	1,923.8	2,786.1	2,816.8	2,693.4	(3.3)
Other	7,134.6	9,686.9	10,200.3	9,324.8	(3.7)
TOTAL USES	\$22,630.2	\$33,100.3	\$36,289.8	\$33,298.0	0.6
FTE					
Permanent	157.0	161.0	191.0	171.0	6.2
Term	36.0	51.0	52.0	52.0	2.0
TOTAL FTE	193.0	212.0	243.0	223.0	5.2

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of forensic evidence cases completed	126%	129%	100%	100%	100%
Explanatory	Average age of outstanding allegations of misconduct complaint cases at the close of the fiscal year, in days	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time to adjudicate complaint cases, in days	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of complaint cases adjudicated	0.0	74.0	N/A	N/A	N/A
Explanatory	Number of complaint cases received	0.0	97.0	N/A	N/A	N/A
Explanatory	Number of crimes against persons reported in the national incident-based reporting system by participating law enforcement agencies statewide	3,045.0	18,815.0	N/A	N/A	N/A
Explanatory	Number of crimes against property reported in the national incident-based reporting system by participating law enforcement agencies statewide	15,286.0	44,272.0	N/A	N/A	N/A
Explanatory	Number of crimes against society reported in the national incident-based reporting system by participating law enforcement agencies statewide	1,614.0	12,530.0	N/A	N/A	N/A
Explanatory	Percent of IT help requests received from other agencies	N/A	0%	N/A	N/A	N/A
Explanatory	Percent of law enforcement agencies in compliance with reporting of mandated in-service law enforcement training	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of law enforcement agencies reporting to the national incident-based reporting system	0%	56%	N/A	N/A	N/A
* Explanatory	Number of expungements processed	500.0	399.0	N/A	N/A	N/A
Outcome	Number of certifications issued	0.0	565.0	400.0	600.0	0.0
* Outcome	Number of sexual assault examination kits not completed within one hundred eighty days of receipt of the kits by the forensic laboratory	N/A	N/A	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent of non-state police cadets who graduated the law enforcement academy through certification by waiver	98.0%	100.0%	N/A	N/A	N/A
Explanatory	Forensic scientist and forensic technician vacancy rate	25%	30%	N/A	N/A	N/A
Explanatory	Percent of non-state police cadets who graduated the basic law enforcement academy	73.3%	76.0%	N/A	N/A	N/A
Explanatory	Percent of complaint cases reviewed and adjudicated annually by the New Mexico Law Enforcement Certification Board	130%	76%	N/A	N/A	N/A
Explanatory	Graduation rate of telecommunication students from the law enforcement academy	97.6%	100.0%	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to manage the agency’s financial resources, assist in attracting and retaining a quality workforce and provide sound legal advice and a clean, pleasant working environment.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,400.7	6,108.6	6,559.8	6,269.3	2.6
Other Transfers	4,995.2	30.0	30.0	30.0	0.0
Federal Revenues	2,679.4	3,550.2	3,528.0	3,528.0	(0.6)
Other Revenues	156.0	0.0	0.0	0.0	0.0
Fund Balance	0.0	3,000.0	3,000.0	3,000.0	0.0
TOTAL SOURCES	\$13,231.3	\$12,688.8	\$13,117.8	\$12,827.3	1.1
USES					
Personal Services and Employee Benefits	4,447.3	6,024.4	6,369.3	6,085.6	1.0
Contractual services	370.8	354.2	429.2	429.2	21.2
Other	5,724.5	6,310.2	6,319.3	6,312.5	0.0
TOTAL USES	\$10,542.6	\$12,688.8	\$13,117.8	\$12,827.3	1.1
FTE					
Permanent	70.0	50.0	56.0	51.0	2.0
Term	3.0	8.0	8.0	8.0	0.0
TOTAL FTE	73.0	58.0	64.0	59.0	1.7

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of audit findings resolved from the prior fiscal year’s annual external audit	50.00%	40.00%	80.00%	80.00%	80.00%
Output	Number of site visits made to sub-grantees	91.0	56.0	100.0	100.0	100.0

Statutory Authority

The Homeland Security and Emergency Management Department was created by Sections 9-28-1 through 9-28-7 NMSA 1978 (Homeland Security and Emergency Management Act) to consolidate and coordinate homeland security and emergency management functions for the state and to act as a conduit for federal assistance and cooperation. Pursuant to Laws 2020, Chapter 9, the State Fire Marshal’s Office moved from the Public Regulation Commission to the Homeland Security and Emergency Management Department effective July 1, 2021.

Mission

The department’s mission is to lead New Mexico’s efforts in protecting life and property against all threats and hazards by integrating and managing comprehensive and coordinated protective actions, preparedness programs, mitigation projects, response activities, and recovery efforts prior to, during, and following emergencies or disasters.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,307.3	3,582.2	5,695.8	3,758.5	4.9
Other Transfers	137.6	0.0	0.0	0.0	0.0
Federal Revenues	14,460.3	26,137.7	26,164.9	26,117.3	(0.1)
Other Revenues	98,360.7	110,306.9	108,586.2	108,586.2	(1.6)
TOTAL SOURCES	\$116,265.9	\$140,026.8	\$140,446.9	\$138,462.0	(1.1)
USES					
Personal Services and Employee Benefits	8,875.4	11,940.0	14,707.9	12,723.0	6.6
Contractual services	4,173.8	2,129.6	2,468.0	2,468.0	15.9
Other	116,687.4	125,957.2	123,271.0	123,271.0	(2.1)
TOTAL USES	\$129,736.6	\$140,026.8	\$140,446.9	\$138,462.0	(1.1)
FTE					
Permanent	94.2	76.0	155.0	154.0	102.6
Term	34.0	59.0	0.0	0.0	(100.0)
TOTAL FTE	128.2	135.0	155.0	154.0	14.1

At A Glance

The Department of Homeland Security and Emergency Management (DHSEM) requested a \$420.1 thousand, or 0.3 percent, decrease in overall funding for FY25 but requested an increase of \$2.1 million, or 59 percent, from the general fund. The agency request sought to significantly realign uses, largely explained by \$625.5 thousand in requested expansions, and included an increase of \$2.8 million, or 23 percent, in the personal services and employee benefits category. The agency request included an increase of \$338 thousand, or 16 percent, in contractual services, and decreases other costs by \$2.7 million, or 2.1 percent, which it accomplishes by reducing grants to local governments, commensurate with an anticipated decrease in fire insurance tax revenue.

The LFC recommendation partially supports the agency’s request for general fund revenue, by holding base budget funding at FY24 levels while supporting six of the seven requested expansion positions, and fully supports the agency’s request to reduce federal revenue and other revenue. The LFC recommendation amounts to a \$1.6 million, or 1.1 percent, reduction in the overall agency budget but grows the general fund appropriation by \$176.5 thousand, or 4.9 percent, over FY24.

Budget Issues

The Department of Homeland Security and Emergency Management (DHSEM) requested an overall budget increase of \$420.1 thousand but requested an increase of \$2.1 million from the general fund to make up for a \$1.7 million, or 1.6 percent, reduction in revenues from other state funds (fire insurance tax) and cover an expansion of 7 new FTE. The recommendation largely supports the request but uses vacancy savings to make up for the lower fire insurance tax revenues in FY25.

Homeland Security and Emergency Management. The Homeland Security and Emergency Management Program is the only program within DHSEM regularly supported by general fund revenue. The agency requested an increase of \$2.1 million, or 59 percent, including an additional \$223.9 thousand in expansions to add 5 new FTE. The program made small adjustments on the category level, including increasing its personnel budget by \$1.6 million, or 23 percent, while growing the contractual services category by \$138.4 thousand and other costs by \$420.7 thousand. The anticipated increase in federal funding is primarily due to a \$4.7 million grant for mitigation after the Big Hole Fire in Valencia County.

Proper management of agency finances and grants has been a significant area of weakness for the department for five consecutive years. DHSEM's FY22 audit reflected multiple material weaknesses, including the department's ability to accurately track federal expenditures due to a lack of process or effective internal controls, a repeat finding from FY19 through FY21. The audit also cited untimely, incomplete, and inaccurate financial reporting by the department, reflecting a separate material weakness finding. In total, the audit noted seven findings, a significant reduction from the 16 findings in the FY21 audit. To improve financial controls, the agency requested 3 additional FTE in its Administrative Services Bureau (see "Base Expansion" section), which will be funded by a mix of federal and general fund revenue.

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 caused by the Hermit's Peak-Calf Canyon Fire. The law required DFA to act in consultation with DHSEM when providing loans. DHSEM initially identified seven political subdivisions eligible to apply for loans pursuant to approved FEMA funding: Agua Pura Mutual Domestic Community Water Association, the city of Las Vegas, Mora County, San Miguel County, New Mexico Highlands University, La Acequia del Cañoncito de la Cueva, and La Acequia del Cañoncito. As of September 29, 2023, approximately \$54.3 million had been disbursed through nine loan agreements to San Miguel County and Mora County.

State Fire Marshal's Office. SFMO transferred from the Public Regulation Commission to DHSEM at the beginning of FY22. The program is composed of an administrative section and four bureaus: Fire Code Enforcement, Fire Investigation, Fire Services Support, and the State Firefighters Training Academy.

The fire protection fund (FPF) receives the 3 percent premium tax on auto and fire insurance collected by the Taxation and Revenue Department and the Office of Superintendent of Insurance. Laws 2021, Chapter 125, modified the statutes governing that fund and the fire protection grant fund (FPGF) to direct increased funding from the FPF to the FPGF. Previously, FPF distributions were made to local governments based on a statutorily established formula, and some funds were appropriated for other purposes. About 40 percent of the remaining balance flowed to the FPGF, and the remaining 60 percent flowed to the general fund at the end of the fiscal year. The bill changed this so that projected year-end balances are distributed to the FPGF. Notably, the legislation does not require actual year-end balances be distributed to the FPGF, so if actual balances exceed the projection, those funds would revert to the general fund. However, the legislation does not specify who makes this projection or when it must be completed.

At the end of June 2022, DHSEM submitted a budget adjustment request to increase its budget for FPF revenues by \$30 million, accompanied by a new FPF revenue projection showing the addition \$30 million in revenue, thereby preventing those previously unprojected funds from flowing to the general fund. LFC objected to this adjustment because it appeared to contradict legislative intent, because Chapter 125 was specifically amended to direct residual actual balances in excess of those projected to the general fund, rather than the FPGF. This appeared to demonstrate the Legislature's intent to direct unexpected excess revenue to the general fund, and a year-end revised revenue projection could be viewed to subvert that intent. However, LFC objections do not prevent an adjustment from being implemented, and this increase was completed. At the end of June 2023, DHSEM submitted a nearly identical budget adjustment request to increase its budget for FPF revenue by \$10 million. Changes to budget adjustment language or the statute governing the FPF should be considered in the 2024 legislative session to ensure reversions to the general fund are completed, consistent with legislative intent.

Expanded FPGF funding allows SFMO to provide additional funding to local fire departments that can be used for fire apparatus and equipment, communications equipment, equipment for wildfires, fire station construction or expansion, equipment for hazardous material response, stipends for volunteer firefighters, and recruiting and retention programs for volunteer firefighters. Grant applications are evaluated based on departments providing regular and appropriate training, financial need, critical nature of the request, benefits to the community, application completeness, and Insurance Services Office (ISO) ratings. ISO ratings are primarily determined by fire department staffing, training, and proximity; availability of water supply; and quality of the area's emergency communications system. ISO ratings are considered by insurers when setting homeowners insurance rates, so improved ISO ratings should lower insurance costs for communities as well as improve public safety.

During the FY23 grant cycle, SFMO distributed \$29.4 million in fire protection grants. The majority of the funds, \$17.5 million, were awarded for fire apparatus purchases, with 60 departments receiving such awards. Substantial awards were also made for self-contained breathing apparatuses (\$3.6 million to 23 departments), facility improvements (\$3.5 million to 11 departments), and fire suppression water supply (\$1.9 million to eight departments). Additionally, 21 departments received almost \$500 thousand for stipends for recruiting, retention, and education programs. Three departments received a little over \$500 thousand for multiple types of projects. Thirty-two of New Mexico’s 33 counties received fire protection grants, with Sandoval County receiving the largest amount of funding (\$2.1 million) and Lea County receiving no grants. In FY22, both Sandoval and Lea counties were among the six counties that received less than \$75 thousand in fire protection grants. Taos County also received over \$2 million in grant funds in FY23. A total of 12 counties received awards between \$1 million and \$2 million, 16 received awards between \$100 thousand and \$1 million, and two (Los Alamos and Roosevelt counties) received awards under \$100 thousand. In FY22, Los Alamos, which had the lowest (best) insurance ISO rating in the state (one), did not receive any grant funding, while Roosevelt County received less than \$75 thousand.

Base Expansion

The agency’s request included 7 additional FTE: 5 in the Homeland Security and Emergency Management (HSEM) program and 2 in the State Fire Marshall’s Office. The request for the HSEM program included a management analyst to provide administrative support for subrecipients of federal disaster and non-disaster grants, an accountant and auditor position, and an accountant and auditor supervisor position to improve agency financial controls and improve the timeliness and accuracy of reconciliations. HSEM also requested two additional positions focused on disaster recovery, including one position to conduct preliminary damage assessments and another focused on emergency response and preparedness. HSEM’s requests would have expanded the recurring budget by \$447.8 thousand, split evenly between general fund and federal funds. SFMO requested 2 additional FTE, an administrative assistant and a human resource manager. Both of these positions, totaling \$177.7 thousand in recurring funds, would be funded by other state funds. These positions will free up program support workload in other parts of the agency and allow for dedicated support of the SFMO, instead of relying on the HSEM program to provide FTE to cover essential functions.

The committee recommendation supports all but one of the requested expansions, excluding the response specialist, who by the agency’s own explanation will not be needed until the Federal Emergency Management Agency stops managing disaster relief related to the Hermit’s Peak-Calf Canyon wildfires sometime in FY26.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Accountant & Auditor Supervisor	P759	91.0	91.0
1	Accountant & Auditor-A	P759	83.8	83.8
1	Administrative Assistant	P806	75.5	75.5
1	Human Resource Manager	P806	102.2	102.2
1	Mgmt Analyst-A	P759	94.0	94.0
1	New PDA FTE	P759	83.8	83.8
1	Response Specialist	P759	95.2	0.0
TOTAL			\$625.5	\$530.3

STATE FIRE MARSHAL’S OFFICE

The purpose of the state fire marshal’s office program is to provide services and resources to the appropriate entities to enhance their ability to protect the public from fire hazards.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	98,301.3	110,251.9	108,531.2	108,531.2	(1.6)
TOTAL SOURCES	\$98,301.3	\$110,251.9	\$108,531.2	\$108,531.2	(1.6)
USES					
Personal Services and Employee Benefits	3,556.8	4,894.8	6,081.0	6,081.0	24.2
Contractual services	440.2	505.1	705.1	705.1	39.6
Other	104,659.6	104,852.0	101,745.1	101,745.1	(3.0)
TOTAL USES	\$108,656.6	\$110,251.9	\$108,531.2	\$108,531.2	(1.6)
FTE					
Permanent	47.0	54.0	64.0	64.0	18.5
TOTAL FTE	47.0	54.0	64.0	64.0	18.5

Recommended Language

Notwithstanding the provisions of Section 59A-53-5.2 NMSA 1978, or other substantive law, the other state funds appropriations to the state fire marshal's office program of the homeland security and emergency management department include nine million five hundred fourteen thousand five hundred dollars (\$9,514,500) from the fire protection fund. Any unexpended balances from the fire protection fund in the state fire marshal's office program of the homeland security and emergency management department at the end of fiscal year 2025 shall revert to the fire protection fund.

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
Quality	Pass rate for state certification exams administered by the firefighter training academy bureau	80%	76%	84%	84%	84%
Output	Number of training contact hours delivered by the state fire marshal's office and firefighter training academy bureau	88,909.0	119,761.0	110,000.0	130,000.0	130,000.0
Output	Number of firework (temporary location of fireworks transactions) inspections completed	324.0	375.0	400.0	400.0	400.0
Quality	Percent compliance with national fire incident reporting system	80%	94%	85%	95%	95%
Output	Percent of fire departments inspected by the fire service support bureau	100%	25%	60%	75%	75%
Output	Number of fire investigations completed	220.0	162.0	212.0	200.0	200.0
* Outcome	Percent of local government recipients that receive their fire protection fund distributions on schedule	100%	100%	100%	100%	100%
Output	Number of inspections completed by the code enforcement bureau	2,568.0	2,435.0	950.0	1,000.0	1,000.0
Output	Percent of fire departments audited	60%	100%	100%	100%	100%
Outcome	Percent of state-owned and -leased buildings inspected	80%	76%	81%	85%	85%
* Outcome	Average statewide fire district insurance service office rating	5.0	5.0	4.0	4.0	4.0

HOMELAND SECURITY AND EMERGENCY MANAGEMENT DEPARTMENT PROGRAM

The purpose of the homeland security and emergency management program is to provide for and coordinate an integrated, statewide, comprehensive emergency management system for New Mexicans, including all agencies, branches and levels of government.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,307.3	3,582.2	5,695.8	3,758.5	4.9
Other Transfers	137.6	0.0	0.0	0.0	0.0
Federal Revenues	14,460.3	26,137.7	26,164.9	26,117.3	(0.1)
Other Revenues	59.4	55.0	55.0	55.0	0.0
TOTAL SOURCES	\$17,964.6	\$29,774.9	\$31,915.7	\$29,930.8	0.5
USES					
Personal Services and Employee Benefits	5,318.6	7,045.2	8,626.9	6,642.0	(5.7)
Contractual services	3,733.6	1,624.5	1,762.9	1,762.9	8.5
Other	12,027.8	21,105.2	21,525.9	21,525.9	2.0
TOTAL USES	\$21,080.0	\$29,774.9	\$31,915.7	\$29,930.8	0.5
FTE					
Permanent	47.2	22.0	91.0	90.0	309.1
Term	34.0	59.0	0.0	0.0	(100.0)
TOTAL FTE	81.2	81.0	91.0	90.0	11.1

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Average number of days from receipt of invoice to receipt of funds by subrecipient	44.0	93.0	30.0	30.0	30.0
Outcome	Number of performance progress reports submitted in the BSIR System for open Emergency Management Performance, State Homeland Security and Nonprofit Security Grants	0.0	10.0	NEW	10.0	10.0
Outcome	Number of performance progress reports submitted in the calendar year for each open Emergency Management Performance Grant	0.0	6.0	NEW	6.0	6.0
Outcome	Number of performance progress reports submitted in the calendar year for open State Homeland Security, Nonprofit Security, Operation Stonegarden and Emergency Operations Center Grants	0.0	18.0	NEW	20.0	20.0
Outcome	Number of subrecipient monitoring visits conducted within the calendar year	0.0	24.0	NEW	30.0	30.0
Explanatory	Number of information and intelligence reports distributed from fusion center to non-government entities	1,470.0	145.0	N/A	N/A	N/A
Output	Number of critical infrastructure systems evaluated	30.0	16.0	30.0	10.0	10.0
Outcome	Percent of federal emergency management agency hazard mitigation plans approved	74.91%	20.00%	75.00%	20.00%	20.00%
Outcome	Percentage of local jurisdictions' emergency communications data submitted and entered into the integrated public alerting and warning system	100.00%	80.00%	100.00%	80.00%	80.00%
Explanatory	Number of projects tied to governor's executive orders allocating emergency funding that are fully expended or reverted	0.0	5.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Output	Number of training courses delivered for identified needs of local and state entities	72.0	102.0	70.0	70.0	70.0
Outcome	Percent of monthly emergency operations center readiness tests passed	100%	100%	100%	100%	100%
Explanatory	Number of information and intelligence reports distributed from fusion center to federal partners	1,470.0	145.0	N/A	N/A	N/A
* Outcome	Number of recommendations from federal grant monitoring visits older than six months unresolved at the close of the fiscal year	3.0	5.0	2.0	2.0	2.0
Outcome	Percent of emergency equipment able to be deployed	90%	80%	92%	90%	90%
Output	Number of homeland security exercise and evaluation program compliant exercises delivered or coordinated by the agency	4.0	10.0	10.0	10.0	10.0
Explanatory	Number of information and intelligence reports distributed from fusion center to state, local and tribal partners	1,470.0	145.0	N/A	N/A	N/A
Explanatory	Amount of unspent funds tied to governor's executive orders allocating emergency funding issued more than four years ago	\$11,200,000.00	\$3,184,000.00	N/A	N/A	N/A
Outcome	Percent of prior year audit findings resolved	27%	50%	87%	10%	10%

Transportation

Statutory Authority

Sections 67-1-1 through 67-16-14 NMSA 1978 codify laws pertaining to the Department of Transportation (NMDOT), the State Transportation Commission, and highways and transportation in general. Article V, Section 14, of the Constitution of New Mexico establishes the State Transportation Commission. Each of the six governor-appointed commissioners represents a highway district. The department is administered in accordance with the policies established by the commission and all applicable federal and state laws and regulations.

Mission

The department and the commission maintain responsibility for creating a comprehensive program of design, construction, and maintenance of the state’s highway system. The department’s mission is to use its personnel and technical and financial resources to facilitate a high-quality, multi-modal state transportation network.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	4,000.0	0.0	0.0
Other Transfers	10,925.9	10,300.0	9,800.0	9,800.0	(4.9)
Federal Revenues	504,578.8	534,115.6	551,676.4	551,676.4	3.3
Other Revenues	651,734.4	645,713.0	650,489.0	650,489.0	0.7
Fund Balance	0.0	81,160.8	0.0	25,000.0	(69.2)
TOTAL SOURCES	\$1,167,239.1	\$1,271,289.4	\$1,215,965.4	\$1,236,965.4	(2.7)
USES					
Personal Services and Employee Benefits	190,331.8	215,135.5	217,146.9	210,855.7	(2.0)
Contractual services	516,577.9	607,859.4	654,032.9	681,767.7	12.2
Other	285,310.9	448,294.5	344,785.6	344,342.0	(23.2)
TOTAL USES	\$992,220.6	\$1,271,289.4	\$1,215,965.4	\$1,236,965.4	(2.7)
FTE					
Permanent	2,587.0	2,532.0	2,560.0	2,545.0	0.5
Term	38.0	55.5	55.5	55.5	0.0
Temporary	35.0	0.0	0.0	0.0	0.0
TOTAL FTE	2,660.0	2,587.5	2,615.5	2,600.5	0.5

At A Glance

Department of Transportation (NMDOT) revenues come from two sources: state road fund, primarily used for highway maintenance, and federal funding awards, primarily used for construction and debt service payments. The overall agency request was a \$55.3 million, or 4.4 percent, decrease from the FY24 operating budget. The decrease is due to budgeting \$81.2 million in state road fund balance in FY24. NMDOT did not request appropriations for unobligated fund balance, estimated at \$57.8 million at time of budget submission. NMDOT requested an increase of \$17.5 million, or 3.2 percent, in federal revenue and \$4.8 million, or 0.7 percent in other state funds, predominantly state aviation fund revenue related to a recent statutory change. Additionally, the department requested \$4 million from the general fund to stand up the department’s transportation regulation function, which transfers from the Public Regulation Commission in FY25.

The LFC recommendation fully funds the NMDOT request for road construction and maintenance projects using federal and other revenue, including the state and local road fund revenue. In recognition of significant surpluses in the personal services and employee benefits category, LFC reallocates a portion of these funds to other uses, including road maintenance expenses. For transportation regulation, the LFC recommendation earmarks \$2 million in state road fund revenue, received from the fees paid by regulated entities, to cover the costs of the transportation regulation function. Additionally, the LFC recommendation includes an additional \$25 million from fund balance over the request to provide additional resources for road construction or contract maintenance.

Budget Issues

NMDOT is responsible for construction and maintenance activities on the 28 thousand lane mile state road network, which includes state and national highway systems. To perform these functions, NMDOT relies on revenue generated by the state road fund and federal revenues. Additionally, the department receives tax revenue earmarked for highway and driver safety, local government transit and road projects, and for aviation projects.

State Road Fund. NMDOT forecasts road fund revenue every January and July, budgeting projected revenue in the request. For FY24, NMDOT expects total road fund revenue of \$549 million, essentially flat with the FY24 operating budget of \$548.5 million. The largest sources of revenue to the road fund are fuel taxes, generating an estimated \$249.4 million in FY25, down from \$251.1 million in FY24. NMDOT projects 45 percent of total revenue from fuel taxes; 21 percent from fees on commercial trucking; and 30 percent from taxes on vehicle sales and registration fees.

The tax on diesel fuel is the largest contributor to the road fund and generally reflects the national economy. When consumer spending increases, more goods are purchased, translating into increased interstate trucking, the primary consumer of diesel fuel. For FY25, NMDOT estimates the tax on diesel fuel will generate \$133.6 million, a decline of \$2.5 million, or 1.8 percent from the department's FY24 operating budget. However, the loss is projected to be offset by an additional \$2.5 million in weight-distance tax revenue from commercial trucking.

The gasoline tax, once the single largest road fund revenue source and now the second largest projected at \$115.7 million, is up slightly from current year budget estimates. Taxes on diesel fuel now surpass gasoline taxes. The 17 cent per gallon tax has not been changed since 1995 and grew only 10 percent between FY14 and FY23, while the road fund grew 36 percent over this time. The slow revenue growth is attributable to a combination of low population growth, increased vehicle fuel efficiency, and an aging population that drives less. Additionally, hybrid and electric vehicles are expected to rapidly gain market share in coming years as major auto manufacturers race to produce vehicles reflecting changing consumer preferences and regulations. Currently, 76.3 percent of gas tax revenue goes to the road fund with the remainder going to local governments.

Federal Revenue. Use of federal funds require a state match of between 8 percent and 20 percent, and SRF is used to provide these matching funds. After years of stagnant federal funding, NMDOT reported an increase in federal formula funding of \$100 million in FY22 based on increases passed as part of the Infrastructure Investment and Jobs Act. NMDOT expects those allocations to grow by about 2 percent per year through FY26, but for FY25 the department requested a \$17.6 million, or 3.3 percent increase.

The LFC recommendation supports the department's request for federal funds.

Local Road Funding. NMDOT provides funding for local road projects through the local government road fund and the transportation project fund. The local government road fund receives revenue from fuel taxes, leased vehicle gross receipts, and fee revenue. For FY25, the department requested \$28.2 million from the local government road fund, an increase of \$262 thousand, or 1 percent, despite stagnant or falling revenue. Projected losses in fuel taxes and license fees were offset by an increase in interest due to a sizeable fund balance. NMDOT reports \$42 million is held in the fund, including \$23.4 million not committed to specific projects, roughly the size of one full year of awards. Fund balances have been growing steadily; in October 2020, the fund held \$35 million, with only \$14 million uncommitted. Awards from the local government road fund follow a complex statutory formula, limiting the flexibility of these funds.

The transportation project fund receives revenue from the motor vehicle excise tax, which the department estimates at \$53.8 million for FY25, an increase of \$2.3 million, or 4.4 percent. Projects are selected for funding based on recommendations put forward by municipal and regional planning organizations and tend to be more flexible than awards from the local government road fund. While the fund currently has a large cash balance—about \$80 million—essentially all those funds are committed to projects.

The LFC recommendation supports the department's request for local road revenues.

NMDOT Staffing Issues. In recent years, the operating budget for the Department of Transportation have included significant surpluses in the personal services and employee benefits category. In FY23, the department spent \$190 million of the \$203 million budgeted for personnel, for vacancy savings of \$12.4 million, or 6 percent. While smaller than the \$14 million in vacancy savings for FY22, LFC estimates, based on current staffing levels, the department could realize up to \$16.6 million in vacancy savings in FY24. NMDOT requested a \$2 million increase for personnel costs, but that increase is due to the \$3.1 million expansion request for transportation regulation.

Due to the significant current year surplus, the LFC recommendation reallocates a portion of the department's vacancy savings to other purposes. The LFC recommendation reduces the agency's personnel amounts by \$5.5 million, roughly one-third of the agency's projected vacancy savings, and reallocates those dollars to the contractual services category and to partially fund the program expansion requested by the department.

Fund Balance. The total amount of fund balance available is determined during the January revenue forecasting process. During the legislative session, the House Transportation Committee follows a consensus process to budget available fund balances to meet the priorities of NMDOT, the Legislature, and the executive. As of September 2023, projected unbudgeted fund state road fund balances totaled \$57.8 million, an increase of \$21.8 million, or 60 percent from one year earlier. The LFC recommendation includes \$25 million in fund balance to allow the department to undertake additional construction or contract maintenance projects.

Debt Service. The department currently has \$889 million in outstanding debt obligations, but a significant portion of those obligations will be paid down in FY24 with a \$157 million principal payment in June 2024. For FY25 through FY30, annual debt service payments will be about \$111 million, down from \$194 million in FY24. Most of those payments--\$138 million--are federally reimbursable, freeing up federal funds to be redirected to road projects. The state will have retired all debt by the end of FY32.

Maintenance and Construction Needs. The Federal Highway Administration requires state departments of transportation to develop a transportation asset management plan (TAMP) that includes performance measures and targets for pavement and bridge conditions. The statewide focus of the TAMP will likely help the overall health of the transportation system by prioritizing needs of the entire network rather than those of individual transportation districts.

The department’s most recent asset management plan, approved in June 2022, notes the need for maintenance early in the lifecycle of the pavement structure to prevent costlier future repairs. The per-lane-mile cost to maintain a road in good condition is estimated to be \$18 thousand, a road in fair condition costs an average \$320 thousand per lane-mile to maintain, and a road in poor condition requiring major rehabilitation or reconstruction costs \$1.5 million per lane-mile or more.

Each year, NMDOT conducts a survey of the state’s transportation network and assigns each stretch of road a pavement condition rating (PCR) score to measure condition. A score of 45 or less is a poor condition road. In 2022, the average PCR score for all state roads was 65.9, down from 72.1 in FY21, but up from 54.9 in 2020.

Base Expansion

Transportation Regulation. NMDOT requested \$4 million from the general fund as an expansion to cover costs associated with moving transportation regulation from the Public Regulation Commission (PRC) to NMDOT. Notably, the state road fund receives about \$3.3 million per year in fees from regulated entities. Because those fees were directed to NMDOT, PRC relied on general fund appropriations to support the costs of the program and NMDOT retained this practice, requesting a general fund appropriation even though the department retains that fee revenue. While prior to July 1, 2024, fees were established by the Motor Carrier Act, from July 1, 2024, NMDOT is required to establish by rule reasonable fees, allowing the department to align costs for regulation with the revenue needed. Fees are paid into the motor transportation fee fund and transferred to the state road fund at the end of each month. Initial estimates from the department had shown an estimated operating budget impact of about \$1 million per year, mostly to cover personnel costs, but NMDOT’s FY25 budget request totaled \$4 million. The department’s request includes additional legal and technical staff that was not included in the initial estimates.

The LFC recommendation includes \$2 million from amounts transferred to the state road fund from the motor transportation fee fund. The amount includes sufficient funds to cover the transfer of personnel from PRC for operating inefficiencies realized by the transfer of the program.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	PRC Transportation Regulation	P565	4,000.0	2,000.0
TOTAL			\$4,000.0	\$2,000.0

PROJECT DESIGN AND CONSTRUCTION

The purpose of the project design and construction program is to provide improvements and additions to the state’s highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to highway planning, design and construction necessary for a complete system of highways in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	472,433.5	495,720.0	513,280.8	513,280.8	3.5
Other Revenues	275,435.0	270,413.2	271,894.2	270,246.6	(0.1)
Fund Balance	0.0	34,848.0	0.0	12,500.0	(64.1)
TOTAL SOURCES	\$747,868.5	\$800,981.2	\$785,175.0	\$796,027.4	(0.6)
USES					
Personal Services and Employee Benefits	28,878.3	33,690.3	33,690.3	32,042.7	(4.9)
Contractual services	421,730.5	482,494.9	551,128.7	563,628.7	16.8
Other	144,974.0	284,796.0	200,356.0	200,356.0	(29.6)
TOTAL USES	\$595,582.8	\$800,981.2	\$785,175.0	\$796,027.4	(0.6)
FTE					
Permanent	386.0	354.0	354.0	354.0	0.0
Term	8.0	16.0	16.0	16.0	0.0
Temporary	10.0	0.0	0.0	0.0	0.0
TOTAL FTE	404.0	370.0	370.0	370.0	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of projects in production let to bid as scheduled	98.00%	98.00%	75.00%	75.00%	75.00%
* Quality	Percent of final cost-over-bid amount, less gross receipts tax, on highway construction projects	1%	2%	3%	3%	3%
* Outcome	Percent of projects completed according to schedule	91%	85%	88%	88%	88%

HIGHWAY OPERATIONS

The highway operations program is responsible for maintaining and providing improvements to the state's highway infrastructure that serve the interest of the general public. The maintenance and improvements include those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system. Some examples include bridge maintenance and inspection, snow removal, chip sealing, erosion repair, right-of-way mowing and litter pick up, among numerous other activities.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	2,625.4	0.0	0.0	0.0	0.0
Federal Revenues	3,000.0	3,000.0	3,000.0	3,000.0	0.0
Other Revenues	292,770.9	292,021.5	292,021.5	292,498.0	0.2
Fund Balance	0.0	30,594.0	0.0	12,500.0	(59.1)
TOTAL SOURCES	\$298,396.3	\$325,615.5	\$295,021.5	\$307,998.0	(5.4)

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	
USES					
Personal Services and Employee Benefits	123,055.8	136,425.9	136,425.9	134,141.6	(1.7)
Contractual services	67,983.7	78,319.4	65,070.2	80,331.0	2.6
Other	95,846.1	110,870.2	93,525.4	93,525.4	(15.6)
TOTAL USES	\$286,885.6	\$325,615.5	\$295,021.5	\$307,998.0	(5.4)
FTE					
Permanent	1,831.0	1,830.0	1,830.0	1,830.0	0.0
Term	14.0	18.7	18.7	18.7	0.0
Temporary	15.0	0.0	0.0	0.0	0.0
TOTAL FTE	1,860.0	1,848.7	1,848.7	1,848.7	0.0

PERFORMANCE MEASURES

		FY22	FY23	FY24	FY25	FY25
		Actual	Actual	Budget	Request	Recomm
* Output	Number of statewide pavement lane miles preserved	4,373.0	3,390.0	3,500.0	3,500.0	3,500.0
Outcome	Percent of non-interstate lane miles rated fair or better	95.00%	84.00%	80.00%	80.00%	80.00%
* Outcome	Percent of interstate lane miles rated fair or better	97%	92%	91%	91%	91%
* Outcome	Number of combined systemwide lane miles in poor condition	1,451.0	3,155.0	4,000.0	4,000.0	4,000.0
Outcome	Percent of national highway system lane miles rated fair or better	97%	90%	90%	90%	90%
Outcome	Percent of non-national highway system lane miles rated fair or better	94%	84%	80%	80%	80%
Outcome	Number of interstate miles in poor condition	136.0	331.0	300.0	300.0	300.0
Outcome	Number of non-interstate miles in poor condition	1,314.0	2,824.0	2,500.0	2,500.0	2,500.0
* Outcome	Percent of bridges in fair, or better, condition based on deck area	96%	96%	95%	95%	95%

MODAL

The purpose of the modal program is to provide federal grants management and oversight of programs with dedicated revenues, including transit and rail, traffic safety and aviation.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	4,000.0	0.0	0.0
Other Transfers	8,300.5	10,300.0	9,800.0	9,800.0	(4.9)
Federal Revenues	29,145.3	35,395.6	35,395.6	35,395.6	0.0
Other Revenues	35,100.2	33,030.9	36,325.9	37,497.0	13.5
Fund Balance	0.0	7,049.8	0.0	0.0	(100.0)
TOTAL SOURCES	\$72,546.0	\$85,776.3	\$85,521.5	\$82,692.6	(3.6)
USES					
Personal Services and Employee Benefits	10,189.8	12,991.1	16,096.5	13,737.2	5.7
Contractual services	24,867.5	36,604.4	33,305.8	33,279.8	(9.1)
Other	32,520.0	36,180.8	36,119.2	35,675.6	(1.4)
TOTAL USES	\$67,577.3	\$85,776.3	\$85,521.5	\$82,692.6	(3.6)
FTE					
Permanent	129.0	99.0	127.0	112.0	13.1
Term	13.0	16.0	16.0	16.0	0.0
Temporary	8.0	0.0	0.0	0.0	0.0
TOTAL FTE	150.0	115.0	143.0	128.0	11.3

Recommended Language

The internal service funds/interagency transfers appropriations to the modal program of the New Mexico department of transportation include nine million five hundred thousand dollars (\$9,500,000) from the weight distance tax identification permit fund.

The other state funds appropriations to the modal program of the New Mexico department of transportation include two million dollars (\$2,000,000) from amounts transferred to the state road fund from the motor transportation fee fund pursuant to Section 65-2A-36 NMSA 1978.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of total regulated motor carriers inspected by staff	0%	NEW	NEW	10%	10%
Output	Number of total motor carrier inspections performed by staff	0.0	NEW	0.0	300.0	300.0
Outcome	Annual number of riders on park and ride	100,367.0	142,144.0	235,000.0	235,000.0	235,000.0
Outcome	Percent of airport runways in satisfactory or better condition	59%	43%	57%	57%	57%
Explanatory	Annual number of riders on the rail runner	317,424.0	544,106.0	N/A	N/A	N/A
* Outcome	Number of traffic fatalities	464.0	444.0	400.0	400.0	400.0
* Outcome	Number of alcohol-related traffic fatalities	133.0	119.0	140.0	140.0	140.0
Outcome	Number of non-alcohol-related traffic fatalities	340.0	325.0	250.0	250.0	250.0
Outcome	Number of occupants not wearing seatbelts in motor vehicle fatalities	190.0	174.0	140.0	140.0	140.0
Outcome	Number of pedestrian fatalities	105.0	93.0	85.0	95.0	85.0

PROGRAM SUPPORT

The purpose of program support is to provide management and administration of financial and human resources, custody and maintenance of information and property and the management of construction and maintenance projects.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	48,428.3	50,247.4	50,247.4	50,247.4	0.0
Fund Balance	0.0	8,669.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$48,428.3	\$58,916.4	\$50,247.4	\$50,247.4	(14.7)
USES					
Personal Services and Employee Benefits	28,207.9	32,028.2	30,934.2	30,934.2	(3.4)
Contractual services	1,996.2	10,440.7	4,528.2	4,528.2	(56.6)
Other	11,970.8	16,447.5	14,785.0	14,785.0	(10.1)
TOTAL USES	\$42,174.9	\$58,916.4	\$50,247.4	\$50,247.4	(14.7)
FTE					
Permanent	241.0	249.0	249.0	249.0	0.0
Term	3.0	4.8	4.8	4.8	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	246.0	253.8	253.8	253.8	0.0

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Quality	Number of external audit findings	2.0	1.0	5.0	5.0	5.0
Efficiency	Percent of invoices paid within thirty days	93%	92%	90%	90%	90%
* Explanatory	Vacancy rate of all programs	17.00%	20.00%	N/A	N/A	N/A
Output	Number of employee injuries	45.0	31.0	75.0	75.0	75.0
Output	Number of employee injuries occurring in work zones	17.0	4.0	25.0	25.0	25.0

Other Education

Statutory Authority

Article XII, Section 6, of the New Mexico Constitution creates a cabinet department headed by a secretary of public education and creates an elected, advisory Public Education Commission. The secretary of public education is appointed by the governor and confirmed by the Senate. The secretary of public education has administrative and regulatory powers and duties, including all functions relating to the distribution of school funds and financial accounting for public schools.

Mission

The purpose of the department is to create and maintain a customer-focused organization that provides leadership, technical assistance, and quality assurance to improve performance for all students and close the achievement gap.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	20,869.0	23,589.1	27,504.6	23,940.6	1.5
Other Transfers	23.5	45.0	45.0	45.0	0.0
Federal Revenues	36,319.0	31,728.2	31,728.2	33,681.6	6.2
Other Revenues	6,697.8	6,483.5	6,817.5	7,121.4	9.8
Fund Balance	0.0	334.0	0.0	0.0	(100.0)
TOTAL SOURCES	\$63,909.3	\$62,179.8	\$66,095.3	\$64,788.6	4.2
USES					
Personal Services and Employee Benefits	26,561.1	30,675.6	34,261.1	33,394.3	8.9
Contractual services	31,244.2	25,550.0	25,550.0	25,550.0	0.0
Other	3,291.9	5,954.2	6,284.2	5,844.3	(1.8)
TOTAL USES	\$61,097.2	\$62,179.8	\$66,095.3	\$64,788.6	4.2
FTE					
Permanent	198.4	175.0	208.0	195.0	11.4
Term	47.3	179.0	165.0	159.0	(11.2)
TOTAL FTE	245.7	354.0	373.0	354.0	0.0

At A Glance

The Public Education Department (PED) requested \$66.1 million for FY25, a \$3.9 million, or 6.3 percent increase from the FY24 operating budget. This request is entirely from general fund appropriations and represents a 16.6 percent increase. The request includes 373 FTE, an increase of 19 new FTE positions despite the department's current vacancy rate of 24 percent (84 vacant FTE). LFC recommends \$64.8 million, a \$2.6 million, or 4.2 percent, increase over the prior year and maintains the existing 354 FTE in the department. The committee recommendation authorizes the reclassification of 20 FTE to permanent status and leverages \$2.2 million in other state and federal funds for the increase, in line with recent revenue growth.

Budget Issues

The 1st Judicial District Court's findings in the *Martinez* and *Yazzie* education sufficiency lawsuit noted PED did not require districts to allocate money for programs known to advance educational opportunities for at-risk students. The findings further highlighted PED's failure to track districts' curricular practices, monitor access to appropriate instructional materials, hire Indian Education Division staff, and provide adequate technical assistance. Although the court found some PED special programs helped students succeed, the judge noted PED's initiatives were too small and inconsistently funded to address the low academic outcomes of at-risk students.

The FY25 proposal is entirely a request to expand general fund appropriations to \$27.5 million, a \$3.9 million, or 16.6 percent increase and further includes the addition of 19 new FTE. The expansion is composed of 4 FTE for information technology, 2 FTE for policy, 4 FTE for transportation and administrative support, 3 FTE for early literacy, and 6 new term FTE. The expansion request comes along with a \$642 million request for 73 nonrecurring department initiatives, which would require additional capacity for program oversight and grant administration.

Much of PED's staffing needs stem from significant growth in state and federal funding as more staff are dedicated to overseeing new programs and activities. Despite its substantial efforts to fill positions, growing from 212 employees in FY20 to 270 employees in FY24, the department continues to report 83 vacancies. At a funded vacancy rate of 1.2 percent, however, PED has limited authority to build existing capacity. Rather than adding new FTE, the department should increase base funding for personnel to fill vacancies and target compensation toward mission-critical positions to address operational needs and priority areas. As of November 2023, agency vacancies included 3 FTE in information technology, 1 FTE in policy, 16 FTE in administrative services, and 3 FTE in literacy. PED's vacancies are mainly concentrated in the fiscal grants management and special education divisions, with most other bureaus reporting between one or four vacant positions.

For FY25, LFC recommends an operating budget of \$64.8 million, a \$2.6 million, or 4.2 percent, increase from FY24 funding levels. The general fund recommendation is \$23.9 million, a \$351.5 thousand, or 1.5 percent, increase from the prior year. The LFC recommendation authorizes 354 FTE, flat with current authorized levels, and supports the agency's request to reclassify 20 term FTE to permanent FTE positions for recruitment and retention purposes. The recommendation leverages \$304 thousand in other state funds and \$1.9 million in federal funds to support personnel, given recent revenue growth in both categories, and reprioritizes other costs in line with historical spending trends.

Federal Relief Funds. The majority of PED's contractual and other category budgets are supported by federal funds, typically from recurring grant programs related to special education or state assessments. In response to the Covid-19 pandemic, however, Congress appropriated \$152.4 million to PED for education-related emergencies and \$7.6 million to administer federal elementary and secondary school relief (ESSER) funds. In recent years, PED has not fully budgeted available federal dollars for operations, with actual federal revenues reaching \$33.9 million in FY22 and \$36.3 million in FY23. PED budgeted \$30.7 million in federal funds for FY22 and \$31.1 million for FY23. The department's FY25 request for federal funds is flat with the FY24 budgeted level of \$31.7 million.

A substantial portion of new federal dollars are from ESSER funds, which are set to expire and must be obligated by FY24. Federal rules authorize the liquidation of ESSER funds by FY25 but guidance in September 2023 from the U.S. Department of Education will now allow states to request an extension of the spending period up to 14 months beyond the liquidation period. In FY23, the department transferred \$500 thousand from the contractual services category and \$500 thousand from the other costs category to the personal services and employee benefits category for salaries of existing term FTE using ESSER funds. In the first two quarters of FY24, PED requested budget authority to increase the personal services and employee benefits category by \$2.3 million from federal operating revenue not originally budgeted. To maximize the use of ESSER funds within the limited liquidation period and growth in other federal funding sources, the committee recommendation for FY25 increases federal fund revenues to \$33.7 million, a \$1.9 million, or 6.2 percent, increase from FY24 funding levels.

Operations. The influx of federal aid, expansion of state initiatives, and high turnover in leadership have slowed PED operations. The department has delayed reporting on school accountability measures and fallen behind on other key functions, such as processing reimbursements and completing formula and program compliance audits. (See "Performance: Public Education Department," Volume I.) Coupled with new initiatives and reinstatement of federal and state accountability requirements, PED must quickly improve data collection and fiscal management capabilities to execute basic operating procedures.

About \$29 million of PED's \$642 million nonrecurring appropriation request was focused on IT systems for the department. Given significant delays in data collection, validation, and reporting, the department needs substantial upgrades in system functionality, security, and operational processes. PED notes the agency's main data system, STARS, is 15 years old and needs more automatic functions, such as preemptively checking data for errors and connecting data points to other systems, such as finance, human resources, assessment, and transportation. Streamlining STARS will reduce resubmissions of data and alleviate reporting burdens on schools and the department. System modernization efforts have inched along in recent years due to turnover in the agency but remain a foundational component of PED's oversight functions.

Charter Schools. PED withholds 2 percent of each state-chartered charter school's state equalization guarantee (SEG) distribution, the amount the school receives through the funding formula, to provide administrative services and support. For FY24, PED projects \$5.3 million of SEG will be withheld to support charter schools but has only budgeted \$4.7 million in other state funds to support the Charter Schools Division and Public Education Commission (PEC), which oversees state-authorized charter schools. As the unit value and enrollment in charter schools increase, the authorized withholding amount will subsequently increase. PED's FY25 request keeps the budgeted amount of charter school withholding revenue in the operating budget flat at \$4.7 million, while the committee recommendation increases this other revenue to \$5 million.

Since FY10, annual audits have noted issues between PED and PEC-authorized charter schools regarding fiscal management, financial internal controls, and oversight. The FY22 audit for PED, state-authorized charter schools, and the Division of Vocational Rehabilitation contained 118 findings—18 more findings than in the FY21 audit. The vast majority of findings were reported in PEC-authorized charter schools. PED's findings centered around material weaknesses in reconciliations, financial close, and reporting. Auditors noted misstatements of financial statements were largely due to a lack of management oversight, lack of communication among divisions, and lack of effective internal controls.

Base Expansion

PED’s FY25 request includes the expansion of 19 FTE to grow capacity for existing agency operations. The committee recommendation does not include the expansion of new FTE but increases funding in the base for personnel to help the agency fill its 83 vacant FTE positions.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Finance and Operations	P527	382.5	0.0
0	IT	P527	555.3	0.0
0	Literacy	P527	351.5	0.0
0	Policy and Legislative Affairs	P527	234.4	0.0
TOTAL			\$1,523.7	\$0.0

PUBLIC EDUCATION DEPARTMENT

The purpose of the public education department program is to provide a public education to all students. The secretary of public education is responsible to the governor for the operation of the department. It is the secretary’s duty to manage all operations of the department and to administer and enforce the laws with which the secretary or the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication and fiscal responsibility.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Number of local education agencies and charter schools with annual funding formula and program compliance audit findings	\$0.0	Discontinued	Discontinued	Discontinued	Discontinued
Outcome	Number of students with a high-speed internet connection	246,069.0	185,834.0	310,205.0	310,205.0	300,000.0
Outcome	Number of students with access to a digital device	258,493.0	264,461.0	310,205.0	310,205.0	300,000.0
Outcome	Percent of elementary teachers completing the science of reading training annually	NEW	NEW	NEW	NEW	NEW
Outcome	Percent of students with a high-speed internet connection	91.0%	60.0%	100.0%	100.0%	100.0%
Outcome	Percent of students with a high-speed internet connection	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of students with access to a digital device	95.0%	84.0%	100.0%	100.0%	100.0%
Outcome	Percent of students with access to a digital device	N/A	N/A	N/A	N/A	N/A
Outcome	Average processing time for school district budget adjustment requests processed, in days	6.7	7.2	6.0	6.0	6.0
Outcome	Average number of days to process federal reimbursements to grantees after receipt of complete and verified invoices	40.0	38.0	22.0	22.0	22.0
* Outcome	Number of local education agencies and charter schools audited for funding formula components and program compliance annually	24.0	12.0	30.0	30.0	30.0
Outcome	Percent of section four public education special funds reverting annually	0.00%	16.00%	1.00%	1.00%	1.00%
Outcome	Percent of section four public education special appropriations made to the public education department for the current fiscal year awarded by September 30 annually	87.90%	95.56%	90.00%	95.00%	95.00%

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent of teachers passing all strands of professional dossiers on the first submittal	71.00%	68.00%	N/A	N/A	N/A
Explanatory	Percent of eligible children served in state-funded prekindergarten	63.00%	88.00%	N/A	N/A	N/A
* Explanatory	Number of eligible children served in state-funded prekindergarten	6,567.0	6,622.0	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-five-plus	23.00%	2.14%	N/A	N/A	N/A
Explanatory	Number of eligible children served in K-5 plus	31.0	4,345.0	N/A	N/A	N/A
Outcome	Percent of students in K-5 plus meeting benchmark on early reading skills	25%	31%	75%	Discontinued	Discontinued

Statutory Authority

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of regional education cooperatives (REC) among local school boards or other state-supported educational institutions to provide education-related services. These services have grown to include technical assistance, staff development, cooperative purchasing, fiscal management, and the administration of federal programs, among others. The Public Education Department (PED) can approve the existence and operation of RECs, classified as individual state agencies administratively attached to PED and exempt from the provisions of the State Personnel Act. Each REC has a governing regional education coordinating council composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative. At present, PED has authorized 10 RECs statewide linking 68 districts school districts.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	1,350.0	1,500.0	1,350.0	0.0
Other Transfers	0.0	214.3	0.0	215.5	0.6
Federal Revenues	0.0	19,169.9	0.0	111,394.8	481.1
Other Revenues	0.0	48,146.4	0.0	108,158.6	124.6
TOTAL SOURCES	\$0.0	\$68,880.6	\$1,500.0	\$221,118.9	221.0
USES					
Northwest	0.0	4,406.6	150.0	111,011.3	2,419.2
Northeast	0.0	1,012.2	150.0	1,208.3	19.4
Lea county	0.0	9,557.0	150.0	10,250.0	7.3
Pecos valley	0.0	3,925.0	150.0	3,110.0	(20.8)
Southwest	0.0	16,948.0	150.0	26,523.0	56.5
Central	0.0	16,535.9	150.0	12,433.9	(24.8)
High plains	0.0	10,443.2	150.0	10,443.2	0.0
Clovis	0.0	4,385.0	150.0	3,635.0	(17.1)
Ruidoso	0.0	1,532.7	150.0	40,444.2	2,538.8
Four corners	0.0	135.0	150.0	2,060.0	1,425.9
TOTAL USES	\$0.0	\$68,880.6	\$1,500.0	\$221,118.9	221.0

At A Glance

RECs generate most of their revenue from federal grants and state-directed reimbursements and receive a general fund appropriation to alleviate cash flow issues. For FY25, PED requested \$1.5 million in general fund appropriations for RECs, a \$150 thousand, or 11 percent, increase from FY24 funding levels. The committee recommendation is \$1.35 million, flat with prior-year funding levels.

Budget Issues

For FY25, PED requested \$1.5 million for RECs, resuming a fiduciary role in the REC budget request that was absent in recent years. The committee recommendation maintains flat funding levels at \$1.35 million for FY25. In prior years, the Regional Education Cooperative Association (RECA), which represents the 10 RECs, made budget requests to the Legislature, consistently requesting about \$3 million, even after 15 years of relatively flat appropriations. A 2007 LFC evaluation noted the nine existing RECs requested a total of \$2.7 million in FY08 (about \$300 thousand per REC at the time) to cover costs for executive directors, business managers, program coordinators, auditing, and upkeep of facilities.

RECs were first funded by the Legislature in FY07 and FY08 at a total of \$1.8 million to assist with cash flow issues caused by the federal reimbursement cycle. In FY09, RECs received a \$1.4 million appropriation, which was later reduced to \$938 thousand in FY11. In FY19, the state established a new REC in the Four Corners region. In FY24, the Legislature increased REC funding to \$1.35 million, or 22.7 percent, which allocated an additional \$25 thousand to each REC.

REC revenues from all sources have grown since 2009, when the Legislature added revenue-generating provisions for RECs in Section 22-2B-5 NMSA 1978. Substantial federal relief for pandemic-related disruptions will likely contribute to REC funding for the next few years. Approximately 75 percent to 85 percent of all REC funding flows from reimbursable programs. RECs generate most of this revenue from special education services (including federal grants), certain federal funds for services to low-income students, and state-directed activities. RECs also contract with other educational institutions and organizations to offer a wide range of specialized services for each individual region, providing 68 districts, charter schools, and state institutions with ancillary staffing, financial management, professional development, and other direct services.

Total non-general fund REC revenues in FY23 reached \$211 million, and PED projects REC revenue will exceed \$219 million in FY25. Given the different staffing levels at RECs, which range from 6 FTE to 120 FTE, the state allocation can represent as little as 0.1 percent to as much as 7.7 percent of an REC's budget. With some RECs operationalizing some large initiatives for PED across the state and others focusing primarily on local district supports, the Legislature should consider moving away from an equal distribution of the appropriation and authorizing the department to allocate funds in relation to indirect rates or staffing needs at each REC, similar to allocations prior to FY19.

In FY22, RECA hired an executive director to support all 10 RECs. The director is responsible for coordinating REC work with PED and other state agencies, including the Early Childhood Education and Care Department, Department of Health, and Children, Youth and Families Department. Although RECs are administratively attached to PED, the cooperatives have largely functioned independently of the agency under the direction of their respective coordinating councils.

A 2016 LFC evaluation noted REC procurements had to follow provisions of the Procurement Code but were exempt from oversight by the General Services Department, potentially creating a less transparent method of procuring services. RECs indicate higher overhead costs from indirect fees are necessary to cover operating costs (given the current general fund appropriation level and delays in PED reimbursement), and volatility in programming levels causes rapid turnover of technical personnel, which may increase costs when RECs ramp up operations and rehire staff.

BUDGET SUMMARY (dollars in thousands)

Regional Education Cooperative	<u>FY23 (2022-2023) Actuals</u>					<u>FY24 (2023-2024) Budgeted</u>				
	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL
Four Corners REC #1	\$110.0	\$384.1		\$1,031.8	\$1,525.8	\$135.0				\$135.0
Northwest REC #2 (Gallina)	\$110.0	\$18,616.6	\$15.6	\$86,965.5	\$105,707.7	\$135.0	\$3,932.0	\$14.0	\$325.6	\$4,406.6
High Plains REC #3 (Raton)	\$110.0	\$8,111.1		\$1,025.5	\$9,246.6	\$135.0	\$9,510.8		\$797.4	\$10,443.2
Northeast REC #4 (Las Vegas)	\$110.0	\$697.8		\$629.5	\$1,437.2	\$135.0	\$56.0		\$821.2	\$1,012.2
Central REC #5 (Albuquerque)	\$110.0	\$7,737.5	\$47.3	\$4,514.1	\$12,408.9	\$135.0	\$8,176.8	\$47.3	\$8,176.8	\$16,535.9
REC #6 (Clovis)	\$110.0	\$834.7		\$1,848.0	\$2,792.7	\$135.0	\$1,000.0		\$3,250.0	\$4,385.0
Lea REC #7 (Hobbs)	\$110.0	\$3,542.5		\$6,612.5	\$10,264.9	\$135.0	\$3,860.0		\$5,562.0	\$9,557.0
Pecos Valley REC #8 (Artesia)	\$110.0	\$2,883.5	\$114.3		\$3,107.8	\$135.0	\$3,675.0	\$115.0		\$3,925.0
REC #9 (Ruidoso)	\$110.0	\$35,183.1		\$3,627.8	\$38,920.9	\$135.0	\$1,385.8		\$11.9	\$1,532.7
Southwest REC #10 (T or C)	\$110.0	\$26,484.2	\$38.0	\$34.4	\$26,666.6	\$135.0	\$16,550.0	\$38.0	\$225.0	\$16,948.0
TOTAL	\$1,100.0	\$104,475.0	\$215.2	\$106,288.9	\$212,079.1	\$1,350.0	\$48,146.4	\$214.3	\$19,169.9	\$68,880.6

Regional Education Cooperative	<u>FY25 (2024-2025) Agency Request</u>					<u>FY25 (2024-2025) LFC Recommendation</u>				
	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL
Four Corners REC #1	\$150.0	\$225.0		\$1,700.0	\$2,075.0	\$135.0	\$225.0		\$1,700.0	\$2,060.0
Northwest REC #2 (Gallina)	\$150.0	\$19,547.4	\$15.2	\$91,313.7	\$111,026.4	\$135.0	\$19,547.4	\$15.2	\$91,313.7	\$111,011.4
High Plains REC #3 (Raton)	\$150.0	\$9,510.8		\$797.4	\$10,458.2	\$135.0	\$9,510.8		\$797.4	\$10,443.2
Northeast REC #4 (Las Vegas)	\$150.0	\$775.5		\$297.9	\$1,223.4	\$135.0	\$775.4		\$297.9	\$1,208.3
Central REC #5 (Albuquerque)	\$150.0	\$7,737.5	\$47.3	\$4,514.1	\$12,448.9	\$135.0	\$7,737.5	\$47.3	\$4,514.1	\$12,433.9
REC #6 (Clovis)	\$150.0	\$1,500.0		\$2,000.0	\$3,650.0	\$135.0	\$1,500.0		\$2,000.0	\$3,635.0
Lea REC #7 (Hobbs)	\$150.0	\$3,502.5		\$6,612.5	\$10,264.9	\$135.0	\$3,502.5		\$6,612.5	\$10,250.0
Pecos Valley REC #8 (Artesia)	\$150.0	\$2,860.0	\$115.0		\$3,125.0	\$135.0	\$2,860.0	\$115.0		\$3,110.0
REC #9 (Ruidoso)	\$150.0	\$36,500.0		\$3,809.2	\$40,459.2	\$135.0	\$36,500.0		\$3,809.2	\$40,444.2
Southwest REC #10 (T or C)	\$150.0	\$26,000.0	\$38.0	\$350.0	\$26,538.0	\$135.0	\$26,000.0	\$38.0	\$350.0	\$26,523.0
TOTAL	\$1,500.0	\$108,158.6	\$215.5	\$111,394.8	\$221,269.0	\$1,350.0	\$108,158.6	\$215.5	\$111,394.8	\$221,119.0

Source: PED

Note: General fund support was appropriated to RECs in FY18 through a flow-through PED special appropriation. In FY19, the Legislature directly appropriated equal allocations to each REC and established a new REC in the Four Corners region.

Statutory Authority

The Public School Facilities Authority (PSFA) was created in 2003 to staff the Public School Capital Outlay Council (PSCOC) pursuant to the Public School Capital Outlay Act, Section 22-24-9 NMSA 1978. Under the direction of PSCOC, PSFA is responsible for providing support and oversight in administering construction grants, deficiency corrections, and statewide, standards-based programs; assisting school districts with the development and implementation of five-year master plans and preventive maintenance plans; and overseeing all state-funded public school construction. The director, versed in construction, architecture, or project management, is selected by the council.

The membership of the council consists of a representative from the Governor's Office, the secretary of the Department of Finance and Administration, the secretary of the Public Education Department, the president of the New Mexico School Boards Association, the director of the Construction Industries Division of the Regulation and Licensing Department, the president of the State Board of Education, and the directors of the Legislative Finance Committee, Legislative Council Service, and Legislative Education Study Committee.

Mission

The mission of PSFA is to support quality public education by encouraging and assisting districts with prudent planning, construction, and maintenance of appropriate physical environments to foster successful student learning, to involve active community participation in the education process, and to assist policymakers and New Mexico taxpayers with current and accurate financial and technical information and recommendations.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.0	0.0	7,857.2	7,236.2	0.0
Other Revenues	5,936.2	7,186.2	0.0	0.0	(100.0)
TOTAL SOURCES	\$5,936.2	\$7,186.2	\$7,857.2	\$7,236.2	0.7
USES					
Personal Services and Employee Benefits	5,132.4	5,763.3	6,359.3	5,763.3	0.0
Contractual services	194.3	150.0	225.0	200.0	33.3
Other	609.5	1,272.9	1,272.9	1,272.9	0.0
TOTAL USES	\$5,936.2	\$7,186.2	\$7,857.2	\$7,236.2	0.7
FTE					
Permanent	55.0	55.0	62.0	55.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	56.0	56.0	63.0	56.0	0.0

At A Glance

PSFA's budget request for FY25 was \$7.9 million, a \$671 thousand, or 9.3 percent, increase from FY24 operating levels. The agency's FY25 request includes funding to add 6 FTE to address an anticipated increase in new projects following the passage of Senate Bill 131, which reduced local match requirements for school districts. The request also included an increase for contractual services to support implementation of process improvements and a website redesign. For FY25, the committee recommendation is mostly flat at \$7.2 million, a \$50 thousand, or 0.7 percent, increase from FY24 funding levels. The committee supports the addition of 4 FTE for new project administration but further transfers 4 FTE from PSFA to the Office of Broadband and Expansion (OBAE), keeping total FTE counts flat. The committee recommendation for OBAE supports funding the 4 FTE at OBAE with the \$10 million educational technology earmark from the public school capital outlay fund (PSCOF) to support statewide education network initiatives and further aligns PSFA contractual service funding to actual expenditure levels.

Budget Issues

The public school capital outlay fund is a nonreverting fund that receives supplemental severance tax bond revenue, provides grants to schools, and funds PSFA's operating budget. Statutorily, PSFA's operational expenses for "core administrative functions" are limited to 5 percent of the available annual grant assistance authorized by PSCOC over the past three years.

Historic fluctuations in average annual grant assistance have created volatility in PSFA's operating budget. In FY20 and FY21, PSFA's budget authority decreased due to declining grant assistance trends. To meet statutory budget limitations and maintain staffing capacity, PSCOC transferred \$536 thousand in software costs for the construction and facility information management systems out of the operating budget and paid for these expenses through PSCOF.

Substantial recent growth in grant assistance, new applications from school districts, rising PSCOF revenues, and increasing construction costs make it unlikely the agency will face budget restrictions in the near future. PSFA's FY25 request is within its 5 percent statutory limitation.

According to PSFA, the \$7.9 million request included the cost of adding 6 FTE and reconciling anticipated FY24 actuals to reflect agency efforts to align employee salaries to job duties, as well as movement of staff to new positions. The request does not account for the transfer requested by OBAE of four existing positions in PSFA's broadband program, one of which was vacant as of October. Funding the 4 FTE in OBAE through the \$10 million annually authorized from PSCOF for statewide education network initiatives would create savings within PSFA's operating budget that would allow it to hire the most essential new employees it seeks, maintaining a flat budget.

The new positions supported by the committee recommendation include an analyst to assist the programs manager, who interfaces with all districts seeking funding through PSCOC, including visiting sites to guide project development; a facilities specialist to perform code and adequacy review on all projects; and additional regional managers to reduce project management workloads on existing staff from roughly 25 projects per manager, which is 10 projects above ideal workloads, according to PSFA. The committee recommendation also partially supports the requested increase for contractual services at a level consistent with FY23 actual spending levels, which were above budgeted amounts for the category due to a budget adjustment request.

Since FY01, the state has awarded over \$2.6 billion for capital projects and lease assistance at school districts, charter schools, the New Mexico School for the Blind and Visually Impaired, and the New Mexico School for the Deaf. Despite significant investments and statewide improvements in school facilities, the Zuni capital outlay adequacy lawsuit, initially filed in 1999, is still ongoing. In 2015, plaintiff school districts asked the 11th Judicial District Court for a status hearing on new claims of inequity, alleging they are unable to raise sufficient local capital outlay revenue to maintain capital assets and build facilities outside the adequacy standards, while some districts with available local revenues are able to do so. In 2021, the court ruled New Mexico's system remained unconstitutional and dismissed the state's motion to close the case, noting legislative changes to remove the credit for federal Impact Aid were positive but did not resolve issues of uniformity and sufficiency for public school capital outlay. The state appealed the court's decision and awaits a hearing.

Although PSFA's core agency mission is to ensure school facilities meet educational adequacy standards, the Legislature and PSCOC have added new programs in recent years, significantly expanding the scope of the agency's work. PSCOC has authorized awards for broadband deficiencies (2014), facility systems (2017), school security (2018), prekindergarten classrooms (2019), teacher housing (2019), outside-of-adequacy projects (2019), and building demolition (2021). Given the substantial increase in the number of non-standards-based projects, the Legislature should consider reducing undersubscribed supplemental programs or directly allocating PSCOF distributions to districts for maintenance and non-standard projects.

Fund Balances. Recent changes in PSCOC's formula increased most local districts' share for funding capital projects, suppressing demand for funding from the council. Drastic drops in student enrollment, outstanding legislative offset balances, and increased construction and labor costs have also discouraged movement on school facility projects. Uncommitted balances in the PSCOF hovered around \$500 million throughout 2022.

In response, the Legislature passed Senate Bill 131 in 2023, temporarily reducing the share of capital project costs borne by local school districts by one-third between FY24 and FY26. The bill also reduced the local match by one-half for micro-districts with 200 or fewer students and for district pre-kindergarten projects, eliminated offsets of direct legislative appropriations for capital outlay at schools, and removed a component of the local-state match formula that included amounts spent on capital projects from operational Impact Aid as part of a district's revenue capacity. Additionally, the 2023 capital outlay bill appropriated \$142 million from the fund, including funding for career-technical education facilities, school security, prekindergarten facilities, school buses, and construction of tribal libraries.

The changes to the local-state match formula were intended to encourage more districts to seek support for projects from the PSCOF and to reduce its uncommitted balances. PSFA has received significantly more pre-applications from districts in FY24 than in FY23, including applications for more than a dozen projects from Albuquerque Public Schools, which had not sought funding from PSCOC in years due to its high local match and legislative offsets. At the same time, revenues to the fund have continued to increase, with more than \$1.3 billion available in FY24.

Construction Costs. Requests for construction funding to PSCOC increased substantially on a per-square-foot basis in 2023, with some projects coming in at double the estimates made just a year earlier. This new wave of cost increases appears to be more significant in New Mexico than in other markets. The cost of public school construction in New Mexico closely followed the Coldwell Banker Richard Ellis cost index, for example, until 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 in 2023. Instead, the first four school projects to request construction funding in 2023 averaged \$771 per square foot.

Cost increases no longer appear to be driven primarily by spikes in materials costs or supply chain disruptions, both of which stabilized in the wake of the Covid-19 pandemic. Instead, an extraordinarily busy construction market, a limited labor pool to meet demand, and other sources of uncertainty for contractors appear to be more significant factors. Increased state funding for capital projects is one source of the high demand. State and local spending on public construction in New Mexico increased by 33 percent from 2021 to 2022, the sixth highest increase among U.S. states, according to federal data. Private nonresidential construction spending in the state increased even more rapidly, with an 87 percent increase over the same period, the third highest increase among U.S. states.

The cost increases have made it difficult for even the most well-funded school districts to meet their local match requirements, despite the temporary shift of the cost burden to the state. The increases could also challenge the state’s ability to meet all districts’ infrastructure needs, despite historic revenue surpluses.

Agency Operations. PSFA’s 2022 financial audit included one material weakness for insufficient internal controls over trial balance, financial reconciliations, budget, and reporting. The agency’s inability to fully reconcile PSCOC’s financial plan meant it could not accurately determine uncommitted balances in the PSCOF balances accurately. In FY23, PSFA completed a full reconciliation of PSCOF drawdowns and of the financial plan, giving the council confidence in the level of funding currently available to award to districts.

In FY22, PSFA contracted with an external process improvement vendor to survey schools districts on the agency’s performance and recommend process improvements. In response to survey feedback noting the long process for projects, PSFA has consolidated design and planning processes, reducing project timelines by six months to nine months and expediting the proposal review process by four months to six months.

Broadband. Since 2014, PSCOC has leveraged federal, state, and local funding to lay hundreds of miles of fiber optic cable and purchase network equipment, connecting virtually all schools to broadband. However, with the transition to remote learning during the public health emergency in FY20 and FY21, the state has shifted the need from school connectivity toward household connectivity and device access.

In FY21, the Legislature expanded the educational technology deficiency corrections program to include hardware for connecting teachers and students to the internet and services necessary for remote education. With substantial investment in expanding broadband nationwide and an influx of digital devices for students, the demand for PSCOF support for connectivity projects will likely grow. PSFA developed a memorandum of understanding with OBAE in FY23 to align efforts for statewide education network with other broadband efforts. As a result, PSFA’s broadband team began to be managed by OBAE while continuing to be funded from PSFA’s operating budget and reliant on PSFA for hiring. For FY24, OBAE requested these employees be transferred, reclassified, and supported with general fund. The committee recommendation supports this transfer of FTE and covers the cost of personnel through the \$10 million PSCOF earmark for educational technology deficiency corrections.

Base Expansion

PSFA requested the addition of 6 FTE to expand existing agency operations, including a programs analyst, facilities specialist, trainer, and three regional project managers. The committee recommendation includes 4 FTE for the programs analyst, facilities specialist, and two regional project managers within the base budget and transfers 4 FTE to OBAE for statewide education network initiatives.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Position Expansion	P940	596.0	0.0
TOTAL			\$596.0	\$0.0

PUBLIC SCHOOL FACILITIES

The purpose of the public school facilities oversight program is to oversee public school facilities in all eighty-nine school districts, ensuring correct and prudent planning, building and maintenance using state funds and ensuring adequacy of all facilities in accordance with public education department-approved educational programs.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Efficiency	Amount of state share funding awarded for construction projects in phase 2 in a fiscal year	N/A	N/A	N/A	N/A	N/A
Efficiency	Average number of months from project closeout to financial closeout	0.0	NEW	NEW	3.0	3.0
Explanatory	Number of applications received for school facility funding throughout the year	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of applications received for school facility funding throughout the year	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of awards made for standards, systems, prekindergarten, facility master plans and lease assistance in the fiscal year	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of public schools capital outlay council awarded projects managed by public school facilities authority regional project managers	0.0	28.0	N/A	N/A	N/A
Outcome	Number of current, up-to-date preventive maintenance plans	0.0	69.0	NEW	89.0	89.0
Outcome	Number of current, up-to-date preventive maintenance plans	N/A	N/A	N/A	N/A	N/A
Output	Number of assessments performed on public school facilities year round	0.0	178.0	NEW	190.0	190.0
Output	Number of assessments performed on public school facilities year round	N/A	N/A	N/A	N/A	N/A
Outcome	Average number of months from substantial completion to financial closeout	18.0	20.0	18.0	Discontinued	Discontinued
Explanatory	Number of change orders in current fiscal year	0.0	39.0	N/A	N/A	N/A
Explanatory	Average number of months between initial award to occupancy	48.0	36.0	N/A	N/A	N/A
Explanatory	Average number of months from initial award to commencement of construction	36.0	15.0	N/A	N/A	N/A
Explanatory	Average cost per square foot of new construction	\$329.50	\$632.60	N/A	N/A	N/A
* Explanatory	Statewide public school facility condition index measured on December 31 of prior calendar year	54.0	55.0	N/A	N/A	N/A
* Explanatory	Statewide public school facility maintenance assessment report score measured on December 31 of prior calendar year	72.0	72.0	N/A	N/A	N/A
Explanatory	Average megabits per second per student	3.0	1.0	N/A	N/A	N/A
Explanatory	Total annual dollar change from initial award state match estimate to actual award state match	\$10,399,888.0	\$41,000,000.0	N/A	N/A	N/A
		0	0			
Explanatory	Average square foot per student of middle schools	212.0	263.0	N/A	N/A	N/A
Explanatory	Average square foot per student of high schools	264.0	387.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, high schools	0.0	N/A	N/A	N/A	N/A
Explanatory	Average square foot per student of elementary schools	192.0	230.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, elementary schools	0.0	N/A	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, middle schools	0.0	N/A	N/A	N/A	N/A

Statutory Authority

In 1997, the Education Trust Board (ETB) was created pursuant to the Education Trust Act in Sections 21-21K-1 through 21-21K-7 NMSA 1978. As required by Internal Revenue Code 529, ETB is administered by the state of New Mexico. ETB is administratively attached to the Higher Education Department and administers the education trust fund, which includes all funds received pursuant to college investment agreements as part of the state’s qualified tuition program.

ETB is governed by a five-person board that includes the secretary of the Higher Education Department and appointees of the governor, the speaker of the House of Representatives, and the president pro tem of the Senate. The board authorizes rules and regulations governing the college savings plans, protects the integrity of the trust, and ensures proper use of tax benefits.

Mission

ETB administers the state’s federally authorized college savings plan, a flexible, convenient, and tax-efficient means for families to save for college costs, including tuition, fees, room, books, and supplies.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	2,939.8	2,653.8	2,658.4	2,658.4	0.2
Fund Balance	250.7	596.4	706.7	706.7	18.5
TOTAL SOURCES	\$3,190.5	\$3,250.2	\$3,365.1	\$3,365.1	3.5
USES					
Personal Services and Employee Benefits	473.8	483.7	496.0	496.0	2.5
Contractual services	2,543.6	2,512.7	2,591.7	2,591.7	3.1
Other	173.2	253.8	277.4	277.4	9.3
TOTAL USES	\$3,190.6	\$3,250.2	\$3,365.1	\$3,365.1	3.5
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	3.0	3.0	3.0	3.0	0.0

At A Glance

The Education Trust Board (ETB) is supported through an administrative fee on plans it administers and does not receive an appropriation of public funds. For FY25, the board requested an increase of \$114.9 thousand, or 3.5 percent, over the FY24 operating budget. The majority of the increase, \$79 thousand, is in the contractual services category for marketing costs. Additionally, there is a \$12.3 thousand increase for risk rates and health insurance premiums in the personnel category and \$23.6 thousand in the other category for promotional materials, subscription costs, and travel expenses.

Budget Issues

ETB oversees the state’s 529 savings plans, which allow New Mexico residents to create a tax-free individual investment account to pay for future college expenses, such as tuition and fees, room and board, and supplies. ETB oversees the selection of program and investment managers that collaborate on and plan design, as well as provides customer record keeping, outreach, and marketing for the plans.

ETB offers two 529 plans, the Scholar’s Edge Plan, sold through financial advisers, and the Education Plan, which may be directly sold to individual consumers. ETB provides fiduciary oversight and regular reporting for both of these plans. ETB reports the Scholar’s Edge program has 79.3 thousand total accounts with total assets of \$1.64 billion. Of these amounts, 11.5 thousand accounts with an asset value of \$228 million, or \$20 thousand per account belong to New Mexico residents. The education plan has 23.5 thousand accounts with an asset value of \$640 million. Of these amounts, 16 thousand accounts with an asset value of \$381 million, or \$23 thousand per account, belong to New Mexico residents.

The board's budget is established through an annual budget adjustment request waiver based on the Higher Education Department's budget authority and is not included in the General Appropriation Act. Given the board's size, functions, revenue sources and restricted uses and lack of policies and practices consistent with state agencies included in the General Appropriation Act, the committee recommends the board's budget authority remain outside of the General Appropriation Act.

Higher Education

Statutory Authority

Pursuant to Section 21-1-26 NMSA 1978, the Higher Education Department (HED) determines an adequate level of funding for higher education institutions and recommends the equitable distribution of available funds among them. Responsibilities of the department include implementing the Postsecondary Education Planning Act, the Postsecondary Education Articulation Act, the Student Loan Act, the Education Trust Act, degree program approval, and proprietary school licensing, for which it collects fees. Additionally, the department recommends institutional capital project priorities and administers state-funded financial aid programs. The department administers the adult basic education program. The department also provides financial oversight of the constitutionally created special schools: the New Mexico Military Institute, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired. Lastly, the department is charged with creating a statewide public plan for higher education needs and goals, studying enrollment capacity needs, developing a statement of statewide educational needs, and analyzing the financial impacts of proposed new and expanded degree programs.

Mission

HED administers a coordinated public and postsecondary statewide education system. The department and boards of the colleges and universities share governance over higher education.

BUDGET SUMMARY
(dollars in thousands)

	FY23	FY24	FY25		
	2022-2023	2023-2024	2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	47,116.4	185,184.3	197,236.6	185,934.3	0.4
Other Transfers	82,998.3	46,093.3	46,093.3	46,093.3	0.0
Federal Revenues	10,432.1	11,800.0	11,800.0	11,800.0	0.0
Other Revenues	5,197.1	654.0	654.0	654.0	0.0
Fund Balance	0.0	10,000.0	15,000.0	10,000.0	0.0
TOTAL SOURCES	\$145,743.9	\$253,731.6	\$270,783.9	\$254,481.6	0.3
USES					
Personal Services and Employee Benefits	4,721.2	6,060.4	6,775.4	6,560.4	8.3
Contractual services	3,665.6	1,730.0	1,730.0	1,730.0	0.0
Other	151,052.4	245,941.2	262,278.5	246,191.2	0.1
TOTAL USES	\$159,439.2	\$253,731.6	\$270,783.9	\$254,481.6	0.3
FTE					
Permanent	41.0	37.3	47.3	39.3	5.4
Term	12.0	14.8	14.8	14.8	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	54.0	52.1	62.1	54.1	3.8

At A Glance

The Higher Education Department requested a general fund increase of \$12.1 million, or 6.5 percent, over the FY24 operating budget. The majority of the requested increase, nearly \$11 million, was in the Policy Development and Institutional Financial Oversight program and was related to three initiatives: \$2.25 million for tribal education, \$2 million for student basic needs, and \$4 million for dual credit programs. The request included another \$1 million for student financial aid programs for graduate students. The FY25 request does not include additional funding for the opportunity scholarship.

The LFC recommendation includes an additional \$750 thousand, or 0.4 percent, to allow the department to hire additional staff and provide additional IT capabilities in the financial aid division. The Legislature has increasingly relied on the department to oversee large nonrecurring appropriations, such as endowment and health care expansion funding, and continued \$146 million for the opportunity scholarship. Administration of these programs has increased the workload of the department and will require additional staff to ensure the department can both oversee these programs and provide much needed financial oversight for colleges and universities across the state.

Budget Issues

The Higher Education Department (HED) is composed of three programs: Policy Development and Institutional Financial Oversight; Student Financial Aid; and the Opportunity Scholarship. The department provides assistance and oversight to higher education institutions (HEI) and provides guidance on administration of the higher education funding formula. However, these oversight functions account for approximately \$5.6 million, or 3 percent, of the total HED operating budget. The rest of the funding is directed to educational programming and financial aid programs.

Policy Development and Institutional Financial Oversight. With oversight responsibilities for 31 public institutions and over 100 thousand students, HED manages a \$185 million budget with 52 employees. For FY25, the department requested a general fund increase of \$10.97 million, or 73 percent. Of this amount, \$871.4 thousand was requested to support an additional eight employees including an auditor for institutional finance, an auditor for capital outlay projects, two financial aid positions, two positions for research and academic affairs, a Native American education specialist, and a communications specialist.

In addition to personnel funding, the department requested \$4 million to reimburse institutions for dual credit courses offered to high school students, \$2 million for a college student basic needs initiative, which includes food and housing security supports; \$1 million for student mental and behavioral health services statewide; \$500 thousand for an anti-hazing reporting portal for primary, secondary, and higher education students; and \$350 thousand for adult education instructional materials and test payment. Lastly, \$2,250 thousand was requested to fund two Native American education technical assistance centers.

The LFC recommendation includes an additional \$500 thousand for additional staff and \$130.7 thousand for operational costs, including lease increase costs, equipment, travel, and training. Workloads have increased as the department has been tasked with distribution of significant nonrecurring funding and administration of the opportunity scholarship. Additionally, the importance of the department's financial oversight role has been highlighted by the large budget shortfall at Mesalands Community College last year, which resulted in the Legislature making a \$2.25 million nonrecurring appropriation to cover budget deficits. The department placed the college on enhanced financial oversight and worked closely with the new administration to restore financial stability to the college.

The LFC recommendation does not include additional funding for the basic needs initiative or the behavioral and mental health initiatives because these items were funded through a recommendation of \$3 million for student support services included in the budgets of the individual colleges and universities. The committee recognizes the need for increased student support and recognizes the value in allowing institution the flexibility to use the additional support funding to meet their individual needs. Lastly, LFC does not recommend additional funding for dual-credit courses because New Mexico colleges and universities are the fourth-best funded institution in the nation on a per-student basis. Additionally, HEIs could enter agreements with local school districts to reimburse HEIs for all or a portion of the cost of dual-credit course delivery.

The LFC recommendation does not include additional funding for Native American education technical assistance centers. The governor vetoed language pertaining to a \$2.5 million nonrecurring appropriation made to the Indian Affairs Department during the 2023 legislative session with the veto message stating the purpose was to "provide the Indian Affairs Department with greater ability to transfer funding for the Native American Technical Assistance Centers...". This funding is available for the purpose but has not yet been awarded and balances will likely remain available into FY25.

Student Financial Aid. The department requested a general fund increase of \$1.08 million, or 4.5 percent, in the Student Financial Aid Program. The funding would provide an additional \$480.8 thousand each for the graduate scholarship program and the minority doctoral assistance program. Additionally, the department requested \$119.3 thousand for subscription and training costs for a student financial aid system to track student financial aid applications and payments across the department's 25 financial aid programs. The department also requested a \$5 million increase from fund balance for the teacher loan repayment program to bring the total program budget to \$15 million.

The LFC recommendation fully funds the request for the student financial aid software system to help the department increase efficiency in the financial aid division. The recommendation does not include additional funding for financial aid programs for graduate students. The 2023 General Appropriation Act included a \$10 million nonrecurring appropriation to support graduates of New Mexico high schools enrolled in a master's or doctoral degree program in a science, technology, or mathematics program. The appropriation is effective from FY24 through FY26 and institutions anticipate providing nearly 500 scholarships each year over this time.

The LFC recommendation budgets the full amount of the projected available fund balance, \$5 million, for the teacher loan repayment program in FY25. In FY23 and FY24, the teacher loan repayment program received a transfer from the public education reform fund. For FY25, there is no additional surplus in the public education reform fund to direct to the program.

The LFC recommendation is consistent with a 2023 LFC evaluation that found 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.

Opportunity Scholarship. The opportunity scholarship is a tuition-free college program for students not covered by the legislative lottery scholarship. While the lottery scholarship is limited to recent high school graduates going directly to college full-time, the opportunity scholarship pays tuition and fees for returning and part-time students, as well as covering the first semester tuition and fees for students who will receive the lottery scholarship in their second and subsequent semesters. The department requested \$146 million to cover tuition costs for the opportunity scholarship in FY25, a flat budget relative to FY24. The department has yet to provide updated cost estimates for the opportunity scholarship for FY25.

While college enrollment increased in FY23 and FY24, reversing a decade-long decline, future enrollment changes are difficult to predict. New Mexico has low birth rates, which led to a shrinking kindergarten through 12th grade student population. At the same time, improvements to New Mexico’s low high school graduation rate may result in increasing college enrollment despite the loss of overall K-12 student population.

The LFC recommendation continues funding for the opportunity scholarship at the FY24 level and the committee is considering a proposal for a higher education student financial aid endowment to pay for increases in program costs of the lottery and opportunity scholarships in the future.

**BASE EXPANSION LISTING
FY 2024-2025**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	FTE expansion request	P505	871.4	0.0
10	Financial Aid Administration	P506	119.3	0.0
11	Adult Education Credentials	P505	200.0	0.0
12	Adult Education Instruction & Materials	P505	150.0	0.0
2	Tribal Education Technical Assistance Centers	P505	2,250.0	0.0
3	Teacher Loan Repayment Program	P506	5,000.0	0.0
4	Anti-Hazing Division and Report Portal	P505	500.0	0.0
5	College Basic Needs	P505	2,000.0	0.0
6	Mental and Behavioral Health	P505	1,000.0	0.0
7	Dual Credit Program	P505	4,000.0	0.0
8	Graduate Scholars Fund	P506	480.8	0.0
8	Minority Doctoral Loan Repayment Program	P506	480.8	0.0
TOTAL			\$17,052.3	\$0.0

OPPORTUNITY SCHOLARSHIP

The purpose of the opportunity scholarship program is to provide tuition and fee assistance for New Mexico higher education to students so New Mexicans may benefit from postsecondary education and training beyond high school.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025	LFC	Percent
	Actuals	Budgeted	Agency Request	Recommendation	Inc (Decr)
SOURCES					
General Fund Transfers	12,000.0	146,000.0	146,000.0	146,000.0	0.0
Other Transfers	26,780.4	0.0	0.0	0.0	0.0
Other Revenues	1,034.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	\$39,814.9	\$146,000.0	\$146,000.0	\$146,000.0	0.0
USES					
Other	71,111.5	146,000.0	146,000.0	146,000.0	0.0
TOTAL USES	\$71,111.5	\$146,000.0	\$146,000.0	\$146,000.0	0.0

Recommended Language

The general fund appropriation to the opportunity scholarship program of the higher education department in the other category includes one hundred forty-six million dollars (\$146,000,000) for an opportunity scholarship program in fiscal year 2025 for students attending a public postsecondary educational institution or tribal college. The higher education department shall provide a written report summarizing the opportunity scholarship’s finances, student participation and sustainability to the department of finance and administration and the legislative finance committee by November 1, 2024. Any unexpended balances remaining at the end of fiscal year 2025 from appropriations made from the general fund shall revert to the general fund.

POLICY DEVELOPMENT AND INSTITUTION FINANCIAL OVERSIGHT

The purpose of the policy development and institutional financial oversight program is to provide a continuous process of statewide planning and oversight within the department’s statutory authority for the state higher education system and to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

**BUDGET SUMMARY
(dollars in thousands)**

	FY23	FY24	FY25		Percent Inc (Decr)
	2022-2023	2023-2024	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	14,086.9	15,104.8	26,076.2	15,735.5	4.2
Other Transfers	5,623.4	3,043.3	3,043.3	3,043.3	0.0
Federal Revenues	10,103.9	11,500.0	11,500.0	11,500.0	0.0
Other Revenues	1,368.2	654.0	654.0	654.0	0.0
TOTAL SOURCES	\$31,182.4	\$30,302.1	\$41,273.5	\$30,932.8	2.1
USES					
Personal Services and Employee Benefits	4,721.2	6,060.4	6,775.4	6,560.4	8.3
Contractual services	3,651.2	1,660.0	1,660.0	1,660.0	0.0
Other	16,425.7	22,581.7	32,838.1	22,712.4	0.6
TOTAL USES	\$24,798.1	\$30,302.1	\$41,273.5	\$30,932.8	2.1
FTE					
Permanent	41.0	37.3	47.3	39.3	5.4
Term	12.0	14.8	14.8	14.8	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	54.0	52.1	62.1	54.1	3.8

Recommended Language

The internal service funds/interagency transfers appropriations to the policy development and institutional financial oversight program of the higher education department include two million dollars (\$2,000,000) from the temporary assistance for needy families block grant for adult basic education.

The internal service funds/interagency transfers appropriations to the policy development and institutional financial oversight program of the higher education department include one million dollars (\$1,000,000) from the temporary assistance for needy families block grant for adult basic education for integrated education and training programs, including integrated basic education and skills training programs.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the other category includes six million eight hundred twenty-eight thousand dollars (\$6,828,000) to provide adults with education services and materials and access to high school equivalency tests, one hundred twenty-six thousand one hundred dollars (\$126,100) for workforce development programs at community colleges that primarily educate and retrain recently displaced workers, seven hundred fifty thousand dollars (\$750,000) for an adult literacy program, seven hundred sixty-one thousand one hundred dollars (\$761,100) for the high skills program, eighty-four thousand five hundred dollars (\$84,500) for English-learner teacher preparation and four hundred sixty-three thousand nine hundred dollars (\$463,900) to the tribal college dual-credit program fund.

Any unexpended balances in the policy development and institutional financial oversight program of the higher education department remaining at the end of fiscal year 2025 from appropriations made from the general fund shall revert to the general fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Percent of unemployed adult education students obtaining employment two quarters after exit	37%	39%	23%	23%	40%
* Outcome	Percent of adult education high school equivalency test-takers who earn a high school equivalency credential	76%	19%	75%	26%	75%
Outcome	Percent of fiscal watch program quarterly reports from institutions submitted to the department of finance and administration and the legislative finance committee	100.00%	100.00%	100.00%	100.00%	100.00%
Efficiency	Agency performance rate on annual loss prevention and control audit conducted by the general services department	100.00%	100.00%	100.00%	100.00%	100.00%
* Outcome	Percent of high school equivalency graduates entering postsecondary degree or certificate programs	24%	26%	44%	31%	31%
Explanatory	Percentage of first time, full time, degree seeking students, from the most recently available cohort, at state-funded universities who graduated within four-years of their initial enrollment	39.30%	28.10%	N/A	N/A	N/A
Explanatory	Percentage of first time, full time, degree seeking students, from the most recently available cohort, at state-funded community colleges who graduated within two-years of their initial enrollment	23.50%	21.50%	N/A	N/A	N/A
Output	Number of certificates issued for new and existing private post-secondary schools by type of state authorization	85.0	91.0	85.0	85.0	85.0
Output	Number of current state authorized and exempted private post-secondary schools by school type	138.0	148.0	100.0	100.0	100.0

STUDENT FINANCIAL AID

The purpose of the student financial aid program is to provide access, affordability and opportunities for success in higher education to students and their families so all New Mexicans may benefit from postsecondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	FY23 2022-2023	FY24 2023-2024	FY25 2024-2025		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	21,029.5	24,079.5	25,160.4	24,198.8	0.5
Other Transfers	50,594.5	43,050.0	43,050.0	43,050.0	0.0
Federal Revenues	328.2	300.0	300.0	300.0	0.0
Other Revenues	2,794.3	0.0	0.0	0.0	0.0
Fund Balance	0.0	10,000.0	15,000.0	10,000.0	0.0
TOTAL SOURCES	\$74,746.5	\$77,429.5	\$83,510.4	\$77,548.8	0.2
USES					
Contractual services	14.4	70.0	70.0	70.0	0.0
Other	63,515.2	77,359.5	83,440.4	77,478.8	0.2
TOTAL USES	\$63,529.6	\$77,429.5	\$83,510.4	\$77,548.8	0.2

Recommended Language

The other state funds appropriation to the student financial aid program of the higher education department in the other category includes five million dollars (\$5,000,000) from the teacher preparation affordability scholarship fund and five million dollars (\$5,000,000) from the teacher loan repayment fund.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Explanatory	Percent of eligible state loan for service applicants receiving funds	34.00%	41.00%	N/A	N/A	N/A
Explanatory	Percent of eligible state loan repayment applicants receiving funds	27.00%	64.00%	N/A	N/A	N/A

Student Financial Aid Program Detail (Dollars in Thousands)		FY24 Opbud	FY25 HED Request	HED Over/(Under) Opbud	FY25 LFC Rec.	LFC Over/(Under) Opbud
1	Student Access and Achievement					
2	Lottery Scholarship*					
3	Other Transfer	40,000.0	40,000.0	-	40,000.0	-
4	Student Incentive Grant					
5	General Fund	7,783.7	7,783.7	-	7,783.7	-
6	College Affordability Endowed Scholarships					
7	Other Transfer	3,000.0	3,000.0	-	3,000.0	-
8	Work-Study					
9	General Fund	5,652.5	5,652.5	-	5,652.5	-
10	Vietnam Veterans Scholarship					
11	General Fund	48.0	48.0	-	48.0	-
12	NM Scholars					
13	General Fund	144.0	144.0	-	144.0	-
14	Peace Officer and Fire Fighter Fund					
15	General Fund	57.6	57.6	-	57.6	-
16	Wartime Veterans Scholarship					
17	General Fund	288.0	288.0	-	288.0	-
18						
19	Total Student Access and Achievement	56,973.8	56,973.8	-	56,973.8	-
20						
21	Healthcare Workforce Development					
22	Nursing Student Loan for Service					
23	General Fund	432.0	432.0	-	432.0	-
24	Nurse Educator Loan For Service					
25	General Fund	62.4	62.4	-	62.4	-
26	Medical Student Loan Prog.					
27	General Fund	432.0	432.0	-	432.0	-
28	Allied Health					
29	General Fund	115.2	115.2	-	115.2	-
30	Health Professional Loan Repayment					
31	General Fund	4,648.0	4,648.0	-	4,648.0	-
32	Federal Funds	300.0	300.0	-	300.0	-
33	Dentistry Loan for Service					
34	General Fund	31.1	31.1	-	31.1	-
35	Dental Residency Program					
36	General Fund	900.0	900.0	-	900.0	-
37						
38	Total Healthcare Workforce Development Programs	6,920.7	6,920.7	-	6,920.7	-
39						
40	Statewide Priority Professional Development					
41	Teacher Loan Repayment					
42	Other State Funds	5,000.0	10,000.0	5,000.0	5,000.0	-
43	Teacher Preparation					
44	Other State Funds	5,000.0	5,000.0	-	5,000.0	-
45	Teacher Loan-for-Service					
46	General Fund	4.8	4.8	-	4.8	-
47	Graduate Scholarship					
48	General Fund	488.3	969.1	480.8	488.3	-
49	Minority Doctoral Assistance					
50	General Fund	19.2	500.0	480.8	19.2	-
51	WICHE Loan-for-Service					
52	General Fund	2,220.0	2,220.0	-	2,220.0	-
53	Public Service Law Loan Repayment					
54	General Fund	194.0	194.0	-	194.0	-
55	Social Worker Loan for Service					
56	General Fund	432.0	432.0	-	432.0	-
57	Community Governance/Land Grant Legal Services					
58	General Fund	96.0	96.0	-	96.0	-
59						
60	Total Statewide Priority Professional Development	13,454.3	19,415.9	5,961.6	13,454.3	-
61						
62	Financial Aid Administration					
63	General Fund	30.7	150.0	119.3	150.0	119.3
64	Board of Nursing Transfer	50.0	50.0	-	50.0	-
65						
66	GENERAL FUND TOTAL	24,079.5	25,160.4	1,080.9	24,198.8	119.3
67	GRAND TOTAL	77,429.5	83,510.4	6,080.9	77,548.8	119.3

FY25 Higher Education General Fund Spending Summary

Instruction and General Funding	FY24 Base	HED Rec.	LFC Rec.	LFC Over/(Under) HED	LFC Over/(Under) FY24 Opbud
FY24 Funding Formula Base, HEIs	782,778.70	782,778.7	782,778.7		
Percent "New Money", Formula		5%	1.5%		
Amount "New Money", Formula		39,591.8	11,877.2	(27,714.6)	
I&G Distribution by Formula Component					
Workload (Student Credit Hours)		5,938.8	2,256.7	(3,682.1)	
Certificates and Degrees		25,734.7	7,245.3	(18,489.4)	
Mission-Differentiated Measures		7,918.4	2,375.2	(5,543.2)	
Total Outcome Funding		39,591.8	11,877.2	(27,714.6)	11,877.2
Targeted Investments					
Student Support			3,000.0	3,000.0	3,000.0
Faculty Compensation			7,000.0	7,000.0	7,000.0
RPSP Roll-Up		9,055.4	8,955.4	(100.0)	8,955.4
Total I&G Base Funding, HEI		831,425.9	813,611.3	(17,814.6)	30,832.6
Non-Formula Institutions Base		92,330.8	92,330.8		
Health Sciences Center I&G*	82,735.7	4,166.9	1,822.5	(2,344.4)	1,822.5
Special Schools I&G	9,595.1	497.9	497.9	-	497.9
I&G Base Funding, Non-Formula	92,330.8	96,995.6	94,651.2	(2,344.4)	2,320.4
Targeted Investments					
Medical Faculty Compensation		-	1,000.0	1,000.0	1,000.0
RPSP Roll-Up, HSC		602.4	602.4	0.0	602.4
RPSP Roll-Up, Special Schools		361.9	361.9	-	361.9
Total I&G Base Funding, Non-Formula		97,959.9	96,615.5	(1,344.4)	4,284.7
Grand Total I&G	875,109.5	929,385.8	910,226.8	(19,159.0)	35,117.3
Dollar Change from Prior Year		54,276.3	35,117.3	(19,159.0)	
Percent Change from Prior Year		6.2%	4.0%		
Other Categorical					
Athletics	27,895.6	36,292.1	27,895.6	(8,396.5)	-
Educational Television	3,453.0	4,007.2	4,007.2	-	554.2
Tribal Education	1,750.0	1,800.0	1,850.0	50.0	100.0
Teacher Education	1,400.0	1,400.0	1,400.0	-	-
Student Services	6,771.8	1,648.2	1,648.2	-	(5,123.6)
Health Care Workforce	21,869.2	21,997.7	24,010.7	2,013.0	2,141.5
Agriculture	50,960.0	62,818.2	53,488.6	(9,329.6)	2,528.6
Center of Excellence	2,845.7	6,000.0	3,095.7	(2,904.3)	250.0
Other RPSP	92,217.3	95,455.5	94,104.0	(1,351.5)	1,886.7
Other Categorical Subtotal	209,162.6	231,418.8	211,500.0	(19,918.8)	2,337.4
Dollar Change from Prior Year		22,256.24	2,337.4		
Percent Change from Prior Year		10.6%	1.1%		
Total GAA Section 4 Institutions	1,084,272.1	1,160,804.64	1,121,726.8	(31,491.2)	37,454.7
Higher Education Department					
Operating Budget and Flow-Throughs	15,104.8	26,076.2	15,735.5	(10,340.7)	630.7
Student Financial Aid	24,079.5	25,160.4	24,198.8	(961.6)	119.3
Opportunity Scholarship	146,000.0	146,000.0	146,000.0	-	-
Total	185,184.3	197,236.6	185,934.3	(11,302.3)	750.0
Total Higher Education	1,269,456.4	1,358,041.2	1,307,661.1	(50,380.1)	38,204.7
Dollar Change from Prior Year		88,584.8	38,204.7		
Percent change from Prior Year		7.0%	3.0%		

Higher Education Institutional Detail

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY24 Opbud	FY25 HED Rec.	FY25 LFC Rec	LFC Over/Under Opbud	
1	UNIVERSITY OF NEW MEXICO					1
2	Instruction and general purposes	243,618.7	260,818.4	254,580.1	10,961.4	2
3	Athletics	8,358.7	11,941.7	8,358.7	0.0	3
4	Educational television and public radio	1,087.9	1,307.9	1,307.9	220.0	4
5	Categorical - NM tribal education initiatives	1,050.0	1,050.0	1,050.0	0.0	5
6	Categorical - NM teacher pipeline initiatives	100.0	100.0	100.0	0.0	6
7	Gallup Branch - I&G	10,419.2	10,892.0	10,821.8	402.6	7
8	Categorical - NM tribal education initiatives	100.0	100.0	100.0	0.0	8
9	Los Alamos Branch - I&G	2,294.9	2,377.7	2,349.0	54.1	9
10	Valencia Branch - I&G	6,899.8	7,102.0	7,048.6	148.8	10
11	Taos Branch - I&G	4,568.8	4,866.8	4,821.6	252.8	11
12	Research and Public Service Projects					12
13	<i>Graduation reality and dual role skills program</i>	150.0	0.0	0.0	(150.0)	13
14	<i>American Indian summer bridge program</i>	250.0	0.0	0.0	(250.0)	14
15	<i>Economics department</i>	133.2	0.0	0.0	(133.2)	15
16	<i>Veterans student services</i>	228.0	0.0	0.0	(228.0)	16
17	Judicial education center	6.5	0.0	0.0	(6.5)	17
18	Judicial selection	52.3	52.3	52.3	0.0	18
19	<i>Ibero-American education</i>	84.3	0.0	0.0	(84.3)	19
20	Manufacturing engineering program	538.0	538.0	538.0	0.0	20
21	Wildlife law education	95.3	95.3	95.3	0.0	21
22	<i>Native American studies</i>	258.4	0.0	0.0	(258.4)	22
23	<i>Chicano studies - undergraduate and graduate student internships</i>	600.9	0.0	0.0	(600.9)	23
24	<i>African American student services</i>	173.9	0.0	0.0	(173.9)	24
25	<i>Africana studies</i>	292.7	0.0	0.0	(292.7)	25
26	Career soft skills	0.0	0.0	0.0	0.0	26
27	Morrissey hall programs and other discontinued	0.0	0.0	0.0	0.0	27
28	<i>Disabled student services</i>	160.6	0.0	0.0	(160.6)	28
29	<i>Minority student services- (Moved ENLACE Companeros HSC)</i>	950.6	0.0	0.0	(950.6)	29
30	Community-based education	547.8	547.8	547.8	0.0	30
31	Corrine Wolf children's law center	165.1	275.0	165.1	0.0	31
32	<i>Student mentoring program</i>	177.7	0.0	0.0	(177.7)	32
33	Southwest research center	811.5	811.5	811.5	0.0	33
34	<i>Substance abuse program</i>	71.8	0.0	0.0	(71.8)	34
35	Resource geographic information system	66.1	66.1	66.1	0.0	35
36	Southwest Indian law clinic	205.2	205.2	205.2	0.0	36
37	Student mentoring program-Law (Moved to HSC FY24)	0.0	0.0	0.0	0.0	37
38	Geospatial and population studies/bureau of business and economic research	390.1	390.1	390.1	0.0	38
39	<i>New Mexico historical review</i>	45.2	0.0	0.0	(45.2)	39
40	Utton transboundary resources center	429.2	429.2	429.2	0.0	40
41	<i>Land grant studies</i>	127.4	0.0	0.0	(127.4)	41
42	UNM press	456.3	456.3	456.3	0.0	42
43	UNM mock trial	411.6	411.6	411.6	0.0	43
44	Natural heritage New Mexico database	51.6	51.6	51.6	0.0	44
45	Bioscience Authority (moved from HSC for FY24)	316.5	1,000.0	316.5	0.0	45
46	School of Public Administration	100.0	0.0	100.0	0.0	46
47	<i>Indigenous Design & Planning Institute</i>	130.0	0.0	0.0	(130.0)	47
48	Border Justice Initiative	180.0	180.0	180.0	0.0	48
49	ROTC	50.0	0.0	0.0	(50.0)	49
50	Wild friends	75.0	75.0	75.0	0.0	50
51	Teacher education at branch colleges	60.0	60.0	60.0	0.0	51
52	<i>Gallup - workforce development programs</i>	182.4	0.0	0.0	(182.4)	52
53	Gallup - nurse expansion	803.5	803.5	803.5	0.0	53
54	Valencia - nurse expansion	427.2	427.2	427.2	0.0	54
55	<i>Taos- Workforce development</i>	150.0	0.0	0.0	(150.0)	55
56	Taos - nurse expansion	884.6	884.6	884.6	0.0	56
57	Total UNM RPSPs	11,290.5	7,760.3	7,066.9	(4,223.6)	57
58	Total UNM	289,788.5	308,316.8	297,604.6	7,816.1	58
59						59
60	UNM HEALTH SCIENCES CENTER					60
61	Instruction and general purposes	82,735.7	87,505.0	86,160.6	3,424.9	61
62	Research and Public Service Projects					62
63	<i>Office of diversity, equity and inclusion</i>	175.6	0.0	0.0	(175.6)	63
64	ENLACE	972.2	972.2	972.2	0.0	64
65	Comprehensive movement disorders	416.5	416.5	416.5	0.0	65
66	BA/MD Program	0.0	0.0	0.0	0.0	66
67	Bioscience Authority (moved to Main for FY24)	0.0	0.0	0.0	0.0	67
68	Undergraduate nurse education	1,174.1	1,174.1	1,500.0	325.9	68
69	<i>Native American Health Student Success</i>	60.0	0.0	0.0	(60.0)	69
70	OMI grief services	322.6	322.6	322.6	0.0	70
71	Physician assistant program	2,650.0	2,650.0	653.0	(1,997.0)	71

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY24 Opbud	FY25 HED Rec.	FY25 LFC Rec	LFC Over/Under Opbud	
72	Child abuse evaluation services (para los ninos)	155.2	155.2	155.2	0.0	72
73	Undergraduate nurse expansion	951.6	951.6	951.6	0.0	73
74	Graduate nurse education	1,653.1	1,653.1	4,824.2	3,171.1	74
75	Native American health center	324.4	324.4	324.4	0.0	75
76	Native American suicide prevention (honoring Native life)	93.6	93.6	93.6	0.0	76
77	Office of medical investigator	10,305.4	10,305.4	10,305.4	0.0	77
78	Children's psychiatric hospital	10,444.0	10,444.0	10,444.0	0.0	78
79	Carrie Tingley hospital	8,313.9	8,313.9	8,313.9	0.0	79
80	Minority student services	166.8	0.0	0.0	(166.8)	80
81	Newborn intensive care	3,408.7	3,408.7	3,408.7	0.0	81
82	Pediatric oncology	1,329.1	1,329.1	1,579.1	250.0	82
83	Poison and drug information center	2,020.3	2,712.5	2,610.5	590.2	83
84	Genomics, biocomputing and environmental health research	0.0	0.0	937.4	937.4	84
85	Trauma specialty education	0.0	0.0	250.0	250.0	85
86	Pediatrics specialty education	0.0	0.0	250.0	250.0	86
87	Cancer center	6,682.2	8,022.2	7,932.2	1,250.0	87
88	Hepatitis community health outcomes (ECHO)	6,764.4	6,764.4	6,764.4	0.0	88
89	Graduate medical education/residencies	2,368.7	2,368.7	2,368.7	0.0	89
90	Rural and urban underserved program	200.0	0.0	0.0	(200.0)	90
91	NEMNEC	0.0	0.0	0.0	0.0	91
92	Special needs dental	0.0	0.0	500.0	500.0	92
93	Total HSC RPSPs	60,952.4	62,382.2	65,877.6	4,925.2	93
94	Total HSC	143,688.1	149,887.2	152,038.2	8,350.1	94
95	Total UNM and HSC	433,476.6	458,204.0	449,642.8	16,166.2	95
96						96
97	NEW MEXICO STATE UNIVERSITY					97
98	Instruction and general purposes	153,246.1	162,433.2	158,029.9	4,783.8	98
99	Athletics	7,675.0	9,675.0	7,675.0	0.0	99
100	Educational television and public radio	1,222.8	1,442.8	1,442.8	220.0	100
101	Categorical - NM tribal education initiatives MAIN	200.0	250.0	300.0	100.0	101
102	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	102
103	Alamogordo Branch - Instruction and general purposes	8,565.7	8,676.2	8,708.3	142.6	103
104	Dona Ana Branch - Instruction and general purposes	28,460.9	29,597.2	29,165.4	704.5	104
105	Grants Branch - Instruction and general purposes	4,181.5	4,308.4	4,304.9	123.4	105
106	Categorical - NM tribal education initiatives GRANTS	100.0	100.0	100.0	0.0	106
107	Department of Agriculture	15,200.7	24,698.9	16,656.5	1,455.8	107
108	Agricultural Experiment Station (AES)	19,388.9	20,788.9	19,970.6	581.7	108
109	Cooperative Extension Service (CES)	16,370.4	17,330.4	16,861.5	491.1	109
110	Research & Public Service Projects:					110
111	Center of excellence sustainable ag	507.9	1,000.0	507.9	0.0	111
112	STEM alliance for minority participation	373.9	373.9	373.9	0.0	112
113	Anna age eight institute	2,106.8	2,106.8	2,106.8	0.0	113
114	Mental health nurse practitioner	1,315.0	1,315.0	1,315.0	0.0	114
115	Indian resources development	277.9	277.9	277.9	0.0	115
116	Manufacturing sector development program	672.7	672.7	672.7	0.0	116
117	Arrowhead center for business development	378.4	378.4	378.4	0.0	117
118	Nurse expansion	2,081.2	2,081.2	2,081.2	0.0	118
119	Alliance teaching & learning advancement	217.8	217.8	217.8	0.0	119
120	Water resource research institute	1,183.8	1,658.8	1,224.8	41.0	120
121	College assistance migrant program	302.1	302.1	302.1	0.0	121
122	Autism program	1,115.3	1,115.3	1,115.3	0.0	122
123	Sunspot solar observatory consortium	389.5	389.5	389.5	0.0	123
124	Produced Water Consortium	130.0	1,200.0	1,200.0	1,070.0	124
125	STEM Career Path	100.0	0.0	0.0	(100.0)	125
126	Nurse Anesthesiology	500.0	500.0	500.0	0.0	126
127	Dona Ana - Dental hygiene program	429.0	557.5	557.5	128.5	127
128	Dona Ana - Nurse expansion	928.9	928.9	928.9	0.0	128
129	Grants - Veterans services	45.6	0.0	0.0	(45.6)	129
130	Total NMSU RPSPs	13,055.8	15,075.8	14,149.7	1,093.9	130
131	Total NMSU	267,917.8	294,626.8	277,614.6	9,696.8	131
132						132
133	NEW MEXICO HIGHLANDS UNIVERSITY					133
134	Instruction and general purposes	35,622.4	38,103.8	37,425.0	1,802.6	134
135	Athletics	3,177.4	3,702.3	3,177.4	0.0	135
136	Categorical - NM tribal education initiatives	200.0	200.0	200.0	0.0	136
137	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	137
138	Research & Public Service Projects:					138
139	Center of excellence in social work, mental and behavioral health	500.0	1,000.0	500.0	0.0	139
140	Improve retention and completion of underserved students	50.0	0.0	0.0	(50.0)	140
141	Doctor of nurse practitioner	155.9	155.9	155.9	0.0	141
142	Center for professional development & career readiness	171.0	0.0	0.0	(171.0)	142
143	Acequia and land grant education	46.9	46.9	46.9	0.0	143
144	Native American social work institute	235.0	235.0	235.0	0.0	144
145	Advanced placement	202.4	202.4	202.4	0.0	145
146	Minority student services	515.6	0.0	0.0	(515.6)	146
147	Forest and watershed institute	533.4	870.3	533.4	0.0	147
148	Social work grant funds	125.0	0.0	0.0	(125.0)	148

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY24 Opbud	FY25 HED Rec.	FY25 LFC Rec	LFC Over/Under Opbud	
149	Nurse expansion	224.1	224.1	295.1	71.0	149
150	Total NMHU RPSPs	2,759.3	2,734.6	1,968.7	(790.6)	150
151	Total NMHU	42,009.1	44,990.7	43,021.1	1,012.0	151
152						152
153	WESTERN NEW MEXICO UNIVERSITY					153
154	Instruction and general purposes	25,599.0	27,448.7	26,665.7	1,066.7	154
155	Athletics	3,112.6	3,813.9	3,112.6	0.0	155
156	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	156
157	Research & Public Service Projects:					157
158	Early childhood center of excellence	500.0	1,000.0	500.0	0.0	158
159	FY22 - Deming campus I&G	0.0	0.0	0.0	0.0	159
160	Nursing expansion (T or C)	282.0	282.0	282.0	0.0	160
161	Instructional television	66.0	0.0	0.0	(66.0)	161
162	Pharmacy and phlebotomy programs	98.0	0.0	0.0	(98.0)	162
163	Web-based teacher licensure	117.8	117.8	117.8	0.0	163
164	Child development center	299.3	449.3	700.0	400.7	164
165	Nurse expansion	1,550.3	1,550.3	1,550.3	0.0	165
166	Early childhood mental health	150.0	0.0	0.0	(150.0)	166
167	Veterans center	100.0	0.0	0.0	(100.0)	167
168	Total WNMU RPSPs	3,163.4	3,399.4	3,150.1	(13.3)	168
169	Total WNMU	32,125.0	34,912.0	33,178.4	1,053.4	169
170						170
171	EASTERN NEW MEXICO UNIVERSITY					171
172	Instruction and general purposes	40,053.6	43,442.0	42,011.7	1,958.1	172
173	Athletics	3,375.8	3,713.0	3,375.8	0.0	173
174	Educational television	1,142.3	1,256.5	1,256.5	114.2	174
175	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	175
176	Roswell Branch - Instruction and general purposes	14,219.9	15,061.2	14,978.8	758.9	176
177	Ruidoso Branch - Instruction and general purposes	2,404.1	2,487.2	2,459.7	55.6	177
178	Research & Public Service Projects:					178
179	Blackwater draw site and museum	91.0	100.0	91.0	0.0	179
180	Student success programs	399.2	0.0	0.0	(399.2)	180
181	Nurse expansion	323.7	323.7	323.7	0.0	181
182	At-risk student tutoring	215.0	0.0	0.0	(215.0)	182
183	Allied health	136.3	0.0	0.0	(136.3)	183
184	ENMU Portales - Teacher ed free tuition	182.4	182.4	182.4	0.0	184
185	ENMU Portales - Greyhound promise free tuition	91.2	91.2	91.2	0.0	185
186	Roswell branch - Nurse expansion	350.0	350.0	350.0	0.0	186
187	Roswell branch - Airframe mechanics	68.5	0.0	0.0	(68.5)	187
188	Roswell branch - Special services program	108.1	0.0	0.0	(108.1)	188
189	Roswell branch - Veterans Center	60.0	0.0	0.0	(60.0)	189
190	Roswell branch - Youth challenge	91.2	0.0	0.0	(91.2)	190
191	Ruidoso branch - Nursing program	178.6	178.6	178.6	0.0	191
192	Total EWNMU RPSPs	2,295.2	1,225.9	1,216.9	(1,078.3)	192
193	Total ENMU	63,740.9	67,435.8	65,549.4	1,808.5	193
194						194
195	NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY					195
196	Instruction and general purposes	35,683.0	37,729.0	36,752.7	1,069.7	196
197	Bureau of mine safety	375.8	375.8	375.8	0.0	197
198	Bureau of geology and mineral resources	4,774.8	6,974.8	5,874.8	1,100.0	198
199	Petroleum recovery and research center	1,954.2	2,154.2	2,154.2	200.0	199
200	Geophysical research center	1,472.4	1,622.4	1,472.4	0.0	200
201	Categorical - NM teacher pipeline initiatives	50.0	50.0	50.0	0.0	201
202	Research & Public Service Projects:					202
203	NM MESA (move from HED)	1,130.8	1,370.8	1,130.8	0.0	203
204	Cybersecurity center of excellence	521.3	1,000.0	521.3	0.0	204
205	Rural economic development	32.8	42.8	32.8	0.0	205
206	Chemical engineering student assistanceships	199.3	249.3	199.3	0.0	206
207	Science and engineering fair	205.8	205.8	205.8	0.0	207
208	Energetic materials research center	1,026.6	1,026.6	1,026.6	0.0	208
209	Institute for complex additive systems analysis	1,205.6	1,205.6	1,205.6	0.0	209
210	Cave and karst research	409.1	789.6	409.1	0.0	210
211	Homeland security center	631.5	631.5	631.5	0.0	211
212	Total NMIMT RPSPs	5,362.8	6,522.0	5,362.8	0.0	212
213	Total NMIMT	49,673.0	55,428.2	52,042.7	2,369.7	213
214						214
215	NORTHERN NEW MEXICO COLLEGE					215
216	Instruction and general purposes	12,178.5	13,237.1	13,013.4	834.9	216
217	Athletics	560.8	731.8	560.8	0.0	217
218	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	218
219	Research & Public Service Projects:					219
220	Native American student center	150.0	0.0	0.0	(150.0)	220
221	Academic program evaluation	45.6	0.0	0.0	(45.6)	221
222	Nurse expansion	947.0	947.0	947.0	0.0	222
223	STEM	125.2	125.2	125.2	0.0	223
224	Center for the Arts	200.0	0.0	0.0	(200.0)	224
225	Demonstration Farm	50.0	300.0	50.0	0.0	225

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY24 Opbud	FY25 HED Rec.	FY25 LFC Rec	LFC Over/Under Opbud	
226	Arts, culture, and sustainable agriculture	50.0	50.0	50.0	0.0	226
227	<i>Veterans center</i>	121.2	0.0	0.0	(121.2)	227
228	Total NMMC RPSPs	1,689.0	1,422.2	1,172.2	(516.8)	228
229	Total NMMC	14,678.3	15,641.1	14,996.4	318.1	229
230						230
231	SANTA FE COMMUNITY COLLEGE					231
232	Instruction and general purposes	13,241.0	13,734.6	13,600.2	359.2	232
233	Research & Public Service Projects:					233
234	Teacher education expansion	136.8	136.8	136.8	0.0	234
235	EMS mental health resiliency pilot	91.2	91.2	91.2	0.0	235
236	First born, home visiting training & technical assistance	443.6	443.6	443.6	0.0	236
237	Nurse expansion	439.4	439.4	439.4	0.0	237
238	Small business development centers	4,491.8	4,491.8	4,491.8	0.0	238
239	<i>Employment boot camps</i>	60.0	0.0	0.0	(60.0)	239
240	Total SFCC	18,903.8	19,337.4	19,203.0	299.2	240
241						241
242	CENTRAL NM COMMUNITY COLLEGE					242
243	Instruction and general purposes	75,202.5	78,835.2	77,253.0	2,050.5	243
244	Research & Public Service Projects:					244
245	Nurse expansion	1,400.0	1,400.0	1,400.0	0.0	245
246	Workforce Development	70.0	70.0	70.0	0.0	246
247	Total CNM	76,672.5	80,305.2	78,723.0	2,050.5	247
248						248
249	LUNA COMMUNITY COLLEGE					249
250	Instruction and general purposes	7,912.1	8,860.5	8,863.8	951.7	250
251	Athletics	500.6	712.1	500.6	0.0	251
252	Research & Public Service Projects:					252
253	<i>Rough rider student support services</i>	150.0	0.0	0.0	(150.0)	253
254	<i>Fire Resiliency</i>	75.0	0.0	0.0	(75.0)	254
255	Nurse expansion	267.0	267.0	509.0	242.0	255
256	<i>Student retention and completion</i>	483.8	0.0	0.0	(483.8)	256
257	<i>Year-round mentorship</i>	100.0	0.0	0.0	(100.0)	257
258	Total LCC	9,488.5	9,839.6	9,873.4	384.9	258
259						259
260	MESALANDS COMMUNITY COLLEGE					260
261	Instruction and general purposes	4,871.5	5,041.1	4,984.6	113.1	261
262	Athletics	215.8	215.8	215.8	0.0	262
263	Research & Public Service Projects:					263
264	Nursing Program	0.0	0.0	0.0	0.0	264
265	Wind training center	116.2	337.2	116.2	0.0	265
266	Total MCC	5,203.5	5,594.1	5,316.6	113.1	266
267						267
268	NEW MEXICO JUNIOR COLLEGE					268
269	Instruction and general purposes	7,026.2	7,645.4	7,534.7	508.5	269
270	Athletics	586.4	936.4	586.4	0.0	270
271	Research & Public Service Projects:					271
272	<i>Oil and gas management program</i>	156.2	0.0	0.0	(156.2)	272
273	Nurse expansion	581.9	581.9	781.9	200.0	273
274	<i>Lea county distance education consortium</i>	26.6	0.0	0.0	(26.6)	274
275	<i>Student support services</i>	150.0	0.0	0.0	(150.0)	275
276	Total NMJC	8,527.3	9,163.7	8,903.0	375.7	276
277						277
278	SOUTHEAST NEW MEXICO COLLEGE					278
279	Instruction and general purposes	4,836.2	5,253.4	5,191.4	355.2	279
280	<i>Manufacturing sector development program</i>	240.4	0.0	0.0	(240.4)	280
281	Nurse expansion	398.6	398.6	398.6	0.0	281
282	Total SENMC	5,475.2	5,652.0	5,590.0	114.8	282
283						283
284	SAN JUAN COLLEGE					284
285	Instruction and general purposes	29,746.0	30,872.0	30,568.8	822.8	285
286	Categorical - NM tribal education initiatives	100.0	100.0	100.0	0.0	286
287	Research & Public Service Projects:					287
288	Center for excellence - renewable energy	500.0	1,000.0	750.0	250.0	288
289	Dental hygiene program	175.0	175.0	175.0	0.0	289
290	<i>Food hub</i>	150.0	0.0	0.0	(150.0)	290
291	Health center personnel	60.0	60.0	60.0	0.0	291
292	Nurse expansion	1,116.0	1,116.0	1,116.0	0.0	292
293	Total SJC	31,847.0	33,323.0	32,769.8	922.8	293
294						294
295	CLOVIS COMMUNITY COLLEGE					295
296	Instruction and general purposes	11,927.1	12,602.8	12,478.2	551.1	296
297	<i>HVAC program</i>	100.0	0.0	0.0	(100.0)	297
298	Nurse expansion	356.5	356.5	356.5	0.0	298
299	<i>Welding faculty</i>	180.0	0.0	0.0	(180.0)	299
300	Total CCC	12,563.6	12,959.3	12,834.7	271.1	300
301						301

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY24 Opbud	FY25 HED Rec.	FY25 LFC Rec	LFC Over/Under Opbud
302	NEW MEXICO MILITARY INSTITUTE				
303	Instruction and general purposes	2,815.7	2,956.5	2,956.5	140.8
304	Athletics	332.5	850.0	332.5	0.0
305	Knowles legislative scholarship program	1,353.7	1,760.0	1,353.7	0.0
306	Total NMMI	4,501.9	5,566.5	4,642.7	140.8
307					
308	NM SCHOOL FOR BLIND & VISUALLY IMPAIRED				
309	Instruction and general purposes	1,755.4	2,223.2	2,223.2	467.8
310	<i>Early childhood center</i>	<i>361.9</i>	<i>0.0</i>	<i>0.0</i>	<i>(361.9)</i>
311	Low vision clinic programs	111.1	111.1	111.1	0.0
312	Total NMSBVI	2,228.4	2,334.3	2,334.3	105.9
313					
314	NM SCHOOL FOR THE DEAF				
315	Instruction and general purposes	5,024.0	5,275.2	5,275.2	251.2
316	Statewide outreach services	215.7	215.7	215.7	0.0
317	Total NMSD	5,239.7	5,490.9	5,490.9	251.2
318					
319					
320	UNIVERSITY OF NEW MEXICO (952)	289,788.5	308,316.8	297,604.6	7,816.1
321	UNM HEALTH SCIENCES CENTER (952)	143,688.1	149,887.2	152,038.2	8,350.1
322	NEW MEXICO STATE UNIVERSITY	267,917.8	294,626.8	277,614.6	9,696.8
323	NEW MEXICO HIGHLANDS UNIVERSITY	42,009.1	44,990.7	43,021.1	1,012.0
324	WESTERN NEW MEXICO UNIVERSITY	32,125.0	34,912.0	33,178.4	1,053.4
325	EASTERN NEW MEXICO UNIVERSITY	63,740.9	67,435.8	65,549.4	1,808.5
326	NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY	49,673.0	55,428.2	52,042.7	2,369.7
327	NORTHERN NEW MEXICO COLLEGE	14,678.3	15,641.1	14,996.4	318.1
328	SANTA FE COMMUNITY COLLEGE	18,903.8	19,337.4	19,203.0	299.2
329	CENTRAL NM COMMUNITY COLLEGE	76,672.5	80,305.2	78,723.0	2,050.5
330	LUNA COMMUNITY COLLEGE	9,488.5	9,839.6	9,873.4	384.9
331	MESALANDS COMMUNITY COLLEGE	5,203.5	5,594.1	5,316.6	113.1
332	NEW MEXICO JUNIOR COLLEGE	8,527.3	9,163.7	8,903.0	375.7
333	SOUTHEAST NEW MEXICO COLLEGE	5,475.2	5,652.0	5,590.0	114.8
334	SAN JUAN COLLEGE	31,847.0	33,323.0	32,769.8	922.8
335	CLOVIS COMMUNITY COLLEGE	12,563.6	12,959.3	12,834.7	271.1
336	Subtotal- Universities and Community Colleges	1,072,302.1	1,147,412.9	1,109,258.9	36,956.8
337	NEW MEXICO MILITARY INSTITUTE	4,501.9	5,566.5	4,642.7	140.8
338	NM SCHOOL FOR BLIND & VISUALLY IMPAIRED	2,228.4	2,334.3	2,334.3	105.9
339	NM SCHOOL FOR THE DEAF	5,239.7	5,490.9	5,490.9	251.2
340	Subtotal- Special schools	11,970.0	13,391.7	12,467.9	497.9
341	Higher Education Department	185,184.3	197,236.6	185,934.3	750.0
342	Grand Total HEIs and Special Schools	1,269,456.4	1,358,041.2	1,307,661.1	38,204.7
343					
344	Summary by Major Function				
345	University I&G	546,001.3	583,212.2	568,478.5	22,477.2
346	Community College I&G	236,777.4	248,213.7	245,132.8	8,355.4
347	UNM/HSC I&G	82,735.7	87,505.0	86,160.6	3,424.9
348	Special Schools I&G	9,595.1	10,454.9	10,454.9	859.8
349	Athletics	27,895.6	36,292.1	27,895.6	-
350	Educational television	3,453.0	4,007.2	4,007.2	554.2
351	Tribal Education	1,750.0	1,800.0	1,850.0	100.0
352	Teacher pipeline initiatives	1,400.0	1,400.0	1,400.0	-
353	Student Support	6,771.8	1,648.2	1,648.2	(5,123.6)
354	Health Care Workforce	21,869.2	21,997.7	24,010.7	2,141.5
355	Agriculture	50,960.0	62,818.2	53,488.6	2,528.6
356	Center of Excellence	2,845.7	6,000.0	3,095.7	250.0
357	Other RPSP	92,217.3	95,455.5	94,104.0	1,886.7
358	Higher Ed Department	15,104.8	26,076.2	15,735.5	630.7
359	HED- Flow through	24,079.5	25,160.4	24,198.8	119.3
360	HED- Opportunity Scholarship	146,000.0	146,000.0	146,000.0	-
361	Grand Total Higher Education	1,269,456.4	1,358,041.2	1,307,661.1	38,204.7

At A Glance

The Legislature recognizes the importance of higher education to the economic well-being of New Mexicans with per-student funding that is fourth in the nation, and lawmakers dramatically increased access with the creation of the opportunity scholarship to provide tuition-free higher education for part-time and returning students. The availability of the opportunity and lottery scholarships have provided near-universal access to tuition-free higher education in the state and have led to the first enrollment increases in the past decade. However, institutions continue to struggle with retention and graduation rates that hover at or near the bottom of national rankings.

For FY25, the committee recommends a base increase of 1.5 percent to be distributed through the funding formula and targeted investments for faculty compensation and student support. Additional targeted investments are recommended for health-related education programs, including funding for medical faculty pay increases and for nursing programs. The recommendation increases overall spending by 3 percent over the FY24 operating budget. The recommendation reflects a 2023 LFC evaluation that found 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.

Budget Issues

Higher education institutions (HEI) play an integral role in the state's economic development by providing New Mexicans with the education and training they need to compete and succeed in the labor market. As such, a primary focus of the states' higher education system should be on meeting the critical labor needs in the state. Over the past two years, the Legislature worked with HEIs to direct significant nonrecurring funding to endowment funds for individual colleges to support faculty expansion in the areas of teacher education, nursing, and social work, as well as to provide additional recurring funding to targeted high-need occupations.

LFC convened a higher education subcommittee during the 2023 interim to look specifically at trends in student retention and graduation, identify labor market needs, monitor prior-year nonrecurring appropriation spending, and examine adequacy of performance components of the funding formula.

State Support. The State Higher Education Executive Officers Association reports New Mexico had the fourth-highest rate of state support in the nation in FY22, behind only Wyoming, Illinois, and Alaska. The amount of state support will increase significantly as spending for the opportunity scholarship is included in the FY23 report. For FY24, state spending on higher education accounted for 13 percent of the general fund budget. Recurring appropriations to HEIs include three components: (1) annual appropriations to the instruction and general (I&G) funding formula; (2) direct appropriations to research and public service projects (RPSP); and (3) targeted investments, including compensation for faculty and staff and student support.

The I&G base makes up the largest single portion of HEI budgets and receives the majority of state general fund appropriations. "New money" is appropriated to HEIs through the funding formula, which provides an allocation based primarily on an institution's share of credit hours delivered and number of degrees awarded. The formula also includes an institutional performance premium to provide larger increases based on performance relative to prior years. Because the funding formula is a base-plus mechanism that serves to grow, but not to reduce, the base budget, it does not make adjustments to reflect enrollment declines, which can lead to funding disparities among institutions. The University of New Mexico Health Sciences Center and special schools do not receive funding through the formula and their budget increases are calculated separately.

FY25 I&G Recommendation. Changes are made to the funding formula each year by a workgroup that includes Higher Education Department and HEI staff, as well as LFC and Department of Finance and Administration staff. The Higher Education Subcommittee noted the relatively small proportion of the funding formula allocation for institution performance. LFC staff worked with the partners in the funding formula working group and reached consensus on two changes to the formula—increasing the amount of new funding dedicated to institutional performance from 10 percent to 20 percent and creating four performance funding qualification tiers to recognize various levels of institutional performance improvement.

The changes to the funding formula will create a stronger incentive for improving performance but do not address any preexisting disparities in base funding. During the 2023 legislative session, several HEIs noted disparities in base funding amounts and requested a review of the formula. The Legislature appropriated \$200 thousand to the Higher Education Department to conduct a study on the funding formula, including review of the appropriations base. However, the study has not yet begun. Once the study is completed, the Legislature will have the information required to make more comprehensive changes to the formula, if necessary.

For FY25, LFC recommends increasing the formula base by \$11.9 million, or 1.5 percent, while the Higher Education Department requested an increase of \$39.6 million, or 5 percent. However, the LFC recommendation also includes \$7 million for HEI faculty compensation in addition to any statewide compensation increase, and \$3 million for student support services at HEIs, bringing the total LFC I&G recommendation to \$21.9 million, or 2.8 percent, more relative to the FY24 operating budget. In addition to formula and targeted I&G increases, the LFC recommendation identified research and public service projects with appropriations of approximately \$9 million to be moved into the I&G base beginning in FY25.

Health Sciences Center. The UNM Health Sciences Center is funded outside of the funding formula and is not subject to the same performance incentives as other HEIs. Overall, the Health Sciences Center brings in nearly \$3 billion in revenue for clinical services of its hospitals, but it also receives state I&G funding for the medical school and colleges of pharmacy, nursing, and public health. The LFC recommendation for I&G at the Health Sciences Center includes a \$1.2 million, or 1.5 percent, base increase, \$1 million for medical faculty compensation, and \$581.5 thousand to replace tobacco settlement revenue, bringing the total increase to \$2.8 million, or 3.4 percent. HED recommended a \$4.1 million, or 5 percent, increase for the Health Sciences Center.

The LFC recommendation discontinues use of revenue from the tobacco settlement funds for I&G and RPSPs and replaces this revenue with general fund in the following categories: \$581.5 thousand in the I&G base budget and \$2.28 million to support five research and public service projects. For FY24, tobacco settlement revenue is projected to come in lower than the appropriated level so replacing the revenue at the appropriated level will provide both a more stable revenue source and an effective increase relative to the actual FY24 tobacco settlement revenue receipt.

The LFC recommendation includes a \$1.25 million increase in funding for the cancer center to support additional research programs for junior faculty and for the state's human papilloma virus registry database and other IT needs. LFC recommends separating funding for physician assistant training from nurse practitioners, consolidating that funding into the graduate nurse education program and providing a \$1.17 million increase resulting in graduate nurse education receiving an overall increase of \$3.17 million. An additional \$325 thousand is recommended for undergraduate nursing programs. Lastly, \$500 thousand is recommended for dental care for individuals with special needs.

Research and Public Service Projects. Research and public service projects (RPSP) are line-item appropriations meant to fund educational programs and activities that do not fit in the I&G category. Funding to begin new programs is often requested through the RPSP process on a limited basis. For example, an institution may request funding to pay for the first three years of a program's costs to allow time for the program to become self-sustaining through grants and tuition dollars. However, RPSPs have also been used to provide direct appropriations for I&G functions, such as specific academic programs or for student support services. Additionally, there has been no formal process for ending RPSPs, resulting in the number and appropriations to RPSPs increasing dramatically over time. In FY07, there were 28 RPSPs totaling \$10 million; by FY24, there were 165 RPSPs with appropriations of \$115 million.

During the 2023 legislative session, the Senate Finance Committee noted many RPSPs serve normal I&G purposes and requested HED and LFC staff work with HEIs to determine which RPSPs should be continued and which should be moved into the regular I&G base. During the 2023 interim, HED developed guidelines for the consolidation of RPSPs into the I&G base. The guidelines stated RPSP items that supported I&G purposes should be included in the base and moved all RPSPs under \$200 thousand into the I&G base. RPSPs for healthcare, behavioral health, teaching, centers of excellence, and quasi-government entities were excluded from the roll-up provisions.

The LFC recommendation mirrors the HED request to discontinue line-item funding of over 50 RPSPs with appropriations totaling \$10 million and move them into the base budgets of HEIs. At the same time, both HED and the LFC recommended increases to some RPSPs. The LFC recommendation provided \$10.4 million, including \$3.5 million for nursing and healthcare programs, \$2.5 million for agricultural programs, and \$2 million for produced water research and water mapping projects.

Tuition and Fees. The amount of tuition and fee revenue varies considerably by type of institution. Four-year institutions receive 31 percent of their total I&G revenue from tuition and fees, while two-year institutions receive 10 percent from this source. Therefore, the decline in enrollment has a larger impact on the finances of four-year research and comprehensive institutions than it does on two-year colleges. Tuition and fees are set by the governing boards of the various institutions, and increases do not require approval of a statewide entity. Over the past five years, four-year institutions have raised their tuition and fees by an average of 4.2 percent per year, while two-year institutions have increased tuition and fees by 2.4 percent per year.

New Mexico's relatively rich financial aid package, including the lottery and opportunity scholarships, currently pays 53 percent of tuition and fees assessed to students. In effect, these revenues are becoming another state spending obligation. However, the scholarship programs do not guarantee full payment of tuition and fees, so any of the amount of tuition costs over the appropriated scholarship amounts will fall on the student. This preserves appropriations authority but confuses policy; New Mexico students are promised tuition-free higher education, but whether this promise can be kept changes based on availability of funding and HEI tuition policy.

Other Revenue. Two-year colleges receive 47 percent of their I&G revenue through local property tax revenue while four-year institutions are prohibited from receiving funding through this mechanism. Similarly, four-year institutions receive a distribution from the land grant permanent fund, accounting for approximately 3 percent of their revenue. The amount of revenue received from these sources may vary significantly by institution. For example, local property tax at New Mexico Junior College in Hobbs accounted for \$105.4 million in FY23, approximately \$76 thousand per full-time student, and Southeast New Mexico College in Carlsbad received \$45 million, or \$79 thousand per student. The statewide average property tax revenue per student excluding these two institutions was approximately \$5,400 per student.

Persistence and Completion. Students in New Mexico are more likely to begin college but less likely to complete. Despite high college-going rates, the proportion of the workforce with a bachelor's degree ranks 41st in the nation, highlighting challenges in student retention; since 2016, New Mexico's freshman retention rate has ranked 50th in the nation, and New Mexico's graduation rate has ranked 49th or 48th for the past five years.

For the second year in a row, the LFC recommendation includes a targeted investment for student support, such as tutoring, mental health counseling, and enhanced advisement. The \$3 million included in the LFC recommendation is distributed to all institutions based on their proportion of general fund appropriations so that lower-performing institutions receive a larger share of this funding than they would if it were run through the funding formula.

For FY25, LFC recommends targets for graduation within 150 percent of normal time be set at 60 percent for research institutions, 50 percent for comprehensive colleges, and 35 percent for two-year colleges. The national graduation rate within 150 of normal time is 59.3 percent for public four-year institutions and 36.4 percent at two-year schools.

Special Schools. Special schools include New Mexico Military Institute (NMMI), New Mexico School for the Deaf (NMSD), and New Mexico School for the Blind and Visually Impaired (NMBVI). These special schools receive funding from the general fund, land grant permanent fund, land maintenance fund, and some investments with the State Investment Council. Distributions from the land grant permanent fund and land maintenance fund comprise 75 percent to 80 percent of each school's revenues.

For FY25, both HED and the LFC recommended an increase of 5 percent for special schools.

Recommended Language

For the Higher Education Subsection: On approval of the higher education department, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this subsection whose other state funds exceed amounts specified, with the exception of the policy development and institutional financial oversight program of the higher education department. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees, in writing, of the justification for the approval.

On approval of the higher education department and in consultation with the legislative finance committee, the state budget division of the department of finance and administration may reduce general fund appropriations, up to three percent, to institutions whose lower level common courses are not completely transferrable or accepted among public colleges and universities in New Mexico.

The secretary of higher education shall work with institutions whose enrollment has declined by more than fifty percent within the past five academic years on a plan to improve enrollment, collaborate or merge with other institutions, and reduce expenditures accordingly and submit an annual report to the legislative finance committee.

The department of finance and administration shall, as directed by the secretary of higher education, withhold from an educational institution or program that the higher education department places under an enhanced fiscal oversight program a portion, up to ten percent, of the institution's or program's general fund allotments. On written notice by the secretary of higher education that the institution or program has made sufficient progress toward satisfying the requirements imposed by the higher education department under the enhanced fiscal oversight program, the department of finance and administration shall release the withheld allotments. Money withheld in accordance with this provision and not released at the end of fiscal year 2025 shall revert to the general fund. The secretary of the department of finance and administration shall advise the legislature through its officers and appropriate committees, in writing, of the status of all withheld allotments.

Except as otherwise provided, any unexpended balances remaining at the end of fiscal year 2025 shall not revert to the general fund.

For the University of New Mexico Health Sciences Center: The internal service funds/interagency transfers appropriation to the health sciences center research and public service projects of the of the university of New Mexico includes one million eight hundred thousand dollars (\$1,800,000) from the opioid crisis recovery fund from monies from settlements, judgments, verdicts and other court orders relating to claims regarding the manufacturing, marketing, distribution or sale of opioids.

For the New Mexico Department of Agriculture: The internal service funds/interagency transfers appropriation to the New Mexico department of agriculture of the New Mexico state university includes two million eight hundred twelve thousand five hundred dollars (\$2,812,500) from the New Mexico legacy fund. The New Mexico department of agriculture is responsible for administering this funding and determining awardees.

University of New Mexico
Performance Measures Summary LFC

95200

9521 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	24,565	25,701	25,000	25,000	26,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	2,418	2,741	2,400	2,800	2,800
* Output	Number of credit hours completed	490,681	543,983	550,000	544,000	550,000
* Output	Number of unduplicated degree awards in the most recent academic year	5,014	4,916	5,500	5,000	5,500
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	49%	52%	60%	55%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	67%	71%	83%	75%	80%

9522 Gallup Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	2,854	3,131	2,454	3,100	3,100
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	220	238	189	240	240
* Output	Number of credit hours completed	28,647	26,240	30,000	30,000	30,000
* Output	Number of unduplicated awards conferred in the most recent academic year	251	243	260	250	250
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	47%	61%	60%	65%	60%
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	17%	19%	35%	35%	35%

9523 Los Alamos Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	1,987	1,887	2,047	2,150	2,150
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	119	160	123	165	165
* Output	Number of credit hours completed	12,120	9,037	12,484	9,308	9,308
* Output	Number of unduplicated awards conferred in the most recent academic year	137	86	141	89	89
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	25.0%	11.0%	26.0%	10.0%	35.0%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	64%	50%	60%	52%	60%

9524 Valencia Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	3,411	3,655	3,700	3,878	3,878
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	167	152	183	173	173
* Output	Number of credit hours completed	20,652	21,920	22,500	24,400	24,400
* Output	Number of unduplicated awards conferred in the most recent academic year	168	134	170	160	160
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	17%	22%	35%	24%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	63%	67%	60%	66%	60%

9525 Taos Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	2,079	2,252	2,100	2,100	2,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	109	85	133	100	100
* Output	Number of credit hours completed	12,304	13,231	14,422	14,422	14,422
* Output	Number of unduplicated awards conferred in the most recent academic year	136	120	165	165	165
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	34%	46%	60%	55%	60%

9527 Health Sciences Center

Purpose: The purpose of the institution and general program of the university of New Mexico health sciences center is to provide educational, clinical and research support for the advancement of the health of all New Mexicans.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Outcome	Percent of nursing graduates passing the requisite licensure exam on first attempt	78%	87%	80%	80%	80%
* Output	Percent of university of New Mexico-trained primary care residents practicing in New Mexico three years after completing residency	39.0%	44.0%	39.0%	39.0%	39.0%
* Output	American nurses credentialing center family nurse practitioner certification exam first attempt pass rate	93.0%	90.2%	85.0%	85.0%	85.0%
* Output	First-time pass rate on the North American pharmacist licensure examination by doctor of pharmacy graduates	87.3%	82.0%	85.0%	80.0%	80.0%

New Mexico State University **95400**
Performance Measures Summary LFC

9541 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	15,952	16,343	16,250	16,350	16,350
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,028	1,275	1,500	1,500	1,500
* Output	Number of credit hours completed	342,575	349,767	360,000	360,000	360,000
* Output	Number of unduplicated degree awards in the most recent academic year	3,128	3,102	3,225	3,500	3,500
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	50%	51%	60%	55%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	76%	73%	83%	80%	80%

9542 Alamogordo Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	1,448	1,603	2,000	1,650	1,650
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	158	86	100	90	90
* Output	Number of credit hours completed	12,850	14,247	14,500	14,700	14,700
* Output	Number of unduplicated awards conferred in the most recent academic year	101	81	130	85	85
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	21%	25%	35%	25%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	52%	52%	60%	55%	60%

9544 Dona Ana Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	8,187	8,697	8,700	8,960	8,960
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,031	1,208	1,100	1,250	1,250
* Output	Number of credit hours completed	107,310	110,541	114,000	112,000	112,000
* Output	Number of unduplicated awards conferred in the most recent academic year	1,086	1,092	1,150	1,150	1,150
* Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	13%	0%	35%	0%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	59%	65%	60%	67%	60%

9545 Grants Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	1,086	1,368	1,200	1,200	1,400
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	103	141	105	125	141
* Output	Number of credit hours completed	7,715	10,026	8,600	9,000	10,000
* Output	Number of unduplicated awards conferred in the most recent academic year	75	83	75	75	75
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate- seeking community	Discont	Discont	35%	35%	35%

New Mexico Highlands University
Performance Measures Summary LFC

95600

9561 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	6,358	6,519	6,500	6,550	6,550
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	106	214	110	200	200
* Output	Number of credit hours completed	59,172	60,736	62,500	61,000	62,500
* Output	Number of unduplicated degree awards in the most recent academic year	795	808	800	820	820
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	27%	25%	40%	26%	50%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	52%	63%	65%	65%	70%

Western New Mexico University
Performance Measures Summary LFC

95800

9581 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	3,933	4,185	4,100	4,200	4,200
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	130	190	225	200	200
* Output	Number of credit hours completed	60,318	65,573	63,000	63,000	65,000
* Output	Number of unduplicated degree awards in the most recent academic year	730	770	800	800	800
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	24%	25%	40%	25%	50%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	51%	62%	65%	65%	70%

Eastern New Mexico University
Performance Measures Summary LFC

96000

9601 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual,

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	6,496	6,873	7,100	7,100	7,100
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	283	366	350	385	385
* Output	Number of credit hours completed	92,020	98,763	100,500	100,500	100,500
* Output	Number of unduplicated degree awards in the most recent academic year	1,278	1,283	1,350	1,350	1,350
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	34%	37%	40%	40%	50%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62%	62%	65%	65%	70%

9602 Roswell Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	2,475	2,901	2,650	2,700	2,900
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	566	488	350	350	500
* Output	Number of credit hours completed	30,272	39,548	31,000	35,000	39,000
* Output	Number of unduplicated awards conferred in the most recent academic year	434	484	450	450	480
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	38.0%	36.0%	35.0%	35.0%	35.0%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	48%	55%	60%	55%	60%

9603 Ruidoso

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	908	942	1,000	1,000	1,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	67	87	75	90	90
* Output	Number of credit hours completed	8,946	9,445	9,500	9,500	9,500
* Output	Number of unduplicated awards conferred in the most recent academic year	85	84	100	100	100
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community	17.0%	16.7%	35.0%	35.0%	35.0%

New Mexico Institute of Mining and Technology

96200

Performance Measures Summary LFC

9621 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	2,008	1,974	1,800	1,700	1,900
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	242	243	280	225	245
* Output	Number of credit hours completed	41,883	42,450	43,000	44,000	44,000
* Output	Number of unduplicated awards conferred in the most recent academic year	310	333	335	360	360
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	55%	56%	60%	60%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	75%	77%	83%	80%	80%

Northern New Mexico College

96400

Performance Measures Summary LFC

9641 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	1,591	1,592	1,600	1,600	1,600
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	135	156	231	156	175
* Output	Number of credit hours completed	19,634	19,960	23,700	19,960	23,700
* Output	Number of unduplicated awards conferred in the most recent academic year	224	213	225	213	225
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	20%	40%	40%	40%	50%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	48%	113%	65%	113%	70%

Santa Fe Community College

96600

Performance Measures Summary LFC

9661 Santa Fe Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	5,771	5,984	5,800	5,800	6,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	160	136	169	169	169
* Output	Number of credit hours completed	47,220	46,033	53,400	53,400	53,400
* Output	Number of unduplicated awards conferred in the most recent academic year	605	587	574	574	590
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	25%	19%	35%	20%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	52%	58%	60%	60%	60%

Central New Mexico Community College

96800

Performance Measures Summary LFC

9681 Central New Mexico Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	27,798	28,981	32,500	32,500	32,500
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,411	1,405	2,100	2,100	2,100
* Output	Number of credit hours completed	333,954	304,445	340,000	340,000	340,000
* Output	Number of unduplicated awards conferred in the most recent academic year	5,555	7,484	6,000	7,500	7,500
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	28%	28%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	63%	62%	60%	63%	60%

Luna Community College

97000

Performance Measures Summary LFC

9701 Luna Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	1,150	1,176	1,536	1,536	1,536
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	85	56	120	120	120
* Output	Number of credit hours completed	12,850	13,507	14,000	14,000	14,000
* Output	Number of unduplicated awards conferred in the most recent academic year	97	119	160	160	160
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	21%	19%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62%	71%	60%	60%	60%

Mesalands Community College

97200

Performance Measures Summary LFC

9721 Mesalands Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	1,298	1,150	1,350	1,250	1,250
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	101	149	110	160	160
* Output	Number of credit hours completed	8,739	10,323	9,000	11,000	11,000
* Output	Number of unduplicated awards conferred in the most recent academic year	438	298	445	200	300
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	40%	39%	35%	40%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	64%	62%	60%	65%	60%

New Mexico Junior College

97400

Performance Measures Summary LFC

9741 New Mexico Junior College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	2,385	2,759	3,250	3,250	3,250
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	591	616	500	600	600
* Output	Number of credit hours completed	38,940	42,307	43,000	45,000	45,000
* Output	Number of unduplicated awards conferred in the most recent academic year	353	340	350	375	375
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	33%	29%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	51%	48%	60%	60%	60%

Southeast New Mexico College

97500

Performance Measures Summary LFC

9751 Main Campus

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	1,624	2,528	2,500	2,200	2,200
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	41	88	197	150	150
* Output	Number of credit hours completed	18,581	19,780	16,500	16,750	16,750
* Output	Number of unduplicated awards conferred in the most recent academic year	157	111	160	160	160
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate- seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	Discont	29%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	63%	57%	60%	60%	60%

San Juan College

97600

Performance Measures Summary LFC

9761 San Juan College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	8,349	8,796	8,600	8,700	8,700
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	251	249	300	300	300
* Output	Number of credit hours completed	103,320	109,014	106,000	108,000	108,000
* Output	Number of unduplicated awards conferred in the most recent academic year	1,421	1,416	1,200	1,200	1,400
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	31%	28%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	69%	69%	60%	65%	60%

Clovis Community College **97700**
Performance Measures Summary LFC

9771 Main Campus

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of students enrolled, by headcount	3,256	3,500	3,500	3,500	3,500
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	120	135	130	130	130
* Output	Number of credit hours completed	32,387	33,773	35,000	34,750	34,750
* Output	Number of unduplicated awards conferred in the most recent academic year	407	395	450	450	450
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	38%	41%	35%	45%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62%	63%	60%	63%	60%

New Mexico Military Institute **97800**
Performance Measures Summary LFC

9781 Main Campus

Purpose: The purpose of the New Mexico military institute program is to provide college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Outcome	Average American college testing composite score for graduating high school seniors	19	20	20	20	20
* Outcome	Proficiency profile reading scores for	113	112	115	115	115

New Mexico School for the Blind and Visually Impaired

97900

Performance Measures Summary LFC

9791 Main Campus

Purpose: The purpose of the New Mexico school for the blind and visually impaired program is to provide the training, support and resources necessary to prepare blind and visually impaired children of New Mexico to participate fully in their families, communities and workforce and to lead independent, productive lives.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Output	Number of New Mexico teachers who complete a personnel preparation program to become a teacher of the visually impaired	5	9	12	10	10

New Mexico School for the Deaf

98000

Performance Measures Summary LFC

9801 Main Campus

Purpose: The purpose of the New Mexico school for the deaf program is to provide a school-based comprehensive, fully accessible and language-rich learning environment for its students who are deaf and hard-of-hearing and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.

Performance Measures:		2021-22 Actual	2022-23 Actual	2023-24 Budget	2024-25 Request	2024-25 Recomm
* Outcome	Rate of transition to postsecondary education, vocational-technical training school, junior colleges, work training or employment for graduates based on a three-year rolling average	88%	80%	100%	100%	100%
* Outcome	Percent of first-year signers who demonstrate improvement in American sign language based on fall or spring assessments	100%	100%	100%	100%	100%

Public School Support

Public School Support

	FY24 Opbud	FY25 PED Request	FY25 LFC Recommendation	
PROGRAM COST				
Prior Year Program Cost OpBud	3,684,078.0	3,976,002.1	3,976,002.1	
UNIT CHANGES				
At-Risk Index Factor Increase (FY24: 0.33)	31,926.2			
Other Projected Net Unit Changes			(19,915.3)	
Extended Learning Time (ELT) Programs	(95,000.0)			
Targeted Compensation for K-5 Plus and ELT School Personnel (FY23: 3%)	(64,027.5)			
K-5 Plus Schools	(119,895.9)			
K-12 Plus Units	50,333.5			
UNIT VALUE CHANGES				
New Instructional Hour Requirements (1,140 hours)	202,000.0			
Subtotal: Instructional Time and Calendar Reforms	252,333.5			
Average Salary Increase (FY24: 6%, PED: 4%, LFC: 2% Avg.+2% COLA)	166,989.0	126,041.5	125,539.2	
K-12 Plus		63,000.0	60,000.0	
Increase Minimum Salary for Instructional Assistants (\$25k)	14,500.0			
Increase Principal Responsibility Factor/Administrator Pay	7,962.4			
Employer Retirement Contribution Increase (FY23: 2%, FY24: 1%)	22,123.5			
Instructional Materials and Educational Technology	12,000.0	10,000.0		
Insurance	15,742.0	51,900.0	25,666.7	
Employer Health Insurance Contribution Increase	31,979.5			
Fixed Costs	5,191.4	8,011.6	6,063.3	
Elementary P.E. and Student Wellness Programs	4,000.0	13,000.0		
Fine Arts Programs	4,100.0			
Feminine Hygiene Products	2,000.0	1,000.0		
Universal Gifted Screening		1,500.0		
Additional Education Reforms (CTE, Mentorship, Early Literacy, Comm. Schools)	-	-	10,000.0	
Subtotal Current Year Program Cost Base	3,976,002.1	4,250,455.2	4,183,356.0	
\$ Change from OpBud	291,924.1	274,453.1	207,353.9	
% Change from OpBud	7.9%	6.9%	5.2%	
STATE EQUALIZATION GUARANTEE (SEG)				
Less: Other State Funds	(7,000.0)	(7,000.0)	(1,500.0)	
Subtotal Current Year SEG Base	3,969,002.1	4,243,455.2	4,181,856.0	
\$ Change from OpBud	295,290.7	274,453.1	212,853.9	
% Change from OpBud	8.0%	6.9%	5.4%	
CATEGORICAL APPROPRIATIONS				
TRANSPORTATION DISTRIBUTION				
Maintenance and Operations	98,124.7	128,090.8	104,839.5	
Fuel	13,184.1		13,843.3	
Rental Fees	8,798.2	9,097.7	9,097.7	
Average Salary Increase (FY24: 6%, PED: 10%, LFC: 2% Avg.+2% COLA)	2,653.8	5,172.0	1,984.8	
Insurance			594.7	
Transportation for Extended Learning Time	4,061.0			
Removing Population Density Factor (LFC: Replace with Size and Rurality Factor)	-	-	3,929.5	
Subtotal Current Year Transportation Base	126,821.8	142,360.5	134,289.5	
\$ Change from OpBud	12,150.6	15,538.7	7,467.7	
% Change from OpBud	10.6%	12.3%	5.9%	
OTHER CATEGORICAL APPROPRIATIONS				
OUT-OF-STATE TUITION	362.0	393.0	393.0	
EMERGENCY SUPPLEMENTAL	2,000.0	2,000.0	1,000.0	
STANDARDS-BASED ASSESSMENTS	8,000.0	14,000.0	10,000.0	
INDIAN EDUCATION FUND	20,000.0	Line 95	20,000.0	
Subtotal Current Year Categorical Appropriations	157,183.8	158,753.5	165,682.5	
\$ Change from OpBud	17,973.0	1,569.7	8,498.7	
% Change from OpBud	12.9%	1.0%	5.4%	
SUBTOTAL PUBLIC SCHOOL SUPPORT	4,126,185.9	4,402,208.7	4,347,538.5	
\$ Change from OpBud	313,263.7	276,022.8	221,352.6	
% Change from OpBud	8.2%	6.7%	5.4%	
RELATED REQUESTS: RECURRING				
Regional Education Cooperatives	1,350.0	1,500.0	1,350.0	

Public School Support

	FY24 OpBud	FY25 PED Request	FY25 LFC Recommendation		
60	Early Literacy and Reading Support	11,500.0	15,000.0	14,000.0	60
61	School Leader Professional Development	5,000.0	Line 97	5,000.0	61
62	Teacher Professional Development ¹	3,000.0	Line 98	4,000.0	62
63	GRADS – Teen Parent Interventions ²	750.0	750.0	750.0	63
64	Advanced Placement and International Baccalaureate	1,250.0	1,680.0	1,250.0	64
65	STEAM (Science, Technology, Engineering, Arts, and Math) Initiatives	3,096.6	Line 99	Line 201	65
66	Universal School Meals	-	43,529.6	21,000.0	66
67	Subtotal Current Year Base	25,946.6	62,459.6	47,350.0	67
68	\$ Change from OpBud	(12,863.4)	36,513.0	21,403.4	68
69	% Change from OpBud	-33.1%	140.7%	82.5%	69
70	PUBLIC EDUCATION DEPARTMENT				70
71	Prior Year OpBud	20,869.0	23,589.1	23,589.1	71
72	Base Changes	2,720.1	3,915.5	351.5	72
73	Subtotal Current Year Base	23,589.1	27,504.6	23,940.6	73
74	% Change from OpBud	13.0%	16.6%	1.5%	74
75	Total				75
76	Prior Year OpBud	3,872,601.2	4,175,721.6	4,175,721.6	76
77	Base Changes	303,120.4	316,451.3	243,107.5	77
78	Total	4,175,721.6	4,492,172.9	4,418,829.1	78
79	% Change from OpBud	7.8%	7.6%	5.8%	79

SECTIONS 5, 6, 7, AND OTHER NONRECURRING APPROPRIATIONS

80	General Fund				80
81	HB2 Jr. School of Dreams Academy Security			200.0	81
82	Tribal Education Trust Fund			50,000.0	82
83	Sufficiency Lawsuit Fees	500.0	500.0		83
84	PED Legal Settlements		250.0	250.0	84
85	PED Computer and Furniture Replacement		255.0	Line 73	85
86	Career Technical Education	20,000.0	Lines 160, 161, 162	Lines 26, 161, 196	86
87	Support for Attendance for Success	5,000.0	20,000.0	5,000.0	87
88	Special Education Initiatives	5,000.0	11,000.0	5,000.0	88
89	Micro-credentials	1,100.0	2,000.0	1,100.0	89
90	Behavioral Health Supports	5,000.0	8,000.0		90
91	Structured Literacy Institute		30,000.0	3,000.0	91
92	Secondary Literacy		5,100.0	Line 91	92
93	Black Education Act		400.0	Line 73	93
94	Hispanic Education Act		1,205.0		94
95	Indian Education Fund		24,000.0	Line 51	95
96	Bilingual Multicultural Education Act		5,000.0		96
97	School Leader Professional Development		5,000.0	Line 61	97
98	Teacher Professional Development		4,000.0	Line 62	98
99	STEAM Initiatives		4,608.0	Line 201	99
100	Math Achievement		6,500.0	Line 201	100
101	Educational Technology Device Replacement		33,000.0		101
102	Community Schools		15,000.0	Lines 26, 157, 197	102
103	Consolidated Federal Funding Application		2,000.0		103
104	Family Income Index		15,000.0	Line 156	104
105	Instructional Materials Supplement (Statewide Software Support)		1,000.0		105
106	Transportation for 180 Day Minimum Calendars		2,900.0	Line 158	106
107	K-12 Plus Out-of-School Time Programs		80,000.0	Line 14	107
108	K-12 Supplemental ³		63,152.2		108
109	Universal School Meals Supplemental ³		14,678.8		109
110	Outdoor Classroom Initiatives		1,725.0		110
111	School Panic Buttons		1,000.0		111
112	School Safety Summit		200.0		112
113	Statewide Educator Induction and Mentorship		150.0	Line 26	113
114	Teacher and Administrator Evaluation System		2,000.0	Lines 62, 195	114
115	Teacher Residencies		17,892.0	Lines 167, 203	115
116	Principals, Counselors, and Social Workers Residency Pilot		3,800.0	Lines 167, 203	116

Public School Support

		FY24 Opbud	FY25 PED Request	FY25 LFC Recommendation	
117	Educator Fellows		23,480.0	Lines 167, 203	117
118	Paid Student Teaching		6,500.0	Lines 167, 203	118
119	Salary Differentials for Special Education and Hard to Staff Positions		32,027.6	Line 202	119
120	Supports for Educating Low Socio-Economic Status Students		80.0		120
121	Learning Management System		3,152.5	Lines 62, 89, 195	121
122	Counselor Supports for Postsecondary		300.0		122
123	Dual-Credit Program		100.0		123
124	Early College High School		860.0		124
125	Education is Calling Media Campaign		1,000.0		125
126	Educator Preparation Program National Accreditation		26.0		126
127	Family and Youth Resources		1,000.0		127
128	New Mexico Instructional Scope for Art Education		500.0		128
129	Grandparents Raising Grandkids		500.0		129
130	Housing Stability for Homeless Students		2,000.0		130
131	Integrated Emergency Communications System		15,000.0		131
132	Multi-Layered Systems of Support		3,312.0		132
133	Near Peer Tutoring		2,500.0		133
134	High-Dosage Tutoring		5,000.0		134
135	Next Step Plans		1,000.0		135
136	Graduate Profiles		405.0		136
137	Regional Community Engagement Summits		300.0		137
138	School Turnaround		32,000.0		138
139	School Improvement and Transformation		20,000.0		139
140	School Inclusivity Training		500.0		140
141	Summer Enrichment Internships		13,100.0	Line 14	141
142	Tribal and Rural Out-of-School Time		6,500.0	Line 14	142
143	Cyber Security and Data Systems		2,000.0		143
144	Data Analysis and Program Evaluation		6,000.0		144
145	Nova Space Telescope Data System ⁴		3,171.2		145
146	Nova Data Collection Support for Schools		1,000.0		146
147	Standard Assessment Data Collection		1,000.0		147
148	School Calendar Management Software		750.0		148
149	Secure Data Preview Portal		1,000.0		149
150	Statewide Student Information System		10,000.0		150
151	Customer Relationship Management System ⁴		1,130.0		151
152	Tech Support for Students		11,300.0		152
153	Digitization and Records Retention ⁴		2,750.0	2,750.0	153
154	Subtotal Current Year Base	36,600.0	592,560.3	67,300.0	154

OTHER STATE AND FEDERAL FUNDS

155	Public Education Reform Fund				155	
156	Family Income Index Support	15,000.0	Line 104	10,000.0	156	
157	Community School and Family Engagement Initiatives	10,000.0	Line 102	4,000.0	157	
158	K-12 Plus Programs	60,000.0	Line 107	5,000.0	158	
159	Out-of-School Learning, Summer Enrichment, and Quality Tutoring Programs	20,000.0	Line 107	Line 14	159	
160	Career Technical Education ⁵	20,000.0		28,500.0	10,000.0	160
161	Innovation Zones			19,000.0	Lines 26, 160, 196	161
162	Work-Based Learning and Career Technical Student Organizations			2,500.0	Lines 26, 160, 196	162
163	Teacher and Administrator Evaluation System	2,000.0				163
164	Teacher Residency Pilots	13,000.0	Line 115	14,750.0		164
165	Principal Residency Pilots	2,000.0	Line 116	2,000.0		165
166	Paid Student Teaching	6,500.0	Line 118	6,500.0		166
167	Subtotal: Educator Clinical Practice⁶	21,500.0	-	23,250.0		167
168	Teach Up (ENMU, NMHU, SJCC, WNMU)	2,000.0				168
169	Teacher Preparation Affordability Scholarship Fund	8,000.0				169
170	Teacher Loan Repayment Fund	2,500.0				170
171	Early Literacy and Reading Support	2,000.0				171
172	At-Risk Interventions (HAFC/SFC: Feminine Hygiene Products in At-Risk Index)	1,000.0				172
173	Hispanic Education Act	1,000.0				173

Public School Support

		FY24 Opbud	FY25 PED Request	FY25 LFC Recommendation	
174	Bilingual Multicultural Education Act	5,000.0			174
175	School Panic Buttons	1,000.0			175
176	Special Education Training and Credentials	2,000.0			176
177	Instructional Materials Supplement	5,000.0			177
178	Math Achievement	5,000.0			178
179	Outdoor Classroom Initiatives	250.0	-	-	179
180	Subtotal Current Year Base	183,250.0	50,000.0	52,250.0	180
181	Other State Funds and Inter-Agency Transfers				181
182	National Board Certification Scholarship Fund	500.0	500.0	500.0	182
183	Wellness Rooms Pilot (CSF)	200.0		200.0	183
184	Teacher Residency Pilots (ELF)	2,000.0			184
185	School Safety Summits (PSCOF)	200.0			185
186	Tribal Library Capital Outlay (PSCOF)	20,000.0			186
187	Pre-Kindergarten Classrooms (PSCOF)	5,000.0		5,000.0	187
188	School Bus Replacement (PSCOF, EMTF)	16,700.0	29,166.6	29,166.6	188
189	School Bus Replacement Deficiency (PSCOF)	7,500.0			189
190	School Bus Cameras (STB)	315.0	547.5	547.5	190
191	Alternative School Bus Fueling or Charging Infrastructure (PSCOF)		1,500.0		191
192	Literacy Building (PSCOF)		30,000.0	3,000.0	192
193	CTE, Prekindergarten, Maintenance SB-9 Distribution (PSCOF)	65,000.0			193
194	Security SB-9 Distribution (PSCOF)	35,000.0			194
195	Learning Management System (ELF) ¹		Line 121	1,000.0	195
196	Career Technical Education (CTEF)		Lines 160, 161, 162	3,000.0	196
197	Community School and Family Engagement Initiatives (CSF)		Line 102	4,000.0	197
198	GRADS - Teen Parent Interventions (TANF) ²	500.0	500.0	500.0	198
199	Subtotal Current Year Base	152,915.0	62,214.1	46,914.1	199

SECTION 9 APPROPRIATIONS

200	Government Accountability and Improvement Trust Fund				200
201	STEAM and CTE Initiatives ⁵			10,000.0	201
202	Special Education Differentials			60,000.0	202
203	Educator Clinical Practice ⁶	-	-	56,750.0	203
204	Subtotal Current Year Base	-	-	126,750.0	204

Footnotes

1. Includes appropriations from the educator licensure fund.
2. Includes appropriations from the Temporary Assistance for Needy Families transfer.
3. Section 6 supplemental appropriation.
4. Section 7 Project Certification Committee information technology project request.
5. Transfers \$2 million from the public education reform fund (PERF) to the government accountability and improvement trust fund (GAIT) for STEAM and CTE initiatives.
6. Transfers \$3.25 million to GAIT. Distributions for educator clinical practice will come from PERF for the first year and from GAIT in subsequent years.

Public School Support

Statutory Authority

Article XII, Section 1, of the New Mexico Constitution provides that a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22 NMSA 1978. Constitutional amendments passed in 2003 restructured state education administration from one directed by an elected board to an executive agency under the governor.

At A Glance

PED's FY25 general fund request for public schools totaled \$4.49 billion, a \$316 million, or 7.6 percent, increase from FY24 appropriations. The committee's general fund recommendation for public schools totaled \$4.42 billion, an overall increase of \$243.1 million, or 5.8 percent. The department's request and committee's recommendation both increased the state equalization guarantee (SEG) distribution to increase educator compensation and benefits and increase funding for K-12 Plus extended school year programming. The department further requested \$642 million for 73 different non-recurring initiatives and pilot programs, including \$50 million for initiatives from the public education reform fund. The committee recommendation for nonrecurring appropriations totaled \$134.1 million for 13 initiatives, including \$53 million from the public education reform fund and \$17.5 million from the government accountability and improvement trust fund.

Budget Issues

In FY19, the 1st Judicial District Court found in the *Martinez-Yazzie* education sufficiency lawsuit that New Mexico failed to provide a sufficient education to at-risk children and ordered the state to immediately provide an education system that would ensure all students had the same opportunity to be college, career, and civics ready. The court did not order specific remedies, noting the legislative and executive branches held the primary responsibility of developing a funding and accountability framework to meet constitutional requirements. However, the court found key deficiencies, such as inadequate availability of K-3 Plus, extended learning time programs, prekindergarten programs, reading interventions, and high-quality teachers were creating achievement gaps for at-risk students and ordered the state to take immediate action. The court is still in the process of evaluating the state's progress on addressing deficiencies since the initial ruling and order.

Program Cost and SEG. For FY25, PED requested \$4.24 billion for the SEG distribution, a \$274.5 million or 6.9 percent increase. The LFC recommendation for SEG totaled \$4.18 billion, a \$213 million or 5.4 percent increase. Both the request and recommendation primarily focus on salary increases for school personnel, K-12 Plus extended school time funding, insurance, and fixed costs.

Enrollment. Except for new school districts or charter schools, formula funding is primarily based on the average of enrollment reported on the second and third reporting dates (in December and February) of the previous year. School districts and charter schools growing more than 1 percent are entitled to additional enrollment growth program units to mitigate large annual increases in enrollment not captured under a prior-year funding model.

Because FY25 formula funding is based on prior-year enrollment, schools will receive SEG distributions based on enrollment during the 2023-2024 school year. Preliminary student enrollment counts for FY24 fell to 305.6 thousand students, a decrease of 2,597 students, or 0.8 percent, from FY23. The decrease reflects a prepandemic trend of declining student enrollment due to lower birth rates and shrinking kindergarten cohorts and deviates from the brief increase in enrollment during FY23 of 411 students. The committee recommendation includes a net decrease of \$19.9 million to account for the estimated overall decline in student membership statewide – equivalent to a loss of 1,523 students, or 0.5 percent. (See “Public Education Funding Formula: Student Membership and Program Unit History and Budget Assumptions,” Volume III.)

Unit Value Changes. The unit value, a weighted revenue per pupil metric, is computed by dividing the program cost by funded units. PED initially sets a unit value in April based on the following year's appropriations and then adjusts the unit value eight months later in January. Any funds added to SEG not associated with additional units will increase the unit value, which are discussed here.

Calendar Reform and Instructional Time. The court acknowledged high-quality extended school year programs could help close the achievement gap. Research and previous LFC studies have found extended school years can improve student outcomes, with costs of implementation being one of the largest barriers. Increases to instructional hour requirements and a new K-12 Plus formula component spurred an average increase of three school days across the state in FY24. Based on preliminary calendar submissions, school districts and charter schools are poised to generate 18.2 thousand K-12 Plus program units in the FY24 funding formula, about 2,863 more units than the 15.3 thousand units for K-5 Plus and Extended Learning Time programs in FY23. The increase in units means some school districts and charter schools are planning a net increase in reported school days statewide for next year, despite many large districts choosing to keep calendars the same and most schools supplanting classroom hours for teacher professional work time. However, the total program units attributable to the state's calendar reform efforts remain largely the same as units generated in FY21, given recent declining participation in the former K-5 Plus and ELT programs.

Public School Support

Overall SEG appropriations for K-12 Plus and new instructional hour requirements were adequate for implementation; however, out-of-school time (OST) program funding and potential PED rule changes may increase costs for K-12 Plus. At the current unit value of \$6,241.67, K-12 Plus formula units will cost \$113.5 million in FY24. The estimated cost of raising the instructional hour requirement to 1,140 hours in FY24 for all schools was \$115.7 million. As such, the combined total fiscal impact of \$229.2 million for K-12 Plus and new instructional hours fell within the FY24 appropriation for extended learning time in the SEG of \$252.3 million. The department's request included a \$63.2 million supplemental appropriation for FY24 K-12 Plus units; however, this amount would double-fund existing units and increase the unit value and is not part of the committee recommendation.

For FY24, the Legislature made a nonrecurring \$60 million appropriation from the public education reform fund to PED for K-12 Plus programs. As part of its guidance for SEG K-12 Plus funding, the department authorized schools to generate K-12 Plus funding by adding OST hours rather than adding the statutorily required number of school days, paid out of the \$60 million reform fund appropriation. To be eligible for K-12 Plus OST funding, schools had to provide at least two hours of free OST activities for all students, transportation, healthy snacks, and a program staffed at a 15:1 student-to-teacher ratio. Given oversubscription in K-12 Plus OST, the department limited funds to only cover a maximum of 48 OST hours.

PED allocated the full \$60 million reform appropriation in FY24. However, only 45 school districts and charter schools received an allocation, with over half (or \$34 million) of the allocation going to Las Cruces, Rio Rancho, Gadsden, and Hobbs. K-12 Plus OST funding effectively doubled appropriations to Las Cruces and Rio Rancho outside of the funding formula for K-12 Plus. Some districts that did not participate in K-12 Plus were still able to generate funds through the OST initiative. Because OST programming is paid through the public education reform fund, which no longer has sufficient balances to cover FY24 programming levels, the initiative must be financed through other sources if it is to be continued.

PED's analysis of FY24 school calendars showed 47 percent of school districts increased instructional time with students in response to calendar reforms, while 46 percent of entities decreased time and 7 percent had no change in time. In response, PED proposed a new rule requiring all public schools to provide at least 180 instructional days per school year, exclusive of teacher professional work hours. Schools must schedule more than 50 percent of school weeks as five-day school weeks and the length of full school days must be at least 5.5 hours (3.5 hours for half-days) and no longer than 7.5 hours. Schools are allowed up to four days of remote learning, or 32 hours, per year—half of which must be synchronous instruction with a teacher online—and lunch time must be a minimum of 30 minutes. The new rule also allows the secretary to waive the length of instructional days for hardships on a case-by-case basis, provided students receive a minimum of 1,140 instructional hours per year.

PED's new rule may increase the costs of K-12 Plus implementation if it is finalized and schools choose to extend calendars to generate additional funds. To account for these increased costs, the committee recommendation includes \$60 million to SEG for additional K-12 Plus programming and other school calendar changes. PED's total request included \$63 million for K-12 Plus programming.

Compensation. Recent salary adjustments have increased the number of applicants for teacher licensure but have not eliminated vacancies, particularly in special education. As other neighboring states raise salaries, New Mexico will need to remain competitive to attract and retain teachers from a dwindling national pool of candidates. The department requested \$126 million to provide an average 4 percent salary increase for school personnel. The committee recommendation includes \$125.5 million to provide an across-the-board 2 percent salary increase and an additional average 2 percent salary increase for all personnel. The differences in total compensation increases are due to the inclusion of overtime and additional compensation beyond salary expenses within PED's request. Significant raises in minimum teacher pay in FY23 created some compaction between teachers and other personnel, as well as pay differences between teachers of the same license level. Both the request and recommendation authorize the use of average salary increase to alleviate compaction issues and provide budgetary flexibility for increased instructional time.

Insurance and Benefits. The Public School Insurance Authority (NMPSIA) provides self-insured group insurance coverage for all school districts except for Albuquerque Public Schools (APS) and all charter schools—including charters in Albuquerque. PED's FY25 request includes \$51.9 million to partially cover the costs of rate increases recommended by NMPSIA and APS. For FY25, NMPSIA requested a 7.2 percent increase in educator health insurance rates, or \$14.8 million, and APS requested \$8.7 million for health benefit increases. Additionally, NMPSIA requested a 32 percent rate increase, or \$27.1 million, for property and liability insurance, while APS requested \$5.4 million for risk premiums. (See "NMPSIA: Agency 342.") Altogether, the requests from NMPSIA and APS total \$56 million, about \$4.2 million higher than PED's request. The committee recommendation for insurance is \$25.7 million, which covers a 6.5 percent increase in healthcare premiums and a 9 percent increase in the risk program, in line with across-the-board insurance rate increases for state employees.

Instructional Materials. In FY20, the Legislature moved instructional material funding from categorical appropriations to the SEG so schools could have full flexibility over purchasing and developing culturally and linguistically relevant materials. In FY21, budgeted expenditures for other textbooks reached \$39 million from SEG distributions, due to increased demand for online textbooks and digital platforms during school closures. In FY22, budgeted expenditures for other textbooks increased to \$42.2 million; however, in FY23, schools did not budget any funds for other textbooks. Instead, budgeted amounts for general supplies and materials, software, and a new budget category for operational instructional materials grew by \$9.9 million from the prior year.

Public School Support

Reported spending on instructional materials between FY22 and FY23 by the 20 largest school districts, or 60 percent of enrollment, suggests instructional material purchases have increased alongside growth in the SEG appropriation for instructional materials and are still driven by the adoption cycle from the instructional materials fund that is no longer enforced. With nonrecurring federal pandemic aid set to expire in FY25, and large educational technology purchases resulting from one-time appropriations, school districts and charter schools will need to begin using cash reserves to support instructional materials. Schools carried over unrestricted cash balances of \$623 million from FY23, growing statewide balances by \$97.5 million, or 19 percent, from the prior year. On average, this cash represented 17 percent of FY23 program cost.

Currently, schools receive \$55 million for instructional materials through the SEG and must report to PED how their proportion of the SEG is spent for this purpose. For FY25, the PED request increased the SEG appropriation for instructional materials to \$65 million, a \$10 million increase from the prior year. The committee recommendation does not increase funding for instructional materials, leaving it flat at \$55 million.

Other Initiatives. PED's request included \$8 million for fixed costs, \$13 million for elementary physical education, \$1 million for feminine hygiene products, and \$1.5 million for universal gifted screening. The committee recommendation includes \$6 million for fixed costs, \$10 million for additional education reforms, and \$5.5 million to reduce reliance on drivers' license fee fund balances. Absent legislation or bill language directing the use of funds, these appropriations simply increase the unit value, or per pupil funding, and are not material.

The committee recommendation of \$10 million for additional education reforms will be in conjunction with previous appropriations in the base SEG for mentorship and early literacy, which total \$21 million and \$8 million, respectively. Given increasing interest in building recurring funds for career technical education programs and community schools and making these programs an integral part of school operations rather than a standalone program, the committee recommendation earmarks a total of \$39 million for these four education reforms in the SEG. Much like the instructional materials earmark in SEG, PED can leverage these earmarks to help schools budget SEG dollars toward evidence-based programs and prioritize resources to schools that choose to use this dedicated funding stream for reform.

Categorical Public School Support. Categorical expenditures, distributed to public schools formulaically but restricted to specific uses, include funding for transportation, supplemental distributions, Indian education, and standards-based assessments. PED's FY25 categorical general fund request totaled \$158.8 million, an increase of \$1.6 million or 1 percent. The committee recommendation for categorical appropriations totals \$165.7 million—an increase of \$8.5 million, or 5.4 percent. Major differences included PED's 12.3 percent increase in transportation distribution funding, a 75 percent increase in standards-based assessment funding, and the shift of Indian education funds to a nonrecurring appropriation. The committee recommendation is primarily driven by a 5.9 percent increase in transportation funding.

Transportation. The largest categorical appropriation, the transportation distribution, covers costs of transporting students to and from school. For FY25, PED's general fund request for transportation totaled \$142.4 million, an increase of \$15.5 million or 12.3 percent. The committee's general fund recommendation is \$134.3 million, a \$7.5 million increase, or 5.9 percent. PED's request included a \$5.2 million appropriation to provide a 10 percent salary increase for transportation personnel, while the committee request reflects the same flat 2 percent and additional average 2 percent salary increase for transportation personnel.

School closures in FY20 and FY21 virtually stopped student ridership on school buses, a variable used to determine transportation distributions. The regular methodology will resume in FY24 and adjust distributions accordingly. The committee recommendation also includes a \$3.9 million appropriation contingent on the replacement of a credit to transportation distributions based on district population density, which has historically reduced transportation funding for some urban districts, with a rurality factor. Findings in the *Martinez-Yazzie* lawsuit indicated some plaintiff districts ended up supplementing reduced transportation funding with SEG dollars, allegedly requiring the schools to divert resources away from direct classroom instruction.

Indian Education Fund. The preliminary court ruling drew attention to the low educational outcomes of Native American students, flagging significant gaps in proficiency and graduation rates. Despite recent gains in high school graduation rates for Native American students, overall academic performance remains lower than most other student subgroups. The court also noted the state's failure to develop the government-to-government relationships needed to achieve the statutory goals stated in the Indian Education Act (IEA) and argued the lack of culturally relevant instructional materials and curricula for Native American students violated the IEA and state constitution.

Balances in the Indian education fund have supported several recurring, multi-year programs; however, the effects of these programs on improving educational outcomes for Native American students is unclear and reversions remain high. A 2021 LFC evaluation of Indian Education Act implementation found a history of poor coordination between PED and tribal governments, lack of targeted outcomes for Indian education fund recipients, and challenges with spending down grant awards. In FY24, PED requested a budget adjustment to use \$10 million in unspent Indian education funds from prior years. For FY25, PED's request moves the Indian education fund appropriation to a nonrecurring special appropriation of \$24 million. The committee recommendation keeps the categorical appropriation of \$20 million for the Indian education fund, flat with FY24.

Public School Support

Standards-Based Assessments. In FY20, PED transitioned away from the PARCC standards-based test to the New Mexico Measures of Student Success and Achievement (MSSA) standardized English language arts and math assessment for students in third grade through eighth grade. PED selected the PSAT and SAT college entrance exams to meet federal testing requirements in 10th grade and 11th grade, respectively. According to PED, MSSA was originally priced at \$38.92 per student (about \$6 million statewide) and the SAT cost about \$1.2 million. The state did not fully administer the test until FY22, following two years of pandemic-related school closures. For FY25, PED requested \$14 million for standards-based assessments, nearly double the appropriation from the prior year.

In FY23, PED reported federally required assessments (MSSA, SAT, science, special education, and English learner tests) would cost \$12.7 million, and other state required assessments (early literacy and bilingual assessments) would cost \$1.8 million, which were previously paid for through other sources. The department noted \$4.4 million from federal funds could help offset the cost of federally required assessments. For FY25, the committee recommends \$10 million to fully cover state and partially cover federal assessments, an increase of \$2 million, or 25 percent from FY24 funding levels, and leveraged federal dollars to pay for the remaining federal assessments.

Department Special Programs. The court found some PED special program appropriations could be worthwhile, pointing to promising results from prekindergarten, extended school year, K-3 Plus, and educator professional development programs. However, the court noted the appropriations had limited impact and were subject to volatile budget adjustments each year, creating uncertainty for districts and inconsistency in measuring program effectiveness. The proliferation of special programs could divert resources away from school funding, which the court indicated was not a suitable remedy for statewide deficiencies.

PED's FY25 general fund request for special programs totaled \$62.5 million, an increase of \$36.5 million, or 141 percent, from FY24 funding levels. The committee recommendation for special programs is \$47.5 million, an increase of \$21.5 million, or 83 percent. The department's request included and committee recommendation includes a new appropriation for universal school meals and increased funding levels for early literacy and regional education cooperatives. The department's request further increased appropriations for advanced placement and international baccalaureate test waivers and moved school leader professional development, teacher professional development, and science, technology, engineering, arts, and math (STEAM) initiatives to nonrecurring special appropriations. The committee recommendation moves the STEAM initiative to an appropriation from the government accountability expendable trust, contingent on legislation creating the trust.

Universal School Meals. For FY25, PED requested \$43.5 million in recurring general fund appropriations for universal school meals and a \$14.7 million nonrecurring, supplemental appropriation for FY24 shortfalls. The recurring request was nearly double the FY24 recurring appropriation of \$22.6 million to primarily provide free breakfast and lunch meals at schools with more high-income students. Beginning in October 2023, the U.S. Department of Agriculture lowered the threshold for the community eligibility provision for schools from 40 percent of students identified as needing free or reduced-price meals to 25 percent. The new rule effectively qualifies more schools for federal assistance for food programs, because schools above the 25 percent threshold will now be 100 percent eligible for federal free and reduced price meal assistance.

PED school meal data shows 39 public schools serving nearly 25.6 thousand students in FY23 had a free or reduced-price meal eligibility rate below 25 percent. Accounting for each individual school calendar, full student breakfast and lunch consumption, federal reimbursement rates, and average absenteeism rates, the total estimated state cost of providing universal meals would be approximately \$21 million. The committee recommendation for universal meals is \$21 million and leverages federal dollars to pay for remaining meal costs.

Nonrecurring Appropriations. PED's request for FY25 nonrecurring special, supplemental, and IT appropriations totaled \$642 million for 73 different initiatives and pilot programs, including \$50 million from the public education reform fund. PED's request included 36 new initiatives ranging from \$26 thousand for educator preparation program national accreditation to \$32 million for school turnaround programs. Notably, the department included some previously recurring initiative funding in its nonrecurring request, including appropriations for Indian education fund, school leader and teacher professional development, and STEAM initiatives.

The committee's recommendation for nonrecurring appropriations totals \$134.1 million, including \$53 million from the public education reform fund and \$17.5 million from the government accountability expendable trust fund. The committee recommendation focuses on 13 initiatives, primarily related to improving educator clinical practice, providing differential pay for hard-to-staff special education classrooms, improving attendance and high school graduation rates, creating a tribal education trust fund, and supporting career technical education programs.

Federal Funds. For FY25, PED requested, and the committee recommendation includes authority to budget \$579.5 million for federal flow-through grants, an increase of \$31 million, or 5.6 percent, from FY24. Schools also have access to \$979 million in federal American Rescue Plan Act (ARPA) dollars available through FY24, which must be used to address Covid-19-related emergencies and operational disruptions. In FY24, the U.S. Department of Education released new guidance allowing school districts to request a 14-month extension to spend down ARPA funds, effectively extending the final expenditure deadline until March 2026. Schools requesting an extension must explain how a longer spending period will contribute to acceleration of student learning and support academic recovery and will submit requests through PED. New Mexico schools have already obligated 39 percent, or \$378 million, of ARPA dollars and have access to the funds, absent any extensions, for obligation until September 30, 2024.

Public School Support

PUBLIC SCHOOL SUPPORT

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Eighth-grade math achievement gap between economically disadvantaged students and all other students, in percentage points	0.0%	21.2%	5.0%	5.0%	5.0%
* Outcome	Fourth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	0.0%	26.6%	5.0%	5.0%	5.0%
* Outcome	Fourth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of eligible children served in kindergarten-five-plus	0.0	Discontinued	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-five-plus	0.0%	Discontinued	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-twelve plus	0.0%	NEW	N/A	N/A	N/A
Explanatory	Percent of funds generated by the at-risk index budgeted to provide at-risk services	0.0%	Discontinued	N/A	N/A	N/A
Explanatory	Percent of students in K-5 plus meeting benchmark on early reading skills	0.0%	Discontinued	N/A	N/A	N/A
Outcome	Number of additional instructional hours generated per pupil through extended learning time programs	0.0	75.0	60.0	60.0	75.0
Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	23.9%	34.0%	34.0%	39.0%
Outcome	Percent of economically disadvantaged fifth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	NEW	0.0%	34.0%	39.0%
Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	25.3%	34.0%	Discontinued	Discontinued
Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	29.6%	34.0%	34.0%	39.0%
Outcome	Percent of fifth-grade Native American students who achieve proficiency or above on standards-based assessment in science	0.0%	NEW	0.0%	34.0%	39.0%
Outcome	Percent of fifth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	NEW	0.0%	34.0%	39.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in math	0.0%	13.4%	37.0%	37.0%	39.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in reading	0.0%	19.4%	37.0%	37.0%	39.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in science	0.0%	17.1%	34.0%	Discontinued	Discontinued

Public School Support

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	31.4%	34.0%	Discontinued	Discontinued
Outcome	Percent of minor behavioral infractions resulting in expulsion	0.0%	0.0%	5.0%	5.0%	0.0%
Outcome	Percent of minor behavioral infractions resulting in out-of-school suspension	0.0%	37.6%	5.0%	5.0%	5.0%
Outcome	Percent of recent New Mexico high school graduates who graduate with a workforce certification or industry-recognized credential	0.0%	7.4%	10.0%	11.0%	50.0%
Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at four-year schools	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	35%	35%	37%	39%	39%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	24%	25%	37%	37%	39%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	33%	34%	37%	37%	39%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	20%	20%	37%	37%	39%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in reading	32.00%	32.00%	37.00%	37.00%	39.00%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in mathematics	23.00%	22.80%	37.00%	37.00%	39.00%
Outcome	Truancy rate among students in elementary, middle and high school	N/A	N/A	N/A	N/A	N/A
Quality	Current five-year cohort graduation rate using shared accountability	82.00%	81.70%	85.00%	86.00%	86.00%
* Quality	Current four-year cohort graduation rate using shared accountability	77%	77%	80%	81%	81%
* Explanatory	Percent of dollars budgeted by districts with fewer than 750 members for instructional support, budget categories 1000, 2100 and 2200	64%	62%	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by districts with 750 members or greater for instructional support, budget categories 1000, 2100 and 2200	73%	72%	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by charter schools for instructional support, budget categories 1000, 2100 and 2200	70%	68%	N/A	N/A	N/A
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	14%	15%	37%	37%	39%
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	26%	28%	37%	37%	39%

Public School Support

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	27%	30%	37%	37%	39%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	17%	19%	37%	37%	39%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year schools	TBD	33%	30%	29%	25%
Outcome	Change in percent of students scoring proficient on early reading benchmark at the beginning of year to end of year in kindergarten through third grade	32.0	6.9	20.0	20.0	20.0
Outcome	Percent of third-grade Native American students who achieve proficiency or above on standards-based assessment in reading	14.00%	16.30%	37.00%	37.00%	39.00%
Outcome	Current four-year cohort graduation rate for Native American students using shared accountability	72.00%	71.50%	80.00%	80.00%	81.00%
Explanatory	Number of certified teacher vacancies	1,048.0	690.0	N/A	N/A	N/A
* Explanatory	Percent of funds generated by the at-risk index associated with at-risk services	93%	24%	N/A	N/A	N/A
Outcome	Math achievement gap for third grade economically disadvantaged students	26.0	24.2	5.0	5.0	5.0
Outcome	Percentage of elementary school students exiting english language learner status	3.00%	3.90%	10.00%	10.00%	10.00%
Explanatory	Average state funded per pupil expenditures	\$3,403.00	\$13,993.00	N/A	N/A	N/A
Outcome	Reading achievement gap for third grade economically disadvantaged students	(24.0)	27.2	5.0	5.0	5.0
Explanatory	Average federally funded per pupil expenditures	\$928.00	\$2,837.00	N/A	N/A	N/A
Outcome	Percentage of middle school students exiting english language learner status	3.80%	1.40%	10.00%	10.00%	10.00%
Outcome	Math achievement gap for eleventh grade economically disadvantaged students	(19.0)	17.5	5.0	5.0	5.0
Outcome	Percent of New Mexico high school graduates who enroll in and complete a post-secondary pathway	61.86%	0.20%	75.00%	Discontinued	Discontinued
Outcome	Math achievement gap for eighth grade economically disadvantaged students	(3.0)	21.2	5.0	5.0	5.0
Outcome	Percentage of high school students exiting english language learner status	TBD	2.30%	10.00%	10.00%	10.00%
Outcome	Additional instructional hours generated per pupil through extended learning time programs	TBD	74.7	0.0	60.0	75.0
Explanatory	Average locally funded per pupil expenditures	\$6,581.08	\$192.00	N/A	N/A	N/A
Outcome	Reading achievement gap for eleventh grade economically disadvantaged students	23.0	24.7	5.0	5.0	5.0
Outcome	Reading achievement gap for eighth grade economically disadvantaged students	(18.0)	22.7	5.0	5.0	5.0
* Outcome	Chronic absenteeism rate among students in middle school	42%	41%	10%	10%	10%
Outcome	Math achievement gap for fifth grade economically disadvantaged students	(20.0)	26.2	5.0	5.0	5.0

Public School Support

PERFORMANCE MEASURES

		FY22 Actual	FY23 Actual	FY24 Budget	FY25 Request	FY25 Recomm
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on reading assessments	25%	31%	1,000,000%	Discontinued	Discontinued
Outcome	Reading achievement gap for fifth grade economically disadvantaged students	21.0	27.0	5.0	5.0	5.0
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on math assessments	10%	30%	1,000,000%	Discontinued	Discontinued
* Outcome	Chronic absenteeism rate among students in high school	43%	43%	10%	10%	10%
* Outcome	Chronic absenteeism rate among students in elementary school	38%	38%	10%	10%	10%

Quasi

Statutory Authority

The New Mexico Finance Authority Act, Chapter 6, Article 21, NMSA 1978, authorizes the New Mexico Finance Authority (NMFA) as a governmental instrumentality for the purpose of coordinating and facilitating the planning and affordable financing of state and local capital projects for qualified entities in New Mexico. As a nongovernmental entity, NMFA can use financing mechanisms to leverage and maximize the state's capital investments in state and local projects. The financial and program activities of NMFA are governed by an 11-member board: four executive department heads, the executive directors of New Mexico Counties and New Mexico Municipal League, and five members appointed by the governor. NMFA administers 18 programs managed through rules, policies, and public and private partnerships. NMFA develops its own budget approved by its board of directors and does not require legislative approval. However, the New Mexico Finance Authority Legislative Oversight Committee is legislatively authorized to monitor and oversee the operations of the authority.

Mission

The principal mission of NMFA is to assist qualified entities in financing capital equipment and infrastructure, including through loans for transportation, water, economic development, private lending, and social service providers.

Total Assets

NMFA oversees approximately \$3 billion in total assets, consisting principally of invested cash and loans receivable. Sources of funds for invested cash include bond proceeds, pledged revenues for servicing long-term debt, administrative fees, federal grant revenues, and investment interest income. The revenue forecast for FY24 is approximately \$255.9 million. Budgeted nonoperational expenditures, which include bond and loan interest, bond issuance, and grants to others, total \$180.5 million.

Budget Issues

NMFA does not receive appropriations from the state's general fund for operations but does receive 75 percent of the state's government gross receipts tax (GGRT) revenues to support the public project revolving fund (PPRF). NMFA's projected general operating budget for FY24 totals \$19.8 million, a 38 percent increase over FY23 actuals. Approximately 36 percent of the NMFA's anticipated operational costs are related to the public project revolving fund (PPRF), a percentage that has declined over the years as NMFA has taken on new programs. The next largest sources of operational costs are related to the Water Trust Board (11 percent), Colonias Infrastructure Board (9 percent), and drinking water state revolving fund (9 percent). NMFA's FY24 budget includes seven new full-time employees (FTE) to support the increased workload that has come with additional funding and programs and resources to upgrade its technology and business systems. Some program expansion activities, legal fees, and third-party contract costs that were expected to be incurred in FY23 will instead shift to FY24. The budget also increases funding for project oversight through a combination of personnel and contractual engineers, services that were previously provided by the New Mexico Environment Department.

As an instrumentality of the state, NMFA is subject to the State Audit Act. NMFA's audit was completed and submitted to the State Auditor before the November 1 deadline. NMFA's governing board and staff continue to be actively engaged in strengthening the fiscal oversight and compliance with laws and rules governing their audits and financial activities.

Public Financing Programs

NMFA's most significant infrastructure loan program is the PPRF, capitalized from an annual distribution equal to 75 percent of the net revenue of the state's GGRT—\$35.7 million in FY23, about 3 percent higher than the average distribution over the last three years. The NMFA Act provides that up to 35 percent of the GGRT distribution may be allocated to other programs by the Legislature. The number of identified funds is currently seven, three of which are administered by the Environment Department, three by NMFA, and one by the Cultural Affairs Department. NMFA leverages GGRT capital in the PPRF, makes loans, and replenishes the PPRF by issuing bonds. The fund has evolved into a broad financier for state and local government entities. This allows the PPRF to attain higher bond ratings, lower costs of issuance, and offer a variety of program enhancements to its borrowers. The funds accrued from GGRT collections and loan repayments to the PPRF not needed to pay debt service on bonds are placed in interest-bearing reserve accounts. The cash balance for loans from the PPRF varies month to month, from under \$5 million when the PPRF \$100 million line-of-credit may be used to as much as \$70 million, depending on the bond issuance schedule. PPRF bonds either reimburse NMFA for loans already made or allow loans of \$10 million or more to be funded and closed simultaneously with PPRF bonds. Since the PPRF's inception, NMFA has made approximately 2,000 PPRF loans totaling \$4.7 billion. In FY23, PPRF loans were made to 62 projects totaling \$182.3 million. The fund supports a diverse client base in all 33 New Mexico counties, with the top borrowers including education institutions, municipalities, counties, and state government. The health of the fund is strong: Based on estimates provided by NMFA, loan revenues will exceed debt service by \$300 million over the next 30 years and net GGRT could add another \$700 million to the fund if the trends stay on course.

The Water Project Finance Act provides a revenue source to provide grants and loans to qualified entities for planning and financing of regional and statewide water projects authorized by the Legislature. The annual funding available for water projects comes from distributions from the water trust fund, approximately \$3.6 million annually, and a net 8.1 percent of senior severance tax bond capacity. During the 2023 legislative session, the Legislature authorized expenditures from the water project fund (WPF) for 59 projects statewide, and the State Board of Finance issued the severance tax notes in June. Net proceeds from the notes which were available to the Water Trust Board to award totaled \$125.2 million, plus the \$3.6 million water trust fund distribution. The board awarded a total of \$126.4 million 52 projects. The City of Carlsbad returned an award of \$7.2 million with a 40 percent loan / 60 percent grant split because they did not want to undertake the loan, leaving approximately \$6 million for cost overruns. December revenue estimates for 2024 project \$124.6 million flowing to the water project fund.

The drinking water state revolving loan fund is capitalized through a state match and federal grants that recently averaged \$11 million annually. Base federal capitalization grants were \$7 million in FY22 and about \$5 million in FY23, while supplemental grants were \$18 million and \$21 million respectively. For FY24, NMFA applied for both base DWSRF funding and funding from the Infrastructure Investment and Jobs Act, with a total federal funding request of \$35.9 million. In FY22, NMFA lowered the base rate for public drinking water systems seeking financial assistance from the DWSRF from one percent for public drinking water systems to 0.01 percent. Disadvantaged communities qualify for interest-free loans, and in FY23, the cap on the amount of loan money that the DWSRF could provide interest-free was removed. Disadvantaged communities may also qualify for principal forgiveness, and an FY23 policy change expanded the definition of “disadvantaged” so 85 percent of census tracts in the state now qualify. In FY24, NMFA added the new federal lead service line replacement and emerging contaminants programs to its DWSRF loan program. To date, NMFA has made 192 loans totaling \$241.2 million. In FY23, NMFA closed 12 new loans totaling \$24.8 million. Nine of the 12 loans included some levels of principal forgiveness – effectively grant funding – totaling \$11.8 million.

The colonias infrastructure fund is capitalized by a 4.5 percent earmark on annual senior severance tax bond capacity. For nine funding cycles, state funds were matched with more than \$71.25 million from federal and local funds. As of June 2023, colonias infrastructure awards between 2019 and 2023 had a remaining balance of \$127.7 million. A colonia is defined as a rural community with a population of 25 thousand or less within 150 miles of the U.S.-Mexico border. Unlike Water Trust Board projects, colonias projects do not require legislative authorization.

The local government planning fund provides grants of up to \$50 thousand to local governments, tribal entities, and political subdivisions for planning documents for public infrastructure projects. Grant eligibility is determined by the project type and limitations in the applicant’s financial capacity to cover the cost of planning on its own. In FY23, NMFA closed 18 awards from the fund totaling \$866 thousand.

Private Financing Programs

Passage of House Bill 7 during the 2022 Session created the opportunity enterprise revolving fund to increase economic activity by providing financing for new or existing commercial facilities to attract new businesses to the state and to support the expansion of existing businesses, and the General Appropriations Act included a \$70 million special appropriation to the new fund. The appropriation comes from general fund not needed for LEDA recovery grants. The fund is governed by the Opportunity Enterprise Board in partnership with the Economic Development Department and administered by NMFA.

The Opportunity Enterprise Review Board (OERB) met for the first time in August 2022. Twelve members sit on the board, including six ex-officio members from state agencies and six appointed members with backgrounds in finance, development, and construction. In the past year, the board has elected officers, established committees, developed rules to guide the program, and completed an application process for the first round of funding totaling \$17.5 million. NMFA and NM Economic Development Department (EDD) recommended and the OERB approved a Priority List with the top scoring project requesting \$17.5 million to develop infrastructure at Mesa del Sol for a future solar energy manufacturing plant. NMFA is completing credit analysis on the project before the decision goes to the NMFA’s full board for consideration. The OERB and NMFA planned to open another round of applications after the board approved some adjustments to its policies that will give rural applicants additional weight.

The Venture Capital Investment Act and venture capital investment fund were created with passage of House Bill 104 during the 2022 Session. The purpose of the fund is to make investments in new, emerging, or expanding businesses in New Mexico that create jobs. The investments are required to be made in New Mexico businesses in early stages of development whose enterprises enhance the state’s economic development objectives or in venture private equity funds. The General Appropriations Act in 2022 included a \$35 million special appropriation to the fund and a \$15 million appropriation in 2023. Additionally, through a memorandum of agreement, NMFA is currently managing an estimated \$15 million in federal private equity venture capital funds on behalf of the Economic Development Department. NMFA is charged with adopting rules to guide investments from the fund and

authorized to make the investments. NMFA chose an investment advisor for the program in 2023 and the NMFA Board approved a \$7 million investment in one of Tramway Venture Partners' New Mexico-focused venture capital funds; the firm invests in early-stage medical technology and biotechnology businesses. The Board also approved a \$10 million investment in the New Mexico Opportunity Fund through Sun Mountain Capital; the fund will invest in early-stage New Mexico businesses in a number of industries to support economic diversification, including healthcare, manufacturing, outdoor recreation, and environmental technology.

In 2023, Senate Bill 423 was enacted, making operating capital an eligible use of the primary care capital fund, behavioral health capital fund, and child care facility revolving loan fund. The primary care and behavioral health capital funds provide support loans for non-profit and publicly owned clinics, while the child care fund can be tapped by both public and private providers. NMFA is asking the 2024 Legislature to recapitalize these funds, which have not been active in recent years due to a lack of funds. The request is for \$25 million each for the primary care and behavioral health funds and \$10 million for the child care fund. NMFA reports a new demand for financing from clinics that lease their spaces but wish to own to control both costs and facility needs. Since 2008, a subsidiary of NMFA, Finance New Mexico, LLC, has been awarded \$346 million in federal tax credits for economic and community development projects. The subsidiary lends to private for-profit and non-profit businesses to spur job creation and community development activities in low-income areas of the state. The tax credit allows investors to offset federal income tax liabilities equal to 39 percent of every dollar invested in a low-income community enterprise over seven years. To date, Finance New Mexico has funded 37 projects utilizing \$306 million in allocations and a small loan pool of \$15 million that funds projects that range in size from \$500 thousand to \$4 million. As of last year, all available funding had been awarded. However, Finance New Mexico is now one of 102 community development entities nationwide to receive new allocations from the federal New Markets Tax Credit. A total of 197 entities applied for allocations, with the requests totaling \$14.8 billion for \$5 billion in available funding. Finance New Mexico will receive \$25 million. Its application was supported by NMFA's New Markets Tax Credit team.

In fall of 2022, the Economic Development Department (EDD) received an award of up to \$74.5 million of federal SSBCI funding for two of the six eligible federal programs: collateral support and equity/venture capital. The NMFA entered into an MOA with EDD to administer approximately \$65 million of the funding initially approved for venture capital. EDD and NMFA are working to amend the federal allocation agreement to allow NMFA to reallocate an estimated \$50 million to two additional programs: loan participation, which NMFA used during the first round of SSBCI funding in 2011, and a capital access program. The capital access program supports the establishment of loan loss reserves for eligible lenders whereby the federal funds match the contributions made by the lender and borrower. The funds accruing in the loan loss reserve are available to help cover the shortfall of collateral in the event of a foreclosure and liquidation. Unused funds revert to NMFA at the end of the program. The NMFA Oversight Committee is scheduled to consider rules for the capital access program in November.

New Mexico Finance Authority

New Mexico Finance Authority Budget FY22 to FY24

	Actual FY 2022	Amended FY 2023	Actual FY 2023	Proposed FY 2024
Revenues				
Interest income from loans	\$ 48,094,417	\$ 46,095,702	\$ 48,032,102	\$ 49,227,029
Appropriation revenue	41,396,672	154,000,000	169,671,017	54,000,000
Transfers from State and Other Agencies	-	-	-	38,900,000
Grant Revenue	84,323,735	95,150,700	78,582,340	104,056,360
Interest income from investments	2,362,652	2,753,253	12,710,883	5,100,000
Administrative fees revenue	26,639,870	3,914,463	3,147,009	4,653,099
Total Revenues	202,817,346	301,914,118	312,143,351	255,936,488
Operating Expenses				
Salaries and benefits	6,967,226	8,484,919	8,465,869	10,645,420
Contractual services	7,511,277	5,277,091	3,808,914	6,884,375
Other operating costs	1,610,227	2,427,671	2,085,781	2,249,769
Total Operating Expenses	16,088,730	16,189,681	14,360,564	19,779,564
Non-Operating Expenses				
Bond interest expense	57,029,581	58,916,590	58,734,184	58,129,660
Bond issuance costs	1,109,926	2,200,000	1,135,857	1,800,000
Loan financing pass-through	10,396,391	20,000,000	1,997,079	20,000,000
Grant Expense	78,473,940	76,368,659	72,623,125	83,301,360
	113,000			
Other Expense (GASB 87 & 96 principal)		-	-	-
Interest expense - Loan and LOC	42,190	795,000	643,449	3,061,446
Transfers to State and Other Agencies	7,388,955	8,025,000	8,316,747	9,100,000
Capital Expenditures	140,649	6,980,000	4,138,075	5,137,695
Total Non-Operating Expenses	154,694,632	173,285,249	147,588,516	180,530,161
Total Expenses	170,783,362	189,474,930	161,949,080	200,309,725
Revenue Over Expenses	\$ 32,033,984	\$ 112,439,188	\$ 150,194,271	\$ 55,626,763

Source: NMFA

New Mexico Mortgage Finance Authority

In 1975, the New Mexico Mortgage Finance Authority (MFA) was created pursuant to the Mortgage Finance Authority Act, in Sections 58-18-4 through 58-18-27 NMSA 1978, as a public body but separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors to make such private funds available to finance the acquisition, construction, rehabilitation, and improvement of residential housing for people and families of low or moderate income within the state.

MFA is governed by a seven-member board, including the lieutenant governor, state treasurer, and attorney general. MFA develops its own budget approved by the board of directors and does not require legislative approval. The MFA Legislative Oversight Committee approves rules and regulations formulated by MFA and is empowered to monitor and oversee the operations of MFA. The Land Title Trust Fund Advisory Committee advises MFA on the use of monies generated by the land title trust fund to address affordable housing. The New Mexico Housing Trust Fund Advisory Committee advises MFA on the use of state-appropriated housing trust fund monies. The Low-Income Housing Tax Credit Allocation Review Committee reviews staff tax credit award recommendations, hears appeals to the awards, and makes final recommendations to the MFA Board.

MISSION:

MFA provides innovative residential housing products, education, and services to strengthen New Mexican families and communities of low to moderate income.

MANAGED GROSS ASSETS:

MFA manages approximately \$6.5 billion in gross assets, consisting primarily of invested cash, mortgage-backed securities, a sub-serviced loan portfolio and related mortgage servicing rights, mortgage loans receivable, federal grant programs, low-income housing tax credit (LIHTC) properties, and U.S. Housing and Urban Development (HUD) rental housing properties. As an instrumentality of the state, MFA is subject to the State Audit Act.

BUDGET ISSUES:

MFA is not a state agency and does not receive an annual recurring appropriation for operations. Instead, the state mandates MFA generate its own funding to maintain operations and to carry out its duties. The primary program funding resources available to MFA are private activity bond volume cap and federal housing programs, including LIHTCs, U.S. Department of Energy weatherization program funding, HUD project-based Section 8 contract administration funding, HOME Investment Partnership, National Housing Trust Fund, and state Low-Income Home Energy Assistance Program (LIHEAP). MFA also provides affordable loan funding through the housing opportunity fund, an internal revolving loan fund, and through partnerships with Wells Fargo Bank, the Small Business Investment Corporation, and the U.S. Department of Agriculture Rural Development. Historically, about 2 percent of the authority's program resources are funded by state nonrecurring special appropriations, grant awards, and state capital outlay allocations. In FY24, through enacted legislation appropriating recurring funding to the New Mexico housing trust fund, MFA, as trustee, began receiving 2.5 percent of state severance tax bonding capacity. In FY24, the fund received \$37.5 million and is projected to receive \$39.9 million in FY25. MFA also awards state tax credits to qualified contributors for affordable housing through vouchers from the state Taxation and Revenue Department. The FY23 annual allocation is \$5.5 million; to date, \$582.5 thousand is reserved through contracts between MFA and the applicant.

MFA operates on a federal fiscal year basis, with FY24 ending September 30, 2024. MFA's operating budget for FY24 estimates revenue at \$31.7 million, a decrease of \$500 thousand, or 2 percent below FY23 actuals, and an increase of \$1.9 million, or 6 percent, over the FY23 budget. The expense budget is projected at \$30.3 million, an increase of \$5.8 million, or 24 percent over the FY23 actuals, and an increase of \$2.7 million, or 10 percent over the FY23 budget. The FY24 excess revenue over expenses is \$1.5 million and will be used for MFA's internal revolving loan fund, to implement its strategic plan, and to meet authority reserve requirements. The decrease in excess revenues of \$6.3 million, or 81 percent in comparison with FY23, is primarily related to the decrease in housing program income and loan servicing income, increases in staff compensation, additional building operations cost, and increases in direct servicing expenses. The capital budget is projected at \$3.9 million, a decrease of \$10.5 million, or 73 percent, under the prior-year budget due to the prior-year budget including the purchase of the Jefferson building, which MFA will move into in FY24. The actual capital expenditures incurred in FY23 were \$13.3 million.

New Mexico Mortgage Finance Authority

FY23, FY24 and FY25 Projected

	FY23 2022-2023 Budget	FY23 2022-2023 Projected Actuals (Unaudited)	FY24 2023-2024 Budget (Board Approved September 20)	FY25 2024-2025 Projected Budget
SOURCES:				
Interest on Loans	\$ 8,405,392	\$ 8,027,976	\$ 8,031,882	\$ 8,665,000
Housing Program Income	1,530,014	2,187,978	1,835,258	\$ 1,530,000
Administrative Fee Income	8,408,864	9,076,290	9,629,192	\$ 10,223,000
Interest on Cash/Investments	1,318,256	2,401,242	2,830,046	\$ 2,052,000
Loan Servicing Income	9,434,743	9,913,216	8,559,371	\$ 8,932,000
Other Operating Income	639,074	205,855	794,008	\$ 474,000
TOTAL OPERATING REVENUE	29,736,343	31,812,557	31,679,757	\$ 31,876,000
TOTAL NON-OPERATING REVENUE	126,942	420,998	60,235	\$ 100
TOTAL REVENUE	\$ 29,863,285	\$ 32,233,555	\$ 31,739,992	\$ 31,876,100
USES:				
Compensation (Salaries & Benefits)	\$ 12,673,171	\$ 11,083,918	\$ 13,451,302	13,922,098
Travel & Public Information	774,425	338,036	831,460	860,561
Office Expenses	2,178,792	1,976,075	2,325,571	2,406,966
Other Operating Expenses	6,944,233	7,157,081	7,967,715	8,246,585
Interest Expense	1,771,420	1,438,714	1,890,036	1,359,000
TOTAL OPERATING EXPENSES	24,342,041	21,993,824	26,466,084	26,795,210
TOTAL NON-OPERATING EXPENSES (T&TA, Program Development, Capacity Building)	263,825	184,800	239,542	369,000
TOTAL NON-CASH EXPENSES	2,841,098	2,307,392	3,396,718	2,890,000
EXPENSED ASSETS	79,850	20,335	173,350	179,417
TOTAL EXPENSES	27,526,814	24,506,351	30,275,694	30,233,627
EXCESS REVENUE OVER EXPENSES	\$ 2,336,471	\$ 7,727,204	\$ 1,464,298	\$ 1,642,473
CAPITAL OUTLAY BUDGET	\$ 14,391,171	\$ 13,285,253	\$ 3,877,686	50,000
TOTAL FTE POSITIONS	130.625	119.05	136.125	136.125

PERFORMANCE MEASURES

	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Projected
Average financial assets	\$1,474,669,000	\$1,631,850,000	\$ 1,792,467,000	\$ 1,899,084,000
Average assets under management	\$5,132,539,000	\$ 5,744,078,000	\$ 6,528,568,000	\$ 6,828,568,000
Funds disbursed through:				
Federal and state programs	\$88,264,000	\$65,738,000	\$ 118,005,000	\$ 113,005,000
MFA programs	\$20,607,000	\$14,740,000	\$ 13,423,000	\$ 17,488,000
General fund non-operating	\$462,000	\$233,000	\$ 185,000	\$ 240,000
Single-family first mortgage Loans:				
Number of units purchased	3,001	1,559	1,183	1,551
Dollar of loans purchased	\$548,000,000	\$ 301,646,000	\$ 302,578,000	\$ 300,000,000
Multi-family loans and bonds closed and tax credits allocated:				
Number of units	1,164	1,149	1,106	1,205
Dollar of loans and subsidies	\$20,633,000	\$ 70,040,000	\$ 123,034,000	\$ 95,556,000
Housing programs:				
Homeless persons served	4,465	5,061	5,030	5,080
Single family homeowner rehab (units)	617	742	1031	1,070

STATUTORY AUTHORITY:

The New Mexico Lottery Act, Sections 6-24-1 through 6-24-34 NMSA 1978, created the New Mexico Lottery Authority (NMLA) to establish and provide a fair and honest state lottery for entertainment of the public and to provide tuition assistance for undergraduates attending New Mexico postsecondary institutions. The authority is governed by a seven-member board, appointed by the governor with the advice and consent of the Senate. The act requires the board to appoint a chief executive officer.

The New Mexico Lottery Act requires NMLA to present its budget to the Department of Finance and Administration and to the Legislative Finance Committee (LFC) by December 1. The lottery is not a state agency, but the act provides that LFC has oversight over the operations of NMLA. The act also requires LFC to periodically review and evaluate NMLA accomplishments and operations. LFC is authorized to conduct an independent audit or investigation of the lottery or NMLA.

MISSION:

The mission of the New Mexico Lottery Authority is to sell lottery games that maximize revenues for tuition assistance for New Mexico undergraduates by conducting a fair and honest lottery for the entertainment of the public.

AT A GLANCE:

NMLA is not a state agency and does not receive an annual recurring appropriation for operations. Instead, the state mandates NMLA generate its own funding to maintain operations and to carry out its duties. NMLA reported FY23 gross revenues of \$168.5 million, a \$31.6 million, or 23 percent, increase compared to FY22. For FY23, NMLA operating expenses totaled \$4 million, significantly lower than the FY24 operating budget of \$5.4 million. The difference between FY23 actual expenditures and the FY24 budget is mostly personnel; the authority has a budget of \$3.7 million for salaries but reports \$3 million in personnel spending in FY23.

Statute mandates 30 percent of gross revenue raised by the lottery be transferred to the lottery tuition fund. Transfers to the legislative lottery scholarship fund for FY23 totaled approximately \$50.6 million, a \$9.5 million or 23 percent increase compared with FY22. The FY23 budget assumed a \$43.1 million transfer to the lottery tuition fund. The excess revenue to the fund will be held and used to provide scholarships in future years.

New Mexico Lottery

	2023 Consolidated Original Annual Budget	2023 Consolidated Income Statement **	2024 Consolidated Original Annual Budget
OPERATING REVENUES			
Instant ticket sales	\$ 80,903,500	\$ 87,992,086	\$ 83,403,500
Powerball sales	23,874,500	33,693,900	25,874,500
Mega Millions sales	12,599,500	25,999,956	13,999,500
Roadrunner Cash sales	6,999,500	6,798,608	6,499,500
Lotto America sales	3,799,500	6,073,748	3,799,500
Pick 3 Plus sales	4,999,500	4,855,587	4,999,500
Pick 4 Plus Sales	1,899,500	1,928,279	1,899,500
Fast Play sales	1,249,500	1,117,150	1,249,500
Net ticket sales	<u>136,325,000</u>	<u>168,459,314</u>	<u>141,725,000</u>
Retailer fees	8,000	10,370	10,000
Bad debts	(24,000)	28,545	(24,000)
Total operating revenues	<u>136,309,000</u>	<u>168,498,229</u>	<u>141,711,000</u>
NON-OPERATING REVENUES			
Interest income	16,000	27,267	25,000
Other income	-	(7,650)	-
Total non-operating revenues	<u>16,000</u>	<u>19,617</u>	<u>25,000</u>
GROSS REVENUES	<u>136,325,000</u>	<u>168,517,846</u>	<u>141,736,000</u>
GAME EXPENSES			
Prize expense	72,123,000	91,874,928	74,750,000
Retailer commissions	9,044,000	10,807,606	9,392,000
On-line vendor fees	4,792,000	5,663,619	4,951,000
Advertising	2,100,000	2,063,590	2,100,000
Ticket vendor fees	1,540,000	1,663,391	1,561,000
Promotions	143,000	50,865	143,000
Retailer equipment	214,000	41,224	214,000
Shipping and postage	494,000	438,770	574,000
Responsible gaming	70,000	70,000	70,000
Game membership	70,000	62,444	70,000
Total game expenses	<u>90,590,000</u>	<u>112,736,438</u>	<u>93,825,000</u>
OPERATING EXPENSES			
Salaries, wages and benefits	3,378,000	3,019,907	3,730,000
Leases and insurance	191,000	163,498	191,000
Utilities and maintenance	318,000	276,512	339,000
Depreciation and amortization	376,000	263,360	330,000
Professional fees	272,000	146,923	402,000
Other	145,000	59,836	162,000
Materials and supplies	66,000	38,338	151,000
Travel	86,000	20,262	90,000
Operational reserve fund	-	1,233,500	-
Total operating expenses	<u>4,832,000</u>	<u>5,222,136</u>	<u>5,395,000</u>
OPERATING INCOME	<u>40,887,000</u>	<u>50,539,656</u>	<u>42,491,000</u>
NON-OPERATING EXPENSE			
Interest expense	2,000	254	2,000
Total non-operating expenses	<u>2,000</u>	<u>254</u>	<u>2,000</u>
NET INCOME	40,901,000	50,559,019	42,514,000
Operational Reserve Fund Transfer	-	-	-
Total Transfer to Lottery Tuition fund	<u>\$ 40,901,000</u>	<u>\$ 50,559,019</u>	<u>\$ 42,514,000</u>

Capital Outlay

HIGHLIGHTS:

State agencies, the judiciary, higher education institutions, and special and tribal schools requested roughly \$1.8 billion for close to 200 capital projects. The LFC staff framework for proposed funding was developed based on reviewing five-year infrastructure improvement plans, attending monthly meetings with major agencies, testimony presented during interim meetings, and additional information requested from agencies. The projects were assessed to determine the health and safety of occupants of the facilities, the long-term investment and preservation of state assets, the impact on operating costs or savings, programmatic needs, and the capacity to efficiently expend funds and complete projects. The following summarizes projects within the framework listed in Volume III, including other proposed revenue sources:

Administrative Office of the Courts. The Administrative Office of the Courts requested a total of \$86.6 million, including funding for new or renovated magistrate courts in Sandoval County, Santa Fe, Curry County, Anthony, Grants, and Union County. *The LFC framework supports \$15 million to construct a new magistrate court in Sandoval County, \$11 million in supplemental funding for a new court in Santa Fe, \$3 million in supplemental funding for a new court in Curry County, and \$10 million for state cost-sharing with counties for district court construction and improvements.*

Aging and Long-Term Services Department. The Aging and Long-Term Services Department and area agencies on aging recommended funding for 104 capital projects totaling \$30.4 million for senior centers statewide. ALTSD also requested an additional \$1 million for emergency funding for capital projects. *The LFC framework supports \$30.4 million for statewide senior center projects and \$1 million for emergency needs.*

Corrections Department. The department requested \$80.2 million for security, fire, and life safety projects; general improvements, repairs, and renovations; water, sewer, and electrical upgrades; and roads and parking lots at facilities statewide. The department operates two privately owned and seven publicly owned prisons housing approximately 5,600 inmates. *The LFC framework supports \$9 million to address the most critical infrastructure repairs and maintenance needs at state prisons and \$1 million for a facilities master plan for the department, including consideration of long-term programmatic needs and the impact of revisions to the inmate classification system.*

Cultural Affairs Department. The department requested \$29.3 million for health, life, and safety upgrades, as well as for the preservation and maintenance of museums and monuments statewide and revenue generation initiatives. The department is responsible for over 191 buildings with over 1.3 million square feet and art and artifacts valued at over \$1 billion. To provide more stable funding for upgrades and repairs to these facilities, the Legislature created the cultural affairs facilities infrastructure fund (Laws 2022, Chapter 15), which provides a \$5 million annual distribution to the department from the public project revolving fund (PPRF). Additionally, the department recently received \$5 million in American Rescue Plan Act appropriations, which are also being used for statewide infrastructure needs. *The LFC framework supports \$5 million to address priority infrastructure needs identified by the department at museums and monuments statewide.*

Department of Agriculture. The New Mexico Department of Agriculture requested \$7 million in supplemental funding for the final phase of renovations to and new construction of facilities at New Mexico State University. The request addresses cost overruns. *The LFC framework supports the request.*

Department of Finance and Administration. The department requested capital funds for the first time, with five requests totaling \$101 million. The requests included \$40 million for historic restoration of the Bataan Building, \$20 million for emergency local capital projects statewide, \$20 million for acequia improvements, and \$20 million for public safety infrastructure. *The LFC framework supports \$10 million for emergency capital projects, including public safety infrastructure and equipment, and \$5 million for acequia improvements. Additionally, an \$18 million appropriation included in the framework to address cost overruns for Water Trust Board projects is made to the department for the New Mexico Finance Authority and a \$1 million request for a capital planning and project management system is supported as a special appropriation.*

Department of Health. The department requested an additional \$67.5 million to build a new forensic unit at the state Behavioral Health Institute in Las Vegas, \$9.5 million for health and safety projects, and \$17.1 million for deferred infrastructure repairs and renewals statewide. *The LFC framework supports \$40 million for the new forensics building, \$5 million for general improvements statewide and \$2 million for equipment and instrumentation.*

Capital Outlay

Department of Information Technology. The Department of Information Technology requested \$26 million to continue modernizing the public safety radio communications system statewide. The department estimates upgrading the system to the P25 federal standard will cost a total of \$170 million. To date, the state has provided \$91.2 million. In addition, the department requested \$3 million for access control systems and \$560 thousand for the Las Vegas radio communication bureau. *The LFC framework supports \$26 million for the public safety radio communications modernization, \$1.5 million for access control systems, and \$500 thousand for the Las Vegas bureau.*

Department of Public Safety. The Department of Public Safety requested \$19.3 million for five projects, including \$6.2 million for a reality-based training facility, \$5 million for statewide upgrades, and \$6.3 million for a vehicle training track. *The LFC capital framework supports \$1 million for the reality-based training facility and the LFC budget framework supports reauthorizing a \$4 million 2022 special appropriation to the department for construction of the training facility. The capital framework also supports \$3 million for statewide upgrades.*

Energy, Minerals and Natural Resources Department. The department requested a total of \$75 million, including \$30 million for hotshot fire team facilities, \$10 million for watershed restoration, and \$10 million for state parks restoration and improvements. *The LFC framework supports \$10 million for hotshot facilities and wildlife firefighting vehicles and equipment, \$10 million for watershed restoration, and \$13 million for improvements to state parks.*

General Services Department. The General Services Department (GSD) requested \$30 million to address deficiencies at state-owned facilities. The Facilities Management Division is responsible for the repairs, maintenance, and oversight of 917 state-owned buildings with more than 7.1 million square feet of space throughout the state. In addition, the department requested \$100 million for the executive office building, and \$34 million to purchase the Northeast New Mexico Correctional Facility. *The LFC framework proposes \$10 million for statewide deficiencies and the purchase of the correctional facility.*

Higher Education Department and Special Schools. The Higher Education Department (HED) heard capital requests from higher education institutions at hearings attended by LFC staff. The criteria used to evaluate requests included programmatic use of the facility, student enrollment trends, funding from other sources, and space utilization for instructional and general needs. In addition, HED encouraged institutions to submit requests for supplemental funding for active projects to address cost increases. Supplemental requests totaled \$59.2 million from 11 institutions and branch campuses. In total, secondary institutions, special schools, and tribal institutions requested \$701 million for demolition, new projects, and to supplement prior appropriations. *The LFC framework proposes 37 higher education projects totaling \$219.4 million from general obligation bonds and 15 higher education projects totaling \$64 million from the general fund.*

Libraries. The New Mexico Library Association requested \$19 million in general obligation bonds for distribution to academic, public school, public, and tribal libraries statewide. *The LFC framework supports the request, including \$6 million distributions to academic, public school, and public libraries and a \$1 million distribution to tribal libraries.*

