

Tuesday, May 13 ([click here for webcast](#))

The following members and designees were present on Tuesday, May 13, 2025: Chairman Nathan P. Small; Vice Chairman George K. Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Harlan Vincent, Rebecca Dow, and Susan K. Herrera; and Senators Benny Shendo, Jr., Roberto “Bobby” J. Gonzales, Pat Woods, Nicole Tobiassen, Linda M. Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Senator Michael Padilla and Representatives Brian G. Baca, Art De La Cruz, Mark Duncan, Pamelya Herndon, Tara L. Lujan, and Debra M. Sariñana.

Welcoming Remarks (10:10 AM, [click here for meeting materials](#)). Superintendent Johnna Bruhn of Mosquero Municipal Schools welcomed LFC to the school district, with students greeting the committee with a song.

Mosquero Mayor and School Board President Victor “Ray” Vigil remarked on history of the school district’s moniker, the Pirates.

Harding County Commission Chairman Michael Lewis noted the small tax base in Harding County and the need for fully funding capital outlay projects.

Education in Microdistricts (10:17 AM, [click here for meeting materials](#)). Mosquero Mayor and School Board President Victor “Ray” Vigil highlighted challenges rural schools face under one-size-fits-all state education and construction policies, stating small schools have the same educational requirements as larger schools but are often shortchanged in space, funding, and infrastructure due to outdated or inflexible formulas. Among the challenges in Mosquero’s school district are inadequate shop space that ignores workplace safety standards, restrictions on using Suburbans for student transport despite long rural routes, and difficulty finding bus drivers certified for commercial drivers’ license. In addition, remote planning and engineering decisions made without visiting rural sites have led to costly design errors and avoidable expenses. Mr. Vigil said rural schools are essential community hubs and must be treated with equity and understanding, not just by numbers.

Expanding on the challenges faced by microdistricts in rural New Mexico, Superintendent Johnna Bruhn of Mosquero Municipal Schools talked about the importance of maintaining local control, particularly regarding school calendars and instructional hours, highlighting how rigid state mandates have reduced effective instructional time. Other key issues include limited course offerings, difficulty in hiring qualified teachers, and constraints in funding and resources. Despite these challenges, Mosquero boasts high graduation rates, strong student engagement, and innovative programs like dual-credit college courses, mobile learning labs, and the "Career Café." Superintendent Bruhn proposed solutions, such as expanding career and technical education (CTED) diploma pathways, increasing regional collaboration, offering flexible transportation funding, and improving teacher recruitment through incentives and housing. She underscored the importance of policy flexibility and shared governance to enhance equity and opportunity in rural

education.

Superintendent Edward Fluhman of Roy Municipal Schools highlighted the school district's achievements and future plans and invited LFC to visit the 44-year-old campus, which, while in good condition, needs improvements rather than replacement. The school district is focused on CTE programs, including plans to install modular pods for trades like plumbing, electricity, and construction, taught in collaboration with local colleges. Superintendent Fluhman acknowledged transportation, lack of local industry, and other common rural issues that make it hard to retain graduates. Despite these challenges, Roy boasts a 100 percent graduation rate and 78 percent reading proficiency, with most graduates pursuing successful college and career paths.

Federal Budget Reconciliation (1:31 PM, [click here for meeting materials](#)), LFC Director Charles Sallee reported on the federal budget reconciliation process and its implications for state budgeting. This interim will be dominated by two major federal developments: structural reforms to Medicaid and other large entitlement programs and the unpredictable changes in federal discretionary spending. Budget reconciliation allows Congress to fast-track changes to mandatory spending and tax policy, bypassing filibusters and traditional legislative hurdles. Currently, the federal budget is facing a severe imbalance, with deficits soaring and debt service costs nearing a trillion dollars annually. Given these circumstances, federal changes could shift substantial financial burdens to states, including potentially reduced federal Medicaid matching rates, new work requirements, and limits on provider taxes. Director Sallee detailed the mechanics of Medicaid financing and the importance of understanding the timing and specifics of such changes to prepare for their potential impact on the state's finances, especially if Medicaid reforms are implemented quickly or retroactively.

Soil and Water Conservation Projects in Rural New Mexico and 2025 Wildfires Status and Outlook (2:57 PM, [click here for meeting materials](#)), Debbie Hughes, executive director of the New Mexico Association of Conservation Districts, talked about the extensive work of soil and water conservation districts across rural New Mexico, highlighting a long-running riparian restoration project on the Canadian River that spans over two decades and seven districts. The project has treated tens of thousands of acres to combat salt cedar, mesquite and other invasive species, restore wildlife habitat, improve water quality, and mitigate wildfire risk. Funding has come from both state and federal sources, including the Water Trust Board and U.S. Department of Agriculture programs, often requiring matching funds that the state's legacy fund now helps provide. Ms. Hughes said soil and water conservation districts provide a critical role in providing tools, equipment, and technical support to private landowners, especially small farmers. The districts have adapted to federal staffing shortages by hiring retired experts and creating cooperative agreements to continue essential services like watershed protection, dam maintenance, wildfire recovery, and groundwater monitoring.

Lindsey Quam, deputy director of the Forestry Division of the Energy, Minerals and Natural Resources Department, presented the 2025 wildfire outlook, reporting worsening drought conditions across much of the state, especially in the southeast and western regions. Despite brief improvements from recent storms, overall precipitation and snowpack remain below normal, increasing fire risk due to drier fuels and vegetation. The forecast indicates above-normal temperatures and below-average rainfall through June, with a possibly early and slightly above-

average monsoon season expected to bring some relief in July. Human activities like debris burning and equipment use remain leading causes of wildfires. In terms of readiness, the state bolstered its firefighting capacity with trained crews, engines, volunteer firefighter support, and partnerships with federal agencies and other states for additional resources if needed.

Miscellaneous Business (4:03 PM).

Action Items. Vice Chairman Muñoz moved to adopt the LFC contracts, seconded by Senator Campos, with Representatives Vincent and Dow voting in opposition to the Deloitte contract. The motion carried.

Wednesday, May 14 ([click here for webcast](#))

The following members and designees were present on Wednesday, May 14, 2025: Chairman Nathan P. Small; Vice Chairman George K. Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Harlan Vincent, Rebecca Dow, and Susan K. Herrera; and Senators Benny Shendo, Jr., Roberto “Bobby” J. Gonzales, Pat Woods, Nicole Tobiassen, Linda M. Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Senator Michael Padilla and Representatives Brian G. Baca, Art De La Cruz, Mark Duncan, Pamelya Herndon, and Debra M. Sariñana.

Capital Outlay Spotlight: Selected Higher Education Projects (12:55 PM, [click here for meeting materials](#)).

LFC Analyst Rhea Serna presented findings on the systemic factors driving rising costs in higher education construction projects, highlighting the impact of statewide construction demand, labor shortages, and inadequate project management practices. Between 2021 and 2023, both private and public nonresidential construction spending in New Mexico more than doubled, contributing to higher demand and costs for materials and labor—especially in rural areas. As a result, public construction costs surged, with school construction costs more than doubling from 2019 to 2023, and higher education construction costs rising even more sharply, reaching up to \$2,000 per square foot in 2025. Despite only a modest increase in funding capacity, project costs have escalated significantly, prompting calls for improved cost control measures. To control costs and reduce uncertainty, LFC staff recommend hiring independent cost estimators, standardizing project budgeting practices, and addressing the growing reliance on supplemental funding, which now accounts for nearly 30 percent of the Higher Education Department’s FY26 capital outlay recommendations.

Status of Eastern New Mexico Water Utility Authority Ute Lake Pipeline Project and Other Water Trust Board Projects (12:56 PM, [click here for meeting materials](#)).

Marquita Russell, chief executive officer of the New Mexico Finance Authority (NMFA), reported on current activity of the Water Trust Board (WTB), highlighting expanded funding, updated policies, and new initiatives following the passage of House Bill 211. WTB, a 16-member board, now reviews six types of water-related projects, including wastewater projects newly eligible for funding. House Bill 211 also authorized technical assistance and capacity development, enabling NMFA to hire contractors to support small systems and regionalization efforts. With rising construction costs and project delays, \$18 million was appropriated to help cover overruns, supplementing the WTB’s set-aside funds. A record 60 projects totaling \$146 million are being considered this year, with a second award cycle expected in August. Since 2002, the WTB has awarded nearly \$1 billion, with municipalities receiving the bulk of funds. Most funds have gone to water storage, conveyance,

and delivery, with regional projects, including the Eastern New Mexico Water Utility Authority Ute Lake pipeline project, claiming significant shares. Project vetting remains rigorous, and recent policy changes have reduced the rate of unused awards.

Michael Morris, mayor of Clovis and chairman of the Eastern New Mexico Water Utility Authority (ENMWUA), reported on the status of the Eastern New Mexico Water Utility Authority Ute Lake pipeline project, officially known as the Eastern New Mexico rural water system. The federally authorized project aims to deliver 16,415 acre-feet of surface water annually from Ute Reservoir to communities, including Clovis, Portales, Texico, Elida, and Cannon Air Force Base, helping mitigate the critical decline of the Ogallala Aquifer. Initially conceived after the 1950 Canadian River Compact and formally launched with federal authorization in 2009 and state enactment in 2010, the project has gained momentum through strong state and federal partnerships. With 75 percent of funding from the federal government, 15 percent from the state, and 10 percent from local communities, construction has been steady since 2016, including intake structures, pump stations, and pipeline segments. As of now, several major segments are completed or under construction, with others ready to bid, thanks to strategic planning and shovel-readiness. The project, targeted for completion by 2031, is crucial for regional water security, national defense support, and economic impact through job creation and local investment.

Miscellaneous Business (4:00 PM).

Action Items. Vice Chairman Muñoz moved to adopt the LFC January 2025 meeting minutes, seconded by Senator Lanier. The motion carried.

Vice Chairman Muñoz moved to adopt the LFC 2025 calendar, seconded by Senator Tobiassen. The motion carried.

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

Update from Mesalands Community College and Tour (4:06 PM, [click here for meeting materials](#)). President Allen Moss of Mesalands Community College (MCC) provided an update, highlighting the institution's turnaround over the past two years. Once facing serious financial and administrative challenges, including delayed audits, MCC has stabilized its operations. President Moss credited strong partnerships with agencies, implementation of Jenzabar software, and careful spending. President Moss remarked on the success of new and expanding workforce programs and noted the importance of rural workforce development. Mesalands now has a fully accredited nursing program, with many recent registered nurse graduates employed locally. Looking ahead, President Moss stressed the need for student housing and collaboration with regional colleges to expand CTE offerings to rural students. Despite being on Higher Learning Commission probation, President Moss expressed confidence in the college's progress and upcoming evaluation.

Thursday, May 15 ([click here for webcast](#))

The following members and designees were present on Thursday, May 15, 2025: Chairman Nathan P. Small; Vice Chairman George K. Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Rebecca Dow, and Susan K. Herrera; and Senators Roberto “Bobby” J. Gonzales, Pat Woods, Nicole Tobiassen, Linda M. Trujillo, and Steve D. Lanier. Guest legislators: Senator

Michael Padilla and Representatives Brian G. Baca, Art De La Cruz, Mark Duncan, and Pamela Herndon.

Research to Practice in Rural New Mexico: Modern Role for Agriculture Research and Cooperative Extension (8:12 AM, [click here for meeting materials](#)). President Valerio Ferme of New Mexico State University highlighted the university's renewed commitment to its land-grant mission by bridging research and practice in rural communities. He shared his surprise at being the first university president in decades to visit the agricultural experiment stations and cooperative extension offices across the state. Emphasizing the need for a more integrated system, he announced the upcoming "Impact Tour 2025" to visit all 33 county extension offices alongside university regents and administrators. President Ferme praised the innovative and collaborative work being done at the agricultural centers in areas, like clean energy, water management, AI, and biotechnology, and remarked on the importance of connecting extension services with university functions to serve both traditional and adult learners and advance public service and educational access across New Mexico.

Jon Boren, director of the Cooperative Extension Service (CES) at New Mexico State University (NMSU), presented an overview of CES's mission, structure, and recent impacts, particularly in rural areas. CES has played a long-standing role as NMSU's outreach arm across all 33 counties, delivering research-based programs in agriculture, youth development, health, and economic development. The entity shifted toward hybrid program delivery post-Covid, now reaching over 600 thousand residents annually. Mr. Boren reported on the progress of recommendations outlined in the 2018 program evaluation. CES has improved cross-college collaboration, expanded digital learning, enhanced outreach to underrepresented groups, and implemented more robust tracking. Mr. Boren highlighted new innovations like virtual fencing and efforts to support staff development and diversify funding while maintaining accessibility to core programs like 4-H.

Jay Lillywhite, director of the Agricultural Experiment Station (AES) at New Mexico State University, talked about the critical role of agricultural research in sustaining New Mexico's economy and addressing global challenges, noting \$45 billion in economic output and 250 thousand jobs tied to the state's food and fiber supply chain. Mr. Lillywhite explained how agricultural productivity, driven by research, has grown significantly even as resource inputs decline. AES operates across 12 science centers statewide, enabling localized research in diverse agricultural environments, with a focus on integrating economic analysis into research, and supporting traditional and emerging crops like hemp and saffron. The research unit also conducts outreach through field days, impact reports, and student engagement via distance learning and on-site housing. Mr. Lillywhite highlighted current projects, including virtual fencing for livestock, water-efficient pecan breeding, and non-destructive aflatoxin detection technology.

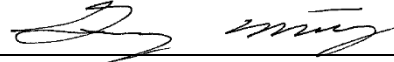
Capital Outlay Quarterly Report (10:21 AM, [click here for meeting materials](#)). LFC Analysts Cally Carswell and Antonio Ortega presented the capital outlay report. At the end of the third quarter of FY25, an estimated \$5.4 billion in capital outlay from all funding sources was unexpended, including \$3 billion for projects authorized by the Legislature and \$1.7 billion for projects funded with supplemental severance tax bonds for public school construction. Partial and piecemeal funding continues to be a challenge for local projects. LFC staff recommend the Legislature focus on identifying and funding major local projects, leveraging the new capital

development program fund for planning and smaller projects, improving request vetting and prioritization, setting limits on project reauthorizations, expanding successful grant programs, and enhancing local capacity. Members were provided detailed information on all projects; the status of select projects were highlighted.

With no further business, the meeting adjourned at 11:09 a.m.



Nathan P. Small, Chairman



George K. Muñoz, Vice Chairman