



LFC Newsletter

A publication of the Legislative Finance Committee

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From the Chairman

Work Zone Ahead

In today's charged environment, it's easy to become discouraged by the national chaos. Here in New Mexico, we're certainly not immune to partisanship, but you might be surprised by how collaborative and collegial our legislative process often is - particularly when it comes to our state budget.

As it is most years, our recent LFC budget recommendation was adopted by the bipartisan, bicameral committee with an overwhelming majority. That does not mean every single item in the 462-page spending plan is universally supported, but it does show a general consensus among the members. The spirit of collegiality in our committee tends to lead to meaningful, bipartisan collaboration during the session as well, even if the final budget differs from the committee's recommendation.

That's not to say bipartisanship is easy. Lawmaking is famous for being messy.

But I'm a true believer in the representative process. It is because the process is filled with conflict, that it works. Robust debate and differing perspectives lead to stronger budgets and policies.

New Mexico is a diverse state. The needs in a community like downtown Albuquerque may feel vastly different from the needs of a community like Dixon or Deming. But as state legislators, we still often find common ground. Across New Mexico, families are concerned about affordability, health-care, education, job opportunities, our precious natural resources and public safety.

We are days away from the start of the 2026 legislative session. It's a 30 day session, which means a flurry of activity and many, many long days. The focus is the budget, but we will take up issues beyond the spending plan. An array of bills will be introduced, although whether they will be heard depends on the governor, who has substantial control over the agenda of a 30-day session.

The process won't always be pretty—but your senator and representative and the 110 other New Mexico legislators will be working hard. If New Mexico's tradition of collaboration holds true, we'll be working hard together.

Representative Nathan Small
Chairman

Student Loans, Capital Reform on List of Committee Proposals

A proposal that would quadruple the amount doctors could get for student loan repayment is among 10 bills the committee will consider endorsing when it meets for the last time before the start of the legislative session.

The committee, meeting January 19, is scheduled to discuss proposals for legislation that would tackle government accountability, capital outlay reform, investment policy, school employee insurance, disaster funding, LFC access to tax data, and healthcare providers student loan repayment.

Among the possible legislation under consideration:

Health provider loan repayment - The bill would increase the maximum annual award for loan repayment for physicians from \$25 thousand per year for three years to \$75 thousand per year for four years. The proposal would increase the amount for other health professionals as well and create a formula for calculating awards. It also would set aside half of the funds available for loan repayment for physicians.

GRO fund accountability - The proposal would create reporting and evaluation requirements for the pilot projects funded through the government results and opportunity fund. The governor has

twiced vetoed accountability language for the projects.

Higher education capital fund - The proposal would create a new fund to support major higher education capital projects, including the new medical school. The fund is intended to relieve pressure on general obligation bonds, which are backed with property tax revenue and have not kept pace with rising construction costs.

Capital outlay reforms - The proposal would make a number of changes to the capital outlay process to promote project readiness to limit the amount of funds tied up in funded but stagnant projects.

School Insurance Premiums - The proposal would increase the employers' share of the premiums paid for health insurance for employees to 80 percent and would require all school districts to join the Public School Insurance Authority, which currently does not include the Albuquerque Public Schools.

Disaster funding - The bill clarifies the laws that allow the governor to draw funds after declaring a disaster or an emergency, creates guardrails for preventing overspending of emergency response funds, and creates reporting requirements.

Rural Healthcare Fund Lacks Oversight

The Legislature has appropriated nearly \$200 million to the rural health care delivery fund to improve healthcare access in rural counties, but the program lacks standards and it is unclear if the spending has resulted in greater access to care, LFC staff say.

The report on the fund, scheduled to be heard by the committee at 10:30 a.m. on January 19, notes the state has appropriated \$196 million to the fund since creating it in 2023, and \$146 million has been allocated to healthcare providers to help defray the costs of establishing or expanding health services in high-need areas.

However, while the law identifies broad program goals, it does not specify reporting standards or how the program will measure effectiveness, making it difficult to determine if the investment

made so far is paying off.

While providers report the funding has allowed them to increase staff and the number of "encounters" with rural patients, the definition of encounters and hires varies by provider and the data is self reported, making the information an indication of activity but not necessarily of effectiveness.

In addition, reports on spending do not distinguish between startup and ongoing costs, making it unclear whether staffing expenses are for one-time ramp-up costs or for ongoing operations.

The report notes the state pays almost \$700 thousand a year to TEKsystems, hired through a statewide price agreement for IT services, which does not include defined deliverables and may limit oversight and accountability.

65% of NM Doctors Considering a Move

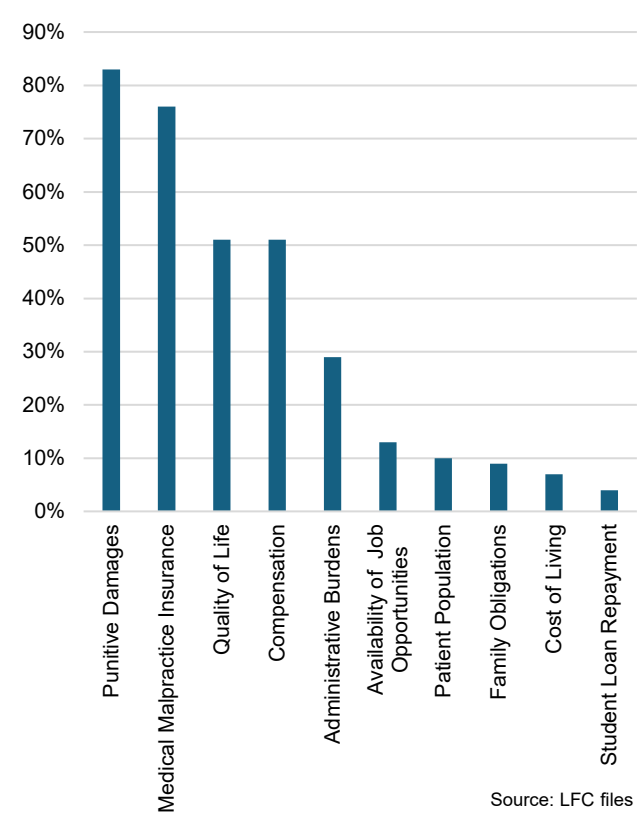
A survey of physicians who currently work or previously worked in New Mexico, including retirees, shows almost two-thirds of those still practicing in the state are considering leaving to practice elsewhere, LFC analysts reports.

In the survey conducted by LFC staff in early December, 65 percent of the almost 600 New Mexico doctors currently practicing who responded said they were considering relocating out of state, and 83 percent of those cited punitive damages associated with medical malpractice as the reason.

Physicians who left New Mexico listed three main reasons: pay, potential risk of punitive damages, and quality of life, including schools and crime.

Almost all the currently practicing in-state physicians—94 percent—said provider shortages have an impact on their day-to-day jobs. However, that figure was 60 percent for practicing doctors who have left the state, indicating the impact from shortages has likely worsened.

Reasons Providers Currently Practicing in NM are Thinking About Leaving



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On the Table

Film Employment Continues Slide

The number of direct film industry jobs averaged 1,400 in the second quarter of 2025, down 58 percent from the same period a year earlier. Continued weakness in the industry aligns with a slowdown in film and TV projects, production spending, and use of the state tax credit for film projects. The New Mexico slump is part of a national trend.

E-Bus Company Gets Millions from State

GreenPower Motor Company, which has a \$5.8 million contract with the state to implement a two-year pilot program deploying electric school buses statewide, has received \$5 million in Local Economic Development Act funding, along with \$1.6 million in Job Training Incentive Program funds it will use to help establish its North American base and corporate headquarters in Santa Teresa, where it expects to create about 340 jobs. The company also qualified for \$5 million in state tax credits, including those for creating rural jobs and high-wage jobs. The company has committed to offering the state dealer-level pricing for its vehicles.

Creative Companies get State Support

The Economic Development Department has awarded \$463.6 thousand to nine organization through its creative organization grant program. Awards range from \$197 thousand to \$62.5 thousand, and awardees include 516 Albuquerque, Contigo Immigrant Justice in Santa Fe, gallupARTS, and the New Mexico State University art department in Las Cruces.

Public Invited to Comment on PFAS Rules

The public comment process for proposed rules for the toxic group of chemicals called PFAS will open in late February, according to the Environment Department. The new rules are being developed in response to the PFAS Protection Act adopted during the 2025 legislative session. The act requires that goods containing PFAS be removed or phased out from sale in the state. The act has a staggered timeline and provides for exceptions to the rule. The hearings will be held by the Environmental Improvement Board.

More Students Missing School

Chronic absenteeism among public school students grew by 3.3 percentage points in FY25, with a third of students missing a tenth or more of school days. Native American students posted the highest rate at 42.6 percent.

Street Medicine Program Gets Grant

The University of New Mexico received a \$2.5 million federal grant to train medical residents for its street medicine program, which dispatches doctors and nurses to care for unhoused people. UNM is one of 25 programs nationwide to receive the new five-year grant from the federal Health Resources and Services Administration.

Transitions

The governor has appointed Dawn Walters as state child advocate, who will act as head of the Attorney General’s Office of the Child Advocate. Walters was one of three candidates submitted to the governor by a selection committee. Walters will still need to be confirmed by the Senate.

Matt Pahl, executive director of Public Charter Schools of New Mexico, has left the position to work as external relations lead at Pacific Fusion. Valery Ratliff-Parker will serve as interim director.

Rio Rancho Public Schools has named Robert Dodd to be the new superintendent of the district following the retirement of Sue Cleveland, who held the position for 31 years since the founding of the district. Dodd, currently a director for Montgomery County Public Schools in Maryland, will start at Rio Rancho in March.