

**Monday, December 8 ([click here for webcast](#))**

The following members and designees were present on Monday December 8, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Gail Armstrong, Derrick J. Lente, Joseph Sanchez, Brian Baca, Rebecca Dow, and Susan Herrera; and Senators Benny Shendo, Roberto “Bobby” J. Gonzales, Craig W. Brandt, William Sharer, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives: Joy Garrat, Tata L. Lujan, Pamela Herndon, Charlotte Little, Joseph Franklin Hernandez, Sarah Silva; Senator: Michael Padilla.

**FY27 and FY28 General Fund Revenue Projections ([9:09 AM, click here for meeting materials](#))**

LFC Chief Economist Ismael Torres, Department of Finance and Administration Secretary Wayne Propst, and Taxation and Revenue Department Secretary Stephanie Schardin Clarke presented the FY27 and FY28 general fund revenue projections describing a turning point for New Mexico’s economy and fiscal outlook following several years of extraordinary revenue growth. Nationally, economic growth remains positive, but it is clearly slowing, with consumer spending increasingly concentrated among higher-income households, cooling labor markets, renewed inflation pressures from tariffs, and rising recession risk, though neither Moody’s nor S&P Global assumes a recession in their baseline forecasts. In New Mexico, economic conditions have held up better than in many states but are beginning to show strain, with slowing employment growth, declining federal employment, moderating wage and salary growth, and lower labor force participation relative to the nation. Oil and gas production remains at record or near-record levels, but oil prices have been revised downward and are expected to remain relatively soft in the near term, weighing on severance taxes and related revenues. These dynamics have led to a significant downward revision in general fund revenue expectations, with FY26 recurring revenues reduced by \$322.9 million from the August forecast and declining 1.6 percent year over year, before rebounding by 4 percent in FY27 from a lower base. Gross receipts tax revenues are holding relatively steady due to construction, manufacturing, and business activity, but personal and corporate income taxes face notable downside risks from slower wage growth, weaker withholding, federal tax policy changes, and a more uncertain economic outlook. As a result, total new money available in FY27 is limited to \$105.7 million, significantly constraining budget flexibility despite reserve balances remaining historically strong at over 30 percent of recurring appropriations. Overall, the forecast signals a return toward more typical growth rates, heightened exposure to oil price volatility and federal policy decisions, and a narrower margin for error in future budget planning.

**Taxation and Revenue Department ([11:37 AM, click here for meeting materials](#))**

Taxation and Revenue Department Secretary Stephanie Schardin Clarke emphasized a constrained fiscal environment that requires prioritizing sustainability, automation, and core operational stability rather than staffing growth. With limited room for recurring increases following the revenue forecast, the department’s primary operating requests focus on right-sizing costs that are unavoidable or structurally misaligned, including the final phase-in of recurring IT support for GenTax and Tapestry, rate increases from Department of Information Technology, General Services Department, and postage, adjustments to reduce unsustainable reliance on the Motor Vehicle Department (MVD) Suspense Fund, and the potential continuation of higher employer

health benefit contributions. Staffing levels remain constrained, with vacancy rates around 24 percent, forcing the agency to rely on technology rather than additional FTE to manage a mission that has grown significantly more complex; annual revenue processing has nearly doubled since FY19. Nonrecurring and capital requests are, therefore, centered on automation and modernization investments that demonstrably improve efficiency and revenue performance, highlighted by the successful Fast Collection Services project, which leveraged a \$2.4 million appropriation to generate \$97 million in collections while freeing staff for customer service roles. Building on that success, FY27 requests include Fast Return Services to automate return processing, replacement of outdated imaging and data capture systems, mandatory system upgrades to comply with national and federal requirements for MVD operations, and targeted equipment upgrades to prevent processing backlogs. Facility-related Infrastructure Capital Improvement Plan requests address long-deferred infrastructure needs, including a new MVD field office in White Rock and modernization of MVD central operations space in the Montoya Building. Overall, the presentation underscores that continued automation and IT investment are essential for maintaining service levels, compliance, and revenue.

**Economic Development Department (1:16 PM, [click here for meeting materials](#))** Economic Development Department Secretary Rob Black presented highlights of New Mexico's strong economic momentum and outlined strategic investments needed to sustain and expand that growth. Secretary Black emphasized recent national-leading outcomes, including ranking first in family income growth and second in job growth, driven by a deliberate focus on target sectors, site readiness, and alignment with state investment strategies. Economic Development Department's (EDD) updated state economic plan and newly released Science and Technology Roadmap identify areas where New Mexico has a competitive advantage, advanced energy and climate, advanced computing, and space and defense, alongside emerging opportunities in biosciences and agricultural water technology. Recent wins in these sectors, including Pacific Fusion, Project Jupiter, Castelion Hypersonics, and quantum technology investments, were made possible through close coordination with the State Investment Council's venture capital strategy, which has generated unprecedented deal flow and attracted companies funded by State Investment Council-backed venture funds to locate and expand in New Mexico. New Mexico's ambition to become a global leader in quantum research and commercialization, supported by a proposed special appropriation to match up to \$120 million in federal Defense Advanced Research Projects Agency funding, as well as continued investment in workforce pipelines and university partnerships. To remain competitive for future investment, EDD stressed the importance of site readiness and infrastructure, noting that 47 sites statewide have been evaluated and that additional funding is needed to address power, rail, water, and environmental readiness gaps. The department's FY27 special appropriations request supports these priorities through funding for quantum initiatives, site readiness, Local Economic Development Act deal-closing funds, Job Training Incentive Program workforce training, and continued support for the New Mexico Partnership, while ongoing work across divisions, including outdoor recreation, film, creative industries, food access, border development, and small business support, continues to drive diversification, job creation, and long-term fiscal resilience for the state.

**Department of Health (3:00 PM, [click here for meeting materials](#))** The Department of Health (DOH) Secretary Gina DeBlassie presented an overview of its structure and operations and reflected on progress made since last year's interim leadership transition, highlighting a focused

effort on facilities, financial processes, customer service, data reporting, and clinical service delivery. Over the past year, DOH renegotiated managed care contracts, reduced long-standing Medicaid pending cases, increased facility census from 44 percent in 2023 to roughly 70-74 percent in late 2025, and achieved significant quality milestones, including federal recognition for the Veterans' Home, accreditation of the Roswell facility, and Organization for Standardization accreditation for the state toxicology lab. Financial operations were stabilized through redesigned budget and projection models, improved contract timeliness, and strengthened vendor payments, while customer service improvements significantly reduced Vital Records backlogs and expanded helpline support connecting New Mexicans to screenings, treatment, harm-reduction services, and telehealth. DOH also led a nationally recognized measles outbreak response, expanded primary care and medication for opioid use disorder services in public health offices, advanced the Comprehensive Addiction and Recovery Act (CARA) program through cross-agency collaboration, and is on track to implement the medical psilocybin program a year early. To sustain these gains, DOH requests a \$4 million FY27 base budget increase to support epidemiology and response, state laboratory services impacted by House Bill 8, and staffing at the fully occupied State Veterans' Home, along with special, supplemental, capital, and reauthorization requests addressing lab equipment replacement, facility maintenance, CARA implementation, forensic capacity, and continued IT modernization, as detailed in the FY27 budget submission presented to the committee.

**Environment Department (3:49 PM, [click here for meeting materials](#))** Environment Department Secretary James Kenny presented the FY27 budget season by outlining its mission to protect human health and the environment through science, innovation, collaboration, and compliance, and by emphasizing the strong leadership team supporting both internal operations and programmatic policy work. Since 2019, the Legislature's sustained investment has increased the department's recurring general fund from \$11.4 million to \$36.3 million while maintaining a consistent 15-18 percent general fund share, leveraging federal funds and permit revenues to expand capacity. For FY27, the department is requesting a \$6.9 million recurring general fund increase, including \$3.2 million for compensation and benefits to prevent recurring shortfalls, \$2.9 million to implement water reuse rules under the state's 50-year water action plan, and roughly \$900 thousand to cover rising interagency operating costs, along with a \$2 million supplemental to address an imminent shortfall in the food and restaurant inspection program. The request also includes government results and opportunity (GRO) funding and significant one-time appropriations focused on water security, litigation, PFAS and other contaminated sites, rulemaking, and circular economy initiatives, highlighted by a \$75 million strategic water supply investment and continued support for river stewardship, drinking water systems, and environmental health programs. The department reported strong performance outcomes, including rapid deployment of cleanup contracts, improved compliance rates, particularly in oil and gas air quality inspections with early signs of declining ozone levels in the Permian Basin, and no reversion of recurring general funds in the prior fiscal year. Workforce morale has reached a historic high, with 91 percent of employees expressing satisfaction and intent to stay, strong recruitment outcomes, and growing national interest in joining the agency, underscoring the impact of legislative investment on organizational stability and performance.

**Tuesday, December 9 ([click here for webcast](#))**

The following members and designees were present on Tuesday December 9, 2025: Chairman

Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Brian Baca, Rebecca Dow, and Susan Herrera; and Senators Benny Shendo, Roberto “Bobby” J. Gonzales, William Sharer, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Tara L. Lujan, Joseph Franklin Hernandez, Joy Garratt, Pamela Herndon, Elaine Chavez, Charlotte Little, Sarah Silva, and Gail Armstrong; and Senator Michael Padilla.

**Health Care Authority (8:40 AM, [click here for meeting materials](#))** Health Care Authority (HCA) Secretary Kari Armijo presented the agency’s FY27 budget request, which focuses on sustaining Medicaid, behavioral health, and developmental disability services amid significant federal policy changes and rising service demand. HCA requested a total of \$15 billion, with a \$2.2 billion general fund base, an increase of \$116 million, while managing a net base decrease driven largely by anticipated federal Medicaid funding losses related to H.R.1 eligibility changes. Ms. Armijo noted key priorities, which include maintaining access to Medicaid coverage during enrollment transitions, sustaining services for individuals with developmental disabilities as enrollment and utilization continue to grow, and ensuring continuity of critical behavioral health services such as 988 Crisis Services and the expansion of Certified Community Behavioral Health Clinics. The request reflects recent accomplishments, including expanded benefits, improved provider participation through rate increases, workforce investments, and enhanced accountability, while strategically leveraging federal funds to stabilize programs and support New Mexicans with complex health and social needs.

**Children, Youth and Families Department (10:29 AM, [click here for meeting materials](#))** Children, Youth and Families Department Acting Secretary Valarie Sandoval briefed the committee on the FY27 budget request, which outlines a \$422.3 million proposal, representing a 4.7 percent overall increase, to stabilize core services, address workforce shortages, and meet growing operational demands across child welfare, juvenile justice, and behavioral health programs. The request includes \$43.1 million in additional general fund revenue to replace expired federal grants and exhausted fund balances, expand continuum and community-based alternatives to detention, and cover rising fixed costs such as rent and statewide service rates. A central focus is workforce stabilization and compliance with the *Kevin S.* settlement, including funding to fill and overfill protective services positions to meet caseload standards, reduce vacancy rates that remain above 25 percent, and support retention and recruitment efforts through a new Workforce Strike Force. The budget also prioritizes expansion of children’s behavioral health services statewide, increased juvenile justice staffing and community corrections capacity, and basic needs for youth in facilities, while continuing prevention services and foster care recruitment to support more than 2,100 children currently in state care.

**Policy Brief: Child Care Update (1:24 PM, [click here for meeting materials](#))** LFC Fiscal Analyst Allegra Hernandez presented *Policy Brief: Child Care Update* to the committee, which highlights New Mexico’s expansion of Childcare Assistance, including the move to universal eligibility in November 2025, and finds that while participation and state investment have grown significantly, capacity and equity challenges remain unresolved. Since 2019, eligibility expansions have increased the number of eligible children from about 98 thousand to more than 326 thousand, while enrolled children have risen more modestly to roughly 32 thousand, resulting in fewer slots available per eligible child. LFC estimates universal Childcare Assistance could nearly double annual costs to approximately \$850 million, largely by shifting private-pay families to state

subsidies without creating new childcare capacity. Ms. Hernandez noted that demand is growing faster than supply, particularly for infants and toddlers, and highlighted a sharp decline in registered home providers, down 75 percent since 2019, which disproportionately served low-income, rural, and culturally diverse families. Consistent with University of New Mexico research, the report shows the lowest-income families and children under age 2 are being served in smaller numbers and proportions following expansions, raising concerns about crowding out by higher-income families. LFC recommends prioritizing access for the most vulnerable populations, considering tiered eligibility or waitlists, reassessing co-pay policies, and pairing any further expansion with deliberate capacity-building and quality strategies to ensure childcare assistance reaches those most in need.

**Early Childhood Education and Care Department (2:36 PM, [click here for meeting materials](#))**

Early Childhood Education and Care Department (ECECD) Secretary Elizabeth Groginsky presented the FY27 budget request, which proposes \$1.21 billion in total funding, a 21 percent increase over FY26, to expand universal access to early childhood services, strengthen the workforce, and improve accountability and outcomes for young children and families. The request includes a \$196.2 million general fund increase primarily to support universal childcare, \$160.6 million, expand New Mexico PreK, home visiting, and family infant-toddler programs, and invest in departmental infrastructure, data systems, and oversight capacity. ECECD emphasizes building childcare capacity and quality through cost-based reimbursement rates, an \$18 per hour wage floor, and implementation of a statutorily required wage scale and career lattice to stabilize and professionalize the early childhood workforce. Ms. Groginsky also highlighted measurable improvements in child and family outcomes, including gains in early literacy, declines in infant and maternal mortality, and reductions in adverse childhood experiences. Special appropriations totaling \$40.4 million are requested to further expand supply, improve quality, support workforce development, and invest in tribal and local early childhood systems, positioning early childhood education and care as long-term infrastructure for New Mexico's future.

**Review of LFC Capital Outlay Framework (4:45 PM, [click here for meeting materials](#))**

LFC Capital Outlay Analyst Cally Carswell and Department of Finance and Administration (DFA) Infrastructure Director Wesley Billingsley briefed the committee on a more constrained FY26–FY27 capital outlook, noting a \$60 million reduction in severance tax bond capacity since August, putting it at \$435 million, alongside a modest increase in general obligation bond capacity, which is at \$380 million. The LFC staff scenario prioritizes completing previously funded projects, maintaining existing state assets, and exercising caution on new large projects, while organizing requests from state agencies, the judiciary, higher education, and natural resources into categories based on project readiness and prior investment. Major highlights include continued funding needs for statewide grant programs, public safety facilities, wildfire mitigation and water infrastructure, and a significant request to authorize full funding for a new University of New Mexico School of Medicine, potentially cash-flowed over multiple years. DFA also presented its first implementation of the Capital Development Program Fund, outlining eligibility and scoring criteria for a competitive, application-based process that yielded 101 requests totaling \$217 million, of which only \$128 million were eligible due to statutory limits; DFA recommends funding 12 projects totaling about \$24.8 million, with follow-up needed on phased projects and cost calculations. Staff introduced draft policy initiatives and potential committee-endorsed legislation aimed at strengthening capital outlay practices by limiting reauthorizations, requiring ICIP inclusion for

larger appropriations, steering certain water projects toward existing funding programs like the Water Trust Board, and considering process changes to accelerate project delivery while balancing legislative oversight.

**Wednesday, December 10, 2025** ([click here for webcast](#))

The following members and designees were present on Wednesday December 10, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Brian Baca, Rebecca Dow and Susan Herrera; and Senators Benny Shendo, Roberto “Bobby” J. Gonzales, Pat Woods, Craig Brandt, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Debra M. Sarinana, Pamela Herndon, Joy Garratt, Charlotte Little, Joseph Franklin Hernandez, Tara L. Lujan, and Elaine Chavez. Senator Michael Padilla

**Miscellaneous Business (8:35 AM)**

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

**Higher Education Institutions (8:37 AM, click here for meeting materials)** Higher Education Department (HED) Secretary Stephanie Rodriguez, Council of University Presidents Chair James Johnston, New Mexico Independent Community College Chair Becky Rowley, and New Mexico Association of Community Colleges Sabrina Ezzell presented a unified higher education brief from New Mexico’s universities and community colleges, presenting a coordinated FY27 budget request focused on maintaining affordability, stabilizing institutional operations, and strengthening workforce and economic development outcomes amid ongoing inflation and federal funding uncertainty. Institutions request a 4.7 percent increase in instruction and general funding to offset inflation and rising health insurance costs, full funding for legislative mandates and employee benefit increases, and compensation adjustments equivalent to other state agencies with flexibility to address pay inequities. Nonrecurring priorities include \$100 million for Building Renewal and Replacement to address deferred maintenance, \$20 million for campus safety, \$13.1 million for cybersecurity, and \$10 million for equipment renewal. Sector-specific requests emphasize sustained funding for workforce training, paid internships, and apprenticeships through the NM GRO program, a \$100 million Innovation Hub package to support research commercialization and partnerships with national labs, continued support for the Technology Enhancement Fund, and statutory changes to fully fund dual-credit tuition. The briefs also reaffirm support for the Lottery and Opportunity Scholarships, highlighting New Mexico’s strong national standing on student debt and social mobility while underscoring the need to preserve scholarship sustainability and institutional capacity.

**Higher Education Department (10:24 AM, click here for meeting materials)** Higher Education Department Secretary Stephanie Rodriguez presented the Higher Education Department budget ,which outlines a coordinated strategy to sustain affordability, stabilize institutions, and build New Mexico’s workforce while responding to enrollment growth and federal funding losses. Higher education institutions request a 4.7 percent increase in instruction and general funding to offset inflation and health insurance costs, full funding for legislative mandates and employee benefit increases, and compensation adjustments comparable to other state agencies, alongside major non-

recurring investments for campus safety, cybersecurity, deferred maintenance, and equipment renewal. Sector priorities emphasize sustained and predictable funding for workforce training, paid internships, and apprenticeships through NM GRO, a \$100 million Innovation Hub package to strengthen research and commercialization, continued support for the Technology Enhancement Fund, and statutory changes to fully fund dual credit tuition. Complementing these requests, the Higher Education Department recommends a three percent formula increase plus a \$30 million base increase, targeted adjustments to address federal grant losses, continued investment in tuition-free college through the lottery and opportunity scholarships, and special appropriations for adult education, longitudinal data systems, loan repayment programs, and public broadcasting support. Collectively, the documents highlight strong enrollment and completion trends, improved national rankings for access and social mobility, and a shared focus on aligning higher education investments with economic development and long-term workforce needs.

**University of New Mexico Health Sciences Center (10:48 AM, [click here for meeting materials](#))** University of New Mexico Health Sciences Center Chief Executive Officer and President Mike Richard briefed the committee on rapid clinical and educational expansion driven by major state-supported capital investments, including more than 30 active or recently completed projects totaling over \$1 billion and adding roughly 900 thousand square feet, highlighted by the opening of the Critical Care Tower. This clinical growth is enabling a long-constrained expansion of health professions education, now targeting a doubling of programs over 10 years, to address statewide workforce shortages, with enrollment and graduates already up more than 16 percent year over year and especially strong growth in nursing, pharmacy, and population health. Mr. Richard emphasized UNM's historic and ongoing commitment to Native American communities, key legislative priorities around workforce development and behavioral health, and expanded roles in cancer care, substance use disorder treatment, and behavioral health reform through RSPs and technical assistance. Major upcoming priorities include continued investment in the Office of the Medical Investigator, a new Office of Substance Use Disorder Treatment, expansion toward an accredited School of Public Health, and replacement of the outdated School of Medicine facility to support larger class sizes and additional health professions programs. Together with growth in graduate medical education, now among the largest programs nationally, these efforts are positioned to significantly increase access to care, strengthen retention of providers in New Mexico, and generate substantial long-term economic and health benefits for the state.

**Tribally Controlled and Administered Colleges (12:20 PM, [click here for meeting materials](#))** Navajo Technical University President Elmer Guy presented the New Mexico Tribal College Consortium's FY27 legislative priorities, emphasizing expanding access to higher education for Native American students through sustained support for dual-credit programs and targeted capital investments across the state's four tribal colleges: Diné College, the Institute of American Indian Arts, Navajo Technical University, and the Southwestern Indian Polytechnic Institute. The presentation highlighted the transformative impact of high school dual credit for first-generation and Native students, noting that more than 1,000 students from over 35 school districts and U.S. Bureau of Indian Education schools are currently served, and President Guy expressed appreciation for the recommendation of \$800 thousand in recurring funding for the Tribal College Dual-Credit Program. Capital outlay requests supported by the Higher Education Department focus on workforce and community development, safety, and infrastructure, including new academic and training facilities at Navajo Technical University and Diné College, campus-wide

safety and security upgrades at all institutions, and a phased campus generator and energy resilience project at IAIA. Collectively, these priorities aim to strengthen educational pathways, improve campus safety and reliability, and support culturally grounded workforce development that benefits tribal communities and the broader state.

**Special School (1:46 PM, [click here for meeting materials](#))** School for the Deaf Superintendent Jennifer Herbold highlighted significant statewide impact in 2024-2025 through early intervention, outreach, and site-based programs, serving infants through high school students and families across New Mexico. The Early Intervention and Developmental Specialists Department provided over 4,200 home visits to 247 families, ongoing consultation to 112 additional families, statewide training, and expanded access through a new tele-audiology program. Statewide educational outreach delivered ASL services, consultations, family events, and training to public school districts, while site-based programs served 210 students with strong participation in academics, extracurriculars, athletics, and national competitions. For FY27, NMSD projects total costs of approximately \$26.1 million and requests an 11 percent increase in legislative appropriations to support salary increases, benefits, operating costs, and a new capital outlay reserve, bringing the total requested appropriation to \$7.7 million. The request also reflects ongoing capital needs, including facility upgrades, preschool construction, and accessibility improvements, while noting potential fiscal pressures from proposed educator salary increases and health insurance cost changes.

New Mexico School for the Blind and Visually Impaired Superintendent (NMSBVI) Heather Miller briefed the committee about statewide services to children and young adults with blindness or visual impairment, from birth through age 22, through early intervention, campus-based instruction, and extensive outreach programs. In 2024-2025, NMSBVI directly served more than 2,100 students statewide, with approximately 105 students attending its Albuquerque early childhood campus and Alamogordo residential campus, while the majority received services in their home districts through outreach, evaluations, low-vision clinics, and access to specialized instructional materials. The school conducted more than 1,200 evaluations, produced over 59 thousand Braille pages, loaned thousands of adapted books and assistive technology resources, and logged nearly 775 thousand miles delivering services across New Mexico. Instruction integrates Common Core standards with the Expanded Core Curriculum to build academic, independent living, and workforce-readiness skills. In FY27, NMSBVI faces significant fiscal pressures, including unfunded health insurance cost increases, the need for facility planning and early childhood program development, staffing shortages in outreach services, and a projected budget shortfall of approximately \$4 million, while emphasizing its ongoing commitment to meeting the needs of students statewide

Colonel David West, sitting in for Brigadier General Voris McBrunette, provided an update on the New Mexico Military Institute (NMMI), highlighting significant recent growth and outlining key legislative funding requests. Colonel West reported that NMMI experienced 17 percent overall enrollment growth in the last year, the highest among higher education institutions, and a 40 percent increase in New Mexico resident cadets over two years, bringing resident participation to just under 50 percent. NMMI continues to emphasize academic rigor, leadership development, and structured environments that support student success, lower recidivism, and improved life outcomes, including expanded middle school programs and partnerships, such as the New Mexico

Youth Challenge Academy, to support at-risk youth. To sustain and expand these efforts, NMMI is requesting additional legislative investment, including \$515 thousand to fully fund athletic transportation costs for cadet safety and an additional \$410 thousand to support growing demand for the General Knowles Legislative Scholarship, which has expanded rapidly alongside increased New Mexico resident enrollment. Together, these requests are framed as investments in proven educational and youth-development strategies that address statewide education and juvenile justice challenges.

**New Mexico State University Agriculture (2:37 PM, [click here for meeting materials](#))** The New Mexico State University Cooperative Extension Service along with New Mexico State University President and Department of Agriculture (NMDA) Secretary Jeff Writte presented NMDA's FY27 priorities, emphasizing statewide service delivery, food security, natural resource conservation, and workforce stability. Cooperative Extension highlighted its mission to provide research-based education in all 33 counties, reaching more than 600 thousand New Mexicans annually through programs such as 4-H youth development, agriculture and natural resources, family and consumer sciences, and community economic development. A central request is \$2.5 million in recurring FY27 funding to sustain and expand the Ideas for Cooking and Nutrition (ICANN) program, which lost federal USDA funding but has demonstrated strong outcomes, including healthier diets for 90 percent of participants, service to approximately 55 thousand residents annually, and an estimated \$9.23 return for every dollar invested. The funding would retain 29 nutrition educators across 21 counties and allow the program to continue beyond June 2026. NMDA's presentation aligned with these goals by outlining its constitutional role under NMSU, its administration of the land of enchantment legacy fund, distributing more than \$4 million annually to soil and water conservation, healthy soils, and noxious weed management projects statewide, and its efforts to stand up a soil and water testing lab in partnership with NMSU. NMDA also requested nonrecurring funding for the Regional Farm to Food Bank Program and the New Mexico Grown Approved Supplier Program to replace lost federal support, strengthen local food systems, and connect producers with institutional buyers. Finally, NMDA emphasized ongoing operational needs, including addressing employee compensation parity and covering an estimated \$308,900 increase in health insurance costs, noting that prior legislative investments have significantly reduced vacancies and improved retention.

**PIVOT Agency Program Inventories (3:41 PM, [click here for meeting materials](#))** LFC Program Evaluator Sarah Dinces, Ph.D., and Department of Administration and Finance Simon Miller explained how New Mexico uses program inventories to strengthen evidence-based budgeting under the Accountability in Government Act. PIVOT, Program Inventories for Value, Outcomes, and Transparency, originated from Senate Bill 58 (2019) and requires selected agencies to break down programmatic spending at the service level, assess the strength of evidence supporting each program, and report outcomes to inform legislative decision-making. For FY25, six agencies and seven divisions participated, capturing \$259 million in programmatic spending, with 72 percent directed to evidence- or research-based programs, an improvement from prior years. The presentation highlighted agency-specific findings, noting strong alignment with evidence-based practices in Corrections, Children, Youth and Families Department prevention services, Early Childhood Education and Care Department home visiting, Department of Health public health, and Public Education Department career technical education, while also identifying ongoing challenges related to outcome tracking, implementation fidelity, and data limitations, particularly

within behavioral health. Ms. Dinces and Mr. Miller emphasized that program inventories help avoid ineffective investments, improve oversight of contracted services, and ensure taxpayer dollars support programs shown to work. The update also outlined next steps focused on building agency capacity for outcome measurement and contracting oversight, increasing cross-agency collaboration, and expanding PIVOT participation, and introduced a new public PIVOT dashboard that provides transparent, program-level data on spending, evidence tiers, participants served, and trends over time to support legislative budget deliberations.

**Department of Transportation (4:24 PM, [click here for meeting materials](#))** Department of Transportation (NMDOT) Secretary Ricky Serna briefed the committee on the scale of its operations and growing fiscal pressures on maintaining the state’s roadway system. NMDOT employs over 2,500 staff, manages an annual budget of about \$1.3 billion, maintains nearly 12 thousand centerline miles, and currently has about \$1.4 billion in active projects. Citing the 2025 Trip report, the department noted deteriorating road conditions that cost New Mexicans an estimated \$3.6 billion per year in vehicle operating, safety, and congestion costs, alongside \$5.6 billion in unfunded transportation needs and a decline in acceptable roads from 75 percent in 2011 to 69 percent in 2023. NMDOT is funded roughly 50/50 by the state road fund and federal apportionments, with the bipartisan infrastructure law expiring in 2026, and while the Legislature does not provide recurring general fund support, it has appropriated about \$2.1 billion in nonrecurring funds since 2019, with 97 percent already expended or obligated, plus \$189 million in 2025 primarily for maintenance. The agency also administers roughly three-quarters of a billion dollars in grant and capital outlay projects for local and tribal governments. A key concern is that personnel costs now consume about \$256 million of the \$530–\$550 million State Road Fund, driven by pay/benefit increases and efforts to reduce vacancies while long-range forecasts show gas and diesel tax revenues declining beginning around 2030 due to improved fuel efficiency, compounding construction cost inflation, over 25 percent increase in five years, and reducing purchasing power. For FY27, NMDOT reported a \$29.8 million operating shortfall and requested \$487 million in special appropriations and capital outlay, including \$420 million for construction and maintenance, plus targeted investments in rural air service, beautification/litter, end-of-life vehicles, electric vehicle charging infrastructure, and Target Zero safety audits. The department emphasized the risk of losing \$330 million in federal grant awards without roughly \$470 million to cover match and cost gaps on major projects, and outlined 2026 legislative priorities including a reintroduced transportation bonding/revenue package (HB 145) and proposed work-zone automated speed enforcement authority (SB 241) to improve safety.

**Thursday December 11, 2025 ([click here for webcast](#))**

The following members and designees were present on Wednesday December 10, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Brian Baca, Rebecca Dow and Susan Herrera; and Senators Benny Shendo, Roberto “Bobby” J. Gonzales, Pat Woods, Craig Brandt, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Debra M. Sarinana, Pamela Herndon, Joy Garratt, Charlotte Little, Joseph Franklin Hernandez, Tara L. Lujan, and Elaine Chavez. Senator Michael Padilla

**IT Framework (8:55 AM, [click here for meeting materials](#))** LFC Fiscal Analyst Emily Hilla presented an overview of computer system enhancement fund appropriation requests, which differ

from other nonrecurring House Bill 2 funding in that the Legislature first deposits general fund revenue into the enhancement fund and then distributes it to agencies as interagency transfers, with expenditures typically authorized over two fiscal years (FY27-FY28) and subject to oversight through the Project Certification Committee. For FY27, 18 agencies submitted 32 IT requests totaling \$213.6 million, including \$116 million in general funds, \$5.6 million in other state funds, and \$91.7 million in federal funds, with 11 requests for continued projects and 21 for new initiatives. The largest requests came from the Health Care Authority, including \$59.9 million for the new Project UNITE to integrate health and human services systems into Medicaid and \$47.3 million to continue the child support enforcement system, alongside significant reauthorization balances. Other notable requests included IT projects from the Secretary of State, higher education shared services (CHESS), CYFD system replacement, AI-enabled systems at the Department of Environment, and compliance upgrades in Taxation and Revenue. Ms. Hilla also reviewed 19 reauthorization requests from 10 agencies totaling \$72.8 million in remaining balances, generally supporting reauthorizations for recent or near-completion projects while discouraging repeated extensions for older, inactive appropriations. Finally, members were advised that Department of Information Technology recommendations, following a joint vetting process, reduce the total general fund request from agency proposals, and that potential administration transitions should be considered when evaluating new multi-year IT projects.

**Public Schools (9:15 AM, [click here for meeting materials](#))** Public Education Department (PED) Secretary Mariana Padilla presented the FY27 public school support request prioritizes literacy, educator quality, student supports, and accountability while aligning investments with the *Martinez-Yazzie* action plan. PED proposes targeted increases for structured literacy implementation and Language Essentials for Teachers of Reading and Spelling training, reading and math summer programs and tutoring, educator preparation and pipeline programs, and a new Literacy Institute, alongside continued investments in instructional materials, assessments, and student information systems. Additional funding supports universal, high-quality school meals, expanded out-of-school learning and community schools, middle-school math and science, technology, engineering, arts, and mathematics initiatives, special education leadership and individual education plan training, career technical education and internships; and school safety measures, such as panic buttons. The request reflects measured general fund growth for recurring priorities, offsets with reduced nonrecurring funding, and includes public education reform fund proposals for high-impact tutoring and out-of-school learning. PED also outlines resources to maintain the unit value amid enrollment growth and remote instruction needs, plus agency operating increases and a special appropriation for *Martinez-Yazzie* legal expenses, resulting in a total FY27 agency budget request of \$29 million.

**Interim Committee Report: Legislative Education Study Committee (11:09 AM, [click here for meeting materials](#))** Legislative Education Study Committee (LESC) and Representative Joy Garratt presented the FY27 budget considerations and endorsed 2026 legislative proposals, which outlines a coordinated strategy to strengthen New Mexico's public education system by aligning funding, policy, and accountability with the LESC roadmap. The budget framework emphasizes continued investment in the educator ecosystem through regionally competitive compensation, increased employer health insurance contributions, educator fellows, and leadership development, advances academic design with sustained literacy funding, summer institutes, STEAM and AI professional learning, and special education initiatives, expands whole-child supports such as out-

of-school time, community schools, universal meals, high-impact tutoring, and career technical education; and modernizes overarching systems like the statewide student information system. Complementing these investments, LESC's endorsed legislation focuses on governance and workforce stability, targeted suspension authority for individual school board members and higher employer insurance contributions, instructional quality, strengthened teacher residencies, comprehensive math instruction requirements, and a High-Quality Literacy Instruction Act grounded in the science of reading, student supports and equity, attendance flexibility for students with severe medical conditions, clearer standards for restraint and seclusion, and system capacity. This reflects an integrated approach to improving student outcomes and educator well-being by pairing strategic appropriations with statutory changes that reinforce evidence-based practice, accountability, and long-term system coherence.

**Policy Spotlight: Felony Arrests and Outcomes** [\*\(11:38 AM, click here for meeting materials\)\*](#)

LFC Program Evaluator Stephanie Joyce and LFC program evaluator Josh Valdez presented the LFC policy spotlight report on felony arrests and outcomes in New Mexico. The report finds that, despite significant legislative investments, violent crime remains high and accountability has not become more swift or certain due to systemic coordination and data failures across the criminal justice system. The report shows felony arrests have remained largely flat, roughly half of felony cases end in dismissal, and a small share of individuals account for a disproportionate number of cases, indicating inefficiencies in targeting and prosecution. Key problems include incomplete and inconsistent crime and arrest reporting, limited use of real-time data by law enforcement, poor linkage of arrests to court outcomes due to weak identification and fingerprinting practices, and fragmented data systems across agencies. Court timeliness has not substantially improved since FY20 despite increased staffing and salaries, with only about 79 percent of felony cases resolved within a year, rising dismissal rates under case management rules, persistent attorney turnover, and significant forensic lab backlogs, particularly for DNA. The report also finds that many non-prosecutable cases enter the court system because prosecutors often do not review cases before filing, victim and witness coordination systems are inadequate, and risk information about defendants is poorly shared. Overall, the report recommends strengthening DPS's coordinating role, improving data accuracy and linkage, standardizing identifiers and case tracking through the courts, enhancing prosecutor-law enforcement coordination, restoring effective victim notification systems, and trying state funding to timely and complete data reporting so decision-makers across the system can better target resources and improve public safety outcomes.

**Department of Public Safety** [\*\(1:30 PM, click here for meeting materials\)\*](#) The Department of Public Safety (DPS) Secretary Jason Bowie presented the FY27 budget request emphasizing strengthening statewide law enforcement capacity, data integration, and emergency response while addressing rising operational costs. DPS proposes an overall FY27 agency budget of about \$259.4 million, an 8 percent increase over FY26, largely driven by personnel costs, insurance and rate increases, and expanded operational needs. Key priorities include sustaining the statewide intelligence-led policing system to integrate data across up to 47 law enforcement agencies, modernizing IT infrastructure and digital communications, and improving transparency and real-time information sharing through a proposed Real-Time Crime Center. DPS also requests special appropriations for fleet replacement to address aging, high-mileage vehicles; replacement and expansion of the State Police helicopter fleet to meet growing patrol, rescue, and surveillance demands; and capital outlay investments for facilities, training infrastructure, and aviation assets.

Collectively, the request frames public safety investments as necessary to improve officer safety, coordination, response times, and statewide crime prevention while maintaining core law enforcement operations and modernizing critical systems.

**Quarterly Nonrecurring Spending Updates** [\*\(2:21 PM, click here for meeting materials\)\*](#) LFC Fiscal Analyst Emily Hilla and LFC Fiscal Analyst Julisa Rodriguez presented the quarterly update for nonrecurring appropriations, providing a comprehensive status report on hundreds of one-time appropriations made primarily in FY25 across state agencies, detailing original appropriations, expenditures, encumbrances, remaining balances, and funding sources as of December 9, 2025. The update shows that while some programs, such as tourism events, select public safety initiatives, Medicaid-related pilots, and workforce programs, have fully or largely expended funds, a substantial share of appropriations remain unspent or only partially encumbered, particularly in large, multi-year investments related to behavioral health reform, housing and homelessness response, economic development, infrastructure, energy transition, water planning, cybersecurity, and health care capacity. Many appropriations include extended expenditure periods through FY26–FY29 or are contingent on enabling legislation, reflecting intentional pacing for planning, procurement, and regional implementation. Ms. Hill and Ms. Rodriguez highlighted both active deployment of funds and significant balances still pending execution, underscoring ongoing implementation risks, timing considerations, and the importance of continued legislative oversight of nonrecurring spending.

**Review of Specials, Supplementals, and Deficiency Requests** [\*\(3:29 PM, click here for meeting materials\)\*](#) LFC Fiscal Analyst Joseph Simon and Department of Finance and Administration analyst Diego Jimenez provided an overview of agency requests for special, supplemental, deficiency, GRO, fund transfer, and transportation appropriations, highlighting that agencies collectively requested about \$3.47 billion across multiple funding sources, including special appropriations, supplemental and deficiency funding, GRO pilot projects, fund transfers, and Department of Transportation requests. Key drivers included large multi-year investments in cybersecurity, elections infrastructure, economic development (notably quantum initiatives), tourism marketing, water and environmental projects, health care and behavioral health services, housing and homelessness initiatives, and workforce and early childhood programs, with several requests tied to federal matching requirements or responses to federal actions such as H.R. 1. The Health Care Authority, Environment Department, Economic Development Department, and State Engineer represented some of the largest funding areas, while higher education requests raised policy questions about funding statewide programs versus individual institutions. Staff also emphasized that supplemental and deficiency requests exceed current-year capacity and should be narrowly targeted to true emergencies, consistent with prior LFC guidance. Overall, the walkthrough was intended to flag major themes, large-dollar items, and policy considerations for the committee’s review before taking questions.

**Friday December 12, 2025** [\*\(click here for webcast\)\*](#)

The following members and designees were present on Wednesday December 10, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Brian Baca, Rebecca Dow and Susan Herrera; and Senators Benny Shendo, Roberto “Bobby” J. Gonzales, Pat Woods, Craig Brandt, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Debra M. Sarinana, Pamela

Herndon, Joy Garratt, Charlotte Little, Joseph Franklin Hernandez, Tara L. Lujan, and Elaine Chavez; and Senator Michael Padilla.

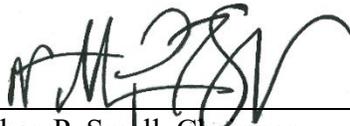
**Staff Report: Legislature (111-113) (8:12 AM, [click here for webcast](#))** Deputy Director Kelly Klundt presented a brief review of House Bill 1, outlining the Legislature’s FY26 operating budget by sub-program alongside the FY27 request, with differences in funding clearly identified. Ms. Klundt also highlighted three nonrecurring requests, economic analysis software subscriptions for the Legislative Finance Committee, IT needs for Legislative Council Services, and a new request to develop a capital outlay integrated data system.

**Final Review (9:39 AM)** LFC Director Charles Sallee summarized staff recommendations for FY27 appropriations, including special, supplemental, deficiency, and IT appropriations.

Senator Gonzales moved to adopt the catch-up clean-up, seconded by Representative Dixon.

Representative Dixon moved to adopt staff recommendations for FY27 appropriations, seconded by Senator Shendo. Senator Woods voted in opposition. Representative Dow was not present during the vote.

With no further business, the meeting adjourned at 10:04 a.m.



Nathan P. Small, Chairman



George K. Muñoz, Vice Chairman