

MINUTES
Legislative Finance Committee
State Capitol, Room 322 - Santa Fe, NM1
November 14 - 17, 2023

Tuesday, November 14

The following members and designees were present on Tuesday, November 14, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, William F. Burt, Sia Correa Hemphill, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Ryan T. Lane, and Derrick J. Lente. Guest legislators: Senators David M. Gallegos, Steven McCutcheon, and Michael Padilla; and Representatives Cathrynn N. Brown, Ambrose Castellano, Art De La Cruz, Pamelya Herndon, Susan K. Herrera, Tara L. Lujan, Rod Montoya, Andrea Reeb, and Randall T. Pettigrew.

Energy, Minerals and Natural Resources Department (521). Listing current priorities, Sarah Cottrell Propst, secretary of the Energy, Minerals and Natural Resources Department (EMNRD), said additional resources are needed to enhance hotshot firefighting, oil and gas and mining oversight, state park visitation, solar and green building tax credit certification, Water Data Act implementation, and federal funding deployment. For FY25, the agency requests \$198.9 million, a \$46.7 million increase over FY24. The request includes \$50.6 million from the general fund, a \$15.1 million increase.

By division, ENMRD requests a \$2.7 million increase from the general fund for Healthy Forests to support two new hotshot crews authorized by the Legislature. Secretary Cottrell Propst said the agency also requests capital outlay for facility improvements and forest and watershed restoration projects. For State Parks, EMNRD requests a \$5.8 million increase from the general fund primarily to fill unfunded vacancies. Secretary Cottrell Propst said the focus is to hire law enforcement park rangers statewide to promote public safety and protect natural and cultural resources. For Oil and Gas Conservation, a \$2.2 million increase from the general fund is requested to fund unfunded vacancies and expand by 10 FTE. Secretary Cottrell Propst said the additional personnel are needed to support the underground injection control program and increase inspections and enforcements. For Energy Conservation and Management, a \$2.7 million increase from the general fund is requested to support the modernization grant program, cover marketing costs, fund unfunded vacancies, and expand by 4 FTE. Secretary Cottrell Propst noted the additional 4 FTE, one of which is federally funded, would be transferred from Program Support to support the tax credit program and work tasked by new legislation. For Mine Reclamation, a \$1.2 million increase from the general fund is requested to cover increased operation costs, IT needs, state match for federal coal funding, and a 1 FTE expansion for Water Data Act implementation. Lastly, EMNRD requests a \$500 thousand increase from the general fund for Program Leadership and Support. The overall request includes a transfer of \$439.9 thousand in personnel costs to Energy Conservation and Management, leaving a net general fund increase of \$945 thousand to replace indirect grant funding.

Secretary Cottrell Propst said EMNRD requests five special appropriations: \$1.7 million for state matching requirements of federal infrastructure funds, \$75 thousand for climate risk map software, \$500 thousand for electric vehicle tax incentive program software development, \$225 thousand for Rio Grande Trail Commission contracts, and \$250 thousand for outside counsel litigation defense.

In response to Senator Hemphill, Secretary Cottrell Propst said the Youth Conservation Corps, administratively attached to EMNRD, requests \$1.7 million for FY25. About 90 percent of the request is for contracts to work with local governments on various projects.

In response to Senator Gonzales, Secretary Cottrell Propst said New Mexico has nine hotshot crews.

Education Funding. LFC Analyst Sunny Liu said New Mexico's public school funding formula has evolved over the last 50 years. Set forth as an equitable formula in 1974, state policy ensures all students are entitled to an equal education opportunity regardless of local school district wealth. Today, the formula uses 28 distinct components to generate units and allocate \$4 billion in funds to public schools. Program units are the product of the number of students enrolled in a program or category multiplied by a cost differential. While the formula is primarily driven by basic membership units, some site-specific units (like size adjustment) can be significant for smaller school districts and charter schools. Recent formula changes include an increased share of at-risk funding from 4 percent to 9 percent.

Mr. Liu said public school funding has grown substantially in recent years, increasing 49 percent since the *Martinez-Yazzie* court ruling. Schools are still spending down federal pandemic aid (\$600 million left in American Rescue Plan dollars) and growing operational reserves (reaching 17 percent). Meanwhile, student counts have not recovered to prepandemic levels.

Currently, 38 percent of New Mexico students are proficient in reading and 24 percent are proficient in math. Mr. Liu said multiple test changes are impairing comparability of results over time. Chronic absenteeism rates remain high at 36 percent, and high school graduation rates are hovering around 76 percent. Teacher salaries are competitive within the region and more candidates are completing teacher preparation programs; however, chronic vacancies persist, particularly for special education.

Next session, Mr. Liu said the Legislature will need to consider:

- Increasing K-12 Plus out-of-school time units and instructional days,
- Recruiting efforts for hard-to-staff positions,
- Declining student enrollment, and
- Recurring public education reform fund programs.

LFC Analyst Connor Jorgensen said New Mexico higher education institution funding is appropriated in three pieces: instruction and general, categorical funding, and research and public service projects. The instruction and general (I&G) funding formula, which distributes new money for basic operations, is a base-plus model that protects prior-year base appropriation regardless of workload declines. Until FY23, the formula included a redistribution, which shifted funding from

low-performing institutions to higher-performing institutions. This component has been discontinued and was not considered for inclusion in the FY25 funding formula. The funding formula uses 12 outcome measures to direct additional funding.

Mr. Jorgensen said a technical advisory committee, comprising representatives from higher education institutions and staff from LFC and the Finance and Administration and Higher Education departments, consider changes to the funding formula on an annual basis. For FY25, the committee recommends two primary changes:

- Increasing the proportion of the formula dedicated to institutional performance from 10 percent to 20 percent, and
- Creating four qualification tiers to recognize difference in the rate of progress.

Mr. Jorgensen said the Legislature made \$130 million in appropriations to higher education institutions in 2022 to establish endowments for nursing, teacher education, and social work. All of the appropriations have been distributed to higher education institutions. Endowment spending requires time for institutions to invest the funding to generate investment returns. Generally, endowment funds are invested by the foundation of the higher education institution to which they were awarded.

In response to Senator Gonzales, Mr. Liu said declining enrollment is largely due to the state's shrinking birth rate.

Progress Report: Special Education. LFC Program Evaluators Clayton Lobaugh and Sarah Rovang, Ph.D., presented a progress report on special education. Although the educational and financial landscape has shifted over the past 10 years, many of the issues surrounding special education revealed in LFC's 2013 program evaluation remain. In New Mexico public schools, one out of every five students receives special education because they are identified as having a disability or being gifted.

Special education enrollment grew 10 percent this past decade, particularly among students with specific learning disabilities, such as dyslexia. Meanwhile, per-pupil funding for students in special education has increased 60 percent. In FY24, public schools received around \$716 million in state funding and \$119 million in federal funding, for a total of \$835 million for special education to serve roughly 68 thousand students in special education statewide. However, this increase has not corresponded with improved student outcomes, and New Mexico remains in the bottom third of states for special education student proficiency measures.

Public schools are also not fully utilizing state and federal special education funds, leading to substantial carryover and underspending. While teacher compensation has increased, there is still a shortage of special education teachers. The special education teacher shortage is less about a lack of licensed teachers than an inability to attract existing working teachers with multiple licenses to teach special education.

Public Education Department (PED) investigations frequently reveal noncompliance within school districts and charter schools concerning special education law. Most complaints revolve around the individualized education plan (IEP) process, and there is a disproportionate rate of informal

removals for students with disabilities, signaling the need for more robust oversight and standardized practices.

PED Special Education Director Margaret Cage, Ed.D, said the Office of Special Education was established earlier this year, as directed by executive order. The new office is currently reviewing compliance and accountability structures, reorganizing and reclassifying its staff, and finalizing a unified IEP template, which will be released with professional development to ensure proper implementation.

Ms. Cage said the goal is to provide support across the state by grouping districts, charter schools, micro districts, and tribal communities into five quadrants. The office plans to complete a comprehensive state action plan and implement a unified infrastructure for reporting IEP's, Section 504 plans, behavior intervention plans, and evaluations. The office also plans to collect data to compare funding and performance.

Ms. Cage recommended the Legislature consider a statewide behavior initiative and funding for special education infrastructure oversight.

In response to Chairman Muñoz, Ms. Cage said the office is currently working to fill four vacancies and requests additional FTE to further its work.

Capital Outlay Quarterly Status. LFC Analyst Cally Carswell said an estimated \$5 billion in capital outlay from all funding sources was unexpended at the end of the first quarter of FY24, including \$2.8 billion for projects authorized by the Legislature and \$1.2 billion for projects funded with supplemental severance tax bonds for public school construction. Active project counts in the first quarter included those with reversion dates of June 2023 that had not yet been closed in the state's reporting and financial system. Ms. Carswell noted some data transfer issues occurred during the transition to a new capital reporting system.

Ms. Carswell said construction costs remain extraordinarily high and contractors continue to report difficulty in attracting and retaining qualified tradespeople to meet demand. The Legislature is likely to receive several billions in new capital outlay requests for 2024 in a construction market that is already oversaturated.

Ms. Carswell said the capital outlay bill for several years has included a requirement that general fund projects encumber at least 5 percent of their respective appropriations within the first fiscal year or funds revert. Because the 2023 capital bill was funded almost entirely with general fund, most projects will be subject to the 5 percent encumbrance requirement by June 30, 2024.

The number of reauthorized projects in 2023 doubled over the previous year and a similar pattern may occur this year due to the challenges of the construction market. Ms. Carswell said the Legislature may want to consider putting boundaries around new reauthorizations given the growing backlog.

Ms. Carswell said LFC staff are working with the Department of Finance and Administration (DFA) to refine a proposal for a centralized infrastructure division within DFA. The goal is to

improve support for project development for local communities, improve coordination of funding sources and assist communities in identifying and securing funding to complement capital outlay, to improve statewide tracking of capital projects regardless of funding sources, and to build capacity for grant and project management to support project completion.

For 2025 and beyond, LFC staff recommend the Legislature consider setting an earlier deadline for local capital outlay requests and using any increased legislative staffing to implement a basic vetting process for legislative appropriations to local entities.

Ms. Carswell identified four debt capacity and long-term revenue issues:

- Dramatic increases in bonding capacity, if fully utilized, could jeopardize the state's bond ratings.
- The state has no long-term back-up plan for funding capital projects as severance tax revenues decline.
- Declining severance tax revenues are likely to make it difficult for the state to both finance new capital projects and to maintain the investments it is making today. This challenge will weigh on the general fund as it becomes a replacement source for capital at a time when general fund revenues will already face headwinds from declining oil and gas production.
- New Mexico is an outlier in using long-term debt to finance small as well as large capital projects.

Ms. Carswell said a potential solution could be capping annual bonding capacity at a lower level than currently allowed in statute. In doing so, the state would extend the overall life of the bonding program with projected severance tax revenues, protect the state's bond ratings, and generate savings that could be directed to either a new capital reserve or the severance tax permanent fund.

In response to Representative Chatfield, Ms. Carswell said lower bonding capacity results in better bond ratings.

Department of Cultural Affairs (505). Debra Garcia y Griego, secretary of the Department of Cultural Affairs (DCA), said the agency has four goals: expand access and inclusion, grow collective impact, enhance stewardship of cultural resources, and increase partnerships in rural and tribal communities. Secretary Garcia y Griego highlighted recent successes at DCA.

Secretary Garcia y Griego said less than 1 percent of DCA's FY23 operating budget will be reverted. The agency's vacancy rate is currently 13.3 percent.

For FY25, DCA requests \$45.2 million from the general fund, a \$3.8 million increase over FY24. A large portion of the increase is for an FTE expansion, including 7 FTE for the Taylor-Mesilla Historic Site operations and 3 FTE for the Office of Archaeological studies. Secretary Garcia y Griego said the increase would also be used to meet IT needs and cover increased contractual costs.

Secretary Garcia y Griego said DCA also requests four special appropriations:

- \$15 million for the rural library endowment fund,
- \$300 thousand for enhanced collection databases,
- \$425 thousand for cybersecurity upgrades and compliance training, and

- \$200 thousand for the Zozobra Centennial.

In response to Senator Hemphill, Secretary Garcia y Griego said DCA is developing programming for early childhood.

Representative Armstrong asked about the status of DCA's Art in Public Places program and requested a list of the program's allocations.

Attorney General (305). Carla Martinez, chief administrative officer of the Attorney General's Office (NMAG), said the agency requests a \$1.1 million increase from the general fund for FY25: \$1 million to expand Legal Services by 10 FTE and \$71 thousand to pay a 25 percent match for two attorneys funded with federal grants. The 10 FTE request comprises four investigative positions, four intake and constituent services positions, and two victim advocate positions.

Ms. Martinez said NMAG also requests budget adjustment request (BAR) authority to transfer funds out of the consumer protection fund to cover unanticipated expenses.

In response to Vice Chairman Small, Ms. Martinez said NMAG has BAR authority to transfer up to 5 percent from other revenues, but it is not enough to cover all unanticipated expenses. Vice Chairman Small requested a list of prior BAR transfers and uses.

Department of Information Technology (361). LFC Deputy Director Micaela Fischer said the majority of agency IT projects are funded through section 7 of House Bill 2, enabling the Project Certification Committee of the Department of Information Technology (DoIT) to provide oversight and ensure project compliance. For FY25, 16 agencies submitted 29 requests for IT appropriations totaling just over \$136 million, including \$81.2 million from the general fund. Ms. Fischer said requests for new projects include:

- \$11.2 million to modernize and move to a cloud-based unemployment insurance system at the Workforce Solutions Department,
- \$3.1 million to integrate multiple data systems into a single dashboard at the Public Education Department, and
- \$1.6 million to automate business processes at the Environment Department.

Ms. Fischer said 12 agencies submitted 32 requests to reauthorize prior-year appropriations through FY25. Originally, those appropriations totaled \$270.8 million and reported balances requested to be reauthorized total \$134.9 million, or roughly 64 percent. Two projects at the Human Services Department combined—Medicaid management information system replacement and child support enforcement replacement—account for seven of the 27 requests, with over \$75 million remaining in unspent balances. This is in addition to the \$22.4 million and \$20.7 million the two projects respectively requested for additional FY25 funding.

Noting the shortage of project managers and IT experts available in the state, DoIT Acting Secretary Raja Sambandam said the agency is working to fill critical positions to improve the progress of projects and ensure completion.

Acting Secretary Sambandam said the state's mainframe was recently decommissioned. Also, this year, the Office of Cybersecurity was established, and the State Budget Division issued a business unit to the Office of Broadband Access and Expansion (OBAE). DoIT proposes the transfer of its SHARE team to the Department of Finance and Administration.

For FY25, DoIT requests \$90.4 million and removal of the administratively attached OBAE. Specifically, the agency is asking for OBAE to transition into a standalone agency.

DoIT's request includes \$8.5 million from the general fund, a \$1.4 million increase over FY24. The agency requests the increase primarily to staff the new Office of Cybersecurity with 6 FTE: five IT security and compliance positions and an attorney supervisor position. Acting Secretary Sambandam said the agency also requests the use of enterprise funds to hire additional FTE for Enterprise Services and Program Support.

Referencing a Deloitte study, Acting Secretary Sambandam recommended the state spend 10 percent of its annual IT budget on cybersecurity.

Drew Lovelace, OBAE acting director, said \$8.1 million is requested for OBAE, nearly 500 percent more than the office's FY24 budget of \$1.4 million. OBAE seeks to grow the office from 11 FTE to 36 FTE; 12 of the new FTE would perform administrative duties previously performed by the DoIT Administrative Services Division. Mr. Lovelace provided an overview of current activity.

OBAE also requests a \$250 million special appropriation for the Connect New Mexico fund. LFC staff noted over \$222 million from past broadband appropriations remains unspent. OBAE expects to receive over \$670 million in federal broadband funding before the end of the 2024. Some or all of the remaining past broadband appropriations could be used as the required nonfederal match for the federal funding, creating a 3-to-1 leverage for the state funding.

Senator Padilla expressed concern about the slow progress of the comprehensive child welfare information system. Ms. Fischer said the project's cost increased from \$36 million in 2017 to \$71 million currently.

In response to Representative Garcia, Acting Secretary Sambandam said DoIT plans to conduct rapid hire events to fill the large number of positions requested.

Wednesday, November 15

The following members and designees were present on Wednesday, November 15, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto "Bobby" J. Gonzales, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Senators Steven McCutcheon and Michael Padilla; and Representatives Anthony Allison, Cathrynn N. Brown, Ambrose Castellano, Art De La Cruz, Tara L. Lujan, Rod Montoya, and Andrea Reeb.

Department of Finance and Administration (341) and Special DFA-Appropriations (344).

Wayne Propst, secretary of the Department of Finance and Administration (DFA), said the agency requests additional resources to meet the exceptionally high administration of funding and oversight of programs and initiatives it is currently providing. For FY25, DFA requests \$231.8 million, a \$10.2 million increase over FY24. The request includes a \$14.9 million decrease from the general fund, reflecting the removal of food initiative funding that was appropriated to DFA last year as a pass-through to other agencies. DFA's overall general fund request is an \$8.7 million increase.

Secretary Propst outlined DFA's budget request by program. The agency requests a base increase in every program, including an additional \$6.75 million for civil legal services and \$2.3 million for personnel. Specifically, an additional 24 FTE are requested, of which 14 FTE are for a new bureau for the SHARE financial and human resources data system. Secretary Propst said the new bureau will be critical when it is time to replace SHARE, in about three years.

Secretary Propst said DFA requests four supplemental appropriations:

- \$1.75 million for a projected shortfall in personal service and employee benefits,
- \$4.5 million for staffing, rent, and equipment to assist with the transition of the statewide human resources, accounting, and reporting unit to DFA,
- \$150 thousand for potential shortfalls in the fiscal agent contract appropriation, and
- \$400 thousand for the Federal Grants Management Division to improve its dashboard system.

The agency also requests five special appropriations:

- \$750 thousand to replace aging and broken furnishings,
- \$1 million to purchase a statewide capital outlay tracking software,
- \$100 million to provide matching assistance to local entities for matching local and federal funds,
- \$100 million to fund the conservation legacy permanent fund, and
- \$35 million to fund the firefighter recruitment fund.

Lastly, DFA requests \$71 million in capital outlay:

- \$20 million to plan, design, construct, renovate, equip, and furnish public safety and emergency service facilities,
- \$20 million to provide urgent or emergency funding for infrastructure and equipment needs in times of crisis statewide,
- \$20 million to plan, design, construct, improve, and equip acequias statewide,
- \$1 million to plan, design, purchase, and install information technology, and
- \$10 million to plan, design, construct, renovate, equip, and furnish the Bataan Memorial Building.

DFA reverted \$2.3 million at the end FY23. Secretary Propst explained increased federal revenue was used to cover some expenses; however, American Rescue Plan Act and other federal funding will no longer be available. DFA's vacancy rate is currently 14.9 percent.

Special appropriation requests that pass through DFA total \$31.5 million. Requests include \$250 thousand for the emergency water supply fund, a \$140 thousand increase, and \$22 million for the law enforcement protection fund, a \$6.7 million increase.

In response to Representative Chatfield, Secretary Propst said DFA is asking for DoIT's SHARE personnel be returned to DFA because it will be the agency to design, procure, and integrate a new system when SHARE ends.

Representative Dixon asked DFA to provide LFC information on New Mexico's progress in obtaining competitive grant funding and the status of matching grant funding.

General Services Department (350). Robert Doucette, secretary of the General Services Department (GSD), said the Legislature appropriated \$9 million to acquire a new aircraft for the Transportation Services Division's fleet. GSD issued an RFP in October and expects to award a contract by mid-December. Acquisition of the aircraft is projected by next spring.

Secretary Doucette said GSD's sunshine portal is now up-to-date, reporting all out-of-court settlements of \$1,000 or more paid by the state. In FY23, the Risk Management Division settled 394 cases.

Secretary Doucette said GSD's vacancy rate is currently 21 percent.

GSD requests \$174.3 million for FY25, a \$346.2 million decrease from FY24. The decrease reflects the transfer of GSD's largest program—Employee Group Health Benefits Program—to the new Health Care Authority. Excluding the Health Benefits, GSD requests an increase of \$17 million, including an additional \$5.7 million from the general fund. Secretary Doucette said GSD requests the increase to hire additional personnel, meet IT needs, and replace printing presses.

Secretary Doucette said GSD's deficiency and supplemental requests include \$150.2 million for Health Benefits, \$2.6 million for Risk Management, and \$1 million for Facilities Management.

In response to Chairman Muñoz, Secretary Doucette said GSD will work with the Department of Finance and Administration and LFC to devise a contingency plan for the transfer of Health Benefits.

In response to Chairman Muñoz, GSD Acting General Counsel Jacob Maule said the number of high cost risk claims are increasing, largely due to the Civil Rights Act.

Office of the Superintendent of Insurance (440). Alice Kane, superintendent of Office of the Superintendent of Insurance (OSI), said the insurance landscape is undergoing a number of major changes and challenges stemming from external factors that require strategic and principled oversight from insurance regulators. Superintendent Kane said OSI needs to be prepared to take on emerging issues in a way that reflects the voices and priorities of New Mexican.

Highlighting recent accomplishments, Superintendent Kane said OSI saved \$4.1 million for consumers through its Consumer Assistance Bureau, increased the Fair Plan coverage limit from

\$250 thousand to \$350 thousand for New Mexicans with properties who can't find coverage in the private market, and collected \$200 thousand in penalties due to business entities not in compliance with regulations and statutes.

Superintendent Kane said the provider shortage and climate-driven impacts on property insurance market are among current challenges. Also, the potential for cyber security threats is increasing and skilled regulatory staff are being lost to higher-paying industries.

OSI operations are funded entirely with the revenue it generates. Excluding operating costs, OSI generated \$8.9 million for the general fund in FY23. For FY25, OSI requests an operating budget of \$173.2 million, a \$32.4 million increase over FY24. The majority of the increase is for health care affordability fund initiatives. The increase also includes \$1.7 million to fill vacancies and reclassify financial examiners and \$3.6 million to expand by 20 FTE. Superintendent Kane said the additional personnel is needed to meet oversight responsibility and deliver high quality services.

Superintendent Kane said OSI also requests nonrecurring general fund dollars: \$2.15 million to meet cyber security needs, \$2.1 million to improve financial analysis capabilities, \$35.9 million to eliminate the projected deficit for independent providers and facilities, and \$8.1 million to provide credits to rural hospitals participating in the patients' compensation fund program.

In response to Vice Chairman Small, Superintendent Kane remarked on the critical need for maintaining accreditation.

State Engineer/Interstate Stream Commission (550). State Engineer Mike Hamman said Texas, Colorado, and New Mexico entered a consent decree supporting the Rio Grande Compact, with U.S. exceptions and amici briefs awaiting Supreme Court scheduling. In preparation for the outcome of the case, the Legislature appropriated \$65 million in Lower Rio Grande (LRG) funding to reduce groundwater depletions, investigate means to capture and use stormwater effectively, and investigate development of alternative sources of supply from brackish aquifers and Salt Basin. Interstate Stream Commission (ISC) Director Hannah Riseley-White said an LRG groundwater leasing program is underway, with over 3,500 acres applications in process for closing in December.

Reporting on other activity, State Engineer Hamman said the state is making great progress in Indian water rights settlements and implementation. Also, the Water Policy and Infrastructure Task Force Task Force, comprising 20 citizens and various entities, is identifying key strategies for addressing climate change in the state.

The Office of State Engineer (OSE) requests \$34 million from the general fund for FY25, a \$3.4 million increase over FY24. State Engineer Hamman said the agency requests the increase for additional personnel to support:

- Water settlements, negotiations, and implementation (15 more FTE are requested),
- Climate change preparation (13 more FTE are requested), and
- Water infrastructure development (3 more FTE are requested).

State Engineer Hamman said the agency's vacancy rate is currently 18 percent.

OSE requests \$43.7 million in special appropriations, including \$30 million for Indian water rights settlements, \$5 million for the irrigation works trust fund, and \$5 million for hydrographic surveys for water. State Engineer Hamman said the agency also requests \$13 million in capital outlay:

- \$1.5 million for surface water and ground water measurement statewide,
- \$1 million for Elephant Butte delta and river channel improvements,
- \$1 million for strategic water reserve acquisitions,
- \$9 million for river maintenance, habitat restoration, and flood control, and
- \$500 thousand for Ute reservoir improvements.

In response to Representative Chatfield, Director Riseley-White said Senate Bill 58 of 2023 revised ISC membership requirements and qualifications, adding professional experience requirements, requiring participation from institutions of higher education, ensuring diversity of political affiliation and geographic representation, and requiring representation from an acequia or community ditch organization. The legislation also added requirements for commissioners to have at least 10 years of experience with New Mexico water resources and established term requirements for members, terms of removal, elections of officers, requirements filling vacated seats, and what actions constitute an official action of ISC. The previous requirement to have the State Engineer and at least one member from a pueblo or tribe be members was retained.

Representative Allison expressed support for replenishing the Indian water rights settlements fund.

Chairman Muñoz expressed concern about OSE's request for additional general fund revenues, pointing out the agency's general fund budget has increase 87 percent since 2015.

Public Defender Department (280). Thomas Clear, chairman of the Public Defender Commission, said the Public Defender Department (PDD) is recipient of the 2023 Clara Shortridge Foltz Award for outstanding achievement in the provision of indigent defense services. Mr. Clear said the national recognition is largely due to the Legislature's support.

Mr. Clear remarked on PDD's progress and the need for continued support.

Chief Public Defender Bennett Baur said data indicates the agency needs 3 times more attorneys. For FY25, PDD requests \$86.6 million from the general fund, a \$14.9 million increase over FY24. The increase includes \$4.9 million for contract attorney compensation increases, \$2.1 million for pay equity among criminal justice partners, \$1.6 million for operational cost increases, and \$6.2 million for 30 more attorneys and 30 more core staff.

Mr. Baur said PDD's vacancy rate is currently 14 percent.

Public Regulation Commission (430). LFC Analyst Julisa Rodriguez said the Public Regulation Commission (PRC) requests a \$1.4 million increase from the general fund for FY25. PRC's Transportation Division will be transferred to the Department of Transportation, however, leaving a net general fund increase of \$2.6 million if funded. The agency requests the increase to fill vacancies, expand by 14 FTE, and cover increased expenses.

Ms. Rodriguez said PRC also requests a \$484 thousand increase from the pipeline safety fund and a \$611 thousand increase from federal revenue.

PRC Chief of Staff Cholla Khoury said the agency recently restructured and engaged in a strategic planning session. PRC's goals are to

- Create a mission-driven agency with a culture of teamwork and excellence,
- Optimize internal operations, processes and time management,
- Provide leadership in regulation through implementing legislation and state policies, working with the industry and public to be a resource for the state, and
- Demystify regulatory processes, roles and achievements of the PRC regarding utility services, telecommunications and pipeline safety.

Highlighting PRC's progress, Ms. Khoury said the vacancy rate decreased from 15.5 percent in FY23 to 5.2 percent currently. Also, the agency introduced 7 new potential rulemakings, including reliability standards, grid modernization, regional market participation, and greenhouse gas emissions.

Ms. Khoury said PRC's FY25 budget request supports low vacancy levels, agency-wide professional development, agency modernization, and leadership leverage. The request for additional personnel is a phased approach to build the agency to perform at the highest level. Specifically, the agency is seeking an additional 10 positions funded outside the general fund and 14 general-funded positions for FY25: 10 pipeline safety FTE, 8 advisory FTE, 3 advocacy FTE, and 3 other FTE.

Ms. Khoury said PRC also requests an \$844 thousand supplemental request for personnel services and employee benefits and four special appropriations: \$2.5 million for IT modernization, \$901 thousand for *DeAgüero v. PRC* litigation, \$400 thousand for Pipeline Safety Bureau trucks, and \$190 thousand for costs associated with moving to a new building.

Secretary of State (370). LFC Deputy Director Micaela Fischer said the Secretary of State (SOS) requests \$19.1 million from the general fund for FY25, a \$2.9 million increase over FY24. The majority of the increase is for additional personnel, including IT staff.

Secretary of State Maggie Toulouse Oliver reminded the committee that the next general election will take place next fall, noting election costs have increased.

Secretary of State Toulouse Oliver listed SOS special and supplemental requests:

- \$2 million to purchase and implement a new campaign finance system;
- \$500 thousand to implement automatic voter registration system updates, training, and education;
- \$175 thousand to replace network switches;
- \$60 thousand to purchase and implement petition software,
- \$22 thousand to fulfill the *Southwest Public Policy Institute v. New Mexico Secretary of State* settlement agreement; and
- \$534 thousand to cover FY24 attorney fees.

In response to Representative Armstrong, Secretary of State Toulouse Oliver said the agency will work with the clerks in Valencia and Socorro counties to fix voter registration information for constituents whose mailing address does not reflect the county they live in.

In response to Senator Sharer, Secretary of State Toulouse Oliver said the petition software will be used to verify and ensure valid signatures.

Secretary of State Toulouse Oliver said legislation will be proposed next session to shift all election funding to the election fund.

Public School Insurance Authority (342). LFC Analyst Joseph Simon said the Public School Insurance Authority (NMPSIA) requests a \$41 million increase for insurance rates in FY25. The agency is planning a 7.2 percent increase in health benefit premiums and a 31.9 percent increase in risk insurance premiums. PSIA also requests a \$104 thousand increase for Program Support.

Executive Director Patrick Sandoval said NMPSIA is currently providing risk and benefit insurance for 88 school districts, 101 charter schools, and 27 other educational entities. Reporting on Benefits, Director Sandoval said NMPSIA offers medical, prescription, dental, vision, and life and disability coverage. Almost 77 thousand employees and dependents are currently receiving benefits. About 83 percent of NMPSIA's total cost of medical claims is generated by only 15 percent of members who typically have the following conditions: hyperlipidemia, hypertension, mental health, obesity, and diabetes. NMPSIA offers wellness programs to help address these conditions.

Under Risk, NMPSIA insures \$31 billion in assets, 44 thousand employees, \$1.8 billion in payroll, 325 thousand students, 44 thousand school athletic participants, 9,000 volunteers, and 10,500 vehicles. In FY23, property and liability claims totaled \$34.5 million and workers compensation claims totaled \$10.2 million. Mr. Sandoval said these claims included 7 sexual molestation/inappropriate touching cases, costing \$689.5 million. This year, NMPSIA launched an anonymous reporting system to empower students, staff, and community members to report concerns, incidents, and potential threats anonymously and securely. Mr. Sandoval said the top five threats reported on the system to date are violence, fight/assault, cutting/self-harm, suicide ideation, and weapons. The system also refers critical resources, such as the New Mexico suicide and crisis hotline.

In response to Representative Sariñana, Director Sandoval said implementation of House Bill 128 of 2021, which put in place several preventative and responsive measures to address ethical and sexual misconduct by public school employees, is underway.

In response to Vice Chairman Small, Director Sandoval said NMPSIA membership picked up recently, after many were no longer eligible for Medicaid.

In response to Chairman Muñoz, Director Sandoval said wind and hail claims are driving NMPSIA's risk costs.

Retiree Health Care Authority (343). LFC Analyst Joseph Simon said the Retiree Health Care Authority (RHCA), requests a 3 percent increase for FY25, driven by medical costs and membership growth. The request includes an expansion of 2 FTE.

Executive Director Neil Kueffer said RHCA serves 302 public employer groups; 50 percent are school districts and charter schools, 25 percent are state agencies, and 25 percent are municipalities, counties, and universities. Over 93 thousand active employees are contributing to the health program, providing benefits to 67 thousand beneficiaries. The average beneficiary age is 71.

Mr. Kueffer remarked on the challenges impacting RHCA's program, including the provider shortage, healthcare mandates, and increased medical and prescription costs. RHCA conducts a solvency study annually to monitor the condition of its program and assist the board in determining where changes need to be made to ensure sustainability of the program. Mr. Kueffer said many questions and concerns have been raised about RHCA becoming administratively attached to the new Health Care Authority.

The trust fund reached a ten-year high of \$1.28 billion in July. Mr. Kueffer said RHCA unfunded liability continues to decrease, now totaling \$3 million according to the most recent Government Accounting Standards Board (GASB) 74 valuation. RHCA's funded status is currently 44.2 percent.

Mr. Kueffer said RHCA requests an expansion of 2 FTE to support operations and allow staff in finance and communications to focus on their duties. The agency also requests a special appropriation of \$150 million to lower unfunded liabilities and mitigate rising costs to members.

Thursday, November 16

The following members and designees were present on Thursday, November 16, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto "Bobby" J. Gonzales, William F. Burt, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, and Derrick J. Lente. Guest legislators: Senator Michael Padilla and Representatives Anthony Allison, Cathrynn N. Brown, Ambrose Castellano, Art De La Cruz, Pamilya Herndon, Tara L. Lujan, Rod Montoya, and Randall T. Pettigrew.

Aging and Long-Term Services Department (624). Jen Schroer, acting secretary of the Aging and Long-Term Services Department (ALTSD), remarked on the growing need to develop New Mexico's system for its aging population, noting the state will have the fourth highest senior population in the country by 2030. Most older adults wish to age-in-place by living in their community longer, necessitating a rebalance of long-term services and supports to include more funding for home- and community-based supports. Nine percent of New Mexico seniors have an annual income of less than \$10 thousand.

Acting Secretary Schroer said New Mexico's current senior center capacity can only serve 4 percent of the state's senior population. If senior center capacity does not increase in the state, only

3 percent will be served by 2030. Nine senior centers in the state have been accredited since 2019 (eight in Albuquerque and one in Las Cruces.)

ALTSD is creating an office of business engineer and program development. Acting Secretary Schroer explained the new cross-functional office will leverage and align technology to implement systems that support delivery success and measurement. The agency is also creating an office of external affairs to leverage marketing for effective and consistent message dissemination.

For FY25, ALTSD requests \$80 million from the general fund, a \$14.6 million increase over FY24. The request includes an additional \$4 million for grants in the Aging Network program, an additional \$1.3 million for food support, and an additional \$5 million for New Mexicare. The request also includes additional funding to fill unfunded vacancies and reclassify some positions.

Providing additional budget detail, Acting Secretary Schroer said ALTSD requests recurring funding for New Mexico Grown, a local food procurement program. New Mexicare is currently being piloted, serving 350 people in six counties. The program provides financial support to individuals and their caregivers who do not otherwise qualify for a paid caregiver through Medicare or Medicaid. Because New Mexicare helps cover home care, strain on the health care system is reduced and the state saves money that would otherwise be spent on care provided by long-term facilities. ALTSD requests additional funding to expand the program to other counties in FY25. ALTSD's ombudsman program is not currently meeting its goal of monthly visits to each long-term care facility in the state. To ensure the advocacy of residents in these facilities, the agency is reaching out to communities statewide to increase the number of volunteers available to visit the over 300 facilities in the state.

ALTSD requests three special appropriations: \$2 million for outreach and education efforts, \$1.5 million for technology solutions, and \$25 million for the Kiki Saavedra senior dignity fund. Acting Secretary Schroer said funding goals for the dignity fund are to rebuild the programmatic foundation at the agency and implement innovative programs for seniors and caregivers so New Mexicans can age in their communities.

The agency also requests a \$3 million supplemental appropriation to cover a shortfall in personnel services and employee benefits.

Senator Woods remarked on the need to continue the option of grab and go meals for seniors. Aging Network Director Denise King said the grab and go meal program for seniors during the pandemic was phased out because it is not a defined service under the Administration for Community grant. Acting Secretary Schroer said state or other funding would be needed to reintroduce a grab and go meal in the state.

Senator Rodriguez expressed concern for the large number of cases of abused, neglected, or exploited seniors that continue to exist in the state. Acting Secretary Schroer said ALTSD's funding request for outreach and education will increase community involvement to help identify seniors in need.

Department of Public Safety (790). Jason Bowie, secretary of the Department of Public Safety (DPS), remarked on the services DPS provides to keep New Mexico safe and outlined the agency's budget priorities for FY25:

- Fulfill needs within the agency,
- Support recruitment and retention efforts for the New Mexico State Police (NMSP), and
- Enhance training and available technology for NMSP.

DPS requests \$209.5 million for FY25. The request includes \$174.4 million from the general fund a \$9.2 million increase over FY24. By program, DPS requests an increase of \$3.4 million from the general fund for Law Enforcement. The request includes \$2.5 million to update and enhance body and in-car camera systems and \$500 thousand for Taser subscriptions. For Statewide Law Enforcement Support, DPS requests an increase of \$5.3 million from the general fund. The request includes a \$4.4 million expansion of 29 FTE. For Program Support, DPS requests an increase of \$450 thousand from the general fund. The request includes a \$376 thousand expansion of 4 FTE. Additional budget detail was provided.

Secretary Bowie said DPS proposes a new NMSP officer pay plan costing \$11.6 million. The proposed pay plan would start year 2 officer pay at \$38.48 in FY25, a \$5.13 per hour increase over the current officer pay. The agency also proposes a longevity pay scale, costing \$1.8 million. For continuation of step placement, \$1.3 million is requested to advance another 205 eligible officers in FY25.

Lastly, DPS requests a \$750 thousand special appropriation for phase two of the job task analysis project.

In response to Representative Chatfield, NMSP Chief Troy Weisler said the longevity pay scale would incentivize officers, who are eligible to retire, to stay on longer and therefore slow the number of retirements.

In response to Representative Dixon, Secretary Bowie said DPS is working with local enforcement agencies in the state to increase their compliance with the national incident based reporting system.

Workforce Solutions Department (631). Sarita Nair, secretary of the Workforce Solutions Department (WSD), said the agency made fiscal improvements this past year, including a reduction in administrative overhead and procurement of additional federal grant funding.

WSD requests \$17.4 million from the general fund for FY25, a \$6.3 million increase over FY24. The majority of the increase—\$4.5 million—is for initiatives previously funded with one-time appropriations. The increase also includes \$1 million to replace Workers' Compensation Administration revenue and \$641 thousand to fill 8 unfunded vacancies. Providing additional detail, Secretary Nair said recurring funding is requested for the Be Pro Be Proud, high school career counselors, and pre-apprenticeship programs. The secretary remarked on the effectiveness of these programs. Additional personnel are requested to meet higher workloads in the Labor Relations Division.

While unemployment rates have recovered to prepandemic levels, the share of New Mexico's working age population participating in the labor force is persistently low. Secretary Nair said New Mexico continues to have a significant employment gap, pointing out that over 36 thousand jobs would still be vacant even if all unemployed individuals in the state got a job tomorrow.

In response to Senator Sharer, Secretary Nair said WSD is starting a second phase of administering displaced worker assistance under Energy Transmission Act (ETA) to help displaced workers over the long term. ETA established the displaced worker assistance fund for New Mexico residents who were terminated from employment, or whose contracts were terminated, due to the abandonment of a New Mexico facility producing electricity. Senator Sharer said more effort needs to be made to rebuild San Juan County's economy. Representative Allison, who was a miner several years ago, said it was well known for many years that the San Juan Generating Station and Westmoreland Mine would eventually close and therefore not the fault of ETA.

District Attorneys/Administrative Office of the District Attorneys (251-265). Barbara Romo, district attorney for the 13th Judicial District and vice president of the New Mexico District Attorneys Association, said the Administrative Office of the District Attorneys (AODA) requests \$4.9 million from the general fund for FY25, a \$1.65 million increase over FY24. The increase includes \$998 thousand to acquire and implement a new case management system. AODA Program Specialist Crystal Velasquez said the increase also includes \$272 thousand to cover business productivity software for district attorneys.

The 13th Judicial District requests \$9.2 million from the general fund for FY25, an \$879 thousand increase over FY24. District Attorney Barbara Romo said the request supports the conversion of three temporary positions into permanent positions. Ms. Romo remarked on the improvement in recruiting and retaining attorneys in the district due to increased compensation.

Representative Chatfield asked why the state continues to grapple with repeat offenders. Ms. Romo said it is a tough issue that does not have one answer, noting that more cases can be prosecuted if districts have more attorneys.

The 6th Judicial District requests \$5 million from the general fund for FY25, a \$962 increase over FY24. Chief Financial Officer Vanessa Cardenas and another representative provide additional budget detail. The district requests the increase to hire an investigator and a victim witness assistant and an investigator.

The 11th Judicial District, Division 1, requests \$8.4 million from the general fund for FY25, a \$1.8 million increase over FY24. Chief Deputy District Attorney Dusting O'Brien said the district requests the increase to meet current needs, including two additional attorneys and two additional paralegals.

The 3rd Judicial District requests \$7.3 million from the general fund for FY25, a \$511 thousand increase over FY24. District Attorney Gerald Byers said the district requests the increase to fill vacancies and add two additional positions: a senior legal assistant and lead investigator. The request also includes \$55 thousand to maintain essential computer software. Mr. Byers said mandatory sentences could help reduce repeat offenses. Mr. Byers also recommended a more

robust anti-gang statute and additional funding for district attorney offices to meet mandatory pretrial detention work.

The 8th Judicial District requests \$4.7 million from the general fund for FY25, a \$463 thousand increase over FY24. District Office Manager Victoria Bransford said the increase includes funding for two additional positions: a victim coordinator and lead investigator. Ms. Bransford recommended recurring funding for warrant roundup to help address repeat offending.

The 11th Judicial District, Division 2, requests \$3.9 million from the general fund for FY24, a \$421 thousand increase over FY24. District Attorney Bernadine Martin Ms. Martin remarked on the district's retention challenges and said a budget increase is requested to raise attorney compensation. Chairman Muñoz expressed concern about the district's low prosecution rates, noting the lack of attorneys and large budget reversions.

The 2nd Judicial District requests \$35.6 million from the general fund for FY25, a \$5.9 million increase over FY24. District Attorney Sam Bregman said the district requests the increase to fill all vacant attorney positions, allowing for reasonable workloads that will result in more pretrial detention motions. To address repeat offending, Mr. Bregman recommended harsher punishments for certain crimes and more district attorneys statewide to prosecute more cases. Chairman Muñoz expressed concern about \$1.5 million in unspent funding for the district's crime strategies unit.

The 5th Judicial District requests \$8.2 million from the general fund for FY25, a \$755 thousand increase over FY24. District Attorney Diana Luce said the request includes funding for essential computer software. In response to Representative Brown, Ms. Luce said the district is in the process of establishing a drug court in Lea County. Chaves County does not have a drug court, but instead a DUI court.

The 9th Judicial District requests \$4.7 million from the general fund for FY25, a \$285 thousand increase over FY24. District Attorney Quentin Ray said the district requests the increase for contract attorneys and recruitment efforts.

The 12th Judicial District requests \$5.6 million from the general fund for FY25, a \$728 thousand increase over FY24. Chief Financial Officer Stacy Madson said the increase includes \$226 thousand to offset lost federal funding, used to fund the district's victim witness assistant position and other essential positions. The request also includes funding to cover victim witness expenses.

The 10th Judicial District requests \$2.1 million from the general fund for FY25, a \$37 thousand increase over FY24. District Attorney Barbara Romo said the district requests the slight increase primarily to fill unfunded vacancies.

The 7th Judicial District requests \$3.8 million from the general fund for FY25, a \$110 thousand increase over FY24. District Attorney Clint Wellborn said the district requests the increase to hire an additional administrative assistant.

The 4th Judicial District requests \$4.8 million from the general fund for FY25, a \$229 thousand increase over FY24. District Attorney Barbara Romo said the district requests the increase to raise compensation and cover contractual and other expenses.

The 1st Judicial District requests \$8.6 million from the general fund for FY25, a \$100 thousand increase over FY24. District Attorney Mary Carmack-Altwies said the district requests the slight increase to fill one unfunded vacancy, an attorney position. To address repeat offending, Ms. Carmack-Altwies recommended more substance use treatment beds and gun control.

State Land Office (539). LFC Analyst Helen Gaussoin said the State Land Office (SLO), funded with revenue earned from state trust lands, requests \$26.3 million for FY25, a \$1.7 million increase over FY24. The majority of the increase—\$1.46 million—is for a 6 FTE expansion: a petroleum engineer, a lease management employee, a tribal liaison, a grant manager, and two auditors. The remaining increase of \$268 thousand is requested for contractual and other costs due to higher workload and inflation.

Commissioner Stephanie Garcia Richard said New Mexico state trust lands generated \$2.75 billion in FY23. Annual earnings have increased 223 percent since FY18, exceeding \$2 billion the last two years. The majority of earnings are received by the land grant permanent fund and distributed to New Mexico public schools, universities, and hospitals. Likewise, earnings received by the land maintenance fund are distributed to beneficiaries, except for a portion to cover operating expenses of the State Land Office (SLO).

Growth of earnings from oil and gas is projected to slow over the long term, however, as the clean energy revolution gains momentum. Commissioner Garcia Richard said New Mexico is in good position to take the lead now, partaking in clean energy investments, which Goldman Sachs estimates at \$11 trillion over the next decade.

Highlighting recent accomplishments, Commissioner Garcia Richard said the Albuquerque Journal recognized SLO as a top workplace to work. The commissioner noted the agency's low vacancy rate of 5.5 percent.

Commissioner Garcia Richard provided additional budget detail and said SLO requests the reauthorization of \$650 thousand in capital outlay to renovate its public bathrooms.

Parole Board (760). LFC Analyst Scott Sanchez said the Parole Board requests \$930 thousand from the general fund for FY25, a \$174 thousand increase over FY24. The majority of the increase is for board member compensation, including per diem and mileage pay.

Brianne Bigej, outgoing director of the Parole Board, said board member compensation is contingent on enactment of legislation this next session. Ms. Bigej said the Parole Board conducted 2,437 hearings in FY23.

Incoming Director Roberta Cohen said the Parole Board is reorganizing and in the process of hiring a staff manager. Moving forward, Ms. Cohen said the agency, which recently shifted to electronic files, will work to ensure it stays on track with dockets and scheduling.

Governor (356). LFC Analyst Isaiah Torres said the Office of the Governor requests a \$100 thousand increase from the general fund for contractual services in FY25.

Cindy Montoya, chief financial officer for the Office of the Governor, said the agency's contractual expenses include contracts for media, interpretive, research, and bill review services.

Education Trust Board (949). LFC Deputy Director Jon Courtney said 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 agency requests a \$115 thousand increase, primarily for marketing costs.

ETB Director Natalie Cordova said ETB administers New Mexico's 529 plans. A 529 plan is an education savings plan operated by a state or educational institution designed to help families set aside funds for future college costs. Plan assets can be used to pay for the expenses of post-secondary education, K-12 tuition, apprenticeship costs, and more. All earnings and withdrawals from a 529 plan are free from federal and state income taxes if used to pay for qualified educational expenses. Contributions by a New Mexico taxpayer may be deducted from income for New Mexico individual income tax purposes if used to pay for qualified higher education expenses. Ms. Cordova noted New Mexico's 529 plans attain the highest cap ratings.

Director Cordova said ETB is currently managing \$2.1 billion in assets under two plans: the Education Plan and Scholar's Edge.

Highlighting other activity, Director Cordova said ETB is partnered with the New Mexico Community Trust for the Saving for Success, a private donor funded program that awards New Mexico students with up to \$1,000 invested in a 529 plan. The next application cycle will begin January 1.

New Mexico Lottery Authority. LFC Deputy Director Jon Courtney said the New Mexico Lottery Authority (NMLA) generates its own funding to maintain operations and carry out its duties. In 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 reported \$3 million in personnel spending in FY23.

Chief Operating Officer Carolyn Cabell said the New Mexico lottery is required by statute to return a minimum of 50 percent of proceeds to players in the form of prizes and 30 percent to the lottery scholarship fund. The remaining funds are allocated to cover the cost of products as well as retailer commissions and administrative costs.

In FY23, New Mexico lottery sales totaled \$168.5 million, which Ms. Cabell said generated an all-time high of \$50.6 million for the legislative lottery scholarship fund.

Friday, November 17

The following members and designees were present on Friday, November 17, 2023: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto "Bobby"

J. Gonzales, William F. Burt, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, and Derrick J. Lente. Guest legislators: Representatives Anthony Allison, Cathrynn N. Brown, Art De La Cruz, Pamelya Herndon, Tara L. Lujan, Rod Montoya, and Randall T. Pettigrew.

New Mexico Judicial Unified Budget. New Mexico Supreme Court Chief Justice Shannon Bacon outlined the judiciary's FY25 budget priorities, including judicial compensation. The judiciary requests \$17.5 million for judicial and employee salary increases. Other priorities include replacement of lost court fee revenue and creation of a statewide self-help program. Chief Justice Bacon said the elimination of court fees is impacting critical programs.

Administrative Office of the Courts (218). Artie Pepin, director of the Administrative Office of the Courts (AOC), said AOC requests a budget of \$84.3 million for FY25, a \$14.7 million increase over FY24. The request includes a \$20.6 million increase from the general fund, of which \$8.1 million is to replace lost court fee revenue and \$5.4 million is to fill 30 unfunded vacancies and add 17 new FTE. The remaining increase is for various other needs, including rent. Director Pepin detailed AOC's request by program.

Representative Chatfield asked what the state can do to address repeat offending. Chief Justice Bacon said New Mexico's high crime rates are being driven by poverty, lack of education, drugs, and mental illness. In response to Senator Woods, Chief Justice Bacon said it is not always possible for a court to order drug treatment because the state does not have enough treatment beds.

Representative Armstrong asked LFC staff to provide additional information on balances of AOC's various funds. 235

District Courts (231-243). The 1st Judicial District Court requests \$13.3 million from the general fund for FY25, a \$365 thousand increase over FY24. Chief Judge Bryan Biedscheid said the request includes an additional \$110 thousand to cover increased health insurance premiums.

The 2nd Judicial District Court requests \$34.5 million from the general fund for FY25, a \$2 million increase over FY24. The request includes a \$1.8 million increase from the general fund. Presiding Family Court Judge Jane Levy said the majority of the increase is for the foreclosure settlement program.

The 3rd Judicial District Court requests \$13.5 million from the general fund for FY25, a \$396 thousand increase over FY24. Chief Judge Conrad Perea remarked on the challenges of pretrial detention requirements.

The 4th Judicial District Court requests \$5.6 million from the general fund for FY25, a \$372 thousand increase over FY24. Chief Judge Flora Gallegos said the court requests the increase to support the district's treatment courts, and security, personnel, and IT needs.

The 5th Judicial District Court requests \$13.5 million from the general fund for FY25, a \$315 thousand increase over FY24. Kennon Crowhurst, district coordinator for the Americans with

Disabilities Act, said the increase is primarily for additional personnel, including judicial specialists.

The 6th Judicial District Court requests \$7.55 million from the general fund for FY25, a \$409 thousand increase over FY24. Chief Judge Jarod Hofacket said the court requests the increase meet personnel needs.

The 7th Judicial District Court requests \$4.9 million from the general fund for FY25, a \$33 thousand increase over FY24. Chief Judge Mercedes Murphy said the court requests the increase to cover health insurance premiums.

The 8th Judicial District Court requests \$6.6 million from the general fund for FY25, a \$526 thousand increase over FY24. Court Executive Officer Pam Nay said the increase is primarily for personnel needs.

The 9th Judicial District Court requests \$6.7 million from the general fund for FY25, a \$331 thousand increase over FY24. Chief Judge Donna Mowrer said the court requests the increase to meet personnel needs, including two additional bailiffs. Judge Mowrer suggested the Legislature form a committee of all stakeholders, including the Corrections Department, to make recommendations for addressing repeat offending.

The 10th Judicial District Court requests \$2.4 million from the general fund for FY25, a \$123 thousand increase over FY24. Chief Judge Albert Mitchell said the court requests the increase to enhance security and hire a part-time hearing officer.

The 11th Judicial District Court requests \$14.6 million from the general fund for FY25, a \$758 thousand increase over FY24. Deputy Court Executive Officer John Guaderrama said the court requests the increase to hire additional personnel and cover health insurance premiums.

The 12th Judicial District Court requests \$7 million from the general fund for FY25, a \$364 thousand increase over FY24. Chief Judge Angie Schneider said the request includes additional funding for security.

The 13th Judicial District Court requests \$14.5 million from the general fund for FY25, a \$258 thousand increase over FY24. Chief Judge Jim Noel said the court requests the increase to hire an additional staff attorney and cover health insurance premiums.

Metropolitan Court (244). The Metropolitan Court requests \$31.1 million from the general fund for FY25, a \$1.2 million increase over FY24. Court Executive Officer Lissa Lowe said the court requests the increase primarily for personnel needs. The increase also includes funding to offset lost federal grant revenue.

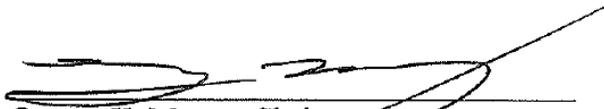
Miscellaneous Business.

Action Items. Senator Rodriguez moved to adopt the LFC October A and B reports, seconded by Representative Dixon. The motion carried.

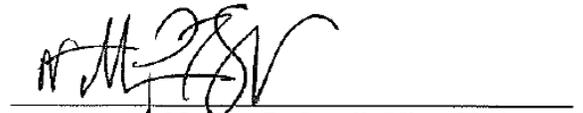
Representative Small moved to adopt the LFC contracts, seconded by Senator Rodriguez. The motion carried.

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

With no further business, the meeting adjourned at 12:35 p.m.



George K. Muñoz, Chairman



Nathan P. Small, Vice Chairman