

Tuesday, September 23 ([click here for webcast](#))

The following members and designees were present on Tuesday, September 23, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Joseph Sanchez, Rebecca Dow, and Susan Herrera; and Senators Benny Shendo, Roberto “Bobby” J. Gonzales, Pat Woods, David M. Gallegos, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Elaine Sena Cortez, Cathrynn N. Brown, and Pamelya Herndon. Senator Larry R. Scott

Welcoming Remarks (8:27AM, [click here for meeting materials](#)) Hobbs Mayor Sam Cobb thanked the committee for being in Hobbs while also noting the negative impact that destination-sourced gross receipts tax adopted in 2019 has had on the city as well as increase in oil field services. Mr. Cobb asked the committee to consider legislation that would help the distribution of gross receipts to go back to the communities in the southeastern part of the state.

Jennifer Grassham, president and chief executive office of the Economic Development Corporation of Lea County, noted that Lea County has had a population growth over the past five years and continues to attract attention for its strategic location, skilled workforce, strong partnerships between businesses, education, and government.

Hobbs City Manager Manny Gomez spoke about the disparity between dwindling tax revenues, and the growing service demands and asked for support from the Legislature for the industries in Hobbs.

Medicaid Accountability Report (9:09 AM, [click here for meeting materials](#)) LFC Analyst Allegra Hernandez, Ph.D., and LFC Analyst Harry Rommel, Ph.D., presented the *Medicaid Accountability Report*, a biannual review of how Medicaid functions for clients and the state. The report found, although enrollment has declined, expenditures continue to rise, projected to exceed \$11.4 billion by FY26, while outcomes remain mixed despite major funding increases. Data transparency has worsened under the new Turquoise Care system, limiting access to utilization data previously available. Behavioral health costs rose sharply, up 97 percent since FY21, due in part to rate increases aimed at recruiting providers, but results have lagged. Follow-up after emergency behavioral-health visits dropped from 37 percent to 31 percent. Abuse, neglect, and exploitation cases in the developmental disabilities program appeared to decline, though reporting issues likely masked true figures. LFC’s “secret shopper” survey showed long waits and incorrect provider information, with six to seven calls needed for primary care appointments and 14 for behavioral health, with fewer providers accepting Medicaid. Utilization overall has increased even as telehealth declined post pandemic, suggesting heavier use by fewer patients. IT modernization costs have risen to \$533 million, fraud-recovery performance ranks near the bottom nationally, and new federal changes may remove 83 thousand recipients by 2027. Despite extensive legislative investment, the report concluded that system performance and access have not improved proportional to spending.

Health Care Authority Chief Medical Officer Alanna Dancis thanked the LFC and legislators for their collaboration and outlined three main areas of response to the *Medicaid Accountability*

Report: quality, cost, and data interpretation. Ms. Dancis emphasized that Medicaid is accountable to multiple entities, including the federal Centers for Medicare and Medicaid Services, the state, and the Legislature, but the report's selected measures and targets do not align with any formal accountability frameworks, making it difficult to prioritize and gauge success. Ms. Dancis explained how Medicaid sets quality measures and targets for managed care organizations, using national averages and focusing on vulnerable populations, and noted that most performance measures are meeting or exceeding benchmarks. On costs, Ms. Dancis clarified that spending increases were expected due to legislative mandates expanding benefits, raising provider rates, and adding programs, such as food for pregnant women, medical respite, dental expansions, and doula services. These changes naturally lead to higher utilization before measurable outcomes can be seen, typically within three to five years. Ms. Dancis addressed the secret shopper survey, agreeing long waiting times are concerning but cautioning the data might reflect outdated provider directories or system issues rather than a sheer lack of providers. Ms. Dancis urged continued collaboration to improve data accuracy, clarify accountability standards, and align evaluation methods with realistic timelines for new Medicaid initiatives.

Long-term Revenue Estimate and Budget Planning (10:28 AM, [click here for meeting materials](#)) Department of Finance and Administration Chief Economist Leonard Delgado presented the *Long-Term Revenue Outlook*, a collaborative forecast developed by several state agencies and the Legislative Finance Committee to assess New Mexico's economic and fiscal trends. Mr. Delgado explained the baseline forecast, built on current economic and demographic data, excludes unpredictable factors like recessions, policy shifts, and global events, and becomes less certain further into the future. Mr. Delgado highlighted that national forecasters expect the United States to narrowly avoid recession, while New Mexico's long-term growth will remain slow due to demographic challenges, particularly declining birth rates and a shrinking working-age population, which will limit employment and wage growth. The state's aging population will reduce the labor force and potentially constrain tax revenues. Mr. Delgado also noted pressures on the personal income tax program from retiree healthcare distributions and a projected social security shortfall by 2033. Turning to energy, Mr. Delgado reported global energy transitions to renewables are progressing slower than expected, with oil and gas production in New Mexico projected to keep rising but at a decelerating pace. Despite national production leveling off after 2028, New Mexico's share of U.S. output is growing, and natural gas production is expected to remain strong as demand for liquefied natural gas increases.

Taxation and Revenue Department Senior Economist Pedro Clavijo presented New Mexico's general fund revenues long-term forecast, emphasizing the forecast assumes stable economic conditions and no major policy or market disruptions. Mr. Clavijo explained, while the state projects continued positive growth in recurring general fund revenues over the long run, there remains significant uncertainty due to potential economic shifts and external shocks. The forecast was revised upward from prior projections, reflecting stronger near-term performance. Over time, investment income is expected to surpass gross receipts tax as the largest contributor to the general fund, signaling a shift in the state's revenue structure and new exposure to financial-market fluctuations. Although future growth will likely be slower than historical averages, real (inflation-adjusted) growth remains positive. Mr. Clavijo cautioned, while the model shows a generally smooth upward trend, future crises, legal changes, and economic shocks could alter the trajectory, but under current laws and assumptions, the long-term fiscal outlook for the general fund remains

stable and positive.

LFC chief economist Ismael Torres presented the *Balancing Mid- to Long-Term Revenues and Expenditures* report, explaining the goal of this exercise is to promote long-range fiscal planning, avoid crisis-driven budgeting, and ensure state spending remains sustainable. New Mexico is one of only a few states that conducts both short- and long-term revenue forecasts and stress tests, allowing policymakers to plan for economic volatility. The report highlighted the state's reserves, currently at 30 percent, can cover short-term shocks, but reserves alone cannot sustain long-term downturns, and stronger economic performance and structural balance are essential. Mr. Torres warned of growing long-term liabilities, particularly the statutorily required retiree healthcare distribution, which is compounding rapidly and could eventually consume the entire personal income tax base by 2070 if unaddressed. Mr. Torres also cautioned about a new "treadmill effect," where the state increasingly commits future-year, nonrecurring dollars to current appropriations, shrinking flexibility and increasing risk. Through modeling different spending scenarios, it was concluded that 6 percent annual budget growth is the "just-right" level for a decade of sustainability, where 3 percent would under-invest and 10 percent would trigger deficits within five years. However, agencies have already requested over 12 percent recurring growth, and outstanding liabilities could add another 7 to 11 percent pressure by FY29, creating potential 20 percent spending demands against limited sustainable revenue. Mr. Torres closed by emphasizing that maintaining fiscal stability will require disciplined budgeting, cautious use of reserves, and policies that grow wages, population, and investment returns to strengthen long-term state revenues.

Federal Funds Update ([12:13 PM, click here for meeting materials](#)) LFC Director Charles Sallee provided an update on federal fiscal developments and their potential impacts on New Mexico's budget, warning that no action has been taken to suspend PAYGO, which could trigger 4 percent cuts to Medicare and reductions in other domestic programs due to federal deficit increases from the House Resolution 1, the budget reconciliation bill. Mr. Sallee discussed the new Medicaid Rural Health Transformation Program, noting that states are scrambling to apply for federal funding by November 5, with awards to be announced by year's end, but the process is far more restrictive than previous federal grants, with pay-for-performance rules and clawback provisions that limit state discretion. Mr. Sallee cautioned that expected Medicaid and Supplemental Nutrition Assistance Program (SNAP) fiscal impacts will begin in FY27–FY30, while eligibility redeterminations and new Medicaid work requirements will strain administrative capacity sooner, prompting the Health Care Authority to request additional funding for staff and IT upgrades. Mr. Sallee noted that Medicaid enrollment has already dropped by 200 thousand and SNAP by 100 thousand, suggesting the agency's current budget may be overfunded given slower caseload growth. Mr. Sallee also warned of a possible federal government shutdown, expiring Affordable Care Act healthcare exchange subsidies by December, and potential health insurance premium hikes of up to 50 percent as insurers anticipate reduced enrollment. Mr. Sallee urged lawmakers to preserve reserves ahead of the special session and emphasized the need for technological solutions to streamline eligibility processes and link individuals to employment and training opportunities amid ongoing federal and economic uncertainty.

Wednesday, September 24 ([click here for webcast](#))

The following members and designees were present on Wednesday September 24, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack

Chatfield, Joseph Sanchez, Harlan Vincent, Rebecca Dow and Susan Herrera; and Senators: Benny Shendo, Roberto “Bobby” J. Gonzales, Pat Woods, David M. Gallegos, Steve D. Lanier, Linda Trujillo, and Pete Campos. Guest legislators: Representatives Elaine Sena Cortez, Cathrynn N. Brown, Tara Lujan, Joy Garrat, Debra M. Sariñana, and Pamela Herndon and Senator Larry R. Scott

Welcoming Remarks – Status of Lea County Schools [*\(8:35 AM, click here for meeting materials\)*](#) Hobbs Municipal School Superintendent Gene Strickland highlighted the district’s achievements, growth, and focus on career-relevant education for its 10 thousand students across 20 campuses. Strickland emphasized efforts to link students’ interests to future careers through dual-credit (high school-college) courses, industry pathways, and early engagement starting in sixth grade, while also fostering consistent attendance and community literacy initiatives. He called for an updated, more accurate accountability model, stronger teacher and leadership pipelines, and sustained legislative investment that prioritizes quality and relevance over efficiency, urging lawmakers to focus on what is “possible” for New Mexico’s students rather than merely what is required.

Eunice Public Schools Superintendent Bruce Hatch noted that rural schools face challenges not only with funding but also with limited access to programs and qualified teachers. To address these gaps, the schools are partnering with nearby districts and even Texas institutions to expand career and credential opportunities. Mr. Hatch also highlighted the district’s struggle to support a growing population of monolingual English language learners, suggesting incentives for bilingual staff and better tools for language instruction, while emphasizing the dedication of educators who continue to “do miracles every day” despite resource limitations.

Lovington Public Schools Superintendent Pam Quinonez outlined Lovington’s high-needs demographics—25 percent have special needs, one-third are English learners, and 49 are homeless—and the district’s strong outcomes and award-winning autism services, plus expanded career and technical education (CTE) pathways and teacher retention efforts. Ms. Quinonez urged sustained investment in CTE facilities, educator preparation and retention, flexible calendar funding, and immediate, dedicated resources for youth mental-health and substance-use support amid a local suicide crisis and rising emergency referrals.

Best Practices in Career and Technical Education [*\(11:00 AM click here for meeting materials\)*](#) Hannah Kistler, assistant professor at the University at Albany Department of Educational Policy and Leadership, presented a brief showing that high-quality implementation of effective career and technical education (CTE) increases graduation and attendance, reduces dropout rates, improves SAT performance, and raises employment and earnings, approximately 32 percent higher quarterly earnings in Connecticut, while boosting college enrollment and persistence, especially in health, IT, education, STEM, and manufacturing. Ms. Kistler identifies six evidence-based design elements of effective CTE: (1) coherent 3+ course sequences within a pathway (vs. isolated electives); (2) structured, skill-building work-based learning aligned to student interests; (3) tight employer and college partnerships that link coursework and credentials to real program and industry requirements; (4) teachers with deep industry expertise or strong subject mastery, even via alternative certification routes; (5) a ninth-grade “exploration” year before choosing a pathway to reduce misplacement; and (6) equity-oriented access practices (multilingual outreach, personalized advising, barrier-free scheduling, equity-focused data use, and fair admissions) to

broaden participation and success.

Shaun Dougherty, professor of Education and Policy at Boston College's Lynch School of Education and Human Development, connected the implementing effective career and technical education (CTE) evidence to New Mexico's context, noting promising assets such as whole-school CTE models in Hobbs and Rio Rancho, a favorable fiscal moment, and bipartisan interest. Mr. Dougherty highlighted rural delivery challenges and pointed to solutions used elsewhere, co-locating programs with community colleges, sharing instructors and facilities across districts, expanding dual credit, and allowing industry experts provisional CTE certification. Many CTE pathways are costly, and Mr. Dougherty recommended pairing high-cost programs with lower-cost ones and stressed that rigorous studies in other states show net public benefits despite higher delivery costs. Mr. Dougherty urged tight alignment with above-median-wage local labor markets, periodic program pivoting/sunsetting, and stronger longitudinal data links across kindergarten through 12th grade, higher ed, and workforce, using experimental or quasi-experimental designs, to verify impacts and guide targeted investments.

Director of Economic Mobility Randal Tillery discussed how his organization helps states and practitioners improve workforce readiness and economic mobility, particularly for disadvantaged populations. Mr. Tillery emphasized the complexity of implementing effective career and technical education (CTE) programs, noting that success depends not only on facilities and equipment but also on significant relational and coordination work among educators, employers, and institutions. Mr. Tillery shared insights from his experiences in California and other states, highlighting the need to better connect education with career awareness and opportunities. Mr. Tillery pointed out that many young and adult learners lack exposure to diverse career paths and struggle to relate education to employment outcomes. Mr. Tillery also stressed the importance of integrating academic and career education, strengthening high school-to-college pathways, expanding dual enrollment aligned with career goals, and involving employers as co-creators in education. Mr. Tillery concluded by recommending structured partnerships that bridge education and industry, improve alignment with labor markets, and provide sustainable frameworks for scaling high-quality CTE systems.

Hobbs Municipal School Superintendent Gene Strickland highlighted how Hobbs Schools transformed its approach to education by prioritizing career and technical education (CTE) alongside academic rigor. Historically strong in Advanced Placement, the district recognized that many students were disengaged and unrecognized in vocational pathways. Inspired by a former superintendent's vision to value vocational students equally, Hobbs embraced workforce development as a community-driven mission involving local employers, the city, and philanthropic partners like the JF Maddox Foundation. Together, they built programs emphasizing dual credit, higher education partnerships, and industry-recognized credentials to ensure students graduate with both academic and career readiness. Strickland underscored the funding challenges, noting that while the state's \$40 million capital outlay helped build the \$51 million CTE center, sustainable investment and performance-based funding are still needed to reflect outcomes and community impact. Mr. Strickland concluded the current Innovation Zone funding model fails to equitably support high-performing districts like Hobbs, which continue to lead in providing career-relevant instruction despite receiving less funding than peers.

LFC Analyst Sunny Liu reported the state has invested about \$119 million in career and technical education (CTE) initiatives over the past seven years and another \$115 million in capital outlay eligible for CTE use, plus a recurring \$91 million secondary factor increase. As the seven-year statutory pilot period for the “NextGen” CTE program nears its end, only about one-third of the \$40 million appropriation has gone to the intended program, with the rest distributed to other department initiatives like innovation zones and work-based learning. Most of the NextGen funding has been used for operational expenses, such as staff and materials, raising concerns about sustainability and whether programs statewide match successful models like Hobbs’ integrated CTE approach. While participation and concentrator graduation rates have improved, proficiency, dual-credit, and postsecondary enrollment remain below national levels. Mr. Liu noted there is a mismatch between CTE pathways and future job demand, highlighting a need for better alignment with high-demand sectors like health sciences and human services.

Thursday, September 25 ([click here for webcast](#))

The following members and designees were present on Thursday September 25, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Joseph Sanchez, Harlan Vincent, Rebecca Dow and Susan Herrera; and Senators: Benny Shendo, Roberto “Bobby” J. Gonzales, Pat Woods, David M. Gallegos, Steve D. Lanier, Linda Trujillo, and Pete Campos. Guest legislators: Representatives Elaine Sena Cortez, Cathrynn N. Brown, Tara Lujan, Joy Garrat, Debra M. Sariñana, and Pamela Herndon and Senator Larry R. Scott.

LegisStat: Road Resource Allocation, Department of Transportation (8:08AM, [click here for meeting materials](#))

LFC Analyst Joseph Simon presented an overview of the LegisStat report on road resource allocation and the performance of the Department of Transportation (NMDOT) in fiscal year 2025. Mr. Simon reported the department met most key performance measures, including on-time and on-budget project completion, while also maintaining competitive bid amounts. Mr. Simon noted a slight decline in on-time project letting, which dropped to 88 percent compared with 93 percent in fiscal year 2024. Mr. Simon explained the state road fund has averaged 3.3 percent revenue growth since 2013, primarily due to the motor vehicle excise tax increase from 3 to 4 percent, which is projected to generate \$52 million annually. Future revenue growth, however, is expected to slow to approximately 1.7 percent. Mr. Simon highlighted that recurring revenue has declined in real terms because of improved fuel efficiency in vehicles and described the department’s publication of a one-year letting schedule on its website, which for fiscal year 2026 lists 37 projects totaling \$752 million, funded through federal and state road funds as well as severance tax bonds. Mr. Simon emphasized the department’s success in attracting and retaining staff by maintaining higher staffing levels and offering increased pay.

Special Director Amy Whitfield addressed traffic safety, noting that New Mexico has experienced one of the highest pedestrian fatality rates in the nation in recent years. She reported that recent data show a decline in pedestrian deaths but added that outside resources still rank New Mexico as the most dangerous state for drivers. Ms. Whitfield stated that she intends to further examine those metrics and the factors used to make such comparisons across states. Ms. Whitfield described the department’s application of the safe system approach, which emphasizes safer vehicles, safer speeds, safer roads, and safer people. Ms. Whitfield identified key challenges, including the fact that New Mexico has only one level one trauma center, which limits the state’s capacity to respond to severe crashes. Ms. Whitfield also pointed to social conditions, such as substance abuse, that

contribute to the state's high crash fatality rate while also noting that pedestrian fatalities are closely linked to exposure and substance use, both of which must be addressed to achieve the department's goal of zero fatalities. Ms. Whitfield also emphasized the importance of partnerships with local agencies and national organizations in monitoring crash "hot spots" and stated that increased funding for prevention measures is necessary, such as the Safety Corridor Program, which imposes double fines in areas with higher rates of injuries and fatalities, and stressed the need for expanded data collection to better target interventions and prevention strategies.

Secretary Ricky Serna presented additional highlights related to funding and long-term challenges. He reported an increase of approximately \$22 million for electric vehicle charging infrastructure and building maintenance and upgrades, which reduces reliance on the already strained state road fund. Mr. Serna noted the cost of road construction has more than tripled since 2003, rising from approximately \$1 million per mile to more than \$3 million per mile. At the same time, recurring revenue for transportation is projected to decline by about 50 percent by 2050, largely due to the increased fuel efficiency of gasoline-powered vehicles. Although electric vehicles have drawn attention, Mr. Serna emphasized that fuel efficiency improvements in conventional vehicles pose the greater challenge to fuel tax revenues. Mr. Serna also reported the Legislature approved, and the governor signed a 4 percent pay increase for department employees. Because NMDOT relies entirely on the state road fund and does not receive recurring general fund support, employee compensation directly impacts available resources. He explained that more than half of the fund is immediately devoted to payroll, leaving the balance for maintenance and other infrastructure needs. Mr. Serna concluded by stressing the importance of carefully balancing workforce costs with infrastructure priorities in the context of limited and declining revenue.

Miscellaneous Business (10:07 AM)

Action Items. Senator Muñoz moved to adopt the LFC August 2025 meeting minutes, seconded by Senator Trujillo. The motion carried.

Senator Muñoz moved to adopt the LFC August subcommittee 2025 meeting minutes, seconded by Senator Trujillo. The motion carried.

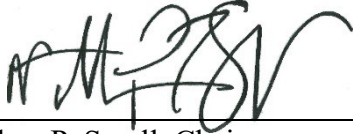
Review of Monthly Financial Reports and Information Items. LFC Director Charles Sallee briefed the committee on remaining information items.

Local Government Finances and Dashboard (10:09AM, [click here for meeting materials](#))

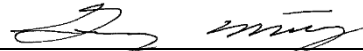
LFC Program Evaluator Matt Goodlaw and LFC Program Evaluator Elizabeth Dodson introduced a new evaluation brief and interactive web-based tool created to help legislators better understand and compare local government financial data. The tool compiles and visualizes information from annual audits, focusing on counties from FY18 through FY24. The first phase of the project analyzes county balance sheets, revealing that current assets have grown much faster than liabilities, leading to a 140 percent increase in total fund balances, from \$1.6 billion to \$3.9 billion, and a 290 percent rise in unassigned general funds. Liquidity ratios also indicate that most counties hold sufficient assets to cover short-term obligations, though some show gradual declines that may signal weakening fiscal positions. Mr. Goodlaw and Ms. Dodson explained that future phases will examine operating revenues, expenditures, and government-wide statements, with ongoing updates to the interactive dashboard available on the LFC website. Preliminary findings show that

larger counties, such as Bernalillo and Doña Ana, rely primarily on taxes for revenue and spend about half their budgets on public safety, while smaller counties depend more on intergovernmental transfers and spend more heavily on general government functions. The evaluators emphasized that this project, developed in collaboration with the Department of Finance and Administration and the State Auditor's Office, is part of a long-term effort to give legislators accessible tools for monitoring fiscal trends, identifying financial risks early, and making more data-informed decisions about local government funding and oversight.

With no further business, the meeting adjourned at 10:45 a.m.



Nathan P. Small, Chairman



George K. Muñoz, Vice Chairman