



LFC Newsletter

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Representative Nathan Small, Chairman
Senator George Muñoz, Vice Chairman
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From the Chairman Not Done Yet

Lawmakers in both chambers and from both sides of the aisle entered the last legislative session determined to improve oversight, transparency, and accountability within New Mexico's troubled child welfare system. The Legislative Finance Committee members and staff helped shine a light on dysfunction in the Children, Youth and Families Department through numerous hearing briefs and a subcommittee focused on child well-being.

We passed new laws with broad bipartisan support that will create independent oversight of the child welfare system through the new Office of the Child Advocate, beef up protections for children born exposed to alcohol and drugs, and mandate proven child protection and family intervention services.

But our work is far from done. The committee will sharpen its focus during the LFC meeting in Taos in late June with a subcommittee meeting on child welfare and early childhood services.

We are all too familiar with the deeply upsetting stories when something goes terribly, sickeningly wrong and a child is irreparably harmed or dies in the state's care.

But these tragedies are just the most visible evidence of systemic failures: high staff turnover and understaffing, reliance on ineffective approaches, too few foster homes, inconsistent leadership and direction, and—the unsurprising consequence—low trust and low morale that lead to a self-perpetuating cycle.

Just this fiscal year, the department failed to report performance data for the first two quarters—undermining the transparency owed to the public—and expanded use of the discredited group foster homes approach, using millions of dollars intended for evidence-supported behavioral health.

And even while New Mexico has higher-than-average child abuse and repeat child abuse rates, CYFD is leaving critical federal dollars on the table. We are one of the only states in the nation without funding for a federally approved family first prevention plan because the department submitted a plan that did not include federally required best practices.

Our upcoming child welfare subcommittee hearing will include a LegisStat performance hearing, tracking the state's progress on reducing abuse rates, reducing staff shortages, and winning federal approval of the safe family plan for up to two years. In addition, the committee will work through the interim to determine how to evaluate the pilot projects that the legislature funded with more than \$75 million through the Government Results and Opportunity Program over the next several years. The funding could be extended beyond the three years but only if the department demonstrates the pilots are effective.

Our work to improve the well-being of New Mexico's children won't ever be finished. But we will keep pushing for greater transparency, accountability, and oversight from our systems and for more opportunities and better outcomes for our kids.

Representative Nathan Small
Chairman

Evaluation Update Finds Pre-K Benefits Continue

Nearly two decades after LFC evaluators began tracking cohorts of prekindergarten students, evaluators are still finding that students who enroll in state-funded prekindergarten score better on literacy assessments and graduate at higher rates, an update of the original LFC analysis shows.

In a progress report on the 2020 evaluation [Prekindergarten Quality and Educational Outcomes](#), evaluators note that New Mexico's prekindergarten program looks radically different than when tracking started with an inaugural prekindergarten cohort in 2005-2006, but the program continues to help students succeed, with low-income students experiencing the greatest and longest lasting benefits.

The 2020 report found students who attend prekindergarten score better on assessments, are less likely to be held back or referred to special education services, and have fewer disciplinary issues than their peers who do not attend prekindergarten.

The progress report, scheduled to be presented to the LFC child welfare subcommittee at 3 p.m. June 25, notes the Early Childhood Education and Care Department, new when the study started, has successfully guided the pro-

gram through rapid expansion, the pandemic, and the adoption of a classroom assessment system, a recommendation of the 2020 program evaluation.

Publicly funded prekindergarten, delivered by both public schools and contracted community providers, now serves 10 times the number of children it served 20 years ago, with slots available to 65 percent of 4-year-olds and 24 percent of 3-year-olds.

However, despite efforts to standardize classroom practices, public-school-based programs still outperform community providers in student performance, teacher preparation, and instructional quality.

In addition, the department has yet to make progress on a key recommendation of the 2020 evaluation to track and share student assessment data. Prekindergarten programs still have no system for sharing information about incoming students with kindergarten providers, and kindergarten classroom have no way to provide feedback on student progress to prekindergarten providers.

The report finds the department has successfully implemented other 2020 recommendations, including improving coordination and reining in administrative costs.

Higher Ed Construction Costs Still Rising

Record-setting public and private investment in construction has more than doubled the cost of building public schools and college facilities, but while public school construction costs leveled off after doubling in 2024, the cost for higher education construction has continued to climb, LFC analysis shows.

In a [hearing brief on higher education construction](#), released at the committee's meeting in May, staff report record-setting public and private investment in construction in New Mexico has intensified demand for contractors, architects, skilled labor, and materials, resulting in the cost of public school construction increasing from \$291 per square foot in 2019 to \$695 per square foot in 2023 before stabilizing in 2024.

However, while the pattern was

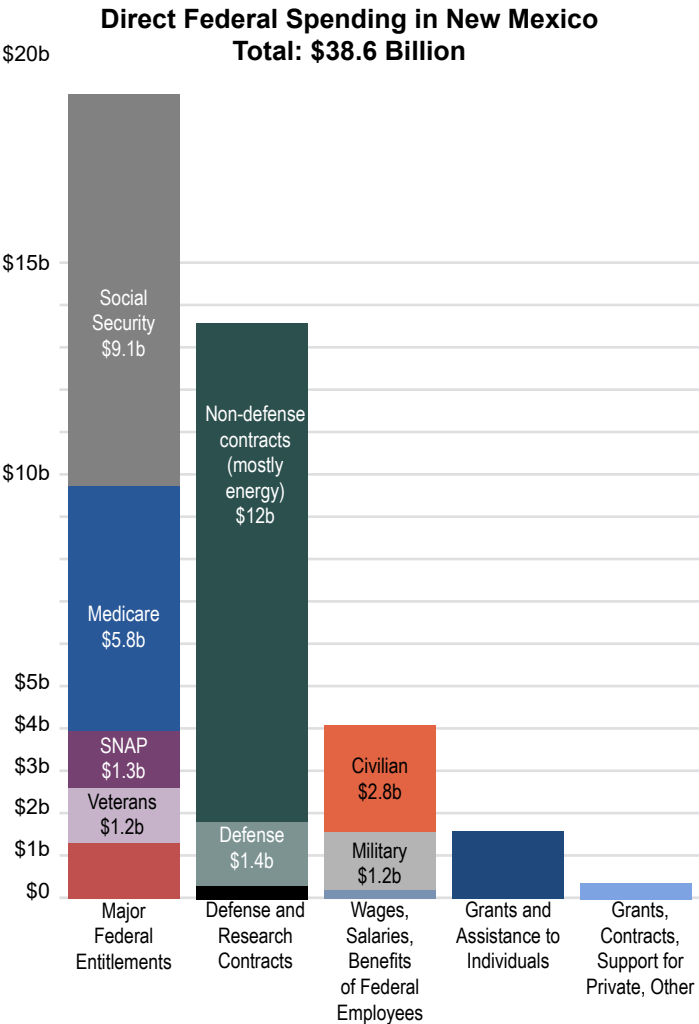
similar for new construction for higher education through the 2024 general obligation bond cycle—higher education projects are primarily funded with the bonds approved by voters—the per-square-foot cost continued to climb in 2025 request from colleges.

New construction projects funded in the 2022 GOB cycle had an average cost of about \$520 per square foot, based on estimates associated with funding requests, but rose to \$1,038 per square foot in the 2024 GOB cycle, a 100 percent increase. GOB funding capacity increased only 12 percent over the same period.

In 2025, new construction requests from higher education institutions averaged roughly \$1,312 per square foot, with the most expensive, standard academic building estimated at nearly \$2,000 per square foot.

Direct Federal Spending Slated for Entitlements

Direct federal spending in New Mexico totals almost \$38.6 billion and almost half of that—\$18.7 billion—is spent on major entitlement programs for individuals. That total does not include federal funding that goes to state agencies.



Direct Federal Spending to Individuals and Entities (in millions)	
Major Federal Entitlements	
Social Security	Amount \$9,076.0
Medicare	\$5,782.9
Supplemental Nutrition Assistance Program	\$1,252.1
Veterans benefits (except education)	\$1,242.4
Medical care for veterans	\$944.6
Supplemental Security Income	\$437.2
Total	\$18,735.2
Non-Defense and Defense Contracts and Research	
Non-defense contracts (Primarily Department of Energy)	\$11,997.9
Defense contracts	\$1,435.7
Research contracts and grants to public universities	\$381.4
Total	\$13,815.0
Wages, Salaries, and Benefits for Federal Employees	
Federal civilian wages and salaries	\$2,758.1
Military wages and salaries	\$1,231.8
Railroad retirement and disability benefits	\$109.4
Education and vocational training for veterans	\$64.3
Total	\$4,163.6
Grants and Assistance To Individuals	
Earned Income Tax Credit (refundable amount)	\$399.6
Child tax credit (refundable amount)	\$ 246.4
Federal student loans	\$224.8
Pell Grants	\$204.1
Housing choice vouchers	\$117.7
Head Start	\$88.6
All other housing support	\$49.9
Tax credits for education (refundable amount)	\$21.7
Telecommunications, infrastructure for schools and libraries	\$15.0
Other student financial aid	\$13.4
Tax credits to for health insurance premiums	\$13.0
Total	\$1,394.2
Grants, Contracts, and Support for Private, Nonprofit, and Other Entities	
Transfers to non-profits institutions	\$191.7
Agriculture and forestry-related grants	\$165.3
Support for transit agencies	\$102.0
Total	\$459.0
Grand Total	\$38,567.0

Sources: sources include Bureau of Economic Analysis, Veteran's Affairs, Social Security, Internal Revenue Service, and others

On the Table

More Schools Adopting 4-Day Weeks

The Public Education Department reported an increase in districts and charter schools adopting a four-day school week for FY26. In FY25, 130 districts and charter schools operated on a five-day calendar, and 57 used a four-day calendar. For the fiscal year that starts July 1, the number of districts and charter schools with five-day calendars has decreased to 116, while those with four-day calendars has increased to 71.

Permian Basin Drilling Drops

Oil and gas producers have scaled back drilling in the Permian Basin, the nation’s top oil field spanning parts of New Mexico and Texas. The New Mexico rig count as of June 20, has dropped from 108 last year to 92, a one-year decrease of nearly 15 percent. Permian Basin rigs across New Mexico and Texas are down 37 from a year ago. Chevron, the second largest acreage holder in the basin, has announced plans to lay off 800 employees in Midland, Texas. While these layoffs are currently confined to Texas, the interconnected nature of Permian Basin operations means that New Mexico’s oil and gas sector could feel indirect effects.

NM Near Average on Per Pupil Spending

New Mexico ranks 23rd in the nation for total revenue per public school student at \$19.5 thousand, according to U.S. Census Bureau data on school system finances, but is still \$820 below the national average of \$20.3 thousand per pupil. A recent Education Law Center review of school finance systems for FY22 gave New Mexico an A for progressive funding distribution, a C for funding level (which ranked 27th in FY22), and a C for funding effort (measured as school revenue per state gross domestic product).

Transitions

LFC budget analyst Kelly Klundt will replace Jeannae Leger as assistant director for administration. She will continue to be the analyst for the Early Childhood Education and Care Department. Leger is retiring after 20 years with LFC.

Rachel Garcia, budget analyst for the Children, Youth and Families and Workforce Solutions departments, has been named deputy director for evaluation. She replaces Micaela Fischer, who resigned for a job with Partners for Public Good.

Rene Montoya has been promoted to committee services coordinator. She recently graduated from New Mexico State University with a degree in business.

Garrett Moseley is the newest program evaluator. Moseley has bachelor’s and master’s degrees from New Mexico State University and was an analyst for the House Appropriations and Finance Committee during the last session. He served as the student regent on the NMSU Board of Regents and was NMSU student body president.

The National Legislative Program Evaluation Society has awarded the LFC Evaluation Unit with Certificate of Impact for the 2024 report *State-Funded Water Projects*.

Two LFC staffers have been named to national positions. Kelly Klundt, the early childhood analyst and assistant director for administration, was accepted to the National Conference of State Legislature’s Opioid Policy Fellows. The Opioid Policy Fellows Program is focused on health policies and programs and the intersections with human services and criminal justice issues. Program evaluator Sarah Dinces, Ph.D., has been appointed to the National Legislative Program Evaluation executive committee, which guides the national organization.

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