



LFC Newsletter

A publication of the Legislative Finance Committee

Representative Nathan Small, Chairman
Senator George Muñoz, Vice Chairman
Charles Sallee, Director

Volume 26 Issue 05

November 2025

From the Chairman Vulnerabilities

Twice in less than six weeks, New Mexico legislators have had to meet in special session to respond to actions by our federal government that have threatened access to critical services our friends and neighbors rely on.

In the first special session, we set aside money to cover cuts in Supplemental Nutrition Assistance Program eligibility that were set to take effect soon, while also taking steps to shore up rural healthcare providers facing Medicaid cuts, and taking action to lower health insurance premiums set to skyrocket January 1.

However, within weeks, food benefits were further imperiled when the federal government made the unprecedented decision to refuse to fund SNAP after November 1, during the federal government shutdown. Previous administrations have always maintained SNAP during shutdowns, including President Trump in his first term. But this time, even after federal courts ordered the administration to restore funding, they continued to fight this obligation.

In our second special session in early November, we authorized the state to fund food assistance in case of further disruptions to federal funding. Thankfully, it now seems unlikely the state will need to take this step; the shutdown has ended and federal funding is fully restored.

Unfortunately, hundreds of millions of dollars in federal cuts to critical public assistance programs remain on the horizon in the so-called big, beautiful bill, and it's clear New Mexico lawmakers will have to continue to act to ensure families across our state have access to the services they cannot live without.

Public assistance is critical in New Mexico because we have one of the highest poverty rates in the nation, with 15 to 20 percent of New Mexican families living on incomes below the federal poverty level. State and federal public assistance have helped to lift many struggling families in our state out of poverty conditions.

Indeed, New Mexico ranks better than the national average on the supplemental poverty measure, which takes into consideration the impact of childcare assistance, tax credits, food and medical assistance, social security, and other specific programs. Our LFC analysis has repeatedly found many poor New Mexico families and elderly can meet their basic needs by enrolling in the state and federal benefits programs for which they are eligible.

But recent cuts and the disruptions to federal benefits have underscored the need to also look for long-term solutions to attract investment to our state, create more good-paying jobs, train our workforce, and ease the benefits cliff so that more New Mexico families can attain financial stability and security in the face of national economic and political uncertainty.

Representative Nathan Small
Chairman

Juvenile Referrals Down but State Lacks Services

New Mexico juvenile justice reforms to divert low-risk offenders from confinement has led to far fewer youth in secure facilities, but the state lacks the prevention and treatment services to keep low-risk juveniles from returning to the justice system, an LFC Program Evaluation Unit report concludes.

The policy spotlight, scheduled to be presented to the committee at 1 p.m. November 18, notes referrals to the juvenile justice system steadily declined after the state began diverting youth to community services for low-level offenses in the 2000s. While it has increased since the pandemic, the number is still below prepandemic levels and 70 percent below FY09. Over about the same period, the number of youth in secure facilities dropped from 500 to 100.

While juveniles can be referred for noncriminal actions, such as truancy, or probation violations, the report notes 81 percent of referrals to the juvenile justice system since FY09 were for criminal offenses, with 75 percent of the criminal charges since FY14 for

misdemeanors.

A little over 40 percent of referrals were referred to local district attorneys, leaving almost 60 percent of referrals handled informally by Children, Youth and Families Department juvenile justice staff. About half of all referrals were for youth who had been referred before, suggesting interventions have been ineffective.

The report cites federal findings that New Mexico lacks adequate behavioral health and family support services that meet federal standards.

In addition, the state is spending less now than it was a decade ago on multisystemic therapy, an evidence-based intensive treatment for youth with serious antisocial behaviors, the Children, Youth and Families Department diverted \$20 million intended for evidence-based behavioral healthcare for youth, the number of juvenile treatment courts, an effective tool in juvenile justice, has dropped from 12 courts in FY17 to four courts in FY24, and while those courts have capacity for 85 juveniles, only 23 participated.

School Capital Formula Fair but Off

New Mexico's public school capital outlay funding formula is more fair than the funding mechanisms in many states, but a growing number of requests for exceptions to the rules suggest the need for changes, LFC evaluators conclude in a joint report with the Legislative Education Study Committee.

In the brief scheduled to be presented to a joint meeting of the committees at 8:30 a.m. November 21, staff report the current formula does not fully capture a school district's ability to pay the required matching amount or the full cost of construction, leading to an increase in the number of districts asking for a reduction in the matching rate.

In addition, the report finds several very small districts are locked into the maximum rate—under which a district must pay 94 percent of the costs—raising concerns about equity.

New Mexico public school facilities are funded through a mix of local

property tax revenue and state bonds based on a formula intended to create equal access among districts, no matter the property values within the district.

The formula accounts for differing property values and a district's specific space needs.

However, it uses set figures of 4.5 mills for the property tax rate (\$4.50 for every \$1,000 of taxable value)—even though the property tax varies among districts—and \$307.47 per square foot for construction costs—even though the average square foot cost was almost \$700 in 2023. It also assumes a district will need to replace its entire building stock every 45 years.

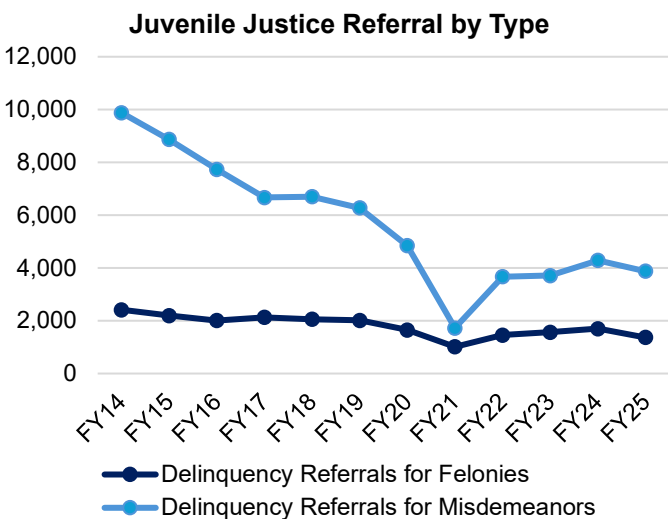
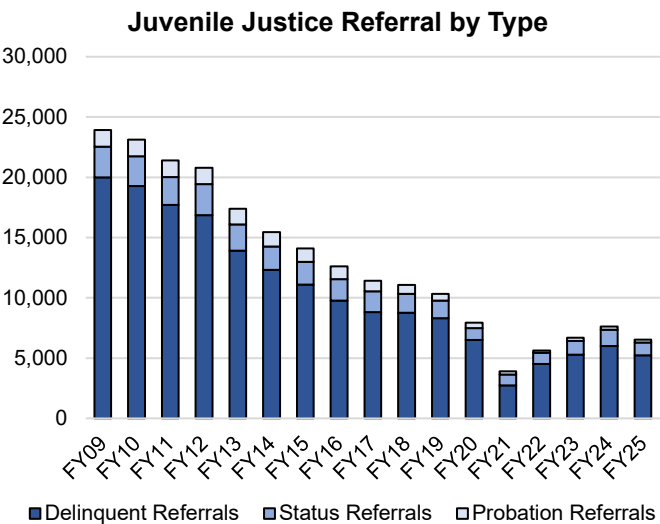
The formula results in nearly a third of districts being assigned the maximum matching rate but allows for districts to apply for a match reduction based on a good faith effort to use all available local resources. Thirteen districts asked for waivers in 2025, compared with eight in 2024.

Juvenile Referrals Up but Still Below FY19

Referrals to the juvenile justice system steadily increased after a pandemic low primarily because of a growing number of referrals for juvenile crime, but both crime referrals and referrals overall remain below FY19, LFC analysis of Children, Youth and Families Data shows.

Youth can be referred to the system for status offenses, such as truancy, or for probation violations, in addition to crime, known as delinquency, referrals.

Misdemeanors made up 75 percent of delinquency referrals from FY14 to FY25, with battery, use or possession of drug paraphernalia, shoplifting, and fighting the top five offenses making up 42 percent of all misdemeanor charges. The top five felony charges, making up 23 percent of felony charges and 6 percent of criminal charges overall, were aggravated assault, unlawful carrying of a deadly weapon on school premises, damage to property over \$1,000, burglary, and battery on a peace officer.



Note: For both charts, the FY25 figure is missing the last three months of data because it was unavailable.



LFC Newsletter

2025-2026 Fiscal Year, Month 5

Published monthly in the interim by the Legislative Finance Committee.

Editor - Helen Gaussoin

Questions, comments: 505-986-4550

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On the Table

Congress Prevents Funding Loss

The Federal Funds Information for States service reports the “continuing resolution” passed in Congress that reopened the federal government appears to include a provision that would suspend the automatic cuts under the Pay As You Go—PAYGO—Act. PAYGO calls for automatic cuts when the federal deficit is increased, and the so-called big, beautiful bill will increase the deficit by an estimated \$3.4 trillion. New Mexico would have lost \$2.8 billion in federal mineral leasing payments under the automatic cuts, in addition to smaller amounts for specific other programs.

The continuing resolution also includes a provision to reimburse states for expenses that would have been paid by the federal government if not for the federal shutdown. New Mexico spent \$30 million in emergency funding to prevent the loss of Supplemental Nutrition Assistance Program benefits for the first 10 days of November during the shutdown, and the Legislature during the second special legislative session authorized spending \$160 million more if needed.

College Enrollment Up

The number of students enrolled in New Mexico public colleges increased 3.6 percent in fall 2025, marking the fourth consecutive year of increasing enrollment. At the same time, full-time enrollment increased 4.3 percent, suggesting students are taking more credit hours on average, and the number of first-time, degree-seeking student fell by 1.1 percent, an indication that enrollment growth is being driven by returning and adult learners. Full-time enrollment for fall 2025 is still down 23 percent from fall 2011.

Notably, LFC analysis suggests the 12th grade class population will steadily decline after this year, shrinking by 13 percent by FY30. Smaller 12th grade classes will likely result in fewer college freshmen.

Prescription Drugs Behind 1-in-4 OD Deaths

Prescription drugs accounted for 1-in-4 of New Mexico’s 954 overdose deaths in 2023, DOH reports. According to the U.S. Centers for Disease Control and Prevention, the state documented 155 recorded deaths from prescription opioids that year. Prescription sedatives, stimulants and other drugs brought the total to 233 deaths.

Group Home Planned as Temporary Solution

The Children, Youth and Families Department plans to open a group home in Las Cruces for children over age 12 staying in offices, temporary housing, and other unstable care settings. Because CYFD intends for the facility to be a short-term solution as its builds up foster home capacity, the department plans to lease a building with capacity for 10 youth and staff the facility with emergency response workers. The emergency response workers will receive additional training, including in de-escalation. Additionally, CYFD is working with a youth behavioral health provider in Las Cruces about possibly locating at the home to provide on-site services.

More Men, Fewer Women in Prison

The New Mexico Sentencing Commission is projecting a 2.1 percent increase in the male prison population in FY27 and a drop in the female population of 3.3 percent, for totals of 5,673 men and 495 women. The commission projects the total population to rise from its current level of 5,846 to 6,852 by 2035, still short of about 7,200 in 2019.

Transitions

Dana Flannery, Medicaid director of the Health Care Authority, is stepping down in December. Alanna Dancis, Medicaid chief medical officer, will serve as interim director.