

Monday, July 15 ([click here for webcast](#))

The following members and designees were present on Monday, July 15, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Michael Padilla, Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, and Brian G. Baca. Guest legislators: Senator Joseph Cervantes and Representatives Art De La Cruz, Tara Jaramillo, Tara L. Lujan, and Randall T. Pettigrew.

Welcoming Remarks (8:52AM, [click here for meeting materials](#)). New Mexico Tech President Mahyar Amouzegar said investment per student is greater at New Mexico Tech than many larger STEM institutions, noting the institution’s administration of \$130 million in research grants and contracts annually. Like other higher education institutions, New Mexico Tech is experiencing challenges in recruiting and retaining faculty, staff, and students.

Socorro Mayor Ravi Bhasker and County Manager Andrew Lotrich welcomed LFC to Socorro and highlighted local activity.

Dave Hicks, board president of Socorro Consolidated Schools, described Socorro’s community as family, remarking on the close relationships among state and local officials and New Mexico Tech.

Bernalillo County Criminal Justice System Update (9:53AM, [click here for meeting materials](#)). LFC Program Evaluators Ryan Tolman, Ph.D., and Marco Lueras presented an update on Bernalillo County’s Criminal Justice System. According to the report, New Mexico’s crime rates remain consistently above the national average, driven by high crime rates in Bernalillo County, which continue to limit the state’s potential. New Mexico could reduce crime by treating addiction and other root causes, increasing the certainty offenders will be caught and held accountable, and decreasing the likelihood current inmates will reoffend upon release.

FY24 Third Quarter Agency Report Cards (11:33AM, [click here for meeting materials](#)). LFC Deputy Director Jon Courtney presented the FY24 third-quarter report cards. Very few programs showed a change in performance in the third quarter, suggesting year-end ratings will be little different. However, three programs dropped into the red, including child protective services and medical assistance, and two others dropped from green to yellow. Overall, more than half of the programs rated this quarter were rated yellow for slightly missing their targets and eight were rated red for significantly missing their targets. While a red rating is not intended as a “failing grade,” it acts as a warning to administrators and policymakers that a program is in trouble. Eighteen programs received green ratings.

The state continues to see strong performance in the Transportation, Economic Development, Tourism and Energy, Minerals and Natural Resources departments and the courts and judicial agencies, while performance continues to lag in the Children, Youth and Families Department and Health Care Authority.

Behavioral Health (1:04PM, [click here for meeting materials](#)). LFC Analyst Eric Chenier reported on Behavioral Health Collaborative operations, funding distributions, and provider shortages, noting a recent dip in Medicaid enrollment and ongoing challenges with service access. About 42 percent of New Mexico’s population is currently enrolled in Medicaid. Despite increased behavioral health spending and capacity-building funds, more needs to be done to improve provider networks and service utilization data to address existing gaps.

Status of State Park Infrastructure (2:10PM, [click here for meeting materials](#)). Toby Velasquez, State Parks Division director of the Energy, Minerals and Natural Resources Department, and Colleen Baker, division bureau chief for design and development, provided an update on federal American Rescue Plan Act (ARPA) funding and future plans for New Mexico’s 35 state parks. To date, over \$16.8 million of ARPA funds has been spent on equipment, professional services, and improvements, with \$3.1 million remaining. The funding has been used for regional investments and significant projects like campground improvements, infrastructure upgrades, and new park developments. Future plans include further development at parks like Pecos Canyon and Elephant Butte Lake, as well as improvements in energy efficiency and expanded recreational facilities. State Parks’ five-year capital improvement plan includes requests totaling \$65 million, with ambitions to enhance infrastructure, conservation, and recreation across the parks, aiming to establish New Mexico as a leader in outdoor recreation.

Regulating Property Insurance in New Mexico (3:55PM, [click here for meeting materials](#)). Superintendent of Insurance Alice Kane reported on New Mexico’s property insurance market, focusing on homeowners insurance. Oversight by the Office of Superintendent of Insurance (OSI) includes licensing insurers, reviewing rate filings, ensuring compliance, and addressing consumer complaints. Key challenges include rising costs due to climate change, inflation, and increased claims from wildfires, hailstorms, and floods. Reinsurance rates have increased, affecting direct insurers' premiums. Superintendent Kane highlighted the importance of risk mitigation strategies and the role of New Mexico's Fair Access to Insurance Requirements plan for high-risk properties. Carole Walker, executive director of Rocky Mountain Insurance Association, discussed the impact of climate-related catastrophes on insurance costs and the ongoing challenges faced by the industry. Jonathan Clark, managing director of Guy Carpenter and Company, talked about the current state of the reinsurance market, emphasizing the need for flexible, innovative approaches to manage rising risks and costs.

Tuesday, July 16 ([click here for webcast](#))

The following members and designees were present on Tuesday, July 16, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Benny Shendo Jr., Pat Woods, William E. Sharer, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, and Brian G. Baca. Guest legislators: Senator Shannon D. Pinto and Representatives Art De La Cruz, Pamelya Herndon, Tara Jaramillo, Tara L. Lujan, Randall T. Pettigrew, and Andres Romero.

Update on *Martinez-Yazzie* Lawsuit and Outcomes (9:25AM, [click here for meeting materials](#)). Legislative Education Study Committee Director Gwen Perea Warniment and LFC Analyst Sunny Liu reported on the status of the *Martinez-Yazzie* lawsuit and outcomes. In February 2019, the 1st

Judicial District Court ordered the state to take steps to ensure schools have the resources necessary to give at-risk students the opportunity to obtain a uniform and sufficient education that prepares them for college and career. Several legislative and executive actions have since taken place, including increased public school funding from \$2.8 billion in FY19 to \$4.4 billion in FY25. While some strides have been made, achievement gaps continue to exist and the state maintains its last place ranking nationwide.

LegisStat: Public Schools (10:45AM, [click here for meeting materials](#)). According to the LFC staff brief, math and reading test scores and high school graduation rates have long been used as predictors of future economic and social outcomes for students. However, New Mexico consistently ranks the lowest on these traditional measures of student achievement. Another key factor affecting performance is student absenteeism, which remains higher than prepandemic levels but is starting to improve. There are several evidence-based options to boost student outcomes and close achievement gaps with at-risk youth, including increasing access to quality learning time, developing and retaining highly effective educators, and providing engaging curriculum. In recent years, the state has enacted legislation and significantly increased appropriations in support of these objectives. While overall proficiency rates appear to be improving, student achievement gaps continue to persist, and although disparities in graduation rates across demographic groups are narrowing, statewide graduation rates remain relatively flat.

Arsenio Romero, secretary of the Public Education Department (PED), talked about focusing on what's important and working together to improve student performance, pointing out it is a collective effort in a long game that also involves local educational agencies. Secretary Romero highlighted teacher preparation, classroom support, and other key initiatives.

State and Federal Partnerships for Research and Development (1:12PM, [click here for meeting materials](#)). Mike Doyle, Ph.D., vice president for research at New Mexico Tech, said the university is developing game-changing technology across multiple fields, including water, energy, carbon capture, 5G and future-G spectrum science, biotechnology, and AI. With \$118 million spent on research annually, New Mexico Tech's programs and collaborations continue to lead to positions of national leadership.

Patricia Henning, Ph.D., director of New Mexico operations of the National Radio Astronomy Observatory (NRAO), said NRAO is a federally funded research and development center, and its very large array (VLA) in New Mexico is the best telescope of its kind on earth. A next generation VLA is anticipated, which would add more STEM jobs and attract more tourists to the state. Workforce and housing will need to be developed to support the advanced telescope operations in New Mexico. NRAO is partnered with several state and federal agencies, including the U.S. Navy, NASA, Smithsonian, University of New Mexico, and New Mexico Tech.

Tanner Schaub, assistant vice president for research at New Mexico State University (NMSU), highlighted NMSU's key research partners and priorities, including state-of-the-art analytical chemistry, intelligent additive manufacturing, radioactive material, and hypersonic technology.

Building a Hub for Quantum Technology (2:45PM, [click here for meeting materials](#)). Ivan Deutch, distinguished professor at the University of New Mexico said the Quantum New Mexico

Institute aims to position the state as a national hub for quantum information science and technology. Jake Douglass, business development lead at Sandia National Laboratories highlighted the lab's extensive quantum research and its role in supporting federal initiatives like the National Quantum. Michael Rabin, quantum group lead at Los Alamos National Laboratory discussed the lab's contributions to the state's quantum efforts, including its \$60 million budget for quantum science. New Mexico's pioneering role in quantum technology is bolstered by recent federal funding and state support, notably through the \$40.5 million Elevate Quantum initiative. Further investment in infrastructure, incentives, and workforce development is needed to attract more industry and capitalize on the state's established strengths in quantum research.

Miscellaneous Business.

Action Items. Senator Gonzales moved to adopt the LFC June 2024 meeting minutes, seconded by Vice Chairman Small. The motion carried.

Senator Rodriguez moved to adopt the LFC subcommittee reports, seconded by Representative Armstrong. The motion carried.

Vice Chairman 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.

Wednesday, July 17 ([click here for webcast](#))

The following members and designees were present on Wednesday, July 17, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Steven P. Neville, Benny Shendo Jr., Pat Woods, and William E. Sharer; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, and Debra M. Sariñana. Guest legislators: Representatives Art De La Cruz, Pamelya Herndon, Tara Jaramillo, and Randall T. Pettigrew.

Revenue Volatility Report (8:03AM, [click here for meeting materials](#)). LFC Chief Economist Ismael Torres said state revenues have become more volatile, with the most recent five-year period exhibiting the most volatility in 40 years and the most continuous volatility in state history. Because positive and negative revenue swings hinder efforts to maintain a balanced budget, policymakers should adopt practices that stabilize state finances. While recent measures have reduced oil and gas revenue volatility in the general fund by more than half, new sources of revenue volatility have emerged.

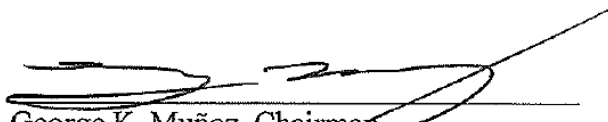
Capital Outlay Spotlight (9:22AM, [click here for meeting materials](#)). LFC Analyst Cally Carswell reported on the status of local capital outlay. Local entities in Socorro County received \$7.9 million in capital outlay from 2019 to 2023. As of April, \$5.8 million (72 percent) was unexpended. Additionally, 19 higher education or statewide projects in Socorro County received appropriations totaling \$21.3 million, of which \$19.1 million (90 percent) was unexpended. This year, the Legislature appropriated \$4.8 million in capital outlay for local entities in Socorro

County. LFC Analyst Antonio Ortega highlighted key projects.

Objections to Budget Adjustment Requests (9:54AM, [click here for meeting materials](#)). LFC Analyst Scott Sanchez said LFC objects to a budget adjustment request (BAR) from the Department of Homeland Security and Emergency Management (DHSEM) for the second time in three years. The proposed \$12.2 million increase in the agency’s budget in FY24 follows similar significant increases in previous years, diverting over \$52.2 million from the general fund since FY22, contrary to legislative intent of Chapter 125 from the 2021 legislative session, which directs excess revenues from the fire protection fund to the general fund, rather than the fire protection grant fund. State Fire Marshal Randy Varela explained DHSEM requests the BAR to cover a shortfall in operating funds. Major General Miguel Aguilar, DHSEM acting secretary, said the agency’s projected operating budget is based on the previous three years’ average of annual operating expenses.

LFC Analyst Joseph Simon said LFC objects to a BAR from the General Services Department (GSD) for the employee group health benefits fund. The agency requests an additional \$25.5 million in expenditure authority to pay health insurance claims. Like DHSEM’s BAR, GSD’s request was submitted at the end of the year, allowing it to go into effect on the last day of the fiscal year. Ending the year with a deficit in the fund is not allowed by state law and state accounting practices. Previous agency audits found increased healthcare costs have not been offset by premium increases.

With no further business, the meeting adjourned at 10:38 a.m.


George K. Muñoz, Chairman


Nathan P. Small, Vice Chairman