

New Mexico disaster funding

Wildfire spending, public assistance, and decisions for the road ahead

Tuesday, June 16, 2026

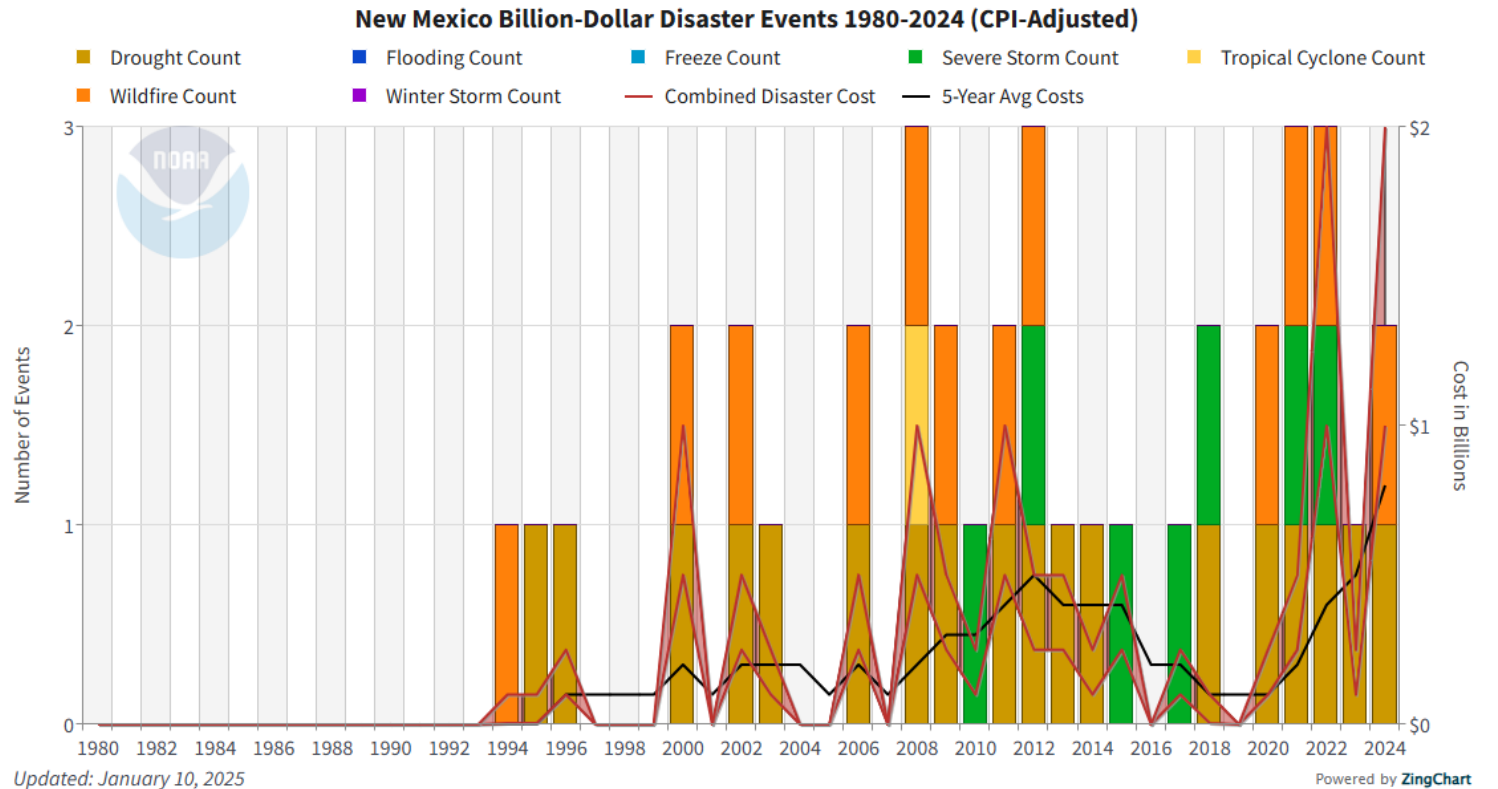
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Summary of disasters (1980-2024)

Billion-dollar disasters

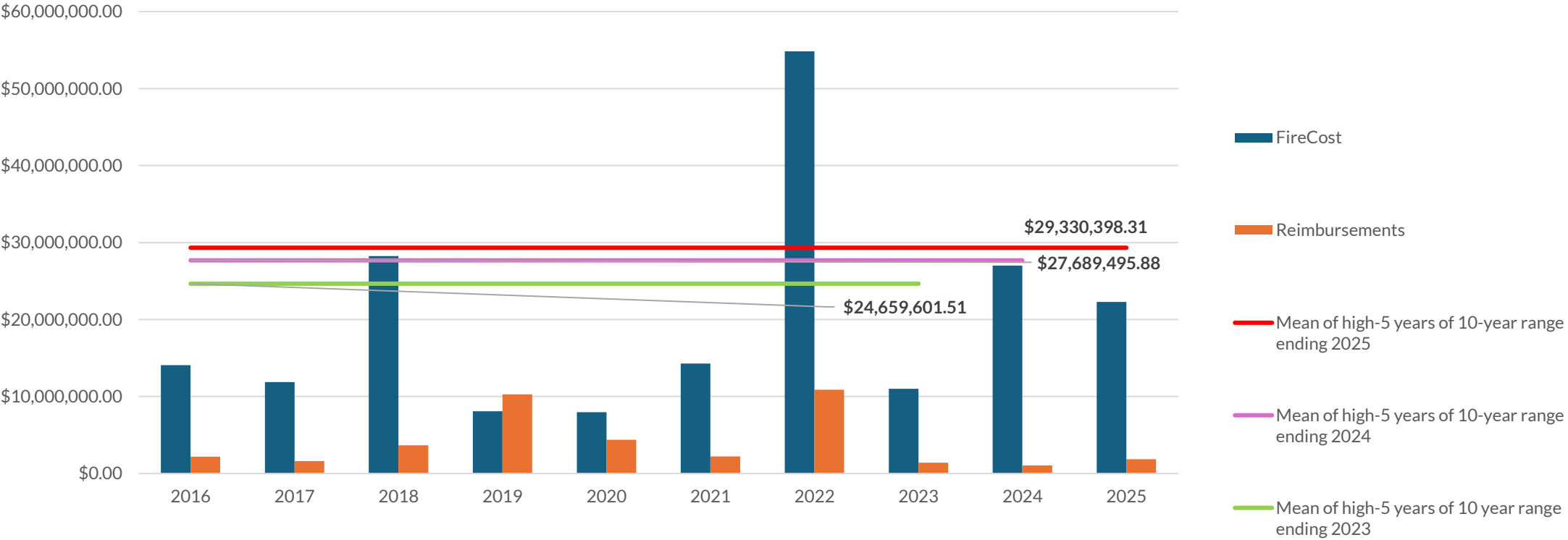
From 1980-2024, there were 38 weather-related disasters where losses exceeded \$1 billion.

Events included 12 wildfires, 18 drought events, 7 severe storms and 1 tropical cyclone.



Note: Data from NOAA (<https://www.ncei.noaa.gov/access/billions/state-summary/NM>)

New Mexico Wildfire Spending*



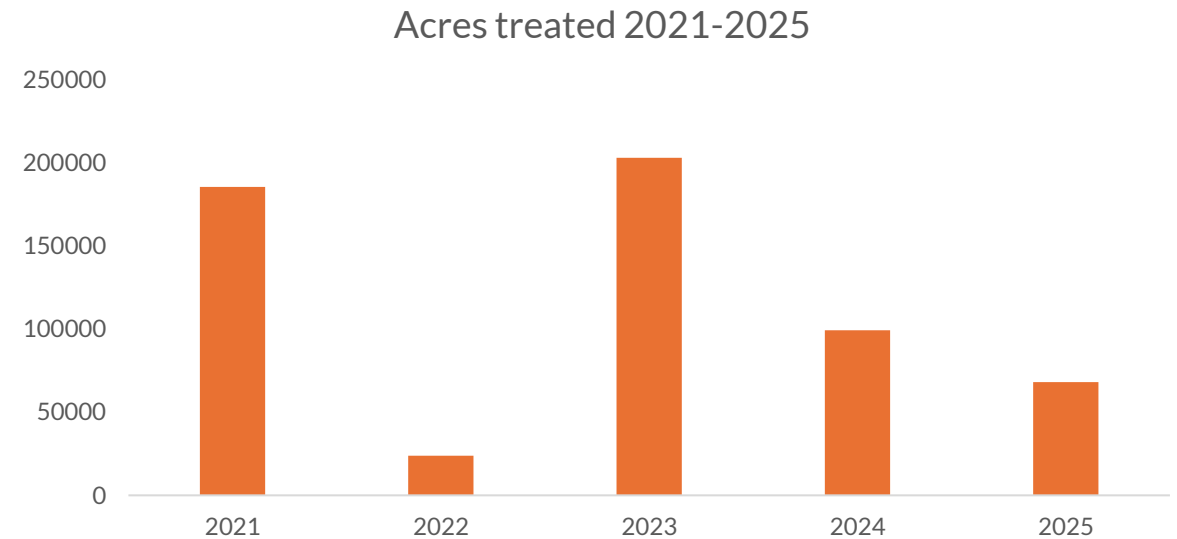
Note: Data provided by EMNRD. This chart shows the state's wildfire spending costs, reimbursements, and the mean of five-year averages for a three-year period.

Federal mitigation activities in New Mexico

Wildfire mitigation efforts down

According to US Forest Service data, hazardous fuels work done by the Forest Service is down 38% in comparison to the same period of the previous four calendar years.

This could be due to budget cuts, government shutdowns and downsizing.



Note: Data from US Forest Service and Source NM

Total and average annual public assistance (2003-2025)

Total public assistance

New Mexico received \$711.9 million in inflation-adjusted public assistance from 2003 to 2025.

Average annual assistance

The average yearly public assistance received by New Mexico is about \$31 million per year.



Note: The art for this presentation was generated using AI tools.

Highest one-year and per-incident PA received (2022, Calf Canyon/Hermits Peak)

Record one-year PA amount

In 2022, the highest one-year PA totaled \$260.5 million, reflecting significant disaster impact.

Inflation-adjusted funding

Adjusted to 2025 dollars, the PA amount equals \$286.5 million, reflecting inflation impact on funding.

Calf Canyon/Hermits Peak fire impact

The Calf Canyon/Hermits Peak Fire caused the highest per-incident PA funding ever recorded.



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Standard PA cost-share and exceptions

Standard PA cost-share

Most disasters in New Mexico between 2003 and 2025 used the 75/25 cost-share formula for public assistance funding.

Exceptions to standard cost-share

There were several exceptions to the 75/25 PA cost-share rule during this period, highlighting unique funding scenarios.



Note: The art for this presentation was generated using AI tools.

New Mexico disasters with adjusted federal cost-shares (2003-2025)

Little Bear Fire cost share

New Mexico received 90% federal cost share for debris removal, emergency measures, and permanent work from August to November 2012.

Calf Canyon/Hermits Peak Fire cost share

New Mexico received 100% federal cost share for debris removal and emergency measures from May to October 2022.

South Fork and Salt Fire cost share

New Mexico received a temporary 100% federal cost share for emergency protective measures in the hardest-hit areas (e.g. Ruidoso) for a 30-day period in the summer of 2024.



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Decision points for establishing a disaster-specific reserve

1) What is the purpose of the reserve?

2) How much money is needed?

3) What is the funding source for the reserve?

4) How to treat unspent funds and reimbursements?

5) What reports are needed on the use of the funds?

What is the purpose of the reserve?

- Clearly defining the state's role in paying for disaster costs in advance helps determine how much is needed.
- Potential reserve uses include:
 - Federal matching funds
 - Grants or loans to affected local governments
 - Grants or loans to affected individuals
 - Reimbursing disaster-related expenses from other state agencies
 - Mitigation or preparedness investments

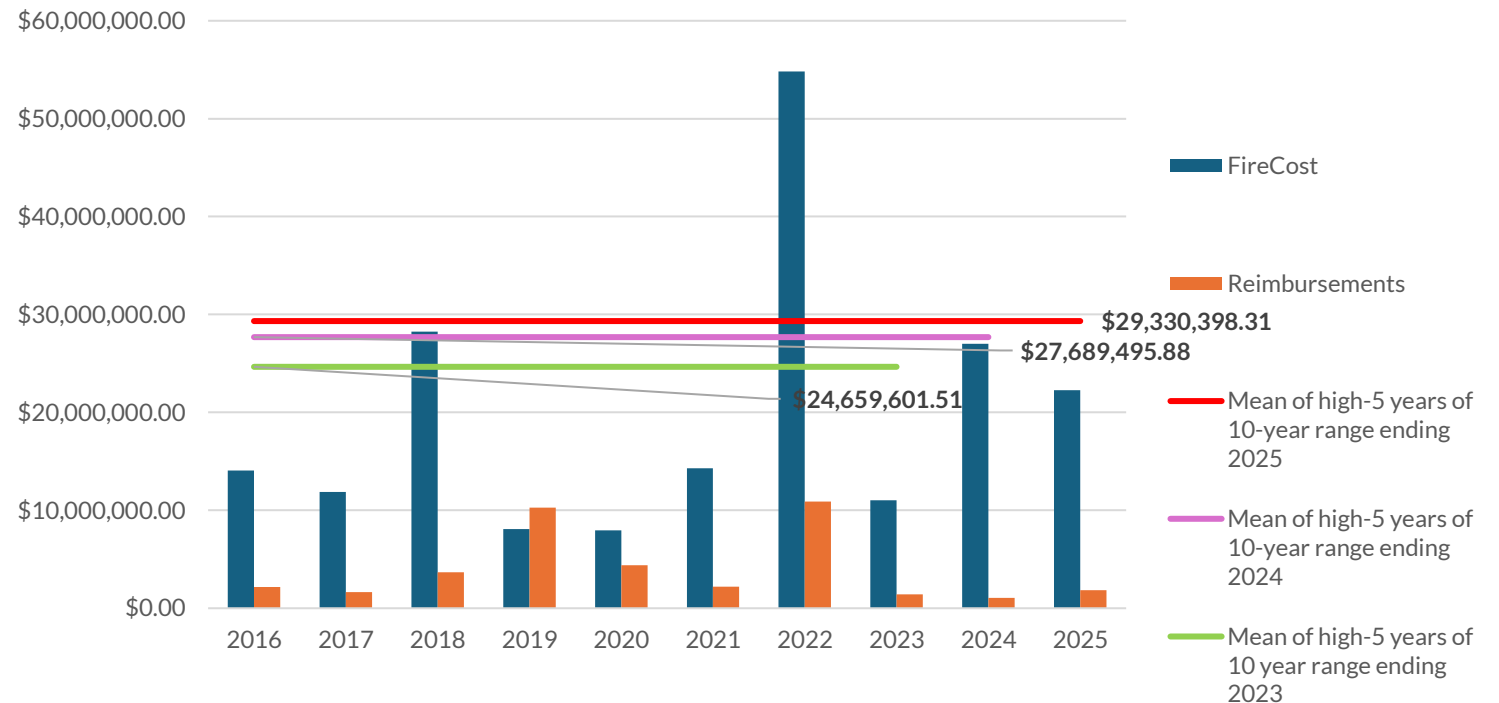


Note: The art for this presentation was generated using Bing photos.

How much money is needed?

- Funding levels should consider a consider peak need and average need.
- Targets should be based on analysis of past spending needs, forward-looking assessment of changing disaster exposure, and consideration of opportunity cost.
- Consider if there are different needs for different hazards.
- Have a plan for disaster needs that exceed the reserve balance.

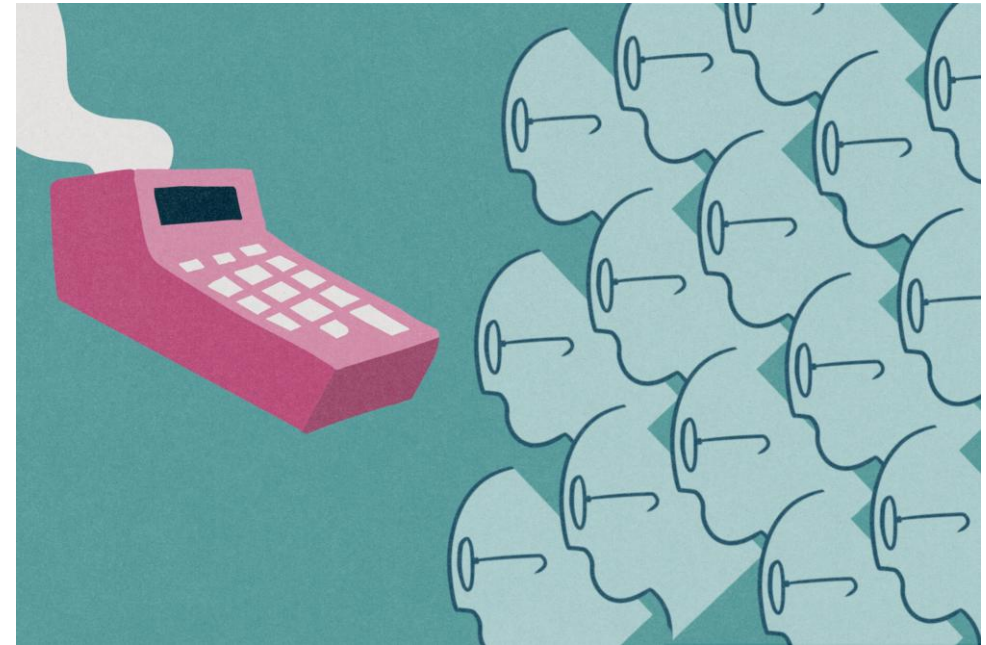
New Mexico Wildfire Spending*



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What is the funding source for the reserve?

- Disasters needs are a volatile year-to-year expense, funding sources should be calibrated to meet that need.
- Formula-based general fund appropriations
 - Multiple states use a formula based on historical averages to determine annual wildfire appropriations from the general fund.
- Capturing peak revenue from volatile revenue sources.
 - UT and MT deposit excess revenue collections into wildfire funds at the end of each budget cycle.
 - MA has used over-expectation capital gains revenue to fund its disaster reserve.



Note: The art for this presentation was generated using Bing photos.

How to treat unspent funds and reimbursements?

- Carry-forward reserves - Allowing unspent funds to remain for future years can help smooth year-to-year volatility.
- Recycling federal reimbursements - Depositing FEMA reimbursements in a disaster fund can improve transparency and cashflow challenges in the face of long reimbursement timelines.
- Investing in mitigation - Some states invest a portion of unspent funds in mitigation to reduce future risk.



Note: The art for this presentation was generated using Bing photos.

What reports are needed on the use of the funds?

- Reporting on fund expenditures and deposits can inform policymaking, improve oversight, and allow for clear budget planning.
- Details could include:
 - Required frequency of reports
 - Cost of disaster by funding source
 - Grant recipients
 - Location of expenditures
 - Expenditures by phase of disaster
 - Other details as relevant



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Proposed FEMA changes that could affect New Mexico's budget

Changes to the disaster declaration threshold

- Damage threshold for a federal disaster could increase
- Review council would increase New Mexico's damage threshold from approximately \$4.2 million to \$6.3 million

Changes to public assistance match rates

- Proposals include a sliding scale for match rates based on state investments
- Could include incentives for mitigation investment and fiscal preparedness
- Possible reduced total match

Restructuring how PA aid is provided

- Up-front grants vs. reimbursement
- Parametric triggers

Additional emergency management responsibilities to states

- Reductions in FEMA capacity could prompt additional state emergency management capacity investments

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