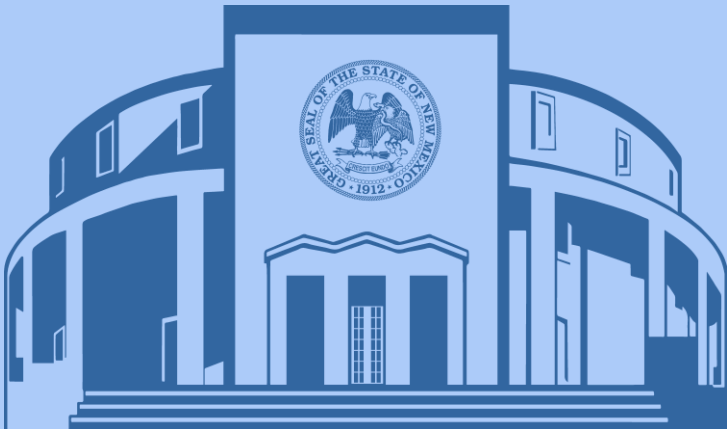


Program Evaluation: Emergency Orders



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June 12, 2026

Wayne Propst, Cabinet Secretary
Department of Finance and Administration
Bataan Memorial Building
407 Galisteo Street
Santa Fe, NM 87505

Secretary Propst:

The Legislative Finance Committee (LFC) is pleased to transmit the evaluation *Emergency Orders*. The program evaluation examined the flow of funding and revenue, as well as spending patterns associated with emergency order funding; the existing methods of oversight and accountability that prevent misuse of emergency order funding; and national best practices for management of emergency order funding.

The report will be presented to the LFC on June 16, 2026. LFC would like plans to address the recommendations within this report from the Department of Finance and Administration within 30 days of the hearing.

I believe this report addresses issues the LFC asked us to review, and hope the department will benefit from our efforts. We very much appreciate the cooperation and assistance we received from you and your staff.

Sincerely,

Charles Sallee, Director

Cc: Representative Nathan Small, Chair, Legislative Finance Committee
Senator George K. Muñoz, Vice Chair, Legislative Finance Committee
Daniel Schlegel, Chief of Staff, Office of the Governor
Joseph M. Maestas, State Auditor

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TOP TAKEAWAY

Emergency orders are a tool for the executive branch to respond quickly in times of disaster. However, the financing is complicated by slow federal reimbursements and limited local administrative capacity, and “emergency” spending continues for years after the initial event, posing a risk to the state. Other states have found innovative ways to modernize emergency order processes while preserving the state’s ability to respond quickly when required.

THE ISSUE

Emergency orders are a mechanism that allows the executive to respond quickly to a variety of emergencies. In recent years, the use of this mechanism has grown dramatically. The increased spending tied to emergency orders conflicts with the Legislature’s power to appropriate under the state constitution. Due to a lack of transparency, the Legislature cannot exercise the appropriate level of oversight for regular appropriations.

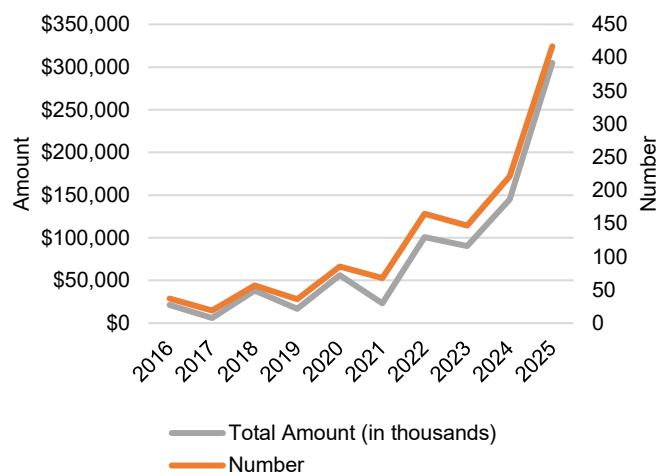
KEY RECOMMENDATIONS

- The Legislature should consider formalizing the definition of “emergency” in statute to help clarify the boundaries of response and recovery activities.
- The Legislature should consider adding in statute a definition of the end of an “emergency” and mandating the reversion of unspent funds at that time.
- The Legislature should consider clarifying in statute that the executive branch may not draw from the general fund operating reserve to fund emergencies.
- The Legislature should consider adding a time limit on emergency spending, after which the executive branch must engage with the Legislature for emergency appropriations.

KEY FINDINGS

- Emergency response spending has resulted in \$553.8 million in commitments since 2023 that will continue for years.
- Delayed and complex Federal Emergency Management Agency reimbursement processes, along with local capacity challenges, pose risks to New Mexico’s disaster response and recovery efforts.
- A few states have successfully limited and defined executive and legislative authority related to responding to emergencies and their recovery.

Executive Orders by Year



Source: Governor’s Office, LFC Files

LFC Program Evaluations are systematic assessments of the results of government spending and program activities and outcomes. They provide prospective analysis, guidance, and recommendations for improvement.

Background

Over the past decade, the frequency and cost of executive orders have increased, particularly in response to public health emergencies, wildfires, and flooding. This trend has accelerated substantially over recent years, indicating a greater reliance on them to address emergencies. While executive orders allow the state to deploy resources quickly when urgent needs arise outside the normal legislative appropriation process, their expanded use has raised questions about transparency, consistency, and accountability. Further, the broader use and scope of the orders raise questions about the long-term financing of emergencies and disasters across the state.

This evaluation analyzes the state’s financial management of emergency orders, including state appropriations, spending, and federal government reimbursements. In addition, the evaluation examines the legal and fiscal framework for emergency funding and identifies challenges related to statutory interpretation, fund tracking, and reporting. Finally, it frames the central policy tension between the need for rapid executive action and the Legislature’s constitutional role in appropriating and overseeing public funds.

From 2023 to 2026, the executive issued 811 executive orders, accompanied by \$553.8 million in funding, including \$304.9 million in 2025 alone.

In 2020, the executive issued just 85 executive orders at a total cost of \$56.2 million. In 2025, the last full year of available data, the executive issued



Source: Governor's Office. LFC

Program Evaluation: Emergency Orders

417 executive orders at a total cost of \$304.9 million, a 543 percent increase in dedicated spending over a five-year period.

Emergency orders are a category of executive orders.

In New Mexico, executive orders are formal directives issued by the governor to manage state government operations. Article V, Section 4 of the New Mexico Constitution empowers the governor to deploy the militia and respond to emergencies. They are used to implement laws, direct state agencies, or set policy, and generally remain in effect until rescinded or replaced. They do not create new laws or authorize spending beyond what the Legislature has approved. Examples of actions following executive orders include establishing task forces, directing agency procedures, or clarifying administrative rules.

Emergency orders are a specific type of executive action designed to respond to immediate threats to public health, safety, or welfare. Under the New Mexico Emergency Management Act (NMSA 1978, Sections 12-10-1 through 12-10-10), the governor can use emergency orders to mobilize resources, suspend certain regulations, or issue directives that directly affect the public during crises such as wildfires, floods, or disease outbreaks. Emergency orders do not expire once the emergency ends, giving the governor powers beyond routine administrative functions. In short, all emergency orders are executive orders, but their focus, urgency, and legal authority set them apart.

In recent years, New Mexico has experienced major fires and floods, as well as public safety issues that have led to emergency orders. The largest of these events was the Hermit’s Peak/Calf Canyon fire, which took place in 2022. The fire burned over 340 thousand acres in San Miguel, Mora, and Taos counties. In 2024, the South Fork and Salt fires burned over 25 thousand acres and destroyed at least 1,400 structures in Lincoln County. Both fires were followed by major flooding events, which led to debris flows and infrastructure damage. While wildfire frequency and severity are caused by many factors, they are more frequent and severe in drier conditions, following winters of low snowpack, during sustained strong winds, and when there is sufficient underbrush. Though these conditions vary by year and region, the U.S. Environmental Protection Agency has noted that “fire season” has been expanding, beginning earlier in the spring and lasting later into the year. This trend means the state must anticipate future fires and floods and should continue to foster cooperation among counties, municipalities, tribes, and federal agencies.

Table 1. Major Natural Disaster Emergency Events in Recent New Mexico History

Year	Event	Location	Notes
2022	Calf Canyon/Hermits Peak Fire	San Miguel, Mora, and Taos counties	Largest wildfire in New Mexico history; followed by major flooding
2022-2023	Hermits Peak/Calf Canyon burn scar flooding	San Miguel, Mora, and Taos counties	Severe monsoon flash floods in burn scar areas
2024	South Fork Fire	Ruidoso, Lincoln National Forest	Burned 15 thousand acres, destroyed structures, forced evacuations
2024	Salt Fire	Ruidoso area	Burned 7,000+ acres, concurrently with South Fork Fire

Program Evaluation: Emergency Orders

2024	Ruidoso/South Fork burn scar flooding	Ruidoso area	Heavy monsoon rains caused flash floods, water rescues, mudflows, and road washouts
2024	Chaves County Floods	Roswell/Dexter area	Extreme precipitation even caused major residential and agricultural damage

Source: LFC files

The Legislature maintains the power of appropriation under the state constitution, while the executive branch issues executive orders to address immediate emergency situations.

New Mexico uses executive orders to mobilize resources during emergencies when the Legislature is out of session or would be too slow to act. In addition, the state uses special financing tools to loan local entities funds to cover costs (bridge loans) that should eventually be reimbursed by the federal government. Together, executive funding and bridge loans provide disaster victims with funds more quickly than would be possible through regular legislative processes. However, these mechanisms also limit the Legislature’s ability to monitor spending and provide meaningful oversight, a problem exacerbated by the increase in emergencies and emergency spending. Close monitoring is necessary because spending increased from an average of \$27.7 million per year from 2016 to 2020, to an average of \$111 million from 2021 to 2026, a 401 percent increase. Likewise, the federal Wildland Fire Management Budget has more than doubled since 2021, going from \$993 million in 2021 to \$1.9 billion in 2025.

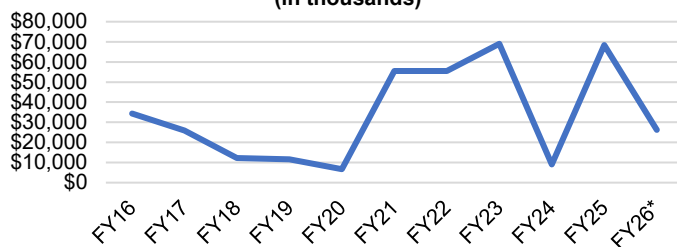
The New Mexico Constitution grants the governor broad authority to declare emergencies and direct the state’s response, but the Legislature retains ultimate authority over appropriations. The governor has wide latitude to declare emergencies through executive orders (Article V, New Mexico Constitution, and the Emergency Management Act, Chapter 12, Article 10, NMSA 1978). By contrast, the legislative branch faces major obstacles when it attempts to impose restrictions on emergency declarations, define their boundaries, or terminate them during ongoing emergencies. The Legislature draws its power over spending, “the power of the purse,” from Article IV, Section 30, of the state constitution, which says, “...money shall be paid out of the treasury only upon appropriations made by the legislature.” This asymmetry reflects the state’s constitutional design in which executive power is built for speed and decisiveness in moments of crisis, while legislative power is built for deliberation and accountability over the longer term. The result is that when emergencies persist, the Legislature is left wielding the indirect tools of appropriations, oversight hearings, and statutory reform to check a governor whose emergency authority, once invoked, is difficult to constrain through any single legislative act.

New Mexico Constitution, Article IV, Section 30, the “power of the purse”
 Except interest or other payments on the public debt, money shall be paid out of the treasury only upon appropriations made by the legislature. No money shall be paid therefrom except upon warrant drawn by the proper officer. Every law making an appropriation shall distinctly specify the sum appropriated and the object to which it is to be applied.
 Source: New Mexico Constitution

Program Evaluation: Emergency Orders

The primary fund utilized to pay for emergency orders is the appropriation contingency fund. Section 6-4-2.3 NMSA 1978 establishes the appropriation contingency fund, which may be expended on legislative authorization or as provided by other statutory emergency appropriation provisions when there is no unappropriated surplus in the general fund. Though not the only fund used by the executive, it is named by statute as the fund that should be tapped to cover emergency costs. In conjunction with Sections 12-11-23 through 12-11-25 NMSA 1978, these statutes provide a legal basis for the governor to issue and pay for emergency orders. However, emergencies have become more frequent and costly over time. The result of these increasingly frequent and costly events is that the executive exhausts the appropriations contingency during major emergencies. Even though the appropriation contingency fund is defined by statute as the source of funding for emergencies, when it is exhausted, the executive draws from the general fund operating reserve.

Chart 2. Appropriation Contingency Fund Balances at Year End
(in thousands)



*Note: FY26 reflects balance as of May 2026.

**Note: ARPA funds are excluded from the FY22 balance.

Source: DFA

The executive branch uses executive orders to provide immediate funding for emergency situations that occur during and after wildfires and floods, as well as for public health emergencies that require immediate attention beyond legislative funding procedures. In response to an emergency, the governor issues an executive order to activate emergency funding, directing the appropriation of contingency funds to agencies that need resources for their immediate response efforts, including personnel costs, protective gear, operational support, and cleanup. Agencies are required by the Federal Emergency Management Agency (FEMA) and the state to closely monitor their spending. This serves two purposes: maintaining public accountability and enabling oversight. However, the current situation, with undefined terms and multiple tracking systems, creates obstacles to achieving full transparency and a complete assessment of expenses; thus, agencies need standardized reporting methods so that the Legislature can fulfill its oversight role and FEMA can fully reimburse eligible costs. Though the process may be nonlinear in practice, the table below summarizes the major steps in the emergency funding process.

Program Evaluation: Emergency Orders

Table 2. Executive Order Emergency Funding Process in New Mexico

Stage	Phase Name	Description of Activity	Key Issues / Considerations
1	Emergency Occurs	A wildfire, flood, or public health emergency creates an immediate need for state response.	Emergencies are unpredictable and may expand in scope.
2	Urgent Financial Need Identified	State agencies determine that immediate funding is required.	Legislative appropriation process is too slow.
3	Executive Order Issued	Governor authorizes funding through an executive order.	Allows rapid action outside normal budget cycle.
4	Legal Authority Invoked	Emergency statutes, reserve funds, and contingency mechanisms are used.	Multiple authorities may apply.
5	Funds Allocated	Unexpended balances or reserve funds are transferred to agencies.	Funds may span projects or fiscal years.
6	Emergency Response Implemented	Funds are used for operations, PPE, staffing, logistics, and cleanup.	Spending occurs rapidly.
7	Expense Tracking and Documentation	Agencies track expenditures for accountability and reimbursement.	Tracking systems may be fragmented.
8	Reporting and Oversight	Financial activity is reported for oversight review.	Inconsistent codes complicate analysis.
9	Challenges and Lessons Learned	Issues with definitions, tracking, and reporting are identified.	Limits comprehensive annual review.
10	Policy Improvements	Calls for clearer purpose statements, stable codes, and consolidated reporting.	Improves transparency and future response.

Source: DHSEM, LFC Files

In addition to emergency orders, the Legislature has provided zero-interest loans to help finance emergencies. Zero-interest reimbursable loans, or bridge loans, were extended to affected political subdivisions from the Hermits Peak-Calf Canyon Fire, as well as from subsequent flooding and resultant debris flows, once federal public assistance had been approved for the local governments. The local governments were required to repay the loans with the first federal disaster reimbursement dollars they received. Of the \$100 million appropriation, \$99.75 million was for the loans, and \$250 thousand was for administration and enforcement of the loan contracts.

Federal disaster funding is a major supplemental source of reimbursement for state emergency expenditures.

When large disasters strike the state, federal assistance from FEMA becomes a major source of funding for response and recovery. However, the federal program is reimbursement-based and has been historically slow in processing reimbursements in recent years.

FEMA disaster assistance generally operates on a reimbursement model in which the state initially incurs eligible emergency costs and later seeks federal reimbursement following FEMA review and approval. In practice, this presents challenges in determining which costs are eligible and in compliance with the extensive documentation requirements. In addition, even on successful submission, the state may

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have to wait months or years for reimbursements to be fully processed. For example, the state is still waiting on funds from the Calf Canyon/Hermit's Peak fire and floods that took place in 2022. Even then, reimbursements do not typically cover full costs. Federal cost shares typically range from 75 percent to 100 percent of eligible disaster-related expenses, depending on the disaster declaration type, federal determinations, and supplemental congressional funding decisions. This means, for many emergencies, even with federal assistance, the state may have to pay for 25 percent of total expenses. This reimbursement structure creates timing mismatches between state cash outlays and federal reimbursement receipts, which can affect state liquidity and budget planning during and after large-scale disaster events. In New Mexico, delays in federal reimbursement have contributed to recurring fiscal timing issues and have been a source of administrative and intergovernmental disputes regarding the pace and reliability of federal recovery payments.

The Legislature also passed Senate Bill 31 (Laws 2025, Chapter 157) to establish another financing mechanism. The new law, Sections 6-4-2.6 to 6-4-2.9 in state statute, significantly expands and institutionalized New Mexico's disaster finance framework by establishing permanent financing and reimbursement mechanisms with oversight responsibilities assigned to the Department of Finance and Administration (DFA) and LFC. As created, the Natural Disaster Loan Program provides zero-interest reimbursable loans to political subdivisions and electric cooperatives eligible for FEMA Public Assistance funding, helping local entities address immediate cash flow needs during disaster response and recovery operations by providing vital financial support to political subdivisions and electric cooperatives affected by natural disasters as these entities await federal funds. In addition, the legislation established a natural disaster revolving fund, capitalized at up to \$50 million annually from the appropriation contingency fund, to provide sustained liquidity and financial flexibility for future disaster response and recovery activities statewide.

Previous legislative efforts to restrict executive emergency authority have failed.

The Legislature has made several attempts to assert oversight into emergency spending by the executive branch through executive orders. Bills introduced in 2021, 2025, and 2026 aimed to reign in emergency spending, create a permanent wildfire fund outside of the executive order process, and clarify permissible funding. These efforts have been largely unsuccessful, with the governor's veto message of House Bill 180 from 2026 expressing concern about the speed and efficiency of emergency deployments.

Program Evaluation: Emergency Orders

The Legislature has repeatedly attempted to address the growing use of large emergency executive orders outside the normal budget and appropriation process with targeted legislation. Since 2021, the Legislature has considered several pieces of legislation aimed at clarifying emergency funding authority, adding oversight of executive order spending, and establishing more permanent emergency funding mechanisms. This legislation sought to define permissible uses of emergency funds, require more expenditure reporting, and ultimately reduce the state’s reliance on executive orders to respond to wildfires and other emergencies. Three of the four bills listed below did not become law. The exception, Senate Bill 31 from 2025, established the natural disaster revolving fund and made no-interest loans available to FEMA-eligible counties, municipalities, and electric cooperatives. The legislation also established a related federal reimbursement revolving fund intended to better capture and redeploy FEMA reimbursements for disaster recovery purposes.

Table 3. Selected Legislative Proposals Related to Emergency Executive Orders and Disaster Funding
Key Emergency Order

Bill	Primary Purpose	Issue	Outcome
SB 295 (2021)	Increase oversight and limits on emergency disaster funding.	Addressed concerns regarding large emergency executive appropriation outside the normal legislative budget process.	Did not pass.
HB 191 (2025)	Create permanent wildfire suppression and preparedness funds.	Reduce reliance on emergency executive orders and supplemental appropriations for wildfire response.	Passed Legislature; vetoed by governor.
SB 31 (2025)	Establish permanent disaster financing and reimbursement mechanisms.	Created the natural disaster revolving fund, which provides zero-interest loans for local governments and electric cooperatives. Created the federal reimbursement revolving fund. Addressed cash flow pressures caused by delayed FEMA reimbursements during prolonged disasters.	Enacted into law.
HB 180 (2026)	Restructured and clarified the financing of emergencies. Clarify the statutory authority for the use of emergency funds and improve legislative oversight of emergency spending.	Improve transparency, accountability, and administrative structure in response to the growth in emergency order numbers and costs.	Passed Legislature; vetoed by governor.

Source: LFC Files

Program Evaluation: Emergency Orders

Public safety operations in Española and Albuquerque have cost the state over \$20 million, without clear impacts on crime.

The Department of Military Affairs spent approximately \$17.1 million, with an encumbrance of \$153.6 thousand and an available balance of \$1.2 million. The Department of Public Safety likewise obligated its entire \$4.45 million budget to operational support, lodging, equipment, and tactical response to the emergency. Disbursements were made to a few key vendors and contractors who provided support during the public safety response. Despite the investment, crime metrics have not changed much, or in the case of Española and Rio Arriba County, crime rates have not been reported since this operation began. Per local law enforcement and government leadership, overdose calls, a major issue for the state and these communities, were down 35 percent in Rio Arriba, though the area still has the highest death rate from drug overdoses in the state, per the U.S. Centers for Disease Control and Prevention. In addition, even if calls were down, the latest from the New Mexico Department of Health shows that overdoses in New Mexico increased from 2024 to 2025. In addition, outstanding warrants have remained steady, and calls for service to county dispatch are up. While the state has invested in crime reduction, the efforts so far have not yielded measurable results.

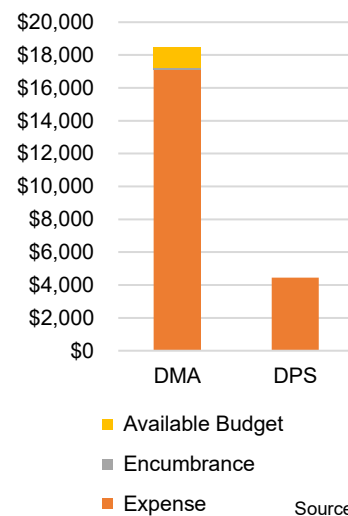
A review of vouchers for Department of Military Affairs support for FY 2025-26 expenditures indicates a high concentration of spending by a few large recipients. Four of the largest recipients of Department of Military Affairs support during FY 2025-26, which total 82.6 percent of total Department of Military Affairs support expenditures for that time period, are the City of Albuquerque (33.4 percent), Team Housing Solutions Inc. (19.7 percent), Department of Public Safety (18 percent), and Kaufmans West LLC (11.5 percent). Remaining expenditures were for a variety of other vendors who provided the Department of Military Affairs and other State of New Mexico Department operations with a wide array of items and services, including, but not limited to, lodging, equipment, supplies, and infrastructure, as well as day-to-day operational and activity support.

Table 10. Distribution of Department of Military Affairs Voucher Expenditures by Recipient (2025-2026)

Recipient	Amount	Percent of Total
CITY OF ALBUQUERQUE	\$ 758,762.95	33.35%
TEAM HOUSING SOLUTIONS INC	\$ 448,276.52	19.70%
DEPARTMENT OF PUBLIC SAFETY	\$ 409,773.53	18.01%
KAUFMANS WEST LLC	\$ 261,987.46	11.51%
BANK OF AMERICA NA	\$ 118,571.01	5.21%
WAC UPFITTERS LLC	\$ 61,442.76	2.70%
W W GRAINGER INC	\$ 49,380.55	2.17%
INFRASTRUCTURE NETWORKS INC	\$ 36,612.12	1.61%
BATAAN INN	\$ 28,109.00	1.24%
COURTYARD MARRIOTT CORP	\$ 25,741.26	1.13%
OTHERS	\$ 76,604.30	3.37%
TOTAL	\$2,275,261.46	100.00%

Source: SHARE Data

Chart 10. Budget Expenditures, and Remaining Balances for Public Safety Emergency Orders



Source:

Emergency Response Spending has Resulted in \$553.8 Million in Commitments Since 2023 That will Continue for Years

While agencies generally spend most of the funding they receive through emergency orders, over \$50 million of active, available emergency order funding from 2023 to 2026 remains unspent. Further, most spending is through emergency procurement, which has fewer guardrails and can lead to higher costs than would be obtained through regular procurement or compared with FEMA benchmarks.

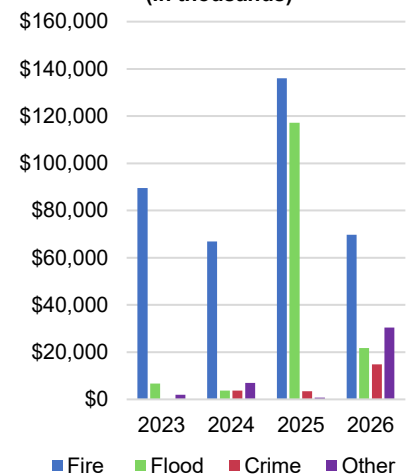
Since 2023, the executive branch has committed \$553.8 million in emergency-related funding through executive orders and has withdrawn \$300 million from the general fund operating reserve.

The number of emergency orders and the total cost have increased sharply over the last several years. The result is substantially more spending on fires, floods, and, more recently, public safety. Reimbursement for much of this spending is not guaranteed, which puts state funds at risk. In addition, the executive branch has regularly withdrawn funds from the general fund operating reserve to pay for emergencies, even though these funds are intentionally set by the Legislature rather than “unappropriated money” available for emergency spending.

Among the \$553.8 million in emergency funding, \$466.2 million, or 84.2 percent, has been allocated to natural disaster response and recovery. This increase in natural disasters requiring state and federal response is consistent with a nationwide trend. However, aside from natural disasters, the executive also committed \$29.7 million to address public safety in Rio Arriba County and Albuquerque. Additionally, \$43 million in emergency funding has been allocated to “Other” spending. This category includes public health orders aimed at gun violence and drug use, snow squalls, National Guard deployments, and Supplemental Nutrition Assistance Program (SNAP) food assistance in 2026.

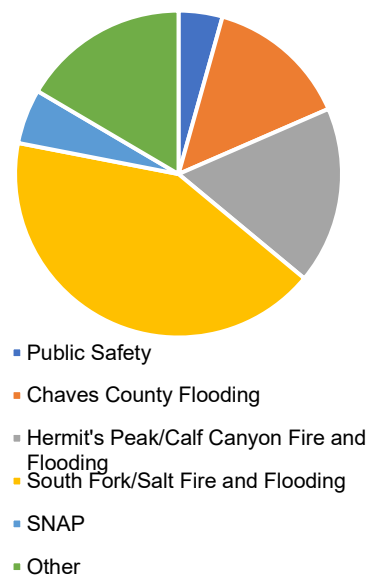
To pay for emergencies, the executive branch has often depleted the appropriation contingency fund and drawn from the general fund operating reserve, from which only the Legislature can authorize spending. Upon exhausting the funds available in the appropriation contingency fund, the executive branch has been drawing from the general fund operating reserve. This funding is to be drawn from “surplus unappropriated money in the general fund,” undefined in statute, and refers to revenue in excess of appropriations in a given year, which is not an

Chart 3. Executive Orders by Category and Year
(in thousands)



Source: DFA

Chart 4. Emergency Order Funding by Event, 2023-2026



Source: LFC Files

Program Evaluation: Emergency Orders

account available for withdrawal. Simultaneously, Section 6-4-2.3 NMSA 1978 allows for the use of the appropriation contingency fund “in the event there is no surplus of unappropriated money in the general fund and in the amount authorized by the legislature.” However, this surplus does not exist, because the Legislature created the operating reserve to capture all unappropriated revenue. Only the Legislature can authorize out of this reserve. According to Section 6-4-2.1(B) NMSA 1978, “The general fund operating reserve may be expended only upon specific authorization by the legislature in an amount authorized by the legislature...” Despite the appropriation contingency fund being specified in statute as the source of emergency funding, the executive has drawn from the operating reserve for these purposes since FY19. The operating reserve is the state’s primary reserve fund and is typically used for nonrecurring appropriations. The executive has drawn from the larger operating reserve rather than calling a special session to request additional emergency appropriations. Since FY22, \$331.8 million has been drawn from the operating reserve for disaster allotments, and funds continue to be drawn, circumventing the legislative appropriation process.

Table 4. Funding withdrawn from the General Fund Operating Reserve by the Executive (in millions)

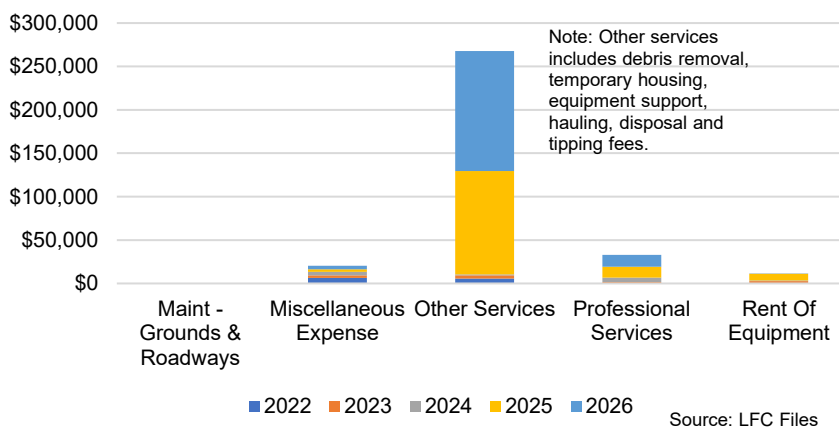
Year	Allotment
FY25	\$194.4
FY24	\$39.1
FY23	\$71.9
FY22	\$26.4
Total	\$331.8

Source: LFC Files

Since 2023, 86 percent of emergency order funding has been spent.

Analysis of expenditures shows that most emergency order funding has been spent, with 23.6 percent of the remainder encumbered. Most of this spending was undertaken by the Departments of Homeland Security and Emergency Management (DHSEM), Transportation (NMDOT), and Energy, Minerals and Natural Resources (EMNRD) and addressed fires, floods, and other disaster-related activities.

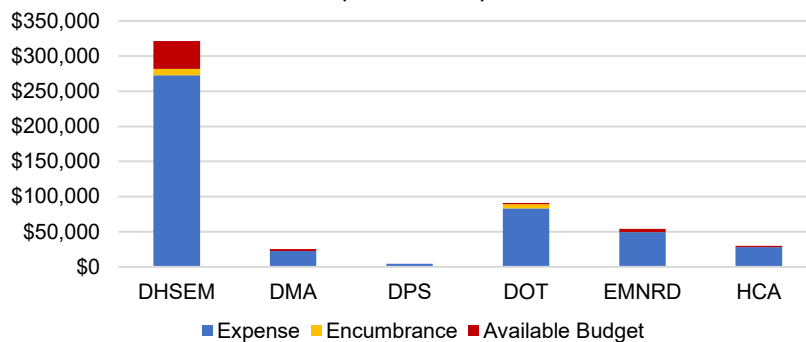
Chart 5. DHSEM and EMNRD Expenditures by Category (in thousands)



Program Evaluation: Emergency Orders

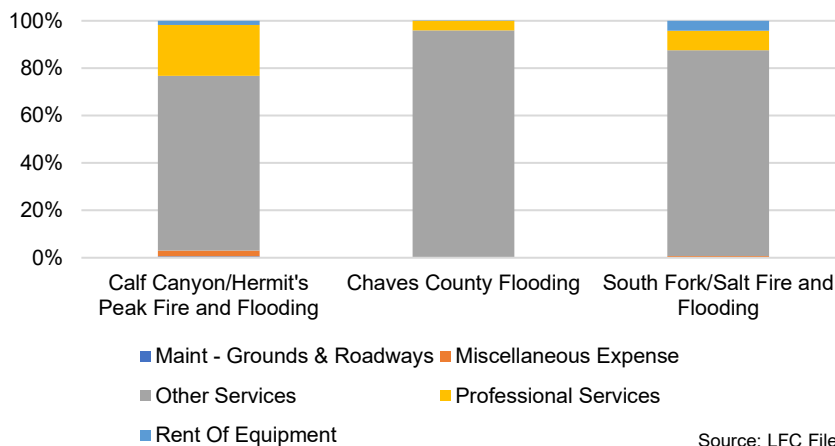
Expenditure patterns indicate that emergency appropriations were concentrated in professional and contracted service categories associated with operational response and recovery activities. The predominance of personnel and service expenditures suggests that emergency funding was primarily directed toward immediate response capacity and recovery operations. “Professional services” primarily include consulting and contractor labor. “Other services” include debris removal,

Chart 6. Emergency Executive Order Funding by State Agency, 2023 to 2026
(in thousands)



Source: SHARE

Chart 7. DHSEM Expenditures by Event and Category



Source: LFC Files

temporary housing, equipment support, hauling, disposal and tipping fees, and other emergency response services. The high percentage of spending on these two categories suggests emergency management in the state has been contractor- and service-dependent as well as reactive. This means the state’s investments were not primarily in physical assets, permanent infrastructure, or activities to mitigate future disasters. While managing a major disaster is labor-intensive and consistent with the state’s spending, it is notable that longer-term spending is lower or absent. State emergency funds from executive orders from 2023 to 2026 totaled \$553.8 million. Of

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that amount, \$460.3 million, or 83.1 percent, has been expended, and \$15.5 million encumbered. Most of the funding for DHSEM, EMNRD, and NMDOT was allocated to fire, flood, and other emergency response activities. Agencies such as the Department of Military Affairs and Department of Public Safety were responsible for public safety and crime in Española, Albuquerque, and other towns. The Health Care Authority expenditures went to SNAP benefits.

While spending on immediate natural disaster responses occurs quickly after an emergency, funding committed to recovery may take years to be spent.

During disaster “response,” the state and federal governments seek to address the needs of affected communities through lifesaving and life-sustaining operations and by stabilizing community “lifelines,” which are defined by FEMA as the most fundamental services in a community that support the functioning of society. The transition from response to “recovery” is marked by several indicators, such as the stabilization of immediate threats to life and property and the restoration of essential community lifelines. Though emergency orders are intended to address urgent and immediate needs, examination of expenditures shows that recovery spending may continue for years after the initial event. DHSEM and EMNRD expenditures show that emergency order funding remains active until FEMA closes the project, or if not FEMA eligible, indefinitely. The persistence of emergency expenditures years following an event shows that emergency orders function not just as short-term response tools but also as long-term recovery mechanisms, a practice contrary to what is practiced in Florida, Louisiana, and Texas, as detailed in the last chapter. Most executive orders state, “This order shall take effect immediately and shall remain in effect until all authorized funds are expended or no longer necessary to provide emergency assistance.” This means that in practice, in New Mexico, expenditures can be made against emergency orders years after the acute emergency has ended, and there is no time limit on the length of the emergency.

Spending on the Calf Canyon/Hermit’s Peak Fire and flooding, Chaves County flooding, and South Fork and Salt fires and flooding peaked one to two years after the initial event. The lag in spending suggests the state spent a large portion of funding originally allocated for emergency response on recovery efforts. Expenditure analysis showed that 47.8 percent of spending for the Calf Canyon/Hermit’s Peak Fire occurred in 2024, two years after the initial fire. Only 1.3 percent of that spending went to address flooding, suggesting most of the spending in 2024 and 2025 was in response to the fire that had been extinguished in 2022. Similarly, the Chaves County flooding event occurred in October 2024, but 73.4 percent of expenditures were made in 2026. The South Fork and Salt fires produced

Key definitions

Response – During a disaster, response includes activities the state and federal governments undertake to address the needs of affected communities through *lifesaving and life-sustaining operations* and by stabilizing community lifelines, which are *the most fundamental services in a community that support the functioning of society*.

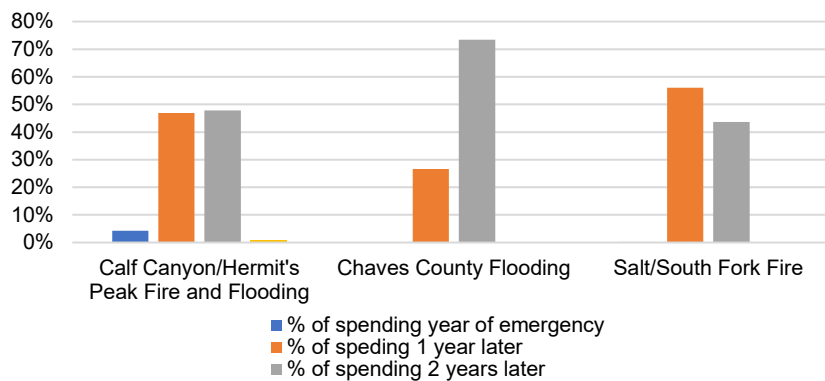
Recovery – This includes post-emergency activities that are marked by the presence of indicators such as the *stabilization of immediate threats* to life and property, and the restoration of essential community lifelines.

Source: FEMA

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a more even distribution, with most spending occurring by the subsequent year. That said, the South Fork and Salt fires and Lincoln County flooding led to \$82.3 million in 2026 spending. A minority of spending follows the same pattern, with millions in emergency spending persisting for two or more years after the initial emergency. Given the timelines, the Legislature met at least once during emergency spending, providing ample time to appropriate these funds through regular channels rather than emergency spending. The analysis suggests emergency orders could be smaller, with regular legislative sessions appropriating the remaining needs within the year following an emergency. It further shows that waiting on the Legislature to act in a normal session would not delay the spending of most of the funds. Using emergency funds for recovery undermines the Legislature's appropriation authority.

Chart 8. Timing of Expenditures by percent Relative to Initial Event



Source: LFC Files

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Table 5. Timing of Expenditures Relative to Initial Event

Event	Date of Initial Event	2022	2023	2024	2025	2026
Calf Canyon/Hermit's Peak Fire	April - August 2022		864,201	938,280	2,395	
San Miguel County Hermit's Peak Fire	April - August 2022	86,058	61,478			
Mora County Flooding	June-July 2022		20,000	26,717	18,070	
Chaves County Flooding	October 2024				7,145,852	1,256,454
Chaves County Severe Flooding	October 2024				11,490,434	50,183,229
Lincoln County Fire Event (McBride Fire)	April-May 2022	96,887	525,504	5,893		
Lincoln County Salt Fire	June-July 2024			36,745	632,329	3,921
Lincoln County South Fork Fire	June-August 2024			80,084	634,962	
Lincoln County South Fork Fire and Salt Fire	June-August 2024			294,034	104,467,747	71,748,153
Lincoln County Flooding	June-July 2024					10,563,894
Village of Ruidoso Flooding	June-August 2022	112	5,171	568		
Lincoln County Flooding	June-August 2022	2,582	46	1,733		

Expenditures in the year of the event.

*Amounts exclude grants to local governments, other entities, and reversions

Source: LFC Files

Official procurement practices emphasize compliance with state and federal laws and the appropriate use of emergency procurement.

New Mexico and DHSEM policy permit emergency procurement to expedite the acquisition of resources during urgent situations where time may be a factor. DHSEM policy requires compliance with state and federal procurement laws and FEMA reimbursement standards. When the emergency conditions conclude, per DHSEM procurement policy, regular procurement should resume. Analysis shows, however, that despite such guidance, expenditures concentrate among a few vendors, indicating limited competition and potentially a slow return to normal procurement practices after an emergency.

During emergencies, agencies may use “emergency procurement” to spend funds more quickly and effectively; however, that power is limited and spelled out by statute. Emergency procurement is a necessary tool to address emergencies. During emergencies, service may need to be deployed rapidly, at odd hours, and potentially to remote places. In some cases, commercial or other non-state actors are best positioned to respond effectively to situations that may be life-threatening or otherwise dangerous. In such times, the state’s regular procurement practice may be cumbersome and inefficient in delivering goods and services as rapidly as is often necessary in emergencies. However, Section 13-1-127 NMSA 1978

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details the circumstances in which emergency procurement may be used, and how it must be used. The law requires that emergency procurement be used only when regular procurement cannot be used due to “a serious threat to public health, welfare, safety or property,” that it follow regular procurement principles to the extent possible, that the use is transparent to the public, and that the funds be reported.

Table 6. Emergency Procurement Requirements

Subsection	Requirement	Standard/Constraint
A	Allows emergency procurement	Only permitted when needed to control or prepare for a serious threat and when normal procurement cannot be used
B	Requires procurement best practices even in emergencies	Must follow regular procurement principles “to the extent possible,” including competitive process and due diligence, even if less rigorous due to time constraints
C	Requires public transparency	Purchasing agent or office must post notice of the procurement on its website
D	Requires financial accountability and reporting	Must account for all funds spent and report to LFC and DFA within 60 days after fiscal year end

Source: Section 13-1-127 NMSA 1978

Notably, the statute explicitly makes emergency procurement available for planning and preparation “for the response to a serious threat to public health, welfare, safety or property caused by a flood, fire, epidemic, riot, act of terrorism, equipment failure or similar event.” While this may expand the range of activities for which emergency procurement may be used, it is still subject to Subsection A(2), which states emergency procurement is only permissible when normal procurement methods are unavailable—due to a serious threat and the planning and preparation for a serious threat, such as “a flood, fire, epidemic, riot, act of terrorism, equipment failure or similar event.” Limitations on emergency procurement steer spending back to regular procurement, where competition among potential suppliers is higher, and there is greater assurance the state will get the best value available. Looser guidelines for emergency procurement expedite the process in times of emergency but increase the risk that certain suppliers receive special treatment due to less competition and that the state may overpay for services.

Training documents from DHSEM indicate the agency’s chief financial office and Financial Services Unit manager must comply with the provisions of the New Mexico Procurement Code. In addition, they are required to use the same policies for procurement from a federal award as they would with nonfederal funds. Finally, the documents note New Mexico Procurement law favors competitive sealed bids, but DHSEM “may also include small purchases, sole source, emergency, or other procurements under an existing contract.” This provision notably excludes emergency procurements from the requirement for competitive sealed bids.

Table 7. National Procurement Best Practices

Procurement Best Practice	Why It Matters
Competitive bidding	Reduces favoritism and cost inflation
Clear documentation	Supports auditability and reimbursement
Vendor responsibility reviews	Reduces contractor performance risk
Separation of duties	Prevents fraud/conflicts
Standardized contracts/templates	Improves compliance consistency
Contract monitoring	Ensures work is performed properly
Procurement training	Builds local administrative capacity
Emergency procurement controls	Balances speed with accountability
Transparent evaluation criteria	Improves fairness and defensibility
Centralized recordkeeping	Supports oversight and reconciliation

Source: National Association of State Procurement Officials

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DHSEM's internal procurement policy aligns with state and federal procurement laws, as well as FEMA reimbursement standards. Internal guidance and training materials from DHSEM emphasize that staff should prioritize transparency, documentation, competition, and audit readiness. The foundational procurement procedures require a needs assessment, public posting of solicitations, standardized proposal evaluations, compliance monitoring, and the retention of detailed procurement documentation for potential FEMA eligibility and future audit readiness. Importantly, here, the guidance also specifies the conditions under which noncompetitive procurement may be made. When emergency, single-source, or inadequate competition situations arise, noncompetitive or emergency procurement is permissible, but agencies are expected to transition back to full, competitive, regular procurement once the emergency conditions subside.

Analysis of vouchers from the 2024 South Fork and Salt fires and Chaves County flooding shows that DHSEM spent most funds through emergency procurement. While individual purchases made following the South Fork and Salt Fires utilized regular procurement, 81 percent of total spending occurred through emergency procurement. Likewise, in response to the 2024 Chaves County flooding event, DHSEM spent 100 percent of its funds through emergency procurement. While emergencies sometimes demand emergency procurement, the increasing frequency of emergencies presents an opportunity for the state to identify suppliers and negotiate prices for the most common large-spending categories, such as debris removal, in anticipation of future emergencies. It is also notable that most spending takes place in the year after, or two years after, the actual emergency event. This spending pattern would seem to enable regular procurement, yet the data show that most expenditures in the sample went through emergency procurement. Previous LFC evaluations have noted the growing use of noncompetitive procurement processes can cost the state millions. Given the heavy use of emergency procurement and the risks it presents, DHSEM should report to the Legislature and the public on an annual basis on the use of emergency procurement authority, including the purpose, duration, vendors, procurement methods used, and total expenditures associated with each emergency procurement action.

- Recommendations for Securing Emergency Procurements from the LFC and State Auditors' June 2020 Risk Advisory:**
- Utilize statewide price agreements and the expertise of State Purchasing Division staff
 - Apply the utmost scrutiny to large purchases
 - Prevent price gouging by shopping around and negotiating with vendors
 - Investigate unknown vendors
 - Avoid prepayment
 - Abide by transparency laws
 - Reconcile purchases and report counterfeit, damaged, or otherwise unsatisfactory goods to the State Purchasing Division and State Auditor
 - Plan for ongoing procurement needs.

Table 8. Emergency Procurement by Select Emergency Event

Event	Regular Procurement (in thousands)	Emergency Procurement (in thousands)	Percent Emergency Procurement
South Fork/Salt Fire	\$3,579	\$15,316	81%
Chaves County Flooding	\$0	\$21,056	100%

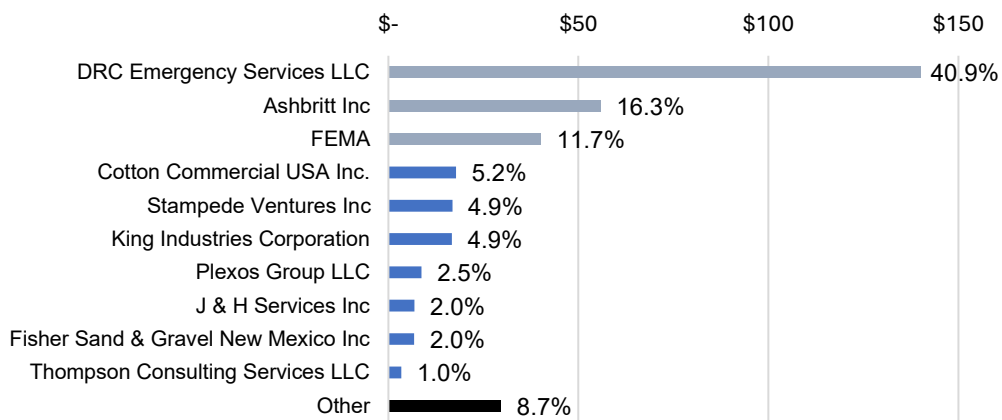
Source: SHARE

Across emergency orders, 57 percent of disaster response and recovery expenditures went to two vendors.

Review of 509 executive orders from 2022 to 2026, consisting of 80 orders from NMDOT, 384 orders from DHSEM, and 45 orders from EMNRD, showed a concentration of expenditures among a relatively small number of vendors, even when spending was spread across service categories, such as staffing, healthcare, scientific supplies, consulting, and disaster recovery. Though emergencies may justify accelerated procurement and the use of local or specialized vendors, the concentration raises questions about competition in procurement, vendor diversification, and transitions back to regular procurement practice following the conclusion of emergency response.

A review of executive-order-related disaster expenditures shows two vendors received 57.2 percent of the funding for disaster response and recovery activities. A review of executive order expenditures for the largest emergencies from DHSEM, EMNRD, and NMDOT from 2022 to present shows the two largest recipients provided services related to debris removal, emergency protective measures, construction, recovery operations, and FEMA program administration. While expenditures were distributed across numerous vendors, most spending was directed to a limited group of entities with specialized disaster response and recovery capabilities.

Chart 9. Executive Order Disaster Spending by Vendor (in millions)



*Note: Totals are from a sample of 509 EO's from 2022 to 2026 consisting of the largest vendors and expenditures from DOT, DHSEM, and EMNRD.

Source: SHARE

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The largest recipients of executive order disaster funding included both New Mexico-based and out-of-state firms specializing in disaster response and recovery services. Given that the services provided are highly specialized, it is unsurprising that many of the firms that provide them are headquartered outside New Mexico. Nevertheless, it is notable the two largest recipients of emergency order expenditures are from outside the state. DRC Emergency Services LLC, headquartered in Texas, provides emergency response, debris removal, and disaster recovery services. AshBritt Inc. is a Florida-based disaster recovery contractor specializing in debris management and emergency response operations. Stampede Ventures Inc. and Fisher Sand & Gravel New Mexico Inc. are New Mexico-based companies that provide construction, earthmoving, and infrastructure-related services. King Industries Corporation is a Texas-based provider of debris management and emergency response services. Plexos Group LLC, headquartered in Louisiana, specializes in FEMA grant management and disaster recovery consulting, while Thompson Consulting Services LLC, based in California, focuses on disaster recovery and FEMA program administration.

Review of voucher-level expenditures in the SHARE state financial database indicates the largest vendors primarily provided debris removal, emergency protective measures, construction, disaster recovery, and FEMA program administration services. Available voucher descriptions show expenditures for Basin Water Resources LLC included debris removal equipment, labor, and restoration activities; DRC Emergency Services LLC provided debris removal and case management services; Cotton Commercial USA Inc. provided equipment rental services; King Industries Corporation provided debris removal and monitoring services; and Stampede Ventures Inc. provided construction and recovery services associated with certain FEMA activities. Plexos Group LLC and Thompson Consulting Services LLC provided consulting, grant management, compliance, and FEMA program administration services.

Table 9. Services Provided by Largest Vendors

Vendor	Services Provided
Basin Water Resources LLC	Debris removal equipment, labor, and restoration activities
DRC Emergency Services LLC	Debris removal and case management services
Cotton Commercial USA Inc.	Equipment rental services
King Industries Corporation	Debris removal and monitoring services
Stampede Ventures Inc.	Construction and recovery services associated with FEMA Category A and Category B activities
Plexos Group LLC	Consulting, grant management, compliance, and FEMA program administration services
Thompson Consulting Services LLC	Consulting, grant management, compliance, and FEMA program administration services

Source: SHARE

The state may not be getting favorable rates for debris removal when compared to FEMA benchmarks.

For the 2024 South Fork and Salt fires response and recovery, one of the state’s major vendors contracted for rates for most equipment categories that exceed FEMA benchmarks. This includes premiums on heavy equipment, such as cranes, loaders, and dump trucks, all of which are essential for the types of disasters New Mexico typically confronts. Unfortunately, FEMA does not benchmark everything, and DRC-contracted costs, such as operator labor, fuel, and maintenance, cannot be compared to the national standard.

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FEMA uses a standardized benchmark schedule for equipment hourly rates in the FEMA Schedule of Equipment Rates. However, no standardized national benchmark has been established for cubic-yard unit pricing for cubic-yard debris removal. Some activities not included are vegetative debris hauling, construction and demolition debris, asbestos-related demolition, or debris processing. FEMA reviews the costs of these types of items for cost reasonableness, procurement compliance, and competitive bid process.

Most DRC equipment rates used during the 2024 Lincoln County Salt and South Fork fires exceeded comparable FEMA benchmark rates in 2025. This is particularly true for many pieces of heavy equipment placed under contract, with significant premiums included in the contract pricing for items, such as cranes, loaders, dump trucks, and bucket trucks. DRC’s contract prices for equipment use include fully loaded operator labor, fuel, maintenance, emergency mobilization, and contractor overhead, whereas

Table 11. DRC vs. FEMA Equipment Rate Comparison

Equipment Category	DRC Contract Rate (\$/hr)	FEMA 2025 Comparable Rate (\$/hr)	Difference (\$/hr)	Observation
Bulldozer CAT D6	160	160.75	-0.75	Closely aligned with FEMA benchmark
Bulldozer CAT D8	225	242.63	-17.63	DRC slightly below FEMA benchmark
Excavator CAT 330	250	150.99	99.01	DRC materially higher
Loader CAT 966	265	143.78	121.22	DRC materially higher
Skid Steer Loader	140	60.67	79.33	DRC more than double FEMA rate
100-Ton Crane	650	339	311	DRC substantially higher

Source: SHARE Data and FEMA 2025 Schedule of Equipment Rates

FEMA rates are typically used as a guideline for standardized reimbursement for the use of said equipment. This may be an artifact of contracting for services during a major disaster. The urgency may have led the state to pay a premium for the services. Nevertheless, these benchmarks should serve as a guide and negotiating backdrop for future emergencies.

Recommendations

The Legislature should consider:

- Eliminating “or so much thereof as the governor may from time to time designate from the surplus unappropriated money in the general fund, if any, at the time of the declaration of such emergency or emergencies” from the language in 12-11-24 NMSA 1978, in order to clarify that emergency funding should be drawn from the appropriation contingency fund per 6-4-2.3 NMSA 1978.

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The Department of Homeland Security and Emergency Management should:

- Provide procurement guidance to local entities tasked with contracting with vendors following an emergency to avoid over-reliance on a few contractors;
- Report to the Legislature and public on an annual basis, the use of emergency procurements, including the purpose, duration, vendors, and total expenditures;
- Monitor and report annually the cost of procured services relative to FEMA benchmarks; and

Delayed and complex FEMA reimbursement processes, along with local capacity challenges, pose risks to New Mexico's disaster response and recovery efforts.

Emergency order commitments have targeted wildfires, floods, public safety, and public health. Of those commitments, 100 percent of expenses for the Hermit's Peak Calf Canyon Fire are eligible for FEMA reimbursement (due to the federal government's role in starting that fire), while 75 percent of expenses are eligible for reimbursement from other FEMA disasters in the state. Only 2.8 percent of eligible FEMA reimbursement expenses have been reimbursed since 2022; only 0.8 percent have been reimbursed since 2024. Of the total \$553.8 million in emergency orders since 2023, between 55 and 65 percent are eligible for FEMA reimbursement. The rest are for SNAP, crime, smaller storms, and other emergencies. Delays in FEMA reimbursement, unreverted balances, and limited local administrative capacity pose oversight challenges for the state.

DHSEM is currently waiting on \$229.6 million in reimbursements from FEMA.

Reimbursements from FEMA typically lag months or years behind the state's expenditures, creating cash flow pressure on the state's budget. Emergency spending has increased sharply in recent years, and though most of that spending is eligible for FEMA reimbursement, the majority has not yet been received. Evidence from Mora County shows that local governments often lack the administrative capacity to manage the FEMA process and could benefit from DHSEM guidance and collaboration. San Miguel County likewise employs consultants with expertise in FEMA's processes to strengthen its capacity to manage recovery.

FEMA reimbursement presents a risk, as DHSEM projects only \$229.6 million in federal reimbursement amid a lengthy, technical process.

As noted above, DHSEM expects to receive \$229.6 million from FEMA by late 2026, covering all major fires and floods since 2022. However, the delay and uncertainty around that number highlight the risks involved in the reimbursement process. As noted above, FEMA cost-shares range from 75 percent to 100 percent. Some costs may not be reimbursed; for example, the Mora case shows that, although they have submitted \$703 thousand for reimbursement, those funds have not yet arrived. It is also possible that the

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reimbursement schedule will take longer than currently projected, as those projections are best guesses and subject to FEMA's internal workings. The state's own experience shows that 89 percent of FEMA-eligible costs from 2022 have been reimbursed, and 97.3 percent of FEMA-eligible costs from 2023 have been reimbursed. This suggests that the current FEMA reimbursement timeframe is three to four years for 90 percent of eligible costs. That means the state typically must cover the FEMA-eligible costs three to four years before reimbursements arrive. Notably, DFA does not close projects and revert unspent funds until FEMA closes the project at the federal level. Historically, that has taken several years with regulatory minimum completion periods of 18 to 48 months and full closeout timelines that commonly extend from seven to ten years. This means agencies may sit on balances for up to a decade after the acute emergency ends.

Delayed FEMA reimbursements create significant fiscal and cash flow pressures for the state, as New Mexico must initially finance disaster response and recovery costs while awaiting federal reimbursement.

The Department of Homeland Security and Emergency Management (DHSEM) reports increased disaster spending and pending federal reimbursement from FY22 through FY26, with the largest spending occurring in calendar year 2025 and 2026. For FY26, DHSEM reports \$83 million in disaster response expenses, of which \$62.25 million are eligible for federal reimbursement through FEMA, with all funds pending reimbursement as of this report. The largest expenditure for this year was for the Lincoln County Fire and Flood Response. For FY25, DHSEM reports total expenditures of \$201 million, with \$153.7 million eligible for federal reimbursement; none have been reimbursed by FEMA at the time of this report. Major incidents for FY2025 included the South Fork Fire and Salt Fire and flood response and the Chaves flood.

Table 12. DHSEM Disaster Response Expenditures, Federal Reimbursement Eligibility, and Pending FEMA Reimbursements by Incident and Fiscal Year (FY22–FY26) (in thousands)

Purpose	Total Expenses	Eligible for Reimbursement	% of Expenses Eligible	Reimbursed	% of Eligible Reimbursed	Pending FEMA	% of Eligible Pending
FY2026 Total	83,000	62,250	75.0%	-	-	62,250	100.0%
Lincoln County Fire and Flood Response	81,250	60,938	75.0%	-	-	60,938	100.0%
Statewide Flood Response (Otero, Mora, Doña Ana)	1,750	1,313	75.0%	-	-	1,313	100.0%
FY2025 Total	201,000	153,734	76.5%	-	-	153,734	100.0%
South Fork Fire / Salt Fire and Flood	114,000	88,484	77.6%	-	-	88,484	100.0%
Trout Fire Response	9,000	6,750	75.0%	-	-	6,750	100.0%
Chaves Flood	76,500	57,375	75.0%	-	-	57,375	100.0%
Desert Willow and Rio Grande	1,500	1,125	75.0%	-	-	1,125	100.0%

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FY2024 Total	20,359	15,350	75.4%	2,056	13.4%	13,295	86.6%
South Fork Fire / Salt Fire and Flood	19,120	14,340	75.0%	1,732	12.1%	12,608	87.9%
Chaves County Flooding	324	324	100.0%	324	100.0%	-	-
Blue and Blue 2 Fire (Lincoln County)	916	687	75.0%	-	-	687	100.0%
FY2023 Total	2,034	2,016	99.1%	1,962	97.3%	54	2.7%
Hermit's Peak / Calf Canyon Fire	1,962	1,962	100.0%	1,962	100.0%	-	-
Las Tusas Fire	72	54	75.0%	-	-	54	100.0%
FY2022 Total	2,889	2,786	96.4%	2,477	88.9%	309	11.1%
Hermit's Peak / Calf Canyon Fire	2,477	2,477	100.0%	2,477	100.0%	-	-
Big Hole Fire (Valencia County)	412	309	75.0%	-	-	309	100.0%
Grand Total (FY22–FY26)	309,283	236,136	76.3%	6,495	2.8%	229,641	97.2%

FEMA has obligated \$42.6 million in reimbursements to Mora County for the Calf Canyon/Hermit's Peak Fire and subsequent flooding, but to date, Mora has received just \$27 thousand (.07 percent) of that. Mora County's current situation illustrates some of these challenges. First, per the county officials, Mora expects \$61.8 million in total from FEMA, of which \$42.6 million has been obligated. However, only \$703 thousand has been submitted for reimbursement, and only \$27.7 thousand has been reimbursed. The stark difference between the total project costs and the amounts submitted for reimbursement and received underscores the state's risk of either not receiving funds or having to float tens of millions of dollars for years. It also shows the complexity of the process and the need for assistance at the local level to compensate for their limited administrative capacity with respect to federal disasters. Given the timelines and pace, DHSEM and DFA should issue joint guidance to counties and municipalities so they can plan for the slow reimbursement process and the realities of working with FEMA.

An April 2026 special audit of Mora County finances identified systemic weaknesses in financial oversight, procurement, and governance during the 2020–2025 period. The Office of the State Auditor found that these deficiencies predated the Hermit's Peak/Calf Canyon fire and persisted through the response and recovery period. Audit findings included deficiencies in accounting controls and procurement practices related to disaster funding, including instances where federal disaster funds were not consistently or properly tracked and segregated, raising potential risks for compliance and reimbursement eligibility.

Table 13. Mora County FEMA Reimbursement Snapshot, May 2026

	Amount
Total Obligated by FEMA	\$42,578,789
Not yet obligated (still pending)	\$19,199,664
Total project cost	\$61,778,453
Submitted for reimbursement to date	\$702,990
Actually received to date	\$27,723

Source: Mora County

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Procurement violations are also relevant here and include practices such as splitting purchase orders to avoid hitting bidding thresholds, retroactive approvals of expenditures, and improper use of emergency procurement. The county also experienced high turnover in key positions, including the county manager and finance director which further weakened internal controls and continuity. The sum of the findings is a county with a high risk of future misconduct, and one that lacked the administrative capacity to manage the demands placed by a massive disaster.

While DHSEM coordinates state-level emergency response and provides direct assistance and expertise to local governments, other states offer embedded expertise, sample contracts and RFPs, and support for local capacity building. DHSEM provides strong support for FEMA reimbursement, grant administration, and emergency coordination. However, examination of other states show that there are areas for improvement and greater support. Louisiana provides local governments with FEMA-compliant contract templates, sample RFPs, and procurement checklists. Texas provides pre-procured emergency contracts for counties and municipalities to use in disasters. In addition, Texas uses a regional structure with eight statewide regions, with personnel working closer to areas where disasters might strike. Regional coordinators help local jurisdictions with planning, training, and exercises, as well as the coordination of resources during an emergency. New Mexico has a “Local Preparedness Program” that is regional in nature but is aimed at developing capacity rather than coordinating during emergencies. The existence of this structure suggests it can be built out to provide coordination resources in addition to planning and preparedness. Each of these innovations fosters deeper connections between state-level leadership and local jurisdictions and reduces the volume and complexity of administrative work during emergencies.

Recommendations

The Department of Homeland Security and Emergency Management should:

- Enhance administrative capacity, including FEMA expertise to local counties and municipalities facing major disasters. This should include:
 - FEMA reimbursement expertise
 - Procurement compliance
 - Audit readiness
- Require agencies and local governments receiving emergency order funding to attend the offered training.
- Issue formal, written guidance on allowable uses of state and disaster-related funds (including interest earnings).

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The Department of Homeland Security and Emergency Management and the Department of Finance and Administration should:

- Issue joint guidance on the use of Senate Bill 6 funds and interest.

A few states have successfully limited and defined executive and legislative authority related to responding to emergencies and their recovery.

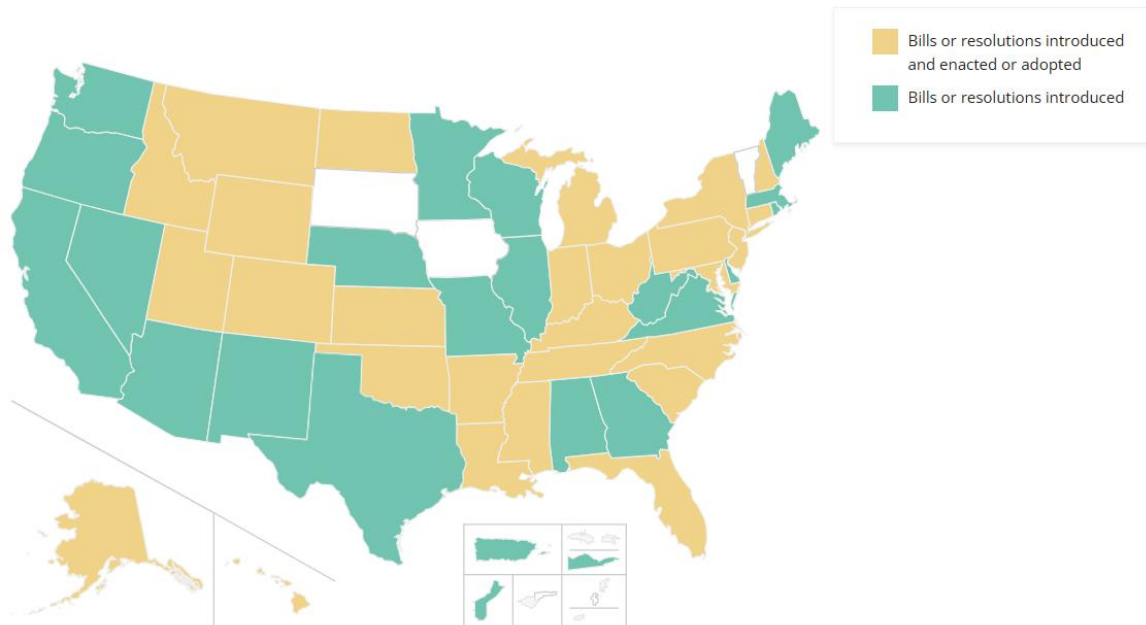
The pandemic prompted many state legislatures to seek to strengthen their oversight of emergency spending, a function carried out by their executive branches. Examining the types of limits that legislatures successfully implemented, such as time limits on emergency declarations and divisions between response and recovery activities, provides New Mexico with a template for improving accountability in the emergency finance administration while preserving the Legislature's constitutional authority.

Nationwide COVID-19 and a host of other natural disasters have increased the number of emergencies, leading to a corresponding increase in legislation to finance and provide oversight.

Following the pandemic, many states attempted to increase legislative oversight and limit prolonged executive emergency authority. These efforts led to legislation on reporting requirements, time limits, legislative review, and the division of response and recovery activities. These models suggest several mechanisms that New Mexico can adopt to improve oversight and accountability.

The COVID-19 pandemic led governors across the country to exercise broad emergency authorities to address prolonged public health, economic, and operational challenges. Governors used executive powers to allocate state resources, direct emergency spending, and empower public health agencies to respond to rapidly evolving conditions. The unprecedented duration and fiscal scale of the pandemic response prompted renewed debate regarding the balance of authority between executive and legislative branches during extended emergencies. Outside of emergencies, legislatures are empowered to appropriate funds. The pandemic prompted a shift in the spending of huge sums of public money, from legislatures appropriating funds to executives issuing emergency orders to spend funds. Across the country, legislatures responded by proposing and, in some cases, passing legislation to mitigate their reduced opportunities for legislative oversight and participation in fiscal decision-making.

Chart 11. Bills Restricting Executive Powers, 2020-2021



Source: NCSL

Following the pandemic, many state legislatures pursued statutory and constitutional changes intended to increase legislative oversight of emergency powers and place procedural limits on executive authority during prolonged emergencies. At least nine states enacted laws allowing legislatures to terminate emergency declarations, while others imposed limits on the duration of emergencies or restricted the number of renewals permitted without legislative involvement. For example, Ohio established a 90-day limit on emergency declarations, and Tennessee reduced the allowable duration of emergencies from 60 days to 45 days before additional action was required. It is notable that New Mexico’s emergency orders have no time limit or expiration. Several states also expanded legislative oversight of executive agency rulemaking during emergencies, including the creation of legislative review committees for public health and emergency regulations. Other states adopted measures intended to increase transparency and public engagement, such as requiring consultation with legislative committees or establishing interim oversight bodies to monitor executive emergency actions. In addition, several legislatures pursued mechanisms to ensure they could convene during emergencies, including constitutional amendments or statutory changes authorizing legislatures to call themselves into special session when necessary. In contrast to states that have imposed time limits or legislative review requirements for prolonged emergencies, New Mexico does not establish a statutory endpoint for emergency declarations, and executive

New Mexico’s emergency orders, often drawn from the appropriation contingency fund, have no time limit or expiration. Executive order funding does not revert with the agency’s operating budget and may carry over for many years. Senate Bill 31 (2025) created the federal reimbursement revolving fund for federal reimbursements for state emergency response expenditures.

Program Evaluation: Emergency Orders

order funding does not revert with the operating budget and may carry over for many years.

At least seven states have statutes that expressly authorize legislatures to independently declare a state of emergency alongside the governor. These states include Alabama, Missouri, New Hampshire, North Carolina, Oklahoma, and West Virginia. However, most states focus on giving legislatures the power to check and terminate gubernatorial emergency declarations rather than initiating them.

Table 14. Emergency Declaration Limits and Legislative Oversight (Selected States)

State	Duration/Expiration Rule	Legislative Approval	Additional Oversight
Kansas	Emergency declarations automatically expire after 15 days unless extended	Must be ratified by concurrent resolution of the legislature	The Governor may request an extension from the Legislative Coordinating Council, requiring an affirmative vote of 5 members for 30-day extensions. During the next regular session, the emergency must be ratified, or it expires on the 15th day of the session
Pennsylvania	Disaster emergency declarations last up to 21 days unless extended	Extension requires General Assembly approval via concurrent resolution	Once expired, the governor cannot reissue a declaration for the same or substantially similar circumstances without explicit legislative approval
Ohio	No fixed duration stated; subject to legislative control	The General Assembly may extend, terminate, approve, or disapprove declarations via continuing resolution	Legislature may rescind emergency orders/rules in whole or in part. Establishes a Health Oversight and Advisory Committee (3 members from each chamber) with oversight authority over executive agencies during emergencies
Alaska	Emergency proclamations expire after 30 days if not extended	Must be approved by the legislature via concurrent resolution for continuation beyond 30 days	If issued during session or a special session, any gubernatorial actions after the session ends that are not ratified by law are void

Source: NCSL

Many other states have taken similar actions that give the legislature more oversight power during an emergency, the power to end or disapprove of emergencies, and even the power to call sessions and declare emergencies. While many efforts by legislatures to enshrine these changes in law have failed, others have succeeded, and the trend has been toward greater legislative power and oversight in response to governors issuing more executive orders.

Program Evaluation: Emergency Orders

Examination of other states' practices shows that many jurisdictions distinguish between the "response" and "recovery" phases of emergency management not only operationally, but institutionally. To distinguish between response and recovery, it is first useful to define these terms. During disaster "response," the state and federal governments seek to address the needs of affected communities through lifesaving and life-sustaining operations and by stabilizing community lifelines, which are the most fundamental services in a community that support the functioning of society. The transition from response to "recovery" is marked by several indicators, such as the stabilization of immediate threats to life and property and the restoration of essential community lifelines. In Texas, for example, the Texas Division of Emergency Management is responsible for incident response and coordination, while long-term disaster recovery, including federally funded housing and infrastructure reconstruction, is administered by the Texas General Land Office. Louisiana separates emergency response functions housed in the Governor's Office of Homeland Security and Emergency Preparedness from recovery administration carried out by the Office of Community Development's Disaster Recovery Unit, a structure that emerged in response to the challenges following Hurricane Katrina. Florida maintains a similar distinction, with the Florida Division of Emergency Management overseeing immediate response while long-term recovery programs such as Rebuild Florida are implemented through separate programmatic structures tied to federal grant funding streams.

These states' practices illustrate an approach in which emergency authorities are primarily used to manage acute emergency response conditions, while recovery activities transition into more durable administrative and appropriations frameworks, reducing reliance on extended emergency declarations for long-term reconstruction financing. Evidence above shows that spending on New Mexico's emergencies is highest one to two years after the emergency. This means the Legislature would have one or two opportunities during regular sessions to address the needs created by the emergency without relying on emergency orders. New Mexico could benefit from implementing formal distinctions between emergency response and recovery activities at the agency, administrative, or statutory levels. Such a division would help to highlight a clear break between acute emergency response, the proper target of emergency orders, and recovery activities that take place months or years later after the "emergency" has passed. The latter activities are more squarely under the purview of the legislature in the New Mexico Constitution.

Program Evaluation: Emergency Orders

Table 15. Summary of Response and Recovery Divisions by State

State	Recover and Response separate?	How Separation Works in Practice	Key Implication
New Mexico	No. Response and recovery are both led by DHSEM	Response and recovery functions remain largely within the same emergency management framework; long-term rebuilding and FEMA Public Assistance administration remain tied to emergency declarations and DHSEM coordination	Emergency authority can extend into the long-term recovery phase, keeping spending and coordination within emergency governance structures
Texas	Yes	TDEM manages incident response and coordination; once federal recovery funds flow, GLO administers housing, infrastructure, and long-term recovery programs	Clear functional handoff reduces overlap between emergency authority and long-term reconstruction spending
Louisiana	Yes	GOHSEP handles emergency response and FEMA coordination; OCD-DRU manages long-term recovery, especially federally funded rebuilding programs	Designed to prevent prolonged emergency governance after the Katrina-era recovery challenges
Florida	Yes	FDEM manages response and emergency coordination; recovery is delivered through distinct program offices often tied to HUD CDBG-DR funding streams	Recovery is administratively separated through program delivery rather than fully distinct agency structure

Sources: DHSEM, Texas Division of Emergency Management, Texas General Land Office Disaster Recovery, Louisiana Governor's Office of Homeland Security and Emergency Preparedness, Louisiana Office of Community Development – Disaster Recovery, Florida Division of Emergency Management, Rebuild Florida Program,

A 2024 LFC report recommended several changes to improve New Mexico's emergency funding system. This included creating dedicated emergency funds for key response agencies, enhancing transparency and expenditure tracking, requiring a gubernatorial emergency declaration before accessing emergency funds, and updating statutory funding thresholds to better align with current disaster response costs. These recommendations were intended to improve accountability, strengthen legislative oversight, and provide greater flexibility for emergency response efforts, but have not yet been enacted.

Table 16. Recommended Practices for Emergency Funding Administration

Recommended Practice	Intended Benefit
Dedicated Emergency Funds for DHSEM and State Forestry	Improves funding availability and consistency during emergencies.
Transparency and Expenditure Tracking	Enhances accountability and legislative oversight.
Emergency Declaration Requirement	Establishes clear criteria for accessing emergency funds.
Modernized Funding Thresholds	Aligns funding authority with current disaster costs.

Source: LFC Files

Other states have adopted a variety of approaches to improve transparency, accountability, and oversight of disaster and wildfire funding. Minnesota requires an annual report detailing disaster-related expenditures, funding sources, and outcomes, providing policymakers and the public with greater visibility into how emergency funds are allocated and used. Utah recently consolidated several wildfire-specific funding sources into a single Utah Wildfire Fund that supports prevention, response, recovery, and mitigation activities, with expenditures reported to the Legislature to ensure oversight and accountability.

Montana utilizes a dedicated Fire Protection Fund to support wildfire suppression efforts and supplements funding during severe fire seasons as needed. The state maintains multiple layers of oversight, including annual fire reports prepared by the Department of Natural Resources and Conservation, legislative monitoring of expenditures, and periodic audits. Collectively, these examples demonstrate how dedicated funding mechanisms, regular reporting requirements, and formal oversight processes can improve transparency and provide legislatures with greater visibility into emergency and disaster-related spending.

Table 17. State Approaches to Disaster and Wildfire Funding Transparency and Oversight

State	State Practice	Oversight & Reporting
Minnesota	Requires an annual report summarizing statewide disaster-related expenditures.	Annual report details spending, funding sources, and outcomes to support transparency and legislative oversight.
Utah	Created the Utah Wildfire Fund by consolidating multiple wildfire-related funding sources into a single fund.	Expenditures are reported to the Legislature to ensure accountability and transparency.

Program Evaluation: Emergency Orders

Montana	Maintains a Fire Protection Fund for wildfire suppression and supplements funding during severe fire seasons as needed.	Annual fire reports, legislative expenditure monitoring, and periodic audits provide oversight.
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Source: Pew Research

New Mexico’s experience with natural disasters points to a natural distinction between emergency response and recovery activities, similar to what other states have formalized in statute.

Examining spending following the Hermit’s Peak/Calf Canyon and South Fork Fire shows that emergency spending continued for years after the fire had been extinguished. Many activities that take place well after the triggering emergency do not carry the same immediate urgency as the emergency itself.

New Mexico statute gives the governor wide latitude in managing emergencies but imposes no limits on the duration of an emergency or on the governor’s use of emergency powers. The absence of statutory limits on the duration of emergency declarations and related authorities creates uncertainty regarding when emergency response activities transition to long-term recovery efforts. The All Hazard Emergency Management Act, NMSA 1978, Section 12-10-4, authorizes the governor to assume “powers necessary to maintain interagency coordination and to direct all resources available to the state” in the event of any “man-made or natural disaster causing or threatening widespread physical or economic harm that is beyond local control and requiring the resources of the state.” That language identifies the circumstances under which a governor can assume emergency management powers but says nothing about the point at which such powers might be reversed, and management turned over to long-term disaster recovery efforts, or the duration of any disaster-related executive orders or emergency appropriations. In practice, this means emergency orders last for years and allow the executive to pay for recovery activities that occur well after the emergency. Expenditures taking place in the year or second year after an emergency, noted in the earlier spending analysis above, could have been appropriated by the Legislature in a regular session. Doing so would remove the need for a continuing emergency order.

Absent a definition or end to the period of time for which statutory emergency executive authority can be exercised following a major disaster, the frenzy of activities of statutory emergency executive orders continues long after the active incident period has concluded. After the Hermit’s Peak/Calf Canyon Fire reached full containment on August 21, 2022, the state issued 104 additional executive orders, together worth \$77.5 million. Similarly, after the South Fork Fire reached full

Program Evaluation: Emergency Orders

containment on August 20, 2024, the state issued 153 additional executive orders, together worth \$122.25 million. Such activities can be intended to continue, rebuild, mitigate, and support general and long-term disaster recovery. However, New Mexico statute does not clearly distinguish between responses to an acute emergency and the activities just listed, which are aimed at long-term recovery. Accordingly, an in-depth analysis of the continuing use of emergency executive orders and their intended purposes is set forth below. However, this characterization also raises questions about how long disaster recovery activities should continue during the "state of emergency" as defined by the executive order and funded by emergency appropriations. The state does not close emergency orders and revert their funds until FEMA closes the project at the federal level. In practice, that means emergencies may be open for seven to ten years, with unspent funds left with the agencies that received them at the emergency's outset.

Table 18. Continued Emergency Executive Activity After Fire Containment

Fire Event	Full Containment Date	Last EO Date	Months of Continued EO Activity	Additional EOs After Containment	Post-Containment Funding
Hermit's Peak/Calf Canyon	21-Aug-22	26-Mar-25	~31 months	104	\$77.5 million
South Fork Fire	20-Aug-24	13-Jun-25	~10 months	153	\$122.25 million

Source: NM Executive Orders

New Mexico statutes and emergency management regulations permit the long-term use of emergency executive authority following a major disaster. While efforts to respond to and recover from an emergency may be complete in weeks, the destruction caused by a major storm or disaster may affect a community for months or years. New Mexico statute does not provide a clear demarcation between emergency response and recovery activities, nor does it indicate distinct governance, appropriation, or administrative procedures to be followed during the disaster recovery period. Thus, policymakers may want to consider providing clearer statutory guidance regarding the continued use of such powers and associated funding.

Recommendations

The Legislature should consider:

- Formalizing the definition of "emergency" in statute to help clarify the boundaries of response and recovery activities.
- Adding in statute a definition of the end of an "emergency" and mandating the reversion of unspent funds at that time.

Program Evaluation: Emergency Orders

- Clarifying in statute that the executive branch may not draw from the general fund operating reserve to fund emergencies.
- Adding a time limit on emergency spending, after which the executive branch must engage with the Legislature for emergency appropriations.

Agency Responses



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Department of Finance and Administration Response to Program Evaluation: Emergency Orders

To: Legislative Finance Committee Staff
From: Department of Finance and Administration
Date: June 11, 2026
Subject: Initial Comments on Program Evaluation: Emergency Orders

The Department of Finance and Administration (DFA) recognizes the work of the Legislative Finance Committee (LFC) staff in preparing the program evaluation on emergency orders. The Department values the collaborative relationship it maintains with both the Legislature and executive agencies in responding to emergencies affecting New Mexico communities.

Significant Financial and Statutory Clarifications

Emergency Order Classification Methodology (Page 8)

The report states that \$466.2 million, or 84.2 percent, of emergency order funding since 2023 was allocated to natural disaster response and recovery activities. Based on DFA's review of the underlying executive order data, DFA calculates that approximately \$490.9 million, or 88.6 percent of total funding, falls within these categories.

DFA respectfully requests clarification on the classification methodology used by LFC staff, including how individual executive orders are categorized and how the reported totals are revised to align with the underlying data used by DFA.

Offering more transparency about the methodology would help policymakers better understand how emergency spending is structured and promote consistency in future analyses.

Appropriation Contingency Fund and Legislative Authorization (Pages 8-9)

The report highlights the Legislature's constitutional authority over appropriations; however, its framing suggests that emergency expenditures issued pursuant to executive orders occur without legislative authorization.

DFA notes that Section 6-4-2.3 NMSA 1978 expressly contemplates expenditures from the appropriation contingency fund pursuant to Sections 12-11-23 through 12-11-25 NMSA 1978, "in the event there is no surplus of unappropriated money in the general fund." The Legislature enacted those provisions, which establish the conditions under which appropriations automatically become available following a gubernatorial emergency declaration.

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Accordingly, executive orders do not independently create appropriations; rather, they implement appropriations and authorities previously authorized by statute. DFA recommends that the final report clarify that the underlying appropriation authority derives from enacted statutes.

General Fund Operating Reserve (Pages 8-9)

DFA requests additional context to improve the discussion of the General Fund Operating Reserve. Section 12-11-24 NMSA 1978 authorizes a provisional appropriation during an emergency declaration, stating, “there is appropriated the sum of seven hundred fifty thousand dollars (\$750,000) for each eligible and qualified applicant or so much thereof as the governor may from time to time designate from the surplus unappropriated money in the general fund.” Additionally, Section 6-4-2.1 NMSA 1978 establishes the General Fund Operating Reserve within the General Fund, which may be used only when general fund revenues and balances are insufficient to meet authorized appropriations. Interpreting Sections 12-11-24 and 6-4-2.1 together, DFA reasonably concludes that unobligated balances in the reserve constitute surplus unappropriated money in the General Fund and can be automatically appropriated under the Disaster Act.

DFA recognizes that the interaction among these statutes may be subject to differing interpretations. However, the report currently presents a single interpretation as definitive, without acknowledging that the Legislature itself established the statutory framework authorizing emergency expenditures under specified conditions.

DFA respectfully recommends that the report acknowledge this statutory ambiguity and characterize the issue as a policy question regarding the scope of authority previously delegated by the Legislature, rather than suggesting that use of the Operating Reserve necessarily occurs outside legislative appropriation authority.

Additionally, DFA draws from the Operating Reserve only as a funding source of last resort. The Department first seeks funding from the Federal Reimbursement Revolving Fund (FRRF), then from the Appropriation Contingency Fund (ACF), and turns to the Operating Reserve only when those sources have been exhausted.

Program Evaluation: Emergency Orders



Department of Homeland Security and Emergency Management
Agency Response to *Program Evaluation: Emergency Orders*
June 10, 2026

LFC Finding: While spending on immediate natural disaster responses occurs quickly after an emergency, funding committed to recovery may take years to be spent. (page 11)

Agency Response: The program evaluation fundamentally conflates the duration of physical emergency operations with the timeline of financial invoice verification.

Debris clearance operations following the South Fork Fire, Salt Fire, and flooding were fully completed within approximately 10 months, while debris clearance associated with the Chaves County flood event was fully completed within approximately 6 months.

These operations were critical to preventing what could have been a catastrophe during the flooding which took place in Ruidoso the following year. DHSEM's debris removal program **cleared 930 properties, mitigating the impacts of the 443,000 cubic yards of debris (equivalent to 69 football fields)**, and 15,000 hazard trees in the floodway.

After the Chaves County flood event DHSEM **removed 191,025 cubic yards of debris (equivalent to 29 football fields) in just six months and 22 days.**

Both efforts are evidenced in agency spending early in the events: from October 1, 2025, to December 31, 2025, DHSEM processed more than \$25 million in expenses alone.

The millions in expenditures recorded 12 to 24 months after an event reflect the extensive invoice validation process required to secure federal dollars. Every single invoice must undergo multiple levels of strict review, including verifying individual physical load tickets, exact haul distances, disposal yard weights, and compliance documentation, to ensure the state is fully insulated from reimbursement denials.

For example, debris removal operations in Chaves County were completed between December 2024 and May 2025. Invoices were submitted on December 3, 2024, January 31, 2025, March 20, 2025, June 6, 2025, and July 25, 2025. Payments were processed as invoices were received and validated by the debris monitor and DHSEM's FEMA Public Assistance team. The account remained current, and all submitted invoices had been processed as of October 8, 2025. See *Exhibit A*.

Program Evaluation: Emergency Orders



Department of Homeland Security and Emergency Management
Agency Response to *Program Evaluation: Emergency Orders*
June 10, 2026

LFC Finding: Official procurement practices emphasize compliance with state and federal laws and the appropriate use of emergency procurement. (page 13)

Agency Response: DHSEM did not circumvent competitive safeguards; instead, it truncated the standard advertisement timelines to meet immediate life-safety demands.

Working in close coordination with DFA and GSD, DHSEM quickly executed a competitive emergency procurement process and then pivoted to a full competitive proposal via a request for proposals. Operations were executed in the following timeline:

- June 17, 2024 – South Fork Fire, Salt Fire, and flooding occur.
- July 3, 2024 – DHSEM requests vendors proposals for emergency procurement.
- July 10, 2024 – DHSEM evaluates bid tabs.
- July 11, 2024 – DHSEM executes an emergency procurement with DRC.
- August 29, 2024 – DHSEM issues an RFP for private property debris removal.
- September 30, 2024 – DHSEM closes RFP for private property debris removal.
- January 6, 2025 – DHSEM executes RFP-based contract with DRC.
- June 26, 2025 – Ruidoso flooding occurs.
- September 22, 2025 – DHSEM issues task order under the RFP-based contract.

The Chaves County flooding incident required right-of-way and waterway debris clearance. DHSEM utilized AshBritt, the second lowest-cost qualified vendor identified via the original competitive emergency procurement process.

- October 18, 2024 – Chaves County flooding occurs.
- November 8, 2024 – DHSEM executes an emergency procurement with AshBritt.
- May 30, 2025 – Work completed and crews demobilized within 6 months, 22 days.

In both circumstances, DHSEM either had executed a competitive procurement within six months, or had completed emergency procurement work within that period.

Program Evaluation: Emergency Orders



Department of Homeland Security and Emergency Management
Agency Response to *Program Evaluation: Emergency Orders*
June 10, 2026

LFC Finding: Across emergency orders, 57 percent of disaster response and recovery expenditures went to two vendors. (page 16)

Agency Response: While two prime contractors received debris removal contracts, a total of 12 companies received work to complete debris removal.

The emergency procurement phase itself was highly competitive, completely refuting claims of single-source favoritism. DHSEM actively requested and evaluated comprehensive proposals from nine different vendors based on structural capability, mobilization readiness, and cost-efficiency; the agency then utilized both qualified vendors with below-average costs per the emergency bid schedule.

DRC was selected for Lincoln County because its **pricing averaged \$54.96 below all competing vendors**, and the average cost of debris removal per property was \$38,792.50. AshBritt was selected for the Chaves County flood response as the second lowest-cost qualified vendor, **averaging \$45.14 below competitors**. Although DRC was the lowest bidder for both counties, the decision was made to award Chaves County to the next qualified vendor to avoid stripping a disaster community of necessary resources. See *Exhibit B*.

Under both the emergency procurement process and the subsequent competitive RFP process, DHSEM required vendors to show how they would maximize the use of local subcontractors. Utilizing a prime contractor provided an efficient mechanism to manage multiple local subcontractors under a single contract while maintaining consistent operational standards, reporting requirements, and FEMA compliance.



Department of Homeland Security and Emergency Management
 Agency Response to *Program Evaluation: Emergency Orders*
 June 10, 2026

LFC Finding: The state may not be getting favorable rates for debris removal when compared to FEMA benchmarks. (page 19)

Agency Response: DHSEM utilized competitive cost comparisons for both emergency procurement and the request for proposal to procure the lowest-cost qualified bidder.

The FEMA cost benchmarks referenced in the report do not reflect the overall pricing structure of the debris removal contracts. FEMA's Schedule of Equipment Rates is inherently limited, omitting operator labor, fuel, maintenance, emergency mobilization, and contractor overhead. Furthermore, FEMA does not establish standardized national benchmarks for complex cubic-yard debris removal, hauling distances, or asbestos-related demolition.

DHSEM established cost reasonableness through competitive procurement processes and direct comparison of vendor bids across the full scope of work. For both the South Fork Fire/Salt Fire post-fire flooding event and the Chaves County flooding event, DHSEM conducted a competitive emergency procurement process in which nine vendors were evaluated based on their capability to perform the work, readiness, and cost.

DHSEM evaluated **128 individual cost line items from each vendor proposal to calculate average costs** across all submissions. Vendors were then evaluated based on whether proposed costs were above or below the bid schedule average. These market-based comparisons provide a more reliable measure of overall contract pricing than evaluating a limited number of individual equipment rates in isolation.

Once bids were evaluated, individual line-item costs were shared with and approved by FEMA. In instances where specific item costs exceeded federal guidelines, DHSEM actively negotiated with the vendors to compress those rates to an amount FEMA explicitly agreed would be eligible for reimbursement. This directly rebuts the idea that the state overpaid or acted passively.

The agency subsequently selected the lowest- and second lowest-cost qualified vendors for emergency work (see *Exhibit B*). Other submissions, including local vendors, failed to submit pricing for all required line items, or had pricing which significantly exceeded the line-item averages.

Program Evaluation: Emergency Orders



Department of Homeland Security and Emergency Management
Agency Response to *Program Evaluation: Emergency Orders*
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While DHSEM coordinates state-level emergency response and provides direct assistance and expertise to local governments, other states offer embedded expertise, sample contracts and RFPs, and support for local capacity building. (page 24)

Agency Response: DHSEM similarly embeds technical assistance resources from day one through to long-term recovery, and steps in to absorb administrative workloads which exceed local government capacity.

Following the Hermit's Peak/Calf Canyon Fire; the South Fork Fire, Salt Fire, and subsequent flooding; and the Chaves County flooding, DHSEM launched standardized training that included exploratory calls, applicant briefings supported by a comprehensive training deck, reimbursement trainings, and procurement trainings (see *Exhibit C-E*).

The agency also embedded National Guard personnel for immediate response and deployed technical specialists to support recovery operations. In communities including Ruidoso, Roswell, and Mora, those personnel have remained embedded for extended periods, in some cases for years. DHSEM staff continue providing support beyond these initial steps, working with applicants through project development and reimbursement.

DHSEM personnel help applicants identify damage, develop and review projects, support procurement, document costs, coordinate environmental and historic preservation requirements, ensure FEMA compliance, manage grants, facilitate reimbursement, and provide applicant training.

This support includes a Procurement Specialist who has assisted multiple jurisdictions by reviewing and approving procurement materials. Mora County, in particular, received support in mapping the requests for proposals needed to execute its projects. Because FEMA is a reimbursement-based program that requires work to be completed before repayment, it is also notable that Mora County received \$41.1 million in Senate Bill 6 loan fund assistance.

Hermit's Peak/Calf Canyon was the first disaster in which local counties and municipalities had access to two separate recovery programs: FEMA Public Assistance and the Claims Office. Because federal guidance was initially unclear, most jurisdictions first pursued the less burdensome compensation-based funding option and were then redirected back to Public Assistance months or even years later. As a result, Hermit's Peak/Calf Canyon was a uniquely complex event and is not an appropriate basis for comparison.

Program Evaluation: Emergency Orders



Department of Homeland Security and Emergency Management
 Agency Response to *Program Evaluation: Emergency Orders*
 June 10, 2026

LFC Finding: Examination of other states' practices shows that many jurisdictions distinguish between the "response" and "recovery" phases of emergency management not only operationally, but institutionally. (page 29)

Agency Response: The report misunderstands the responsibilities of state agencies, including DHSEM, in carrying out these phases of recovery.

The agencies referenced in the report — including the Texas Division of Emergency Management (TDEM), the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), and the Florida Division of Emergency Management (FDEM) — administer FEMA Public Assistance and manage the same categories of recovery costs identified in the emergency order report, including debris removal and infrastructure repair. Like DHSEM, they also absorb long timelines associated with disaster response and recovery; for example, Louisiana is still processing costs related to Hurricane Katrina.

Further, DHSEM executes its authorities within limited annual funding from FEMA that forces the agency to operate at an annual deficit:

- DHSEM has an annual operating budget of \$8.1M.
- State Homeland Security Grant Program covers \$600k.
- Emergency Management Performance Grant Program covers \$1.4M.
- New Mexico State General Fund covers \$2.9M.

This leaves an annual \$3.2M deficit which DHSEM must find other funds to cover.

This is in stark comparison to Louisiana GOHSEP, which has a \$94.8M annual budget; FDEM, which has a \$271.2M annual budget; and TDEM, which has a \$33.5M annual budget. Given this starting point, and since State Legislature has never given DHSEM funding for response nor recovery, Executive Orders are the only way that the agency can function and effectively respond when disasters occur.

Finally, it is critical to note the operational limitations in partner states where long-term recovery is separated from the agency responsible for immediate recovery. In those states, residents and local governments are often required to start over with a new agency, re-explain what they have experienced, and navigate a separate outreach process for programs such as Community Development Block Grant–Disaster Recovery. By contrast, DHSEM provides one consistent pathway from initial response through longer-term recovery, ensuring continuity of service for residents and local governments.



Department of Homeland Security and Emergency Management
Agency Response to *Program Evaluation: Emergency Orders*
June 10, 2026

LFC Finding: New Mexico's experience with natural disasters points to a natural distinction between emergency response and recovery activities, similar to what other states have formalized in statute. (page 32)

Agency Response: The report incorrectly assesses expenses under emergency orders as being used for recovery and long-term recovery based on the timeframe of expense.

The "experience" referred to in the report indicates that based on the timeframe of expenses incurred, that there is a clear delineation between response and recovery activities. However, these expenses actually covered the following operations:

- Sheltering via hotels for 359 individuals following 2025 flooding in Ruidoso.
- Emergency repair for leachate ponds at Roswell Landfill to contain waste and prevent contamination of waterways and the municipal water infrastructure.
- Emergency debris flow modeling and evacuation planning in Ruidoso.
- Swift water rescue team deployments in response to burn-scar-related flooding.
- Purchase of sandbagging materials for deployment across affected jurisdictions.
- Private property, right-of-way, and waterway debris removal in Lincoln County.
- Waterway debris removal in Chaves County that allowed for the historical preservation of the German POW Iron Cross.
- State Police mobilization to assist with traffic control, road closures, and evacuations.

While most of these operations were summarized in an "Other" category within the report, a more accurate breakout shows that the bulk of emergency order funding was invested in protecting critical infrastructure and preventing cascading impacts. These measures substantially reduced the risk of additional damages to public infrastructure that could have reached tens to hundreds of millions of dollars.

As described above, the longer timeline to validate costs, receive and pay invoices, and process reimbursement does not mean that these operations are definitively aligned with "recovery," nor does it undermine the criticality of these expenses being encumbered in a timely manner.

Appendix A. Evaluation Scope and Methodology

Evaluation Objectives

- Analyze the flow of money and spending patterns associated with emergency order funding;
- Examine existing methods of oversight and accountability that prevent the misuse of emergency order funding; and
- Establish national best practices for oversight and accountability in the use of emergency orders.

Scope and Methodology

- Reviewed academic studies, policy research, and analyzed funding flows from emergency orders and FEMA.
- Analyzed county, municipal, and agency-level data on emergencies and the projects that respond to those emergencies;
- Conducted three site visits to Mora, San Miguel, and Lincoln counties, sites of the largest recent emergencies.
- Examined practices from other states, especially those with experience managing major emergencies.

Evaluation Team

John Valdez, Project Lead, Program Evaluator

Guillermo Caraveo, Program Evaluator

Authority for Evaluation

LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

Report Distribution

This report is intended for the information of the Office of the Governor, Department of Finance and Administration, Office of the State Auditor, and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report, which is a matter of public record.



Rachel Garcia, ED.D.

Deputy Director for Program Evaluation

Appendix B. Emergency Management Assistance Compact (EMAC)

Executive orders issued under the Emergency Management Assistance Compact (EMAC) reflect New Mexico's role in providing interstate disaster assistance, with funding directed to support deployments and resource coordination under established statutory authority. Two executive orders from 2017 and 2018 provided disaster relief to Puerto Rico following the Commonwealth's official request for help from New Mexico. Hurricane Maria marked the first instance in this period in which New Mexico activated EMAC assistance for an external jurisdiction. Governor Susana Martinez issued Executive Order 2017-019 to authorize emergency assistance to Puerto Rico, directing \$750,000 in emergency funding to the New Mexico Department of Military Affairs. That initial authorization was expanded under Executive Order 2018-004, which added \$100,000 to the response and placed fund administration with the New Mexico Department of Homeland Security and Emergency Management (DHSEM), bringing total Hurricane Maria-related assistance to \$850,000. Similar EMAC authority was exercised in 2018 following two separate requests from California as wildfire conditions escalated during the year. Those requests led to Executive Orders 2018-056 and 2018-057, authorizing \$672,000 for summer wildfire deployments and \$869,000 for statewide wildfire response efforts later that fall. Executive Order 2020-066, issued by Governor Michelle Lujan Grisham, followed the same EMAC framework in response to California's request for assistance during the 2020 Moc and CZU Lightning Complex wildfires. The order authorized interstate mutual aid, and New Mexico allocated \$750,000 to DHSEM for resource management, including the option to deploy the New Mexico National Guard under the Adjutant General. The California-related executive orders provided mutual aid assistance without citing any emergency circumstances or other local conditions in New Mexico. All five executive orders rely on NMSA 1978, Section 12-10-15 (EMAC) as their primary legal basis. The law bases its authority on National Guard and emergency management statutes, found in Sections 20-1-1 through 20-1-8, 20-2-1 through 20-2-8, and 20-4-1 through 20-4-14.

Source: New Mexico Executive Orders

Appendix C. DRC Emergency Services Cost Categories

The DRC Emergency Services contract is a unit-price contract used in the 2024 Lincoln County Salt and Fork Fire and pays for the removal, processing, disposal, and stabilization of all disaster debris throughout the recovery process. Below are the major cost categories for the debris removal:

Table 19. DRC Emergency Services Cost Categories

Category	Pricing / Description
Construction & Demolition (C&D) Debris	Approximately \$11.48–\$23.48 per cubic yard depending on haul distance.
Concrete Removal	Approximately \$82.50 per cubic yard.
Metal Removal	Beginning at approximately \$14.48 per cubic yard.
Clean Flood Debris / Vegetative Debris / Hazardous Tree Debris	Approximately \$14.48–\$26.48 per cubic yard depending on debris type and transportation distance.
Contaminated Debris Removal	Approximately \$128.50–\$184.50 per cubic yard for hazardous or regulated materials requiring specialized handling and disposal.
Asbestos-Related Demolition and Disposal	Approximately \$158.50–\$184.50 per cubic yard depending on haul distance.
Processing Activities	Sorting, chipping, mulching, segregation, and debris reduction activities generally range from approximately \$11.48–\$26.48 per cubic yard.
Hazardous Tree and Stump Removal	Supported through vegetative debris hauling rates and specialized labor and equipment charges.
Personnel Hourly Rates	Approximately \$35–\$286.65 per hour, with most operational personnel ranging between approximately \$55 and \$167 per hour.

Source: DRC Emergency Services Contract

Appendix D. Plexos Group LLC Hourly Rates and Staffing Structure

Table 20. Plexos Group LLC Hourly Rates and Staffing Structure

Position	Rate per hour
Subject Matter Expert	\$ 250.00
Senior Program Manager	\$ 210.00
Program Consultant V	\$ 200.00
Program Consultant IV	\$ 195.00
Program Consultant III	\$ 190.00
Program Manager	\$ 190.00
Senior System Developer	\$ 165.00
FEMA/Grantee Meetings and Responses	\$ 145.00
Program Consultant II	\$ 145.00
System Developer	\$ 115.00
Case Management Supervisor	\$ 90.00
Analyst	\$ 85.00
Case Manager	\$ 85.00

Source: SHARE Data

Appendix E. Executive Orders by Year and Category

Table 21. Executive Orders by Year and Category

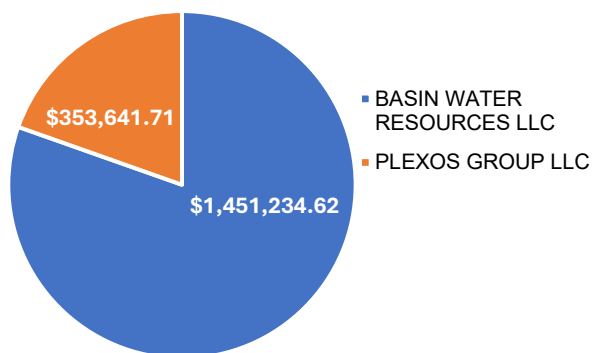
Year	Category	Count of EOs	Budget (in thousands)	Federal Revenue Received (in thousands)
2023	Crime	1	\$ 100.00	\$ -
	Fire	123	\$ 89,540.00	\$ 4,372.03
	Flooding	11	\$ 6,700.00	\$ -
	Other	26	\$ 450.00	\$ -
	Pandemic	12	\$ 1,500.00	\$ -
	<i>Subtotal</i>	173	\$ 98,290.00	\$ 4,372.03
2024	Crime	10	\$ 3,710.00	\$ -
	Drought	1	\$ -	\$ -
	Fire	92	\$ 66,914.61	\$ 2,977.30
	Flooding	7	\$ 3,750.00	\$ -
	Other	34	\$ 7,033.00	\$ -
	<i>Subtotal</i>	144	\$ 81,407.61	\$ 2,977.30
2025	Crime	8	\$ 3,500.00	\$ -
	Drought	1	\$ -	\$ -
	Fire	182	\$ 136,000.00	\$ -
	Flooding	161	\$ 117,190.00	\$ -
	Other	8	\$ 750.00	\$ -
	<i>Subtotal</i>	360	\$ 257,440.00	\$ -
2026	Crime	21	\$ 14,800.00	\$ -
	Fire	93	\$ 69,750.00	\$ -
	Flooding	29	\$ 21,750.00	\$ -
	Other	50	\$ 30,250.00	\$ -
	Storm	1	\$ 200.00	\$ -
	<i>Subtotal</i>	194	\$ 136,750.00	\$ -

Source: DFA

Appendix F. Detailed Expenditure Analysis

The Hermit's Peak and Calf Canyon Fire expenditure through DHSEM were concentrated among two of vendors associated with emergency response and recovery activities. Basin Water Resources LLC accounted for approximately 80.4 percent of voucher expenditures, while Plexos Group LLC accounted for the remaining 19.6 percent. Together, the expenditures reflect the concentration of recovery-related contracting associated with wildfire response and disaster management operations.

Chart 12. Hermit's Peak and Calf Canyon Vouchers for Department of Homeland Security and Emergency Management



Source: SHARE Data

Basin Water Resources LLC and Plexos Group LLC, DHSEM's vendors for the Hermit's Peak and Calf Canyon Fire provide disaster recovery services. Basin Water Resources is a New Mexico-based company providing environmental and water resources restoration. Services include erosion control, water management, floodplain management, and overall watershed stabilization. Plexos Group LLC is a Baton Rouge, Louisiana-based consulting firm specializing in FEMA program management and grant compliance issues. Both companies provide field restoration and administrative support to local, state, and federal agencies, as well as insurance companies and private developers. The vouchers for Basin Water Resources LLC list debris removal expenses. It included electric pumps, filter presses, crane mats, tanks, forklifts, air compressors, hoppers, portable bathrooms, chemical feed systems, insurance, winterization packages, labor costs, managerial costs, technician costs, and work trucks, among other items.

Program Evaluation: Emergency Orders

Voucher expenditures for DHSEM associated with the Lincoln County Salt and South Fork Fire disaster response were highly concentrated among a small number of vendors supporting emergency response and recovery operations. DRC Emergency Services LLC accounted for approximately 76.8 percent of total voucher expenditures, while Cotton Commercial USA Inc., King Industries Corporation, and Plexos Group LLC together accounted for an additional 21.7 percent of spending. The remaining vendors represented less than 2 percent of total expenditures combined. Overall, the expenditure distribution reflects the significant concentration of disaster response contracting associated with wildfire recovery and emergency management activities.

Many of the vouchers for DRC Emergency Services LLC were for debris removal and included comprehensive case management. Cotton Commercial USA provided equipment rental and trailer services. King Industries provided emergency services for debris as well as comprehensive debris monitoring services. Plexos Group LLC was used to provide consulting services to DHSEM.

Table 22. Distribution of Voucher Expenditures by Vendor for DHSEM in Lincoln County Salt and Fork Fire Disaster Response

Vendor	Amount	Percent of Total
DRC Emergency Services LLC	\$ 132,084,417.81	76.82%
Cotton Commercial USA Inc.	\$ 17,801,362.80	10.35%
King Industries Corporation	\$ 12,335,147.03	7.17%
Plexos Group LLC	\$ 7,218,614.58	4.20%
J & H Services Inc	\$ 450,000.00	0.26%
Constant and Associates Inc.	\$ 291,632.13	0.17%
American Red Cross & Its Constituent	\$ 242,610.13	0.14%
SHV Energy USA LLC	\$ 168,888.22	0.10%
Bank of America NA	\$ 158,909.04	0.09%
Other Vendors	\$ 1,197,926.51	0.70%
Total	\$ 171,949,508.25	100.00%

Source: SHARE Data

Voucher expenditures associated with the Lincoln County flooding event were highly concentrated, with DRC Emergency Services LLC accounting for 79.1 percent of the total. Smaller shares of expenditures were distributed among vendors associated with emergency management, lodging, hospitality, and intergovernmental support services, including Plexos Group LLC, FEMA, and several hotel and hospitality providers. Overall, the expenditure distribution reflects the concentration of disaster response contracting and support services associated with flood recovery and emergency operations.

Program Evaluation: Emergency Orders

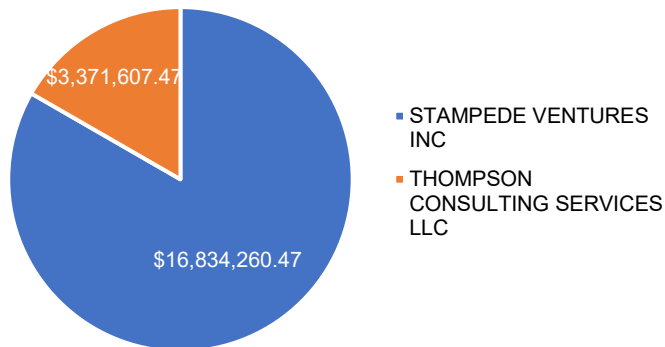
Table 23. Distribution of Voucher Expenditures for DHSEM in Lincoln County Flooding Event

Vendor	Amount	Percent of Total
DRC Emergency Services LLC	\$ 12,750,000.00	79.10%
Plexos Group LLC	\$ 655,240.64	4.06%
State of Florida	\$ 422,922.32	2.62%
Shivay Hotels	\$ 385,937.15	2.39%
FEMA	\$ 349,798.14	2.17%
K3G LLC	\$ 245,000.00	1.52%
AADHYA Hospitality LLC	\$ 190,500.00	1.18%
State of Oklahoma	\$ 167,733.63	1.04%
Rudy Oso LLC	\$ 141,100.00	0.88%
Raahi Hotels LLC	\$ 135,000.00	0.84%
Others	\$ 676,175.14	4.19%
Total	\$ 16,119,407.02	100.00%

Source: SHARE Data

Voucher expenditures by the Department of Transportation for the Hermit's Peak and Calf Canyon Fire response were concentrated among a small number of vendors supporting emergency response and recovery activities. Stampede Ventures Inc. accounted for most expenditures, representing approximately \$16.8 million in voucher spending, while Thompson Consulting Services LLC accounted for approximately \$3.4 million. A large number of Stampede Ventures Inc. expenditures were primarily associated with FEMA Category A and Category B construction and recovery activities, including debris removal, emergency protective measures, and disaster-related construction services, while a large portion of the voucher expenditures for Thompson Consulting Services were associated with professional services, including contractor support, grant-related transactions, and FEMA monitoring or management activities.

Chart 13. NM Department of Transportation Hermit's Peak Disaster Voucher Expenditure Amount



Source: SHARE Data

Voucher expenditures for the Department of Transportation reveal that only one vendor was chosen to assist in the Lincoln County Flooding disaster. The only vendor selected was Fisher Sand & Gravel New Mexico Inc., and the voucher total was \$6.8 million. The details for voucher expenditures in SHARE returned no results.