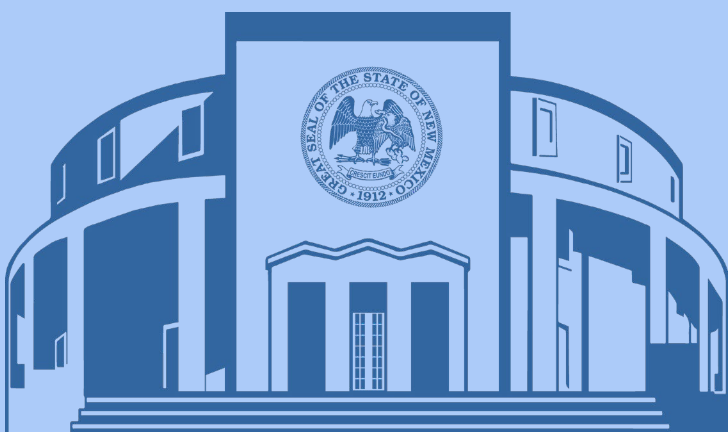
New Mexico Legislative Finance Committee
Progress Report

Stacking of Income Supports



November 17, 2025

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Contents

Summary

This is the third iteration of the *Stacking of Income Supports* report. Previous iterations and this report finds the state provides a large benefits package but even with these programs, the state continues to have one of the highest poverty rates in the country. Previous recommendations included monitoring program impact on poverty, reducing barriers to program access, and connecting program recipients with workforce training and education.

Scope: *Re-examine findings from previous reports on stacking and uptake, assess impact of federal reconciliation, and review food insecurity and solutions in New Mexico.*

Key Findings:

- While New Mexico has one of the highest poverty rates in the nation, the state also has one of the largest benefits packages, which theoretically allows many family types to meet their needs.
- New Mexico's labor force participation rate has been persistently low and has not meaningfully changed despite cash assistance and other workforce development efforts.
- The state has tried to minimize the effect of "benefit cliffs" to incentivize increasing earnings by expanding program eligibility, but this may come at the expense of those at lower incomes.
- Refundable tax credits can improve workforce participation and reduce poverty.
- New Mexico needs to change program administration to address SNAP error rates and monitor food program outcomes.

Key Recommendations:

- The Health Care Authority, the Workforce Solutions Department, and higher education institutions should connect income support participants with short-term certifications and training in high-demand fields.
- The Legislature should consider funding a pilot to provide the working families tax credit in monthly increments to determine if this benefit structure improves financial stability and family wellbeing without reducing workforce participation.
- Agencies providing income support should ensure uptake of programs is at least at the national average prior to expanding services to higher income levels.
- The Health Care Authority should implement and enforce eligibility verification and establish a quality review process to determine reasons for errors in SNAP case determinations.

Conclusion: While New Mexico has created a generous benefits package that provides a living wage to many family types, the state is at risk of losing billions in federal funding and needs to improve administrative processes and increase access for those most in need. To address work disincentives and benefit cliffs, the state can rethink its workforce training to connect more workers with short term certifications and restructure tax credits.

Background

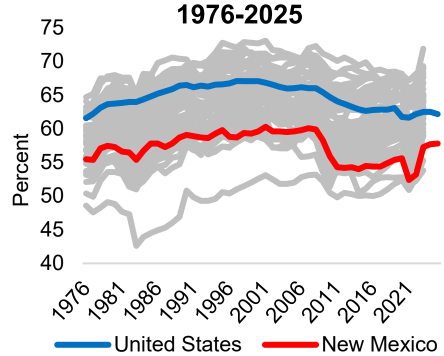
New Mexico is highly dependent on federal government funding; therefore, changes in federal spending priorities can impact the state disproportionately. This dependence is related in part to the state's low labor force participation and median income, which leads to high poverty rates. The drop in take-home income that families may experience as salaries increase due to reduced public assistance benefits may also act as a work disincentive.

New Mexico ranks as one of the poorest states in the nation when considering only income, but New Mexico's benefits package provides enough to equate to a living wage for many family types if a family enrolls in all programs to which they are eligible. The state's poverty rate is better than that in half the country when all benefits are considered. However, the recently enacted federal House Joint Resolution 1, a budget reconciliation bill impacts enrollment and decreases funding for Medicaid and the Supplemental Nutrition Assistance Program (SNAP), two of the largest federal entitlement programs, shifting costs to states and adding work requirements for specific populations. These changes will likely reduce the number of individuals enrolled in these federal programs, as well as increase the state burden in program administration. Because New Mexico has a large proportion of the population using federal assistance programs, such as SNAP and Medicaid, the state will need to determine who will be affected and what should be done to assist individuals whose benefits will be impacted.

New Mexico has low rates of labor force participation and high rates of poverty.

Increasing workforce participation and per capita earnings are key to decreasing poverty. However, New Mexico has had lower workforce participation rates —the share of working age residents who are working or looking for work—than the national average for many years. While the state has worked to increase these rates, New Mexico has only seen marginal improvements, likely one of the reasons the state continues to have high rates of poverty, when not adjusting for cost of living and state benefits. As reported in a 2024 LFC report on workforce development, it is crucial for both younger workers and parents to engage in the workforce. Younger disengaged workers miss a critical opportunity to build assets and family income levels. While parental employment was not shown to improve childhood outcomes and break cycles of intergenerational poverty on its own, employment plus increased family income can substantially reduce childhood poverty and improve lifetime outcomes according to research published in the National Academies of Sciences.

Chart 1. Labor Force Participation Rates For Ages 19-64, U.S. and N.M. 1976-2025



Source: U.S. Bureau of Labor

Workforce participation in New Mexico has been persistently lower than the national average. According to U.S. Department of Labor data, New Mexico's labor force participation rate was 57.8 percent in July 2025, 5 percentage points higher than in 2022 but still 5.4 percentage points lower than the national average. Since 2001 the national labor force participation rate has dropped, and even while New Mexico's has not dropped as much, it is still below the national average.

Investments to improve the workforce have not led to expected gains. As was found in a 2024 LFC report, New Mexico's workforce development efforts have not led to significant increases in labor force participation or median earning gains, particularly in comparison with other states. Specifically, the report found the state's workforce development centers and its efforts to reform the federal Temporary Assistance for Needy Families cash assistance program have not led to meaningful changes in outcomes such as workforce participation and salary increases, due in part to low workforce participation. The state has had one of the highest poverty rates for at least the last 20 years.

New Mexico has one of the highest poverty rates nationally and one of the most generous income support packages, which lessens the immediate effects of poverty. Based on the supplemental poverty measure, which considers the impact of childcare assistance, tax credits, SNAP, Medicaid, and social security, and other specific programs. New Mexico's poverty rate was 12.4 percent, below the national average of 12.7 percent in 2024 (these data are aggregated at the state level). However, when these benefits are not considered, New Mexico has the third-highest poverty rate in the nation, at 17.2 percent in 2024 —a decrease of 1.3 percentage points from 2023 but still one of the highest rates in the nation. The difference between the official poverty metric and the supplemental poverty metric suggests the state's benefit package is one of the most generous.

As discussed in previous LFC reports, the state has struggled to lower its official poverty rate and ranking, with New Mexico experiencing rates hovering between 15 percent and 20 percent and consistently ranking among the top three states with the highest poverty rates for at least the last 20 years. While New Mexico should be recognized for ensuring its residents can meet their basic needs, the goal of many of these benefits goes beyond subsistence toward independence, and the persistent high official poverty rate suggests the state is not meeting these goals. (See Appendix A for a list of income support programs in New Mexico with recent enrollment numbers.)

In 2023, New Mexico received the third most funding per person from the federal government, highlighting New Mexico is heavily supported with federal funds. Specifically, 39 percent of the 2025 General Appropriation Act (GAA) was federal funding. The state received approximately $19.7 thousand per person, behind only Alaska (at $24.1 thousand) and Virginia (at $22.1 thousand). The high transfer of federal

Poverty Metric Definitions:

The U.S. Census Bureau publishes both unadjusted poverty rates and supplemental poverty rates, the latter of which accounts for the state's cost of living and available benefits.

The **official poverty measure** reports the proportion of individuals in poverty without any adjustments

The **supplemental poverty measure** extends the official measure by including necessary expenses, like taxes and a subset of benefits including Supplemental Nutrition Assistance Program (SNAP), Women, Infants, and Children (WIC), federal tax credits, and utility assistance.

Source: Census Bureau

Table 1. New Mexico Official Poverty Ranking

Year	OPM State Ranking (lower is worse)	SPM State Ranking (lower is worse)
2024	3rd	18th
2023	2nd	16th
2022	1st	12th
2021	3rd	6th
2020	3rd	7th
2010	2nd	Not available
2000	1st	Not available

Note: The Supplemental Poverty Measure (SPM) 2024 data from the Health Informed Poverty measure report, which uses 3-year averages for poverty metrics. Single-year SPM data were not available as of September 2025.

Source: US Census Bureau

Table 2. Top 5 Income Support Programs by Enrollment

Name	Income Requirements	2024/2025 enrollment
Child Tax Credit (federal)	Income < $200,000 for single filer	237,714
SNAP	Up to 130% FPL	457,699
School Lunches	None	300,441
Low Income Comprehensive Tax Rebate (LICTR)	Rebate based on sliding scale	328,801
Medicaid	Up to 138% FPL	841,690

Note: There are additional programs that serve the elderly not included in this table. Tax data is at the household level and does not include dependents or cofilers See Appendix A for a full list.

Source: LFC files

funds to the state is due to several factors, including a large proportion of residents enrolled in Medicaid and SNAP, as well as significant defense and transportation spending. Some of this spending is due to state policy decisions, such as Medicaid eligibility expansion and the addition of several programs to the state's Medicaid waivers to maximize federal funding. While using federal funds instead of state dollars is a prudent financial decision, it makes the state more vulnerable to shifts in federal spending priorities.

To be at or below poverty as an able-bodied single adult would mean one would be either not working or working part-time.

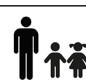
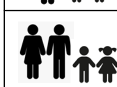
Working full time at $14/hour equates to an income at 186 percent of the federal poverty level

Few individuals are likely enrolled in all income support programs for which they are eligible. In 2021, LFC examined the benefits provided in New Mexico, finding the benefits package for most families with children and the elderly would be enough to make a living wage, as defined by the Massachusetts Institute of Technology's (MIT) living wage calculator. The report also found more people were eligible for programs than were hitting programmatic cliffs, which occur when increases in income cause someone lose eligibility. In a 2023 update, similarly, most families, if enrolled in all programs eligible, would receive enough total take-home pay to be above a living wage. However, the report continued to highlight persistent issues with program uptake, which still persists. (See Appendix A for additional enrollment and eligibility information). If more individuals enrolled in these programs, costs may increase for the state, but individuals could be getting additional benefits for which they are eligible.

Recent analysis of barriers to accessing services by New Mexico State University's Anna, Age Eight Institute finds that many individuals may not know or not qualify for a service or cannot find access to the service. One potential solution is closed loop referral systems which directly track referrals and uptake. New Mexico is investing in multiple statewide closed-loop referral platforms, a national best practice; however, the results remain unclear.

For elderly individuals without children, if enrolled in all income support programs, these programs continue to provide benefits estimated to be at or above the cost of living; however, single individuals with children no longer receive benefits equal to the cost of living. In the 2021 and 2023 *Stacking of Income Supports* reports, LFC staff estimated the state's income support programs can generally meet a family's needs. Looking at current benefit amounts for 2025, this continues to be the case. However, benefit amounts have been reduced by up to 44 percent since 2023 and up to 65 percent since 2021, depending on family type and income. (See Appendix B.) Furthermore, benefits for a single individual do not equate to a living wage for someone making between 0 percent and 250 percent of the federal poverty level.

Figure 1. Estimation of Income Support Programs Meeting Individual Need, 2025

Family Type	Needs Met if Enrolled in All Services Available ?	Income at 100 Percent FPL	Estimated Total Income Plus Benefits at 100 Percent FPL	Change in Total Benefits + Income from 2021
	✖	$15,650	$31,822	-7%
	✖*	$21,150	$43,081	-11%
	✔	$15,560	$41,008	10%
	✖	$26,650	$87,094	-2%
	✔	$32,150	$99,550	-5%
	✔	$26,650	$95,615	0%

Note: In these scenarios, needs met is defined as meeting a living wage according to MIT's state cost based on family size; children are 3 and 7, ages chosen to represent programs for early childhood and school-age children; SNAP and TANF limits based on net rather than gross income; Childcare Assistance amounts based off no copay and Childcare Assistance was not included for the family at 0% of the FPL. *For married couples, needs would be met if both individuals are working but would not be met if only one partner were working. For elderly individuals with children in the household, the elderly person was assumed to be the guardian.

Source: LFC files

Earned income and child tax credits improve child poverty rates and family well-being without reducing workforce participation.
State and federal tax child and earned income tax credits accounted for around 20 percent of benefits for some families with children. Child tax credits, both state and federal, accounted for roughly 7 percent of total benefits. For families with children, the working families tax credit and the earned income tax credit provided substantial benefits, equating to over 10 percent of the family's total expected benefits. Actual benefit amounts ranged from a low of $280 for recipients without children up to $8,046 for a married couple with two children. Previous LFC reports noted the benefits of both earned income tax credits and child tax credits, finding improvements in child poverty as well as other outcomes, such as improved well-being and increased spending, particularly for low-income families, without negative impacts on labor force participation when these credits are available to working families.

For single parents, if enrolled in all income support programs for which they are eligible, these programs no longer provide benefits estimated to equate to the cost of living. This change is likely due to rising costs of living, including childcare (which has a cost of over $11 thousand per child in MIT's model) and the reduction of benefits, including SNAP and pandemic-related tax rebates. Other family groups with children, when receiving all benefits available, receive enough in a combination of income and benefits to equate to a living wage for most income levels examined.

The Health Care Authority, through the Medical Assistance Division and the Income Support Division, operates most income support programs for New Mexicans, with a combined budget of $13.7 billion in FY26 and 80 percent of the funding coming from federal revenue. The Medical Assistance Division at HCA administers the state's Medicaid program. There is also a Medicaid Behavioral Health Division, which administers Medicaid services related to behavioral health. These divisions are largely funded with federal dollars, as is the Income Support Division (ISD). ISD administers SNAP, TANF, and the Low-Income Home Energy Assistance Program (LIHEAP), which all provide support for low-income New Mexicans. However, because these divisions' funding is significantly dependent on federal revenue, any changes at the federal level may lead to either policy or funding changes at the state level.

Both Medicaid services and ISD had budget increases in the last three years; however, enrollment decreased. When combining physical and behavioral health, the Medical Assistance Division budgets grew almost 44 percent from FY24 through FY26; however, program enrollment decreased by 121 thousand, or 12 percent, from May 2023 to May 2025. Enrollment in programs run by ISD have also decreased, from 5 percent in SNAP to 34 percent in LIHEAP, even as the division had a 9 percent funding increase.

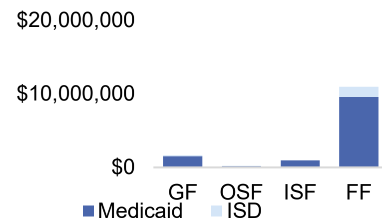
Table 3. Application Decisions for Select Income Support Programs, June 2025

	Renewal or Initial	Total	Approved	Denied	Denied not Due to Income
All Cash Assistance*	Initial	2,542	27%	53%	NA
SNAP	Renewal	10,251	45%	55%	79%
Medicaid	Renewal	81,895	79%	21%	66%

Note: All cash assistance includes TANF, General Assistance, Education Works and Refugee Assistance.

Source: HCA monthly statistical report

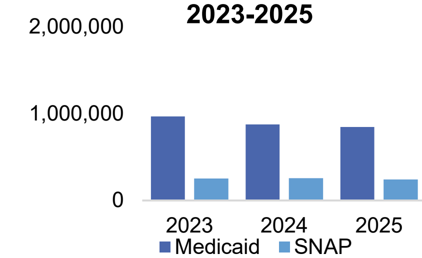
Chart 2. FY26 Funding for Medicaid and Income Support (thousands)



Note: Medicaid funding includes both MAD and Medicaid BH

Source: HB2

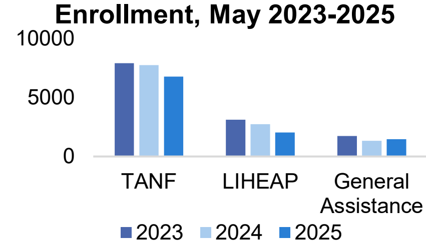
Chart 3. SNAP and Medicaid Enrollment, May 2023-2025



Note: SNAP enrollment is households.

Source: HCA

Chart 4. TANF, LIHEAP, and General Assistance Enrollment, May 2023-2025



Source: HCA

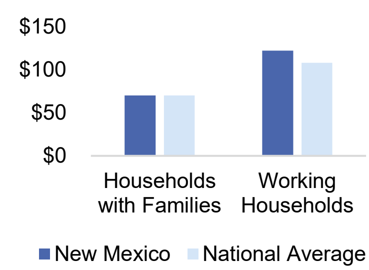
These decreases in enrollment may be related to recent increases in procedural denials for both Medicaid and SNAP.

Proposed federal spending on income support programs is reduced in federal H.R.1, but many of the reductions will not be implemented until FY27 or later.

The federal government, through its reconciliation bill, House Resolution 1 (H.R.1), significantly changed many income support policies focused predominantly on program administration and eligibility. These changes will likely lead to some populations losing eligibility for programs, such as SNAP and Medicaid. Furthermore, states will generally be responsible for paying more for these programs. However, while some administrative changes, especially for SNAP, were authorized to go into effect in fall 2025, most of the larger changes are not expected to occur until two to three years later. (See Appendix C.)

According to HCA, changes to SNAP eligibility and the food cost formula may take effect before the end of 2025, likely reducing benefits for all households, while other updates will roll out later. The Urban Institute estimates that 246 thousand households in New Mexico may have benefits reduced or eliminated due to changes in how benefits are calculated and the changes to eligibility requirements. For households with children in New Mexico, the average estimated benefit reduction would be $70 per month, in line with the national average. Households with at least one person working could have an average estimated benefit reduction of $122 per month, $12 more than the national average estimated reduction.

Chart 5. Average Estimated Monthly SNAP Benefit Reduction



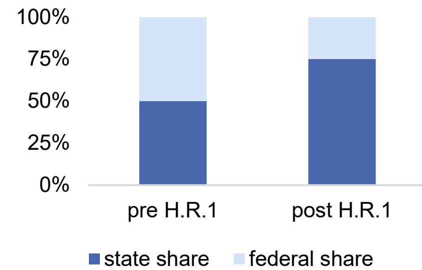
Source: Urban Institute

Benefit calculation changes will predominantly occur due to the Thrifty Food Plan, the selection of food items used by the federal government to determine benefit amounts, reverting to how it was calculated prior to 2018. It is important to note that SNAP is not intended to cover the total food cost for families. The USDA states that SNAP households are expected to spend about 30 percent of their net income on food. The eligibility requirement chnages include additional work requirements for families with children above age 14 and people between the ages of 55 and 64 and removes eligibility for immigrants who are not lawful permanent residents. Importantly, these estimates are averaged across households that will have their benefits effectively reduced and those households that will lose eligibility entirely and, therefore, are likely overestimates.

According to the USDA, SNAP households are expected to spend about 30 percent of their net income on food

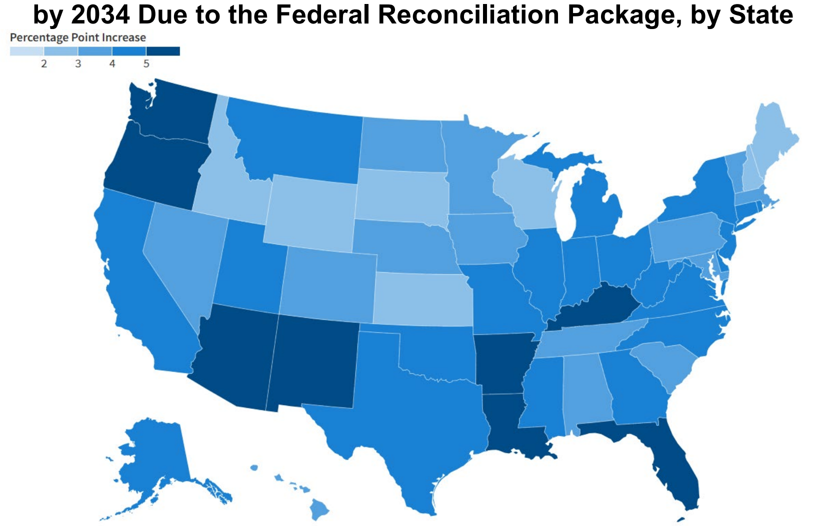
SNAP and Medicaid are the most affected by federal changes, impacting administration, nonworking adults, and immigrants, with potential state costs or reduced spending up to $1.24 billion, though full effects may not appear until FY30. The federal legislation requires more SNAP and Medicaid enrollees to work or go to school to receive benefits-an additional administrative burden, as well as an eligibility restriction. In addition, states are required to cover a greater proportion of the administrative costs of SNAP (up to 75 percent from 50 percent) and are required to cover a share of programmatic costs, with the final percentage dependent on the state's SNAP payment error rate. Historically, New Mexico met the federal target of having an error rate below 6 percent; however, now the state has one of the highest rates in the country. These changes will require the state to spend more. Estimates presented during a July 2025 LFC hearing put the cost of Medicaid changes at $1.043 billion and the cost of SNAP changes at $195 million over the next 10 years. HCA predicts over 58 thousand New Mexicans will lose SNAP benefits, and all participating families will effectively have reduced benefits due to changes regarding how benefits are adjusted for inflation and family size. Furthermore, of the roughly 842 thousand individuals on Medicaid, 250 thousand may face increased administrative hurdles (such as needing to verify work requirements) to remain on Medicaid, and 80 thousand are anticipated to lose Medicaid due to the H.R.1.

Chart 6. State and Federal Share of SNAP Administrative Costs, Pre and Post H.R.1 Implementation



Source: OBBBA

Figure 2. Percentage Point Increase in the Uninsured Population by 2034 Due to the Federal Reconciliation Package, by State



Source: Kaiser Family Foundation using CBO Estimates

New Mexico could see administrative costs for Medicaid increase but may be able to cover a significant amount of the state portion with fund balance and costs could be partially offset by savings from lower enrollment. HCA estimates the administrative costs of implementing Medicaid work requirements to be around $72 million, of which the state would pay an estimated $22 million. Importantly, over the last two years, HCA significantly increased its workforce and has been carrying large budgeted but not expended balances related to Medicaid ($485 million in FY24).

In a 2019 Government Accountability Office (GAO) report, five states had actively implemented Medicaid work requirements at a cost to state and federal governments between $10 million and $270 million, depending on

Table 4. State Variability in Spending for Medicaid Work Requirement Administration

Component	Spending Range
IT System Changes	$14.4 million to $220.9 million
Number of Beneficiaries Subject to Requirements	15 thousand at a cost of $2.9 million to 620 thousand at a cost of $15 million
Non-Medicaid Work Requirement Costs	$300 thousand
Evaluation	$1.6 million

Source: GAO and HCA

state eligibility provisions and procedural choices made at the state level. Given the large variability in state spending on Medicaid work requirements, federal rules specifying what, when, and how states need to monitor, evaluate, and provide outreach to enrollees will likely significantly impact administrative costs but these rules have yet to be released.

During the first special legislative session of 2025, the Legislature appropriated $144 million from the general fund to multiple state agencies, with just under $46 million for income support programs in FY26 and FY27 and $17.3 million from the health care affordability fund in FY26. This funding is predominantly for SNAP and food programs but also includes $10 million for Medicaid and SNAP IT system upgrades related to changes in eligibility requirements and $6.6 million for additional staffing and administrative costs for SNAP and Medicaid. Additionally, $10 million was allocated to support food banks, including capacity building, as well as education-based centers and food distribution programs. Due to the potential for the federal government to allow federal subsidies for insurance purchased on state marketplaces to expire, the Legislature also appropriated $17.3 million from the health care affordability fund (HCAF) to cover these costs for residents. (See Appendix D for a full list of funds appropriated in Section 4 of House Bill 1 from the special legislative session. In addition, during the second special session in November 2025, House Bill 1 appropriated $20 million a week until January 19, 2026, from the general fund operating reserve to the ISD to ensure full SNAP benefits can be issued if federal funding lapses, with any unspent balance reverting to the reserve.

In 2021, New Mexico established the HCAF to assist individuals with limited insurance choices through the Marketplace Affordability Program. This program subsidizes health insurance premiums and out-of-pocket expenses for eligible New Mexicans using the state's health insurance marketplace, BeWell.

New Mexico Struggles to Remove Barriers to Workforce and Program Participation, Limiting Income Growth

New Mexico has benefit cliffs that may disincentivize increased workforce participation for those using income support programs. State agencies have worked to address this challenge, but more is needed. Refundable tax credits and other forms of income support may provide support without reducing labor force participation and minimizing income potential. Furthermore, as highlighted in the 2021 and 2023 LFC *Stacking Income Supports* reports, ensuring that those eligible to receive benefits can enroll and access these supports is essential for these programs to achieve their intended impact. Barriers to program enrollment include issues, with applications, lack of staff training, and access issues such as limited housing assistance or childcare within a community.

Benefit cliffs negatively impact the amount of money taken home and, therefore, can disincentivize increasing income for those at the edge of eligibility.

Previous reports and national research highlight the potential for work disincentives; individuals enrolled in income support may receive less total take-home income when their salaries increase due to loss or reduction in benefits. The state has attempted to mitigate the benefits cliff by increasing income eligibility limits for various programs, as well as raising asset limits and implementing exit strategies for these programs. Previous LFC reports and a California white paper find that education and workforce training, including in-demand certifications and traditional degrees, may help increase salaries beyond the benefits plateau. Furthermore, in TANF, outcomes including federal work requirement compliance rates remain below national targets.

As seen in the 2021 and 2023 reports, New Mexico families earning higher wages see a plateauing of effective income due to a reduction in benefits. In 2025, if a married couple with two kids moves from 50 percent to 150 percent of the federal poverty level, while the family earns an additional $32.2 thousand, due to reductions in benefits, they only take home an estimated additional $2,352, largely due to a reduction in Medicaid benefits and an elimination of SNAP benefits. This is a substantial increase from 2023, when individuals were taking home less than $400 for a similar increase in income, but despite a larger take-home gain in 2025, the marginal increase still provides little work incentive. As previous reports noted, when increased wages do not translate to increased take-home

Federal TANF Work Requirements

States must meet specific work participation rates for TANF enrollees. These include:
-The **all-families rate,** which requires 50 percent of families receiving TANF be engaged in a work activity for at least 30 hours/week (reduced to 20 hours for single parents with children under 6).
-The **two-parent families rate,** which requires that 90 percent of two-parent families be engaged in work activities for at least 35 hours/ week.

Source: NCSL

Chart 7. Estimated Monetary Value of Income and Benefits for Married Couple with Two Kids by Income as Percent of the Poverty Level, 2025

Source: LFC files

income, families may be disincentivized to work more. As discussed in the 2023 report, the plateau ends close to the average salary for an individual with a bachelor's degree; therefore, it is likely that education may be key to increasing incomes beyond this plateau.

The state has tried to minimize the effect of cliffs through expanding program eligibility; however, this may come at the expense of providing services to those at lower incomes. In 2024, HCA expanded broad-based categorical eligibility for SNAP, allowing recipients to remain enrolled until their gross income reaches 200 percent of the federal poverty level. This increase was expected to serve an additional 60 thousand households; however, SNAP enrollment has not increased by 60 thousand since 2024. In July 2023, TANF reinstated a bonus system, which had been halted in 2011, for individuals exiting the program that provides up to $200 per month for up to 18 months after they exit. However, few individuals seem to exit TANF due to increasing incomes. Beyond programs administered by HCA, Childcare Assistance Program recently announced universal eligibility for all New Mexico residents starting November 1, 2025, that, in combination with the continuation of a policy that eliminated co-pays, makes childcare free for all families with both parents working or attending school, regardless of income. However, the number of lower-income families in the program dropped after an earlier expansion of eligibility.

According to LFC's *2025 Early Childhood Accountability* report and the Cradle to Career Policy Institute at the University of New Mexico, after childcare assistance expanded eligibility in 2021, the proportion and number of enrolled families making under 100 percent of the federal poverty level declined 3 percent, and the number of registered homes fell by 75 percent from 2021 to 2025. Furthermore, in listening sessions across the state conducted by Anna Age Eight, focused on determining challenges and barriers to accessing services, access to childcare came up as a frequent challenge. Of the six counties surveyed by Anna, Age Eight and reported by the Chapin Hall research center, five of the six counties reported that there were not enough childcare centers in their county as of September 2025. Individuals reported having to sign up for childcare before the child was born, quit or reduce the number of hours worked, or rely on family members to obtain childcare. The state will need to carefully monitor the implementation of any expansion of childcare assistance to determine if the program is serving higher-income families at the expense of lower-income families, and if there is access to the service.

As of February 2025, only 42 percent of those in the Medicaid expansion population earned income through employment, likely in part due to work disincentives. Those in the expansion population who were working earned an average of $1,683 per month, just 6.5 percent lower than the income limit of $1,799 per month. These low average incomes

Selected Quotes Regarding Childcare Access in Multiple Counties from Anna, Age Eight Institute

- "Providers reported few childcare options for children under 3, and some residents shared that they had to quit their jobs to stay home and care for their children."
- Residents noted that to get into daycare, you had to secure a spot before the baby was born.
- "Finding childcare in Taos County is difficult due to limited availability, high costs, and long waitlists—sometimes up to two years. Even with support from programs like CYFD Child Care Assistance and Head Start, many families still can't access or afford care, especially in rural areas. This lack of reliable options forces some parents to reduce work hours or depend on family members. Some parents also worry about the safety and quality of available childcare providers. Families with children who have special needs, such as autism, face even greater barriers, often having to travel outside the county to find appropriate care."

Source: Chapin Hall

indicate most individuals are likely working less than full-time (a full-time salary at minimum wage is $2,000 per month, and the economy is generally paying above minimum wage) and may be underemployed. Furthermore, most of the individuals enrolled in Medicaid expansion are between 20 and 44 years old, meaning they are prime working age, a critical time to be engaged in the workforce as highlighted in previous LFC reports.

According to LFC report cards on agency performance, TANF outcomes remain below targets for adults leaving TANF due to increased income and the percentage of households meeting federal work requirements. Of those adults receiving TANF, only 8 percent become ineligible due to income, meaning many individuals who leave TANF are not leaving because they started making more money. Notably, as of March 2025, only 11 percent of households are meeting the federal work requirements. Families are not engaging in the program as required by federal law and are also not getting the expected outcomes. Previous LFC reports found New Mexico's TANF program was not meeting expected targets even after the workforce component of TANF was transferred to the Workforce Solutions Department (WSD). As reported in previous LFC Stacking of Income Supports reports, some states' TANF work programs, which provide workforce connections and services to TANF enrollees, lead to improved outcomes; therefore, New Mexico should ensure its program is modeled after these states, such as California, and should enforce work requirements to ensure more families leave the program due to increased incomes rather than meeting time requirements or not engaging.

Beyond the traditional TANF works programming, connecting TANF recipients and other low-income individuals to short-term in-demand workforce certifications could increase income and provide economic support to the state's economy. In fall 2024, LFC released a report focused on the effect of certificates, finding that some certifications—particularly those in homeland security, law enforcement, firefighting, and education, and other in-demand fields— can lead to significant increases in pay. Specifically, for those who received a certification in homeland security, law enforcement, or firefighting, their average pre-enrollment wage was $35.3 thousand a year and the average post-certificate wage was $62.5 thousand, representing an average increase of $27.2 thousand. Furthermore, a California policy paper noted nursing and vehicle maintenance and repair students in California typically recoup the cost of the certificate program within a year. However, as highlighted in the LFC's 2024 report *Improving Workforce Participation*, these certificate programs have not been connected to TANF or other income support programs to help some of those most likely in need of increasing their workforce participation and earning a higher wage.

In 2024, the Legislature appropriated $20 million a year for three years to the Higher Education Department to connect non-credit students with workforce training courses that result in an industry-recognized credential or endorsement as part of the government results and opportunity

In 2023 LFC found the majority of those enrolled in income support programs were working. However, most individuals were likely not working full time. If an individual were working full time, they would likely not be eligible for many of the income supports they were receiving.

Percent of Adults Working While Enrolled in Income Support Programs

Program	Percent Working
TANF	74%
SNAP	62%
LIHEAP	72%
Medicaid	64%
Childcare Assistance	97%

Note: For September 2023
Source: HSD, KFF, and LFC Analysis of ECECD Data

Chart 8. Percent of All Parent Participants who Meet Temporary Assistance for Needy Families Federal Work Participation Requirements

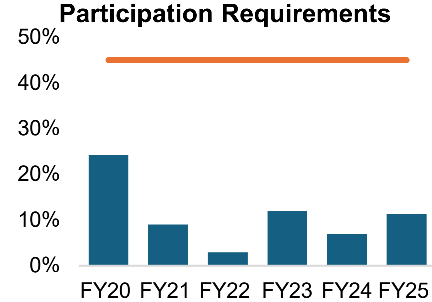
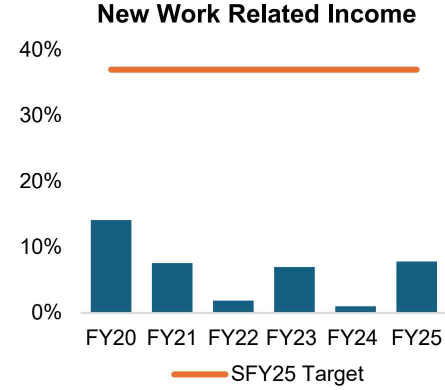


Chart 9. Percent of TANF Participants who Became Ineligible for TANF Due to New Work Related Income



Source: HCA, LFC report card files
Source: HCA

appropriations. While some colleges—Central New Mexico Community College, San Juan Community College, and Santa Fe Community College— reported a total of 2,099 students enrolled, data from other higher education institutions using these funds and outcome data with comparison groups have not been reported. WSD reports referring TANF and Workforce Innovation and Opportunity Act (WIOA; federal funding for workforce development) enrollees to certification programs, but has not tracked outcomes for the 90 TANF enrollees who were referred in program year 2024. For WIOA participants, roughly 60 percent completed a certification and of those 78 percent obtained employment within 90 days of completion.

San Antonio received a $61 return on investment per dollar spent or planned to be spent on the training of its Ready to Work participants, with the program supporting over 5,500 additional jobs. On average, participants obtaining a job through Ready To Work saw an annual salary increase of more than $33,000. Ready to Work is an expansion of Project Quest, which has a 234 percent return on investment over a 14-year period. San Antonio's Ready to Work program connects individuals with training, education, and employment, to help participants secure higher-paying jobs. This program is available to anyone living within the city limits, making up to 250 percent of the federal poverty level.

To connect participants to higher paying jobs, the program: guides participants throughout, connects participants with resources such as childcare and transportation, develops a personalized career and training plan covers the cost of approved courses, prepares participants for job interviews and helps participants find and keep the job they want. Beyond these components, the program also includes financial coaching, connections to WorkInTexas.com, and focuses on in-demand jobs by working with employers in the area. However, recent analysis shows low successful completion rates.

Other evidence-based workforce supports include ensuring case management for those receiving unemployment insurance, rigorous job search and placement, and training with work experience for adults. These programs have positive returns on investment and could help support low-income individuals seeking employment supports. Specifically, as included in a 2020 LFC Policy Spotlight reviewing workforce development post-pandemic, these returns on every dollar invested range from $17.20 for case management for unemployment insurance to $1.47 for training with work experience for adults that is not targeted towards income support recipients.

Figure 3. Cost Benefit Analysis for Types of Workforce Development Programs

Program Name	Total Benefits	Taxpayer Benefits	Costs	Benefits Minus Costs	Benefit-to-Cost Ratio	Chance Benefits Will Exceed Costs
Case management for unemployment insurance claimants	$3,250	$1,015	$189	$3,061	$17.20	69%
Training with work experience for adult welfare recipients	$7,258	$3,631	$4,369	$2,889	$1.66	85%
Job search and placement	$1,920	$1,514	$542	$1,378	$3.54	66%
Work experience	$3,637	$2,602	$2,158	$1,479	$1.69	85%
Training with work experience for adults, not targeting welfare recipients	$6,356	$2,071	$4,314	$2,042	$1.47	61%
Case management for welfare recipients or low-income individuals	$412	$251	$3,061	($2,649)	$0.13	19%
Case management for former welfare recipients	$371	$441	$3,061	($2,690)	$0.12	22%
Training, no work experience	$7,186	$2,056	$8,712	($1,526)	$0.82	46%
Training with work experience for youth	$494	$576	$7,736	($7,242)	$0.06	35%

Note: Program costs are based off Washington state costs. This likely is a conservative estimate. Return on investment is calculated assuming adherence to the program models assessed in research articles examined.

Source: LFC Workforce Development report, September 2020

States have been able to adjust program administration to combine TANF programming with other supports. The American Public Human Services Association highlights seven components to help modernize and improve TANF administration, including components that could be helpful for New Mexico. For instance, in Maryland, the state created county-specific federal WIOA and TANF alignment plans, including establishing benchmarks for success. The Maryland benchmarks are designed to eliminate barriers to employment by increasing access to skill-building and credentialing opportunities. Pennsylvania addressed administrative burdens to improve services, resulting in increases in employment and training enrollment. New Mexico will want to review the impacts of other states and replicate models that have been shown to improve client outcomes. WSD reports working on multiple initiatives including the full launch of a quality assurance team, and beginning effective case management training, to improve TANF outcomes, however according to WSD, these initiatives have just started and it is too soon to see the results.

Seven Ways to Optimize TANF's Impact

1.Adopt comprehensive, individualized success plans prioritizing solutions that work,
2.Increase spending on core activities supporting short-and long-term success,
3.Increase TANF block grant levels and index TANF to inflation to provide adequate assistance to support families' basic needs,
4.Integrate services that support families,
5.Eliminate the "benefits cliff" effect,
6.Measure TANF outcomes aligned with WIOA performance measures,
7.Increase the evidence base for aligning TANF with WIOA, housing assistance, child welfare, child support, and related public services.

Source: APHSA

Refundable tax credits can increase workforce participation and reduce poverty.

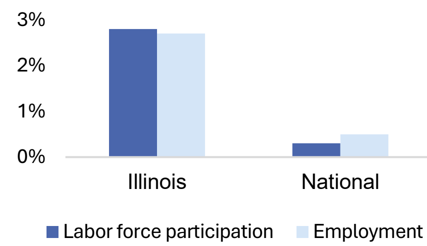
Refundable tax credits like the working families tax credit (WFTC) and the child tax credit are well-studied and shown to reduce poverty, improve child well-being, and modestly increase workforce participation, according to the Tax Policy Center. Hundreds of thousands of New Mexico families received over $250 million in tax credits in tax year 2024. During the pandemic, the federal government provided the child tax credit as a monthly payment rather than waiting until a tax refund was filed to provide the credit. There is some evidence that providing benefits at a greater frequency can improve financial stability.

Refundable tax credits contribute to both economic stability and workforce outcomes for New Mexico families, with new national research showing promising gains. Nearly two-thirds of states, including New Mexico, offer a state earned income tax credit (EITC), like the WFTC. In 2024, New Mexico families received about $123 million through the WFTC, benefiting nearly 196 thousand families, while the state's child tax credit delivered more than $131 million to 237 thousand families, supporting over 434 thousand children in 2023. These credits, usually a percentage of the federal EITC, are fully refundable, allowing families to receive the full monetary amount with little or no income tax. Previous LFC reports highlight that state and federal tax support for low-income households, including the WFTC and child tax credit, has grown significantly since 2019, with projected spending, as last reported, more than tripling in FY24.

In August 2025, TRD reported that about 31 thousand New Mexico taxpayers did not claim an estimated $14.3 million in state child tax credits during the 2023 and 2024 tax years, meaning more than 10 percent of families left child tax credits unclaimed. In 2023, 247,856 taxpayers claimed $134.9 million and in 2024, 239,978 claimed $131.9 million.

Recent national research indicates that expanding refundable credits improves family well-being with little to no adverse employment effects. For instance, a 2025 Tax Policy Center analysis projected that phased-in child tax credit refundability could raise employment among single mothers by 1.3 percentage points, while the Illinois Economic Policy Institute found that each $100 increase in the federal child tax credit corresponded with a 2.8 percent rise in labor-force participation and a 2.7 percent increase in employment, especially among adults with weaker work histories. Together, these findings underscore that refundable tax credits can reduce poverty, enhance child outcomes, and modestly strengthen workforce participation and family stability.

Chart 10. Estimates of Effects of the Expanded CTC on Labor Force Participation and Employment for Overall Sample and by Region (Per $100 Effect), 2024



Source: IEPI

Frequency of payments from eligible tax credits can impact the effect of the credit. Evidence reported by researchers at Columbia University from the 2021 federal child tax credit expansion suggests that monthly payments reduced food insecurity and other sessors by approximately 20 percent, while the subsequent lump-sum refund reduced overdue rent amounts by roughly 10 percent. Similarly, evaluations of small-scale EITC experiments also found that recipients who received the credit on a quarterly basis expressed a strong preference for continuing that schedule, reporting that more frequent payments improved their financial stability and ability to manage expenses. Evidence also indicates the link between earnings and the credit must remain clear and the payment sizable enough to be noticeable for periodically paid credits to influence work behavior as effectively as annual payments. Together, these findings suggest that offering families the option to receive tax credits more frequently could strengthen financial stability and reduce hardship without weakening employment incentives.

However, advancing credits during the year introduces risks: Families may owe money if their income or household situation changes during the year. Prior federal experiments with the Advance EITC had low take-up and high administrative complexity, underscoring the need for safeguards and outreach to those who may benefit from monthly rather than yearly credit structures. The Legislature may wish to consider piloting restructuring the WFTC to allow for opt-in monthly or quarterly payments, while maintaining the lump-sum option for households that prefer it. Key design features should include robust data matching to minimize errors and outreach to enhance take-up among eligible non-filers.

The lack of large-scale, long-term studies on guaranteed income makes it challenging to assess overall impact.

Overall, U.S. guaranteed basic income (GBI) pilot programs show guaranteed income can boost short-term financial stability and may help individuals meet basic needs, but its long-term impact on poverty and work outcomes remains mixed. According to the Stanford Basic Income Lab, over 160 pilots have launched nationwide recently. Many are small-scale, limiting conclusions about poverty reduction, with rigorous studies showing modest impacts. Research shows limited effects on measures of family well-being and that unconditional transfers can cut labor force participation.

Four GBI pilots have been implemented in New Mexico, but whether they meaningfully reduce poverty remains an open question. Pilots have been implemented across New Mexico's regions, with at least two providing outcome data. In 2021, New Mexico Appleseed launched a program for unhoused students in Cuba and West Las Vegas, where participants received stipends for attendance combined with tutoring, and districts reported higher graduation rates for those in the pilot. However, without a control group, it's unclear if stipends alone caused these improvements. Additionally, Santa Fe Community College's Learn, Earn, and Achieve Program (LEAP) provided $400 monthly to 100 student parents, showing increased income, savings, and employment, but most gains faded within six months, and no comparison group was used in the research design. A third LEAP round began in 2025, potentially offering stronger evaluation potential. Similarly, the Legislature in 2025 allocated $6.3 million over three years to study the effects of conditional guaranteed income on student well-being, with PED planning to assist about 300 unhoused students statewide.

Guaranteed Income Pilots in New Mexico

Program	Target Group	Outcomes	Limitations	Current Status
NM Appleseed Student Pilot	Unhoused students in Cuba and West Las Vegas	Higher graduation rates	No control group	Completed
Santa Fe Community College, LEAP	Student parents	Increases in income, graduation rates, and workforce enrollment	No control group, but plans to create a like group for analysis for current cohort	Active
Family Prosperity	Low-income families	Results pending; evaluation led by NMSU Crimson Research	No control group	Active
City of Albuquerque Pilot	80 households in the International District & West Side	To be evaluated by OEI	No control group	Active
Public Education Reform Fund (PERF) Pilot	Unhoused students statewide (≈300)	Evaluation planned; state-funded pilot	No control group	Active

Source: LFC files

Two additional pilots are ongoing; however, no outcome data is currently available. The Family Prosperity program in Las Cruces provides monthly stipends to low-income families. In May 2025, Albuquerque launched a pilot to fund 80 households for three years, evaluated by the Albuquerque Office of Equity and Inclusion (OEI). Although these pilots may improve short-term financial stability and educational outcomes, the lack of control groups and limited data hinder assessing long-term impacts on poverty. The Legislature should monitor these pilots and use the results to decide if guaranteed income can reduce poverty before expanding.

New Mexico Needs to Change Program Administration to Address SNAP Error Rates and Monitor Food Program Outcomes

Program administration for SNAP may need improvement for the state to minimize federal funding cuts. New Mexico has one of the highest SNAP error rates in the country, and if the state does not reduce its error rate, it will need to cover 15 percent of program costs by federal fiscal year 2030 (FFY30). This high rate is significantly different from FY12 and FY13 when New Mexico's error rate was below 5 percent. Nationwide error rates increased during the pandemic; however, other states have successfully reduced their rates by focusing on establishing strong verification processes or continuous case reviews.

Recently New Mexico started and expanded several food security initiatives to address the state's high rates of food insecurity, spending over $110 million in FY26. These initiatives include universal school meals and state funding of food banks, in addition to SNAP expansions for the elderly and pregnant women. However, the state has yet to report the impact these programs have on food security.

Table 5. Payment Error Rate Differences Grew Between NM and the U.S. Average

	Rank (lower is worse)
2012	24
2019	13
2022	17
2023	11
2024	5

Source: USDA

High SNAP payment error rates increase state financial risk.

New Mexico has the fifth-highest SNAP payment error rate in the nation. The high SNAP payment error rate may lead the state to pay up to 15 percent of its SNAP programmatic costs if HCA cannot lower its error rate in FFY27, with program cost-sharing starting in FFY30. SNAP errors occur when the agency (HCA) miscalculates or enrollees misreport information that is used to determine benefit amounts. According to HCA, these errors are rarely due to fraud; however, most errors are over- rather than under- payments. Other states have recently reduced their error rates by increasing the monitoring of case decisions and enhancing client verification processes.

Table 6. SNAP Program and Benefit Financing Changes from OBBBA

	Pre-H.R. 1	Post-H.R. 1
SNAP Benefits	100% federal funding	Dependent upon SNAP error rate: • If error rate is below 6%, 100% federal • If error rate is between 6% and 8%, state will pay 5% • If error rate is between 8% and 10%, state will pay 10% • If error rate is above 10%, state will pay 15%
SNAP Admin-istration	50% federal, 50% state	25% federal 75% state

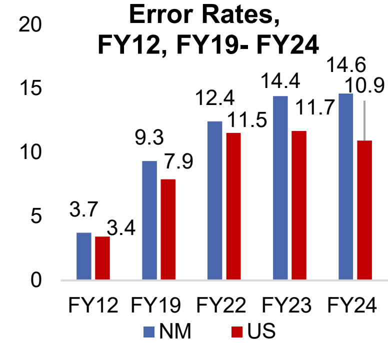
Source: OBBBA

New Mexico's high SNAP error rate makes it vulnerable to future increases in programmatic cost sharing; however, this is unlikely to occur until FY30. In FY24, New Mexico had the fifth-highest payment error rate in the country at 14.6 percent, with rates increasing every year reported since FY19. These rates are significantly higher than they were 10 to 15 years ago when New Mexico's error rates were in line with the national average and all states had lower error rates. The difference between New Mexico's payment error rates and the national average diverged starting in FY13 and again more recently in FY23 and FY24. The nation experienced only a slight increase in error rates in FY23 and a decrease in FY24, whereas New Mexico saw a large increase between FY22 and FY23.

These high error rates will lead to New Mexico having to pay a portion of its SNAP programmatic costs in the future unless the state can reduce its error rate to below 6 percent. The federal budget reconciliation bill specifies that states with payment error rates above 10 percent will be required to pay 15 percent of the programmatic costs. However, H.R.1, specifies that if a state's error rate multiplied by 1.6 is more than 20 percent in FFY25 and FFY26, the state can defer state sharing costs until FFY29 and FFY30, respectively.

Iowa and Tennessee, and other states have been able to significantly reduce their SNAP error rates by assessing business practices, implementing case reviews, and ensuring effective verification practices. In FY19, Iowa had the fifth-highest SNAP payment error rate in the country (12.5 percent); however, it now ranks 10th lowest in the nation (6.14 percent in FY24). In FY18, the state faced a $1.8 million fine from United States Department of Agriculture (USDA) due to its high error rates and chose to settle with the federal government, allowing it to reinvest 50 percent of this fine in program improvement. The Iowa Department of Human Services credits its success to two distinct practices: the first was a business process redesign to identify the root causes of its high error rate, and the second was the establishment of a continuous case improvement unit. The case improvement unit began reading 500 recently approved cases a week in November 2020 and was able to provide immediate feedback to identify any emerging error trends and provide feedback to those approving cases. Iowa continues to utilize the case improvement unit. Furthermore, Iowa's business process redesign identified five main causes of benefit errors, including training gaps and multiple communication streams, which led to uneven policy rollout.

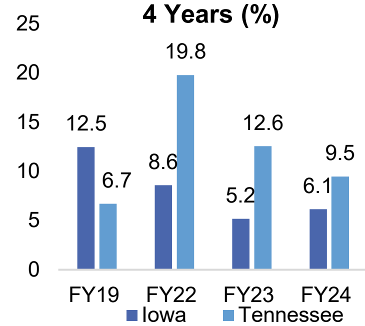
Chart 11.SNAP Total Error Rates, FY12, FY19- FY24



Source: USDA

Tennessee dealt with high SNAP error rates and chose to focus on its verification processes as well as shortening the certification period. Ensuring strong verification processes enables the agency to more accurately determine if information is correct, identify areas for improvement, and catch errors before they become over- or under-payments. In 2021, Tennessee established policies around mandatory verifications for SNAP. This included verifying participants' identities, residences, household compositions, resources, and incomes. In 2022, Tennessee also reduced the length of time clients are certified eligible from 12 months to six months. While this can increase the burden on clients, it can also help the state collect changes in client income or household status by asking for household information more frequently, which can impact SNAP benefits. New Mexico has submitted a corrective action plan to the federal government that includes the actions HCA will take to reduce its SNAP error rate, but HCA has not shared the plan with LFC, because it is subject to change based on the federal response. During the second special session in November 2025, House Bill 1 was amended to direct the LFC to conduct an evaluation of the state's administration of SNAP, including

Chart 12. Other States Reduced SNAP Payment Error Rates Over the Last 4 Years (%)

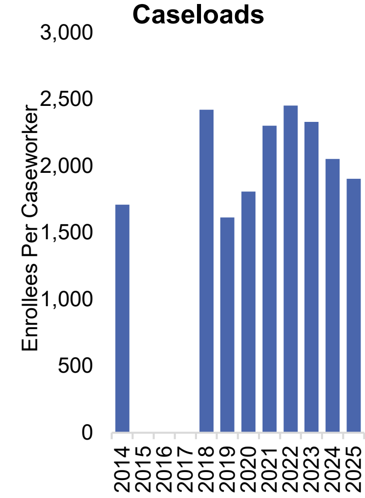


Source: USDA

benefit issuance, with preliminary findings due to the Legislature in January 2026.

New Mexico's income support caseloads are down 20 percent since the pandemic, and HCA has 132 more caseworkers than in 2018, meaning that HCA may not need more caseworkers to handle increased administrative functions. SNAP, TANF, and Medicaid caseworkers are critical to ensuring individuals receive the benefits to which they are eligible and in a timely manner. As of August 2025, caseloads have fallen to their lowest level since September 2020, with about 1.3 million cases managed by 676 caseworkers, compared with over 1.4 million cases and 778 caseworkers in 2020. This change in caseload is mainly due to fewer individuals enrolled across SNAP, TANF, and Medicaid. While previous data on caseworker processing times are unavailable, current data show caseworkers are processing applications well within federal timeliness targets, for example, averaging 14 days compared with the 45-day requirement for Medicaid and averaging 14 days for a normal SNAP review, well within the 30-day target. HCA has plans to continue to update its infrastructure which should allow for greater efficiency in verifying eligibility for those enrolled or recertifying in HCA programs. Caseloads were roughly 10 percent lower in 2014, when the state likely had more rigorous verification policies. During the 2025 special legislative session, HCA received $10 million for additional IT support, which will ideally further increase efficiencies for the state, making it less likely HCA will need more staff to support administrative needs for these income support programs.

Chart 13. SNAP, Medicaid, and TANF Caseloads



Note: LFC did not analyze 2015 to 2017 caseloads.
Source: LFC Analysis of SPO Tool Report and Enrollment Dashboard

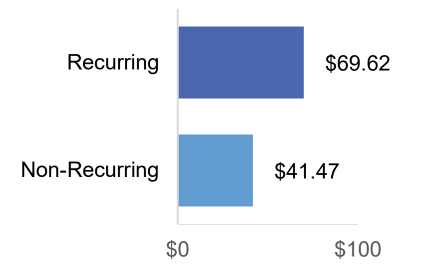
New Mexico administers a wide range of federal and state food programs to address hunger, but programs are not monitoring outcomes.

New Mexico has consistently had higher rates of food insecurity than the nation, with roughly 1-in7 adults and nearly 1-in-4 children living in households without access to safe and nutritious foods. Despite high participation, through census data, households still report not always having enough food, pointing to gaps in benefit adequacy. Beyond SNAP, New Mexico has expanded access to school nutrition by implementing the Healthy Universal School Meals, which provides free meals to all students regardless of income, supplementing the traditional federal free and reduced-price lunch program.

Although New Mexico has significantly expanded funding for food and nutrition programs, most initiatives are too recent for measurable impacts to appear in survey data. Agencies have not yet established systems to assess changes in household food security, making it difficult to determine whether recent investments are improving outcomes. Without more recent survey data or outcome monitoring from agencies, current food insecurity in New Mexico is unknown.

The state provided over $111 million in general fund revenue to improve food security in FY26. According to the Department of Finance and Administration (DFA), the state spent $69.5 million on recurring revenue on healthy school meals, SNAP enhancements, and other programs, including salary increases for HCA caseworkers. The state also spent $41.5 million in one-time funds and received a three-year, $30 million government results and opportunity (GRO) appropriation to support local food banks, which was not included in the DFA analysis. These appropriations were predominantly awarded to the Public Education Department (PED), HCA, and the Office of the State Engineer, but 11 agencies received some funding. The state will need to monitor the impact of these numerous programs to determine the most effective way to address food insecurity.

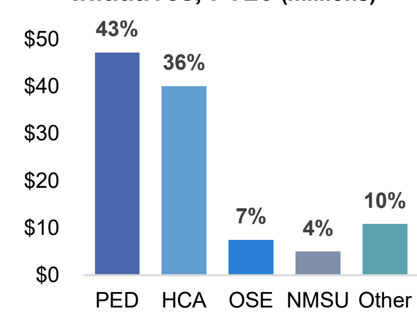
Chart 14. General Fund Appropriations for Food Initiatives in New Mexico, FY26 (millions)



Source: DFA

During the October 2025 special session, an additional $46 million was appropriated for food assistance programs for FY26 and FY27, with most of the funding directed to HCA, which supports the SNAP and statewide food access efforts. This includes $4.6 million to maintain benefits for elders and people with disabilities, $12 million to maintain benefits for lawfully present residents, and $1.2 million to sustain staff administering the SNAP Nutrition Education and Obesity Prevention program at the University of New Mexico and New Mexico State University. The Legislature also appropriated $8 million to strengthen food banks, food pantries, and regional distribution organizations, with $2.5 million specifically for capacity building, transportation, and logistics. An additional $2 million was appropriated to support education-based centers and food distribution programs in coordination with the Early Childhood Education and Care, Public Education, and Higher Education departments. An additional $1.5 million was allocated to support individuals in fulfilling SNAP work and volunteer requirements.

Chart 15. Budget Funding by Agency for Food Initiatives, FY26 (millions)

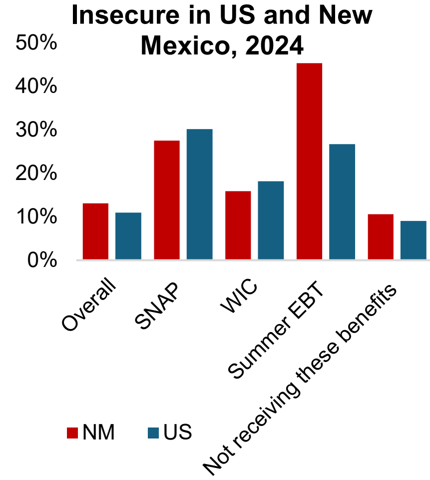


Note: Other includes NMDA, EDD, ECECD, HED, ALTSD, DOH, DFA

Source: DFA

As of 2024, 13 percent of New Mexicans reported sometimes or often not having enough to eat. New Mexico's rates are relatively similar but slightly higher than the national average, where 11 percent reported sometimes or often not having enough to eat, and another 28 percent reported having enough but not always having the kinds of food they wanted. Notably, in New Mexico, 27.5 percent of those receiving SNAP benefits and 45 percent of those in the summer electronic benefits transfer program (summer EBT) reported not always having enough food to eat in the last week, suggesting these benefits may not fully meet household need. Furthermore, rural areas, may be more affected by food insecurity.

Chart 16. Percent Food Insecure in US and New Mexico, 2024



Note: Survey focused on those 18 years and older.
Source: Census Plus Survey, Fall 2024

County-level surveys conducted by the Anna, Age Eight Institute reinforce these findings, showing that even when households access food assistance, barriers remain. Respondents across multiple counties reported being told they did not qualify, facing long waiting lists, or lacking reliable transportation. For example, in rural areas, "I don't qualify" and "waitlists are too long" were among the most frequently cited reasons families could not access food programs. The surveys also highlighted that residents often substitute dollar stores for grocery stores, limiting healthy food options and compounding the challenges already documented in statewide data. Therefore, changes to SNAP programs may impact individuals who have higher rates of food insecurity and point to an opportunity to ensure these programs are working as intended. Furthermore, given the high rates of food insecurity for families using summer EBT, the state may want to consider a SNAP benefit supplement for families using summer EBT.

Recent LFC evaluations underscore that children are disproportionately impacted by food insecurity. Previously, HCA tracked the proportion of eligible children receiving SNAP; however, it does not report these data currently. In 2023, an estimated 23 percent of New Mexico children lived in food-insecure households, higher than the national average of 19 percent. HCA should resume tracking and reporting the percentage of eligible children receiving SNAP benefits.

New Mexico's largest nutrition programs reach hundreds of thousands of residents, but distribution and capability challenges remain, and outcomes are not monitored. SNAP is the largest food program, serving approximately 459.5 thousand New Mexicans in August 2025, or 21.5 percent of the state's population, with eligibility extending up to gross incomes of 200 percent of the federal poverty level, or about $53,300 a year for a family of three, and a state supplement for seniors. The Healthy Universal School Meals Act (HUSM), enacted in 2023, provides free breakfast and lunch to all 300 thousand public schools students statewide, regardless of income.

According to LFC reports, first-year participation in the school meals program increased by over 8 percentage points for both lunch and breakfast, with gains seen across nearly all districts. Much of this increase came from students who were not previously eligible for free or reduced-price meals, suggesting a broader reach into higher-income households; however, the program's long-term effects on nutrition and learning outcomes remain unknown. Quality requirements, such as scratch cooking and local sourcing, remain underdeveloped, and only 4 percent of school food budgets are allocated to New Mexico-grown products, about half the national average. In FY25, the five local food banks and pantries distributed more than 50 million pounds of food, aided by the federal Emergency Food Assistance Program (TEFAP) and the $30 million GRO appropriation. Within this funding, a Food is Medicine program, overseen by HCA, was rolled out to build a framework for providing medically tailored meals to patients with chronic conditions and to pregnant patients. TEFAP supplies USDA commodity foods to food banks and pantries across New Mexico. TEFAP is federally funded but locally administered, and together with state appropriations and the GRO initiative, it supports the capacity of food banks. SNAP, HUSM, and other programs generally track use but have not measured outcomes related to food insecurity. State agencies responsible for food security initiatives should monitor the impact of programs.

Beyond these large programs, New Mexico has layered on smaller but targeted initiatives. Double Up Food Bucks ($633 thousand FY26 cost) doubles the value of SNAP benefits for purchases of fresh produce, especially in rural counties with limited access to groceries. The New Mexico Grown program ($1.4 million FY26 cost) reimburses schools and public institutions for buying from local farmers, linking nutrition programs to the agricultural economy. The Healthy Food Financing Initiative ($2 million FY26 cost) provides grants and loans to expand grocery access in underserved areas. More experimental efforts include programs like Summer EBT ($2.21 million FY26 cost), which helps families replace school meals during the summer months. These efforts may be especially valuable in rural counties where grocery access is limited, but distribution remains uneven and dependent on federal and local partnerships. Collectively, these programs expand reach but face challenges of scale, uneven distribution, and reliance on federal appropriations.

Next Steps

Previous Steps to Continue Addressing:

- Agencies providing income support should ensure uptake of programs is at least at the national average prior to expanding services to higher income levels.
- The state, potentially through the Taxation and Revenue Department, should monitor the state's child tax credit's impact on poverty, family income, and workforce participation to determine if the credit is providing the state with the expected benefits.
- The departments of Early Childhood Education and Care, Health, and Workforce Solutions, and the Health Care Authority should connect income support program participants with education and training programs.
- The Health Care Authority and other state agencies should determine who is affected by benefit cliffs. Then, using this data, consider adopting best practices to mitigate cliff effects. These include aligning program rules, expanding individual development accounts, and increasing asset limits or income disregards.
- The state should focus on ways to bring equity into accessing services by continuing to facilitate community-based initiatives, establishing "one-stop shops" where all services for low-income individuals can be accessed simultaneously, and reducing the application burden using best practices.

Next Steps to Be Taken:

- The Legislature should consider funding a pilot to provide the working families tax credit in monthly installments to see if the credit improves financial stability without reducing workforce participation.
- The Health Care Authority, Workforce Solutions Department, and higher education institutions should connect income support participants with short-term certifications in high-demand fields, such as homeland security, law enforcement, or firefighting.
- The Health Care Authority should implement and enforce eligibility verification and establish a quality review process to determine reasons for errors in SNAP case determinations.
- The Health Care Authority should leverage current staff and funding resources to address changes in Medicaid and SNAP administration and report average caseloads and processing time to the Legislature.
- The Health Care Authority should track and report the percentage of eligible children receiving SNAP as an Accountability in Government Act performance measure.
- The Public Education Department, Department of Finance and Administration, Health Care Authority, and other state agencies responsible for food security initiatives should monitor the impact of these initiatives and report this annually to the Legislature.

Appendix A. Summary of Income Support Programs and Recent Enrollment

Name	Agency	Service Area	State or Federal	Income Requirements	Benefit Amount Range (household size of 3)	2020 enrollment	2024/2025 enrollment	% Change 2020-2025
Dependent Care Tax Credit	TRD	Income Support	Federal	Individuals receiving childcare assistance and not paying a co-pay are not eligible.	Credit of $3,000 for one qualifying dependent and $6,000 for two or more qualifying persons	123,334	NA	NA
Medicaid	HCA	Health	Federal	Family making 138% FPG ($36,780 annually)	Monthly benefit amount is $3,065	889,973	841,690	-5%
Income Tax Rebate	TRD	Income Support	State	No income requirements	$500 to $1000 rebate (No rebates have been issued statewide since 2023).	166,031	NA	
SNAP	HCA	Food Security	Federal	Family making 130% FPG ($29,940 annually)	Maximum benefit amount is $768 monthly	474,797	457,699	-4%
Child Tax Credit	TRD	Income Support	State	Rebate based on sliding scale	$600 rebate if AGI less than $25,000	NA	237,714	NA
Low Income Comprehensive Tax Rebate (LICTR)	TRD	Income Support	State	Rebate based on sliding scale	$220 rebate if Modified Gross Income is between $1,000 and $7,500	208,086	328,801	58%
Child Tax Credit	TRD	Income Support	Federal	Income less than $200,000 for single filer and $400,000 if filing jointly	$2,000 per child	235,256	237,714	1%
School Lunches	PED	Food Security	Federal / State	Every child attending public school is eligible for free breakfast and lunch.	Annual benefit amount during school year is $1,204.79	257,945	300,441	16%
Working Families Tax Credit (NM)	TRD	Income Support	State	Earned income must be less than $59,187	25% of federal EITC	199,624	207,004	4%
Earned Income Tax Credit	TRD	Income Support	Federal	Earned income must be less than $59,187	Maximum credit amount: $3,995	199,000	207,004	4%
Pandemic EBT (P-EBT)	HSD/ PED	Food Security	Federal	Child in household must have attended school as of the last date of SY22-23 and be approved for Free and Reduced Lunch	Monthly benefit amount is $120	168,000	NA	NA
SSI		Income Support	Federal	Individuals must make less than $2,000 and a couple must make less than $3,000 per month	Benefit rate is $967 for an individual and $1,450 for a couple.	62,064	55,120	-11%
UI	WSD	Income Support	Fed/State	Unemployed w/ good cause & able, available, & looking for work	Benefits range from $107 to $598 per week	105,211	11,738	-89%

Pell Grants	HED	Education Assistance	Federal	Income less than $50,000 annually	Average benefit amount is $4,491	44,156	39,939	-10%
Child Care Subsidy	ECECD	Income Support	Fed/ State	Family making 400% FPG ($99,440 annually)	Average monthly benefit amount is $762	13,790	32,800	138%
Housing Assistance	MFA	Housing Assistance	Federal/ State	80% AMI for some rental programs, or a fixed limit like $82,560 for a 1-2 person household	Average benefit amount is $6,214.15	18,400	18,981	3%
WIC	DOH	Food Security	Fed/State	Family making 185% FPG ($45,991 annually)	WIC provides food package This is estimated to amount to $69.66 a month.	40,415	40,797	1%
TANF	HCA	Income Support	Federal	Family making 85% FPG ($30,720 annually)	Maximum benefit amount is $550 monthly	29,421	6,833	-77%
Low Income Home Energy Assistance Program (LIHEAP)	HCA	Income Support	Federal	Family making 150% FPG ($38,730 annually)	Average benefit amount is $270	159,674	1,352	-99%
Low Income Household Water Assistance Program (LIHWAP)	HCA	Income Support	Federal	Family making 150% FPG ($38,730 annually)	Maximum annual benefit is $1,500	NA	7,939*	NA
General Assistance Program	HCA	Income Support	State	Family making 85% FPG ($19,584 annually)	$412 per month	1,986	1,500	-24%
Child care to prevent indigency credit against PIT (state)	TRD	Income Support	State	40% of the actual compensation paid to a caregiver	May not exceed $480 for each qualifying dependent or $1,200 for all qualifying dependents	1,065	594	-44%

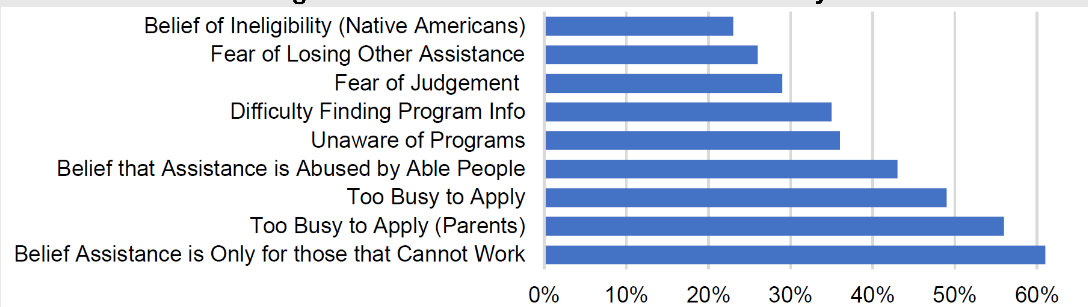
Note: There are additional programs that serve the elderly not included in this table. Tax data is at the household level and does not include dependents or co-filers

Source: LFC files

Summary of Uptake Information

A 2021 DFA Survey of New Mexico residents found the largest enrollment barriers centered around misunderstanding of program eligibility learning costs (time and energy to learn about and seek out programs), compliance costs (filling out paperwork and meeting requirements), and psychological costs (stress or stigma of using the program). Some of these issues can be lessened by the state, such as ensuring enrollment forms are available in multiple languages and are written to ensure access regardless of disability, limited English proficiency status, age, race or membership in other protected groups.

Figure 4. Barriers to Enrollment from 2021 Survey



Source: BPS Research

Uptake Percentage of Select Income Support Programs, New Mexico (2025)

Program	Estimated Percent Eligible Enrolled
TANF	40%
Childcare Assistance	45%
SNAP	96%
Child Tax Credit	89%

Note: Childcare Assistance uptake calculated using the 400% of the FPL eligibility criteria.

Source: LFC files

Summary of County Respondents' Reasons for Not Being Able to Access Income Support Programs (N=8 counties)

Program	Top Reason	Second Reason	Third Reason
Childcare	Costs too much	Can't find a provider	Can't find a provider
Food Security	Told I don't qualify	Don't qualify	It takes too long
Housing	The waitlist is too long	Don't qualify	It takes too long
Job Training	Don't know where to get the service	Don't offer training I want	Don't have anyone to watch my child during training

Source: Anna Age Eight

Appendix B. Estimated Total Annual Benefit Amounts to Families Based on Age, Household Size, and Federal Poverty Over the Past Year

Estimated Monetary Benefits of Income, Income Support, and Other Programs Available to a Single Working Adult with No Children, by Federal Poverty Level						
	Percent of the Federal Poverty Level					
Programs	**0**	**50**	**100**	**150**	**200**	**250**
Income	$0	$7,825	$15,650	$23,475	$31,300	$39,125
Estimated Maximum Program Benefits						
Medicaid	$5,761	$5,761	$5,761	$0	$0	$0
TANF	NA	NA	NA	NA	NA	NA
SNAP	$3,504	$1,157	$276	$0	$0	$0
LIHEAP	$2,100	$2,100	$2,100	$1,680	$0	$0
LIHWAP	$1,500	$1,500	$1,500	$1,500		
Housing	$3,750	$3,750	$3,750	$3,750	$3,750	$3,750
General Assistance	$3,612	$3,612	$2,400	$2,400	$0	$0
EITC	$0	$632	$224	$0	$0	$0
LICTR	$195	$205	$105	$75	$35	$0
WFTC	$0	$158	$56	$0	$0	$0
SSI	$11,605	$11,605	$0	$0	$0	$0
UI	$0	$2,093	$4,186	$6,280	$8,373	$10,466
Pell	$4,667	$4,667	$4,667	$4,667	$4,667	$0
Total Benefits	$20,422	$18,875	$16,172	$9,405	$3,785	$3,750
Percent Change in Total Benefits from 2021 to 2025	-7%	-15%	-12%	-1%	-50%	-50%
Total Income + Benefits	$20,422	$26,700	$31,822	$32,880	$35,085	$42,875
Percent Change in Total Income + Benefits from 2021 to 2025	-7%	-6%	2%	14%	5%	8%
FPL of total income and benefits	130	171	203	210	224	274
Living wage	$ 43,701					

Estimated Monetary Benefits of Income, Income Support, and Other Programs Available to a Single Working Adult with Two Children, By Federal Poverty Level						
	Percent of the Federal Poverty Level					
	0	50	100	150	200	250
Income	$0	$13,325	$26,650	$39,975	$53,300	$66,625
Estimated Maximum Program Benefits						
Medicaid	$ 16,105	$ 16,105	$ 16,105	$ 10,344	$ 10,344	$5,844
SNAP	$9,216	$5,219	$1,221	$0	$0	$0
TANF	$6,600	$6,600	$2,400	$2,400	$0	$0
LIHEAP	$2,940	$2,940	$2,940	$2,520	$0	$0
LIHWAP	$1,500	$1,500	$1,500	$1,500		
Housing	$3,750	$3,750	$3,750	$3,750	$3,750	$3,750
General Assistance	NA	NA	NA	NA	NA	NA
LICTR	$325	$220	$105	$0	$0	$0
EITC	$0	$5,330	$6,128	$3,327	$515	$0
Working Families Tax Credit	$0	$1,333	$1,532	$832	$129	$0
Child Tax Credit	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000
state child tax credit	$0	$1,244	$828	$828	$414	$414
Child Care to Prevent Indigency Credit against Pit	$0	$0	$0	$0	$0	$0
Child Care Assistance	$0	$16,200	$16,200	$16,200	$16,200	$16,200
School Lunch	$2,720	$2,720	$2,720	$2,720	$2,720	$2,720
Summer EBT/ Sun Bucks	$120	$120	$120	$120	$120	$0
WIC	$894	$894	$894	$894	$0	$0
Dependent Care Tax Credit	$0	$0	$0	$0	$0	$0
SSI	$11,605	$11,605	$0	$0	$0	$0
UI	$0	$3,664	$7,229	$10,793	$14,358	$15,102
Pell	$4,667	$4,667	$4,667	$4,667	$4,667	$0
Total Benefits	$48,171	$68,175	$60,444	$49,435	$38,192	$32,928
Percent Change in Total Benefits from 2021 to 2025	-8%	-5%	-10%	-2%	-14%	-16%
Total Income + Benefits	$48,171	$81,500	$87,094	$89,410	$91,492	$99,553
Percent Change in Total Income + Benefits from 2021 to 2023	-8%	-2%	-2%	7%	4%	6%
FPL of total income and benefits	181	306	327	335	343	374
Living wage	$99,174					

Estimated Monetary Benefits of Income, Income Support, and Other Programs Available to a Married Couple No Children, by Federal Poverty Level						
	Percent of the Federal Poverty Level					
Programs	**0**	**50**	**100**	**150**	**200**	**250**
Income	$0	$10,575	$21,150	$31,725	$42,300	$52,875
Estimated Maximum Program Benefits						
Medicaid	$11,523	$11,523	$11,523	$0	$0	$0
SNAP	$6,432	$3,260	$276	$0	$0	$0
TANF	NA	NA	NA	NA	NA	NA
LIHEAP	$2,100	$2,100	$2,100	$1,680	$0	$0
LIHWAP	$1,500	$1,500	$1,500	$1,500		
Housing	$3,750	$3,750	$3,750	$3,750	$3,750	$3,750
General Assistance	$4,860	$4,860	$2,400	$2,400	$0	$0
EITC	$0	$560	$222	$58	$0	$0
LICTR	$260	$210	$105	$50	$0	$0
WFTC	$0	$140	$56	$15	$0	$0
SSI	$17,405	$17,405	$0	$0	$0	$0
UI	$0	$2,829	$5,658	$8,486	$11,315	$14,144
Pell	$4,667	$4,667	$4,667	$4,667	$4,667	$0
Total Benefits	$30,425	$27,902	$21,931	$9,453	$3,750	$3,750
Percent Change in Total Benefits from 2021 to 2025	-11%	-19%	-26%	-25%	-65%	-65%
Total Income + Benefits	$30,425	$38,477	$43,081	$41,178	$46,050	$56,625
Percent Change in Total Income + Benefits from 2021 to 2025	-11%	-11%	-9%	6%	1%	4%
FPL of total income and benefits	144	182	204	195	218	268
Living Wage 1 Working	$63,960					
Living Wage 2 Working	$31,970					

Estimated Monetary Benefits of Income, Income Support, and Other Programs Available to a Married Couple Two Children, by Federal Poverty Level						
	Percent of the Federal Poverty Level					
	0	50	100	150	200	250
Income	$0	$16,075	$32,150	$48,225	$64,300	$80,375
Estimated Maximum Program Benefits						
Medicaid	$21,867	$21,867	$21,867	$10,344	$10,344	$5,844
SNAP	$11,256	$6,756	$2,055	$0	$0	$0
TANF	NA	NA	NA	NA	NA	NA
LIHEAP	$2,940	$2,940	$2,940	$2,520	$0	$0
LIHWAP	$1,500	$1,500	$1,500	$1,500		
Housing	$3,750	$3,750	$3,750	$3,750	$3,750	$3,750
General Assistance	$7,956	$7,956	$2,400	$2,400	$0	$0
EITC	$0	$6,960	$6,437	$3,046	$0	$0
LICTR	$390	$235	$80	$0	$0	$0
Working Families Tax Credit	$0	$1,740	$1,609	$762	$0	$0
Child Tax Credit	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000
State child tax credit	$0	$1,244	$828	$828	$414	$206
Child Care to Prevent Indigency Credit against Pit	$0	$0	$0	$0	$0	$0
Child Care Assistance	$0	$16,200	$16,200	$16,200	$16,200	$16,200
Summer EBT/ Sun Bucks	$120	$120	$120	$120	$120	$0
School Lunch	$2,720	$2,720	$2,720	$2,720	$2,720	$2,720
WIC	$894	$894	$894	$894	$0	$0
Dependent Care Tax Credit	$0	$0	$0	$0	$0	$0
SSI	$17,405	$17,405	$0	$0	$0	$0
UI	$0	$4,400	$8,700	$13,000	$15,102	$15,102
Pell	$4,667	$4,667	$4,667	$4,667	$0	$0
Total Benefits	$57,393	$78,882	$67,400	$49,084	$37,548	$32,720
Percent Change in Total Benefits from 2021 to 2025	-11%	-6%	-13%	-7%	-19%	-23%
Total Income + Benefits	$57,393	$94,957	$99,550	$97,309	$101,848	$113,095
Percent Change in Total Income + Benefits from 2021 to 2025	-11%	-3%	-5%	5%	2%	4%
FPL of total income and benefits	179	295	310	303	317	352
Living Wage 1 Working	$83,346					
Living Wage 2 Working	$55,203					

Estimated Monetary Benefits of Income, Income Support, and Other Programs Available to an Elderly Individual No Children, by Federal Poverty Level						
	Percent of the Federal Poverty Level					
Programs	**0**	**50**	**100**	**150**	**200**	**250**
Income	$0	$7,825	$15,650	$23,475	$31,300	$39,125
Estimated Maximum Program Benefits						
Medicare	$11,266	$11,266	$11,266	$11,266	$11,266	$11,266
2023 State of NM Stimulus	$0	$0	$0	$0	$0	$0
SNAP	$3,504	$1,200	$1,200	$0	$0	$0
TANF	NA	NA	NA	NA	NA	NA
LIHEAP	$2,940	$2,940	$2,940	$2,520	$0	$0
LIHWAP	$1,500	$1,500	$1,500	$1,500		
Housing?	$3,750	$3,750	$3,750	$3,750	$3,750	$3,750
General Assistance	$3,612	$3,612	$2,400	$2,400	$0	$0
EITC	$0	$0	$0	$0	$0	$0
LICTR	$195	$205	$105	$75	$35	$0
WFTC	$0	$0	$0	$0	$0	$0
Elderly Food Programs	$2,197	$2,197	$2,197	$2,197	$2,197	$2,197
SSI	$11,605	$11,605	$0	$0	$0	$0
UI?	$0	$2,093	$4,186	$6,280	$8,373	$10,466
Pell?	$4,667	$4,667	$4,667	$4,667	$4,667	$0
Total Benefits	$28,964	$26,670	$25,358	$23,708	$17,248	$17,213
Percent Change in Total Benefits from 2021 to 2025	1%	-5%	4%	10%	-7%	-7%
Total Income + Benefits	$28,964	$34,495	$41,008	$47,183	$48,548	$56,338
Percent Change in Total Income + Benefits from 2021 to 2025	1%	0%	10%	16%	9%	11%
FPL of total income and benefits	185	220	262	301	310	360
Living Wage	$33,426					

Estimated Monetary Benefits of Income, Income Support, and Other Programs Available to an Elderly Individual, Two Children, by Federal Poverty Level						
	Percent of the Federal Poverty Level					
Programs	**0**	**50**	**100**	**150**	**200**	**250**
Income	$0	$13,325	$26,650	$39,975	$53,300	$66,625
Estimated Maximum Program Benefits						
Medicaid (for children)	$10,344	$10,344	$10,344	$10,344	$10,344	$5,844
Medicare (for elderly individual)	$11,266	$11,266	$11,266	$11,266	$11,266	$11,266
2023 State of NM Stimulus	$0	$0	$0	$0	$0	$0
SNAP	$9,216	$5,219	$1,200	$0	$0	$0
TANF	NA	NA	NA	NA	NA	NA
LIHEAP	$3,780	$3,780	$3,780	$3,780	$0	$0
LIHWAP	$1,500	$1,500	$1,500	$1,500		
Housing	$3,750	$3,750	$3,750	$3,750	$3,750	$3,750
General Assistance	$6,600	$6,600	$2,400	$2,400	$0	$0
EITC	$0	$5,330	$6,128	$3,327	$515	$0
LICTR	$325	$220	$105	$0	$0	$0
Working Families Tax Credit	$0	$1,333	$1,532	$832	$0	$0
Child Tax Credit	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000
State child tax credit	$0	$1,244	$828	$828	$414	$414
Child Care to Prevent Indigency Credit against Pit	$0	$0	$0	$0	$0	$0
Child Care Assistance	$0	$16,200	$16,200	$16,200	$16,200	$16,200
Summer EBT/ Sun Bucks	$120	$120	$120	$120	$120	$0
School Lunch	$2,720	$2,720	$2,720	$2,720	$2,720	$2,720
WIC	$894	$894	$894	$894	$0	$0
Dependent Care Tax Credit	$0	$0	$0	$0	$0	$0
Elderly Food Programs	$2,197	$2,197	$2,197	$2,197	$2,197	$2,197
SSI	$11,605	$11,605	$0	$0	$0	$0
UI	$0	$3,664	$7,229	$10,793	$14,358	$15,102
Pell	$4,667	$4,667	$4,667	$4,667	$4,667	$0
Total Benefits 2025	$56,713	$76,717	$68,965	$64,158	$51,526	$46,391
Percent Change in Total Benefits from 2021 to 2023	-3%	-1%	-6%	1%	-9%	-8%
Total Income + Benefits	$56,713	$90,042	$95,615	$104,133	$104,826	$113,016
Percent Change in Total Income + Benefits from 2021 to 2025	-3%	2%	0%	8%	5%	8%
FPL of total income and benefits	213	338	359	391	393	424
Living wage	$ 87,422					

Appendix C. Select Federal Changes Due to the Big Beautiful Bill Act

Policy Area	Change	Summary Description	Expected Implementation
Health Care	Community Engagement (Work) Requirements	Able-bodied adults must state monthly they spend at least 80 hours working or conducting other qualifying activities	No later than January 1, 2027
	Eligibility Redeterminations	Increase the redetermination process from annually to every 6 months.	On or after December 31, 2026
	Preventing Dual Enrollment	States must submit to HHS information to determine whether an enrollee continues to be eligible for Medicaid and prevent dual enrollment in multiple states	No later than October 1, 2029
	FMAP Reductions	The FMAP incentive offered to states that expanded Medicaid programs will sunset.	January 1, 2026
	Increased Cost Sharing	Requires states	October 1, 2028
	Budget Neutrality for Medicaid Demonstration Projects	HHS Secretary may not approve an application to begin or renew a project under the 1115 waiver unless it is budget neutral	January 1, 2027
Food Assistance	Changes to the thrifty food plan and family distribution size	Requires all future updates to the Thrift Food Plan to be cost-neutral and that the cost of the plan reflects changes in the Consumer Price Index. This section also adjusts the percentages of a four-person household allotment received by households falling outside of this number	October 1, 2027 / October 1, 2025
	SNAP Work Requirements	Expands the current work requirements to include able-bodied adults ages 55 to 65 and parents of children over age 14.	Unclear as early as October 1, 2025
	Automatic Eligibility for SNAP Standard Utility Allowance	Automatic eligibility through LIHEAP is reduced to only those households with elderly or disabled members and for households without elderly or disabled members the section now includes state assistance as household income when calculating federal benefit eligibility.	Unclear, as early as October 1, 2025
	Adding SNAP State Cost Sharing of Benefits	States are required to contribute a percentage of the cost of SNAP benefits based on payment error rates. • States with error rates <6 percent pay 0 percent share • States with error rates between 6 and 8 percent pay 5 percent share • States with error rates between 8 and 10 percent pay 10 percent share • States with error rates >10 percent pay 15 percent share	October 1, 2027* However, given the state's high error rate, adoption will likely be delayed to FY30.
	Increasing SNAP Cost Sharing of Administration	Reduces the federal costs share of administering SNAP from 50 percent to 25 percent. Therefore, increasing the state cost sharing of administration by 25 percent.	October 1, 2026
	SNAP Eligible Populations	Revises populations to effectively bar undocumented immigrants from the programs	Unclear, as early as October 1, 2025
Tax Reforms	No Tax on Tips	Provides temporary above the line deductions for tips (up to $25,000) and overtime pay (up to $12,500), phased down based on income	Tax year 2025
	Child Tax Credit	Increase the credit by $200, but requires social security numbers, and makes both the provision and changes permanent	Tax year 2025
Workforce Education	Workforce Pell Grants	Expands Pell grants to students in short-term workforce programs at accredited post-secondary institutions	July 1, 2026

Note: The One Big Beautiful Bill Act specifies that if a state has a FY25 error rate multiplied by 1.5 that is greater than 20, implementation of the increased state share of program costs will be delayed until FY29. If the FY26 error rates, multiplied by 1.5, are greater than 20, implementation will not occur until FY30.

Source: Holland and Knight OBBBA summary

Appendix D. 2025 First Special Session Appropriations Related to Income Support and Health Insurance

Appropriation Amount	Language
$4,600,000	to maintain the minimum federal supplemental nutrition assistance program benefit for elders and people with disabilities;
$12,000,000	to maintain the minimum federal supplemental nutrition assistance program benefit for lawfully present residents
$1,246,000	to prevent layoffs of employees administering the federal supplemental nutrition assistance program nutrition education and obesity prevention grant program at the university of New Mexico and New Mexico state university
$8,000,000	to support food banks, food pantries, regional distribution organizations and partner agencies in the state to ensure access to nutritious food, including two million five hundred thousand dollars ($2,500,000) for capacity building,
$2,000,000	to support educational-based centers and food pantry and food distribution programs in consultation with the early childhood education and care department, the public education department and the higher education department
$1,500,000	to, in consultation with the workforce solutions department, support individuals in meeting work and volunteer requirements necessary to qualify for benefits under the federal supplemental nutrition assistance program and the state Medicaid program
$4,400,000	for additional staffing and administrative costs for the income support division of the authority
$2,200,000	for services, additional staffing and administrative costs for the medical assistance division of the authority
$10,000,000	for updates to information technology and other costs related to changes to eligibility requirements for Medicaid and the federal supplemental nutrition assistance program made by Public Law No. 119–21
$3,000,000	for expenditure in fiscal year 2026 to contract for health care services provided by nonprofit health care facilities not eligible under federal law to receive Medicaid funding. Any unexpended balance remaining at the end of fiscal year 2026 shall revert to the general fund
$17,300,000	is appropriated from the health care affordability fund to the health care authority for expenditure in fiscal year 2026 to reduce health care premiums and cost sharing for New Mexico residents who purchase health care coverage on the New Mexico health insurance exchange contingent on enactment of House Bill 2 or similar legislation of the first special session of the fifty-seventh legislature