



NEW MEXICO STATE TREASURER'S OFFICE

FISCAL YEAR 2027
BUDGET PRESENTATION

LEGISLATIVE FINANCE COMMITTEE

NOVEMBER 20, 2025

STO CORE OFFICE FUNCTIONS

- Banker for the state government agencies
- Manage cash flow and ensure state obligations are met
- Funds not immediately needed are invested – safety, liquidity and yield
- Debt service paying agent
- Manage securities
- Manage investments on behalf of local governments
- Purchase GO Bonds and Educational Technology Notes for School Districts
- Administer Programs and Outreach Initiatives
- Serve on 13 Boards, Councils and Commissions



BOARDS, COUNCILS & COMMISSIONS



Total Oversight= \$160 billion

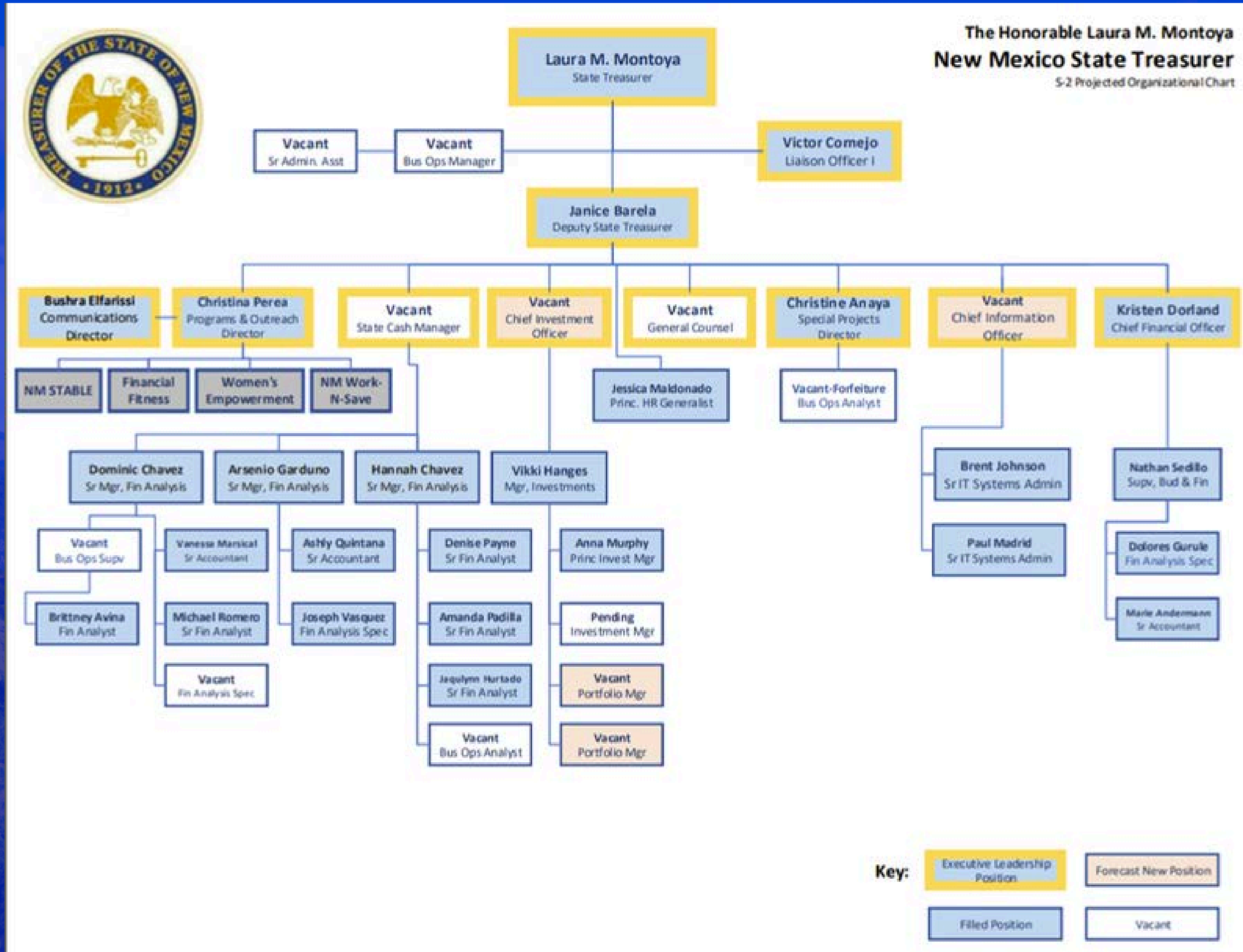


STO OVERVIEW

- **Active Investment Management**
 - **\$19.6 billion in total assets managed**
 - General Fund CORE
 - General Fund Liquidity
 - Bond Proceeds - Taxable
 - Bond Proceeds - Tax-Exempt
 - Severance Tax Bonding Fund
 - Local Government - Short Term
 - Local Government - Medium Term
- Overnight Repo Pool
- Technology Notes
- General Obligation Bonds
- Paying Agent for Outstanding Bond Issues
- Collateral Management



STO ORGANIZATIONAL CHART



FISCAL YEAR 2025 HIGHLIGHTS



Managed Assets
\$19.4 Billion



Agencies Served
140

LGIP Assets



\$2.27 Billion (ST)
\$1.05 Billion (MT)



Total Bank Accounts
1,100

Total Earnings: \$722 Million

State: \$580 Million

LGIP: \$143.5 Million

Unrealized Gains: \$169 Million

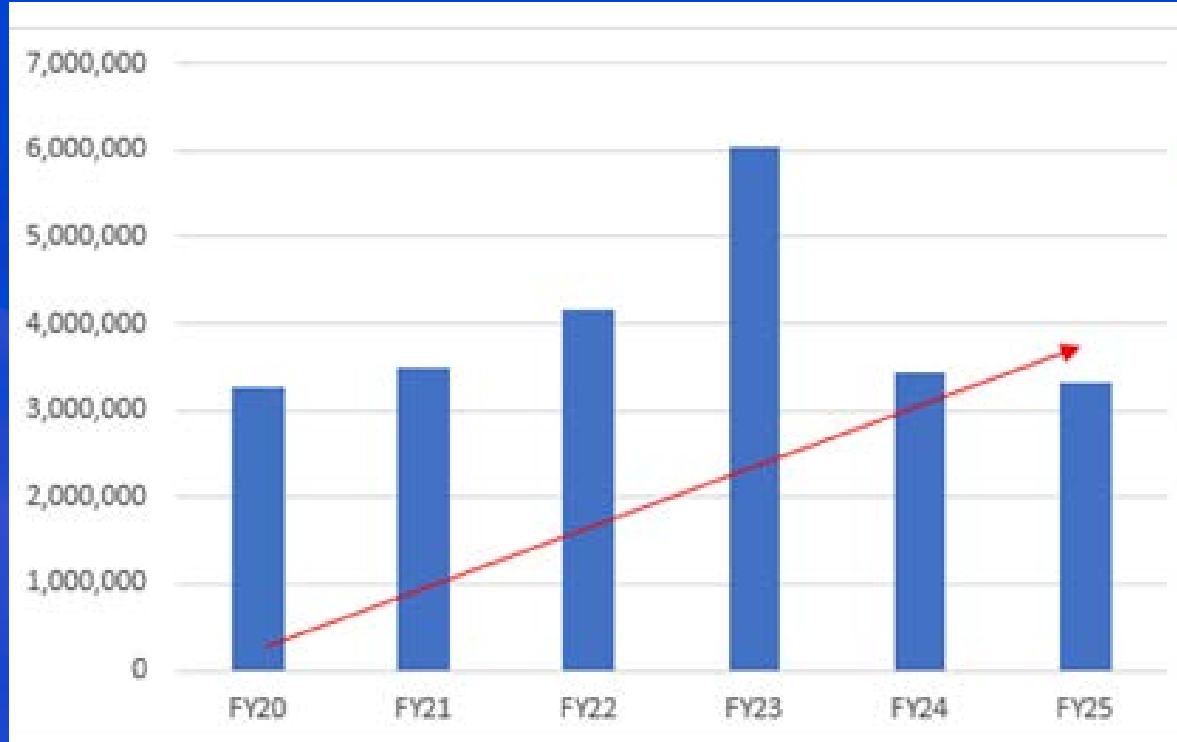


Trade Volume
\$22 Billion



AP TRANSACTIONS

AP # of Payments

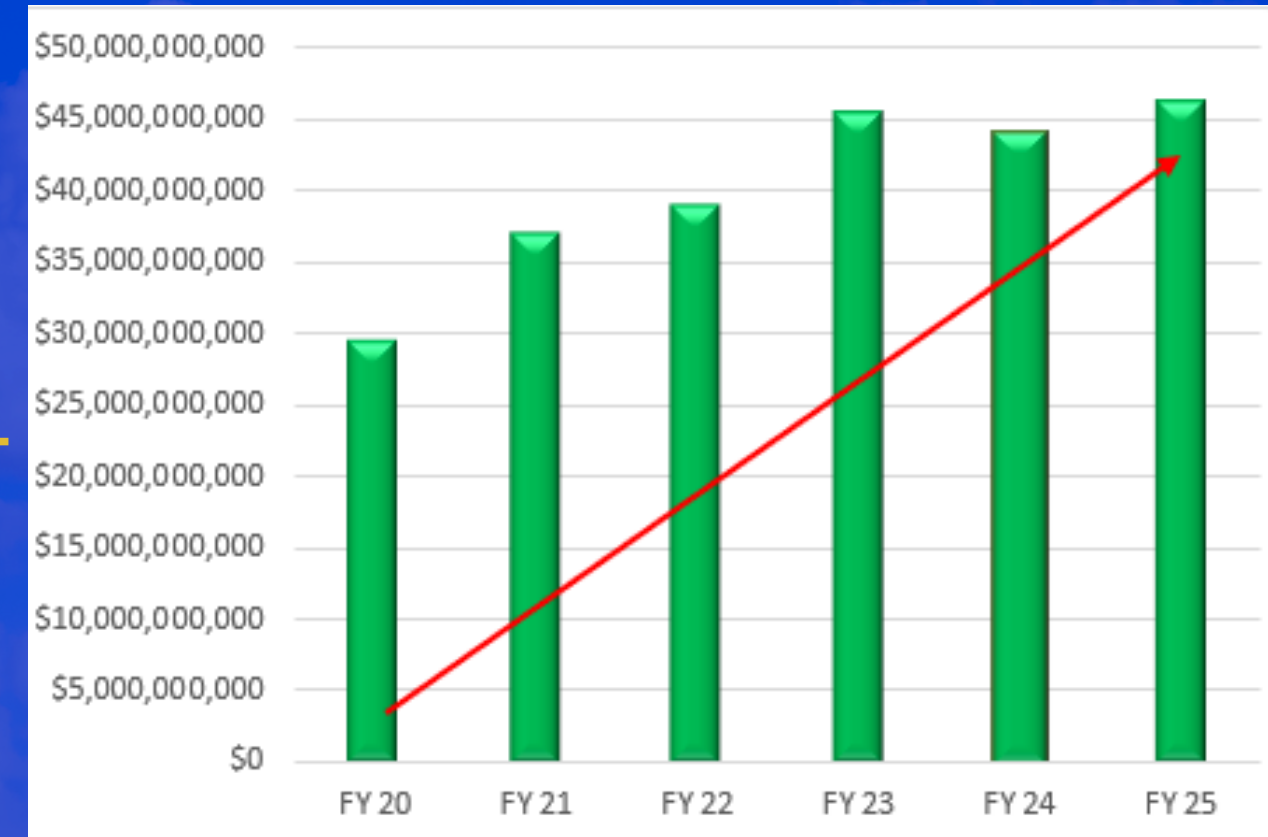


Fiscal Year

2%
DECREASE

AGENCY BANK DEPOSITS

Deposits



Fiscal Year

57%
INCREASE

TRADE VOLUME

Billions

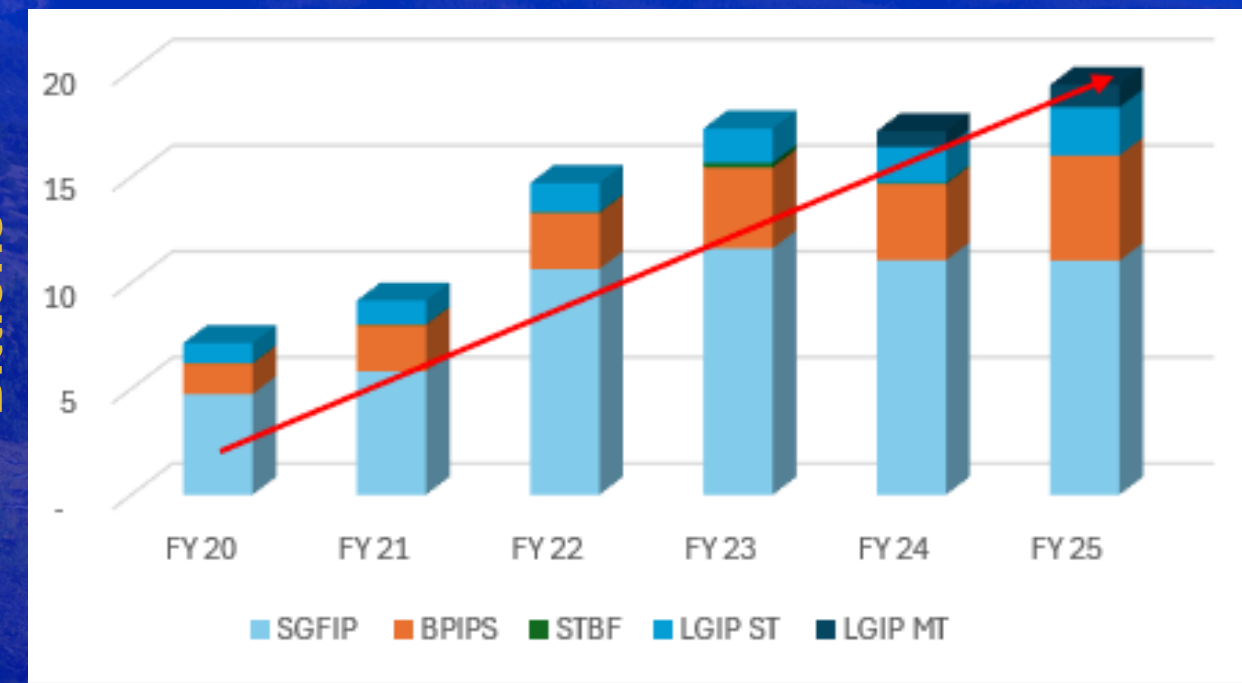


Fiscal Year

207%
INCREASE

ASSETS UNDER MANAGEMENT

Billions



Fiscal Year

227%
INCREASE



REVERSIONS

Operating Budget Fund 18200	
	200 318,591.43
	300 93,242.88
	400 85,028.12
Total FY25 Operating Budget Remaining	496,862.43
Settlements & prior year operating budget refunds	15,804.24
FY25 LGIP 5 basis points revenue earned not authorized for budget	530,413.42
Special Appropriation Section 6 for IT equipment	3,662.97
Total Reversion	1,046,743.06



FY27 BUDGET RECOMMENDATIONS

FY27 Budget Request							
	Category	FY25 OPBUD	FY25 Actuals	FY26 OPBUD	FY27 Inc/Dec	FY27 Request	
Revenue	General Fund	4,611.20	4,611.20	4,854.2	2,117.5	6,971.7	43.6%
	Other Investment Income (LGIP)	401.00	1,529.75	564.0	186.0	750.0	33.0%
	Other Financial Sources	-	-	-	-	-	0.0%
	Federal Revenue	2.00	3.1	2.6	0.5	3.1	19.2%
Total Revenue		5,014.20	6,144.03	5,420.8	2,304.0	7,724.8	42.5%
Expense	200	3,791.60	3,473.01	4,032.6	1,720.3	5,752.9	42.7%
	300	522.50	529.26	526.2	394.0	920.2	74.9%
	400	792.20	995.52	862.0	189.7	1,051.7	22.0%
Total Expense		5,106.30	4,997.8	5,420.8	2,304.0	7,724.8	42.5%
FTE		35.00	24.0	35.0	4.0	39.0	

FY27 Request:

Total: 39 FTE
 Total Funded Request: 35
 Total Number of Vacant FTE: 7
 Filled Positions: 28
 New Positions Requested: 4

Current:

Total Authorized: 35 FTE
 Total Number of Unfunded & Vacant FTE: 7
 Filled Positions: 28
 Unfunded Filled Position: 1
 Funded Vacant Positions: 0*
 Vacancy Rate: 20.0%, -1.03

Positions to fill in FY26:

Cash Manager
 Attorney
 Financial Analyst Specialist (Transactions)
 Sr. Administrative Assistant - Filled
 Senior Financial Analyst - Filled
 Investment Manager - Filled





EXPENSES - 200

PERSONNEL SERVICES & EMPLOYEE BENEFITS

200s	
Positions Needed	Salary & Benefit Cost
CIO Inv	350.0
Portfolio Manager	280.0
Portfolio Manager	280.0
CIO IT	210.0
Funding FTE to 31	600.3
Total Impact	1,720.3

The STO requests an increase of \$1,720.3, or 42.7%, from the FY26 budget.

Based on two audits conducted in FY25, the recommendation was to add a Chief Investment Officer, two Portfolio Managers, and a Chief Information Officer. Best practices suggest that no one manager should manage more than \$4 billion. Currently, STO only has two investment positions overseeing almost \$20 billion.

This increase also funds STO's 31 FTEs. This would give STO the ability to hire key positions that STO is in dire need of.



EXPENSES-300

CONTRACTUAL SERVICES

300s	
Contract Expense Obligations	Cost
AVM	85.0
Broadridge	237.1
Talent Acquisition	64.9
Total Impact	394.0

The STO requests an increase of \$394.0, or 74.9% from the FY26 budget for contract expenditures. The increase is attributed to the AVM, L.P. contract that provides overnight repurchase agreement (Repo) services to STO. In the current market environment, Repo has become more attractive. At this pace, we will be over budget for this line item this current fiscal year.

The STO increased their Broadridge contract based on need and demand. This contract is essential for trade capture, reconciliation, reporting, and ongoing technical support as well as moving to pre-trade compliance.

The STO is currently in the process of conducting an RFP. This contract will provide STO with specialized recruiting support to source, screen, and present qualified executive-level candidates for critical vacancies.

EXPENSES-400 OTHER COSTS



400s	
Other Expense Obligations	Cost
Servers	24.0
Laptops	24.5
IT Equipment New Staff	5.2
Service Agreements	136.0
Total Impact	189.7

The STO requests an increase of \$189.7, or 22.0% over FY26.

Service agreements and fees increase annually based on the number of users and services. Standard practice requires IT equipment, which includes laptops and investment software for new investment staff, servers, and any other associated costs to the IT Division.

TECHNOLOGY & OTHER EXPENSES



The requested increase will accommodate the following recurring costs and other minor inflationary cost increases:

- Bloomberg licenses increase of \$28,799 per quarter x 4 quarters = \$115,193 for additional licenses and annual price increase.
- Treasury management annual recurring fees of \$21,507, which was a software addition in FY24.
- Broadridge Investment Management Services (BIMS) is expected to go live in FY26. The Annual Service Fee for BIMS is \$95,000.
- Broadridge annual licenses increase of \$518 x 12 months = \$6,216.
- DoIT Telecommunication: \$8,500 increase.
- DoIT ISD Services: \$6,640 increase.
- Subscription Dues: National Association of State Treasurers \$8,500.
- Employee Training & Education: Continuing education for professional licensed staff and staff training in cash and investment management to keep abreast of the industry standards, best practices and trends.

BAR JUSTIFICATION

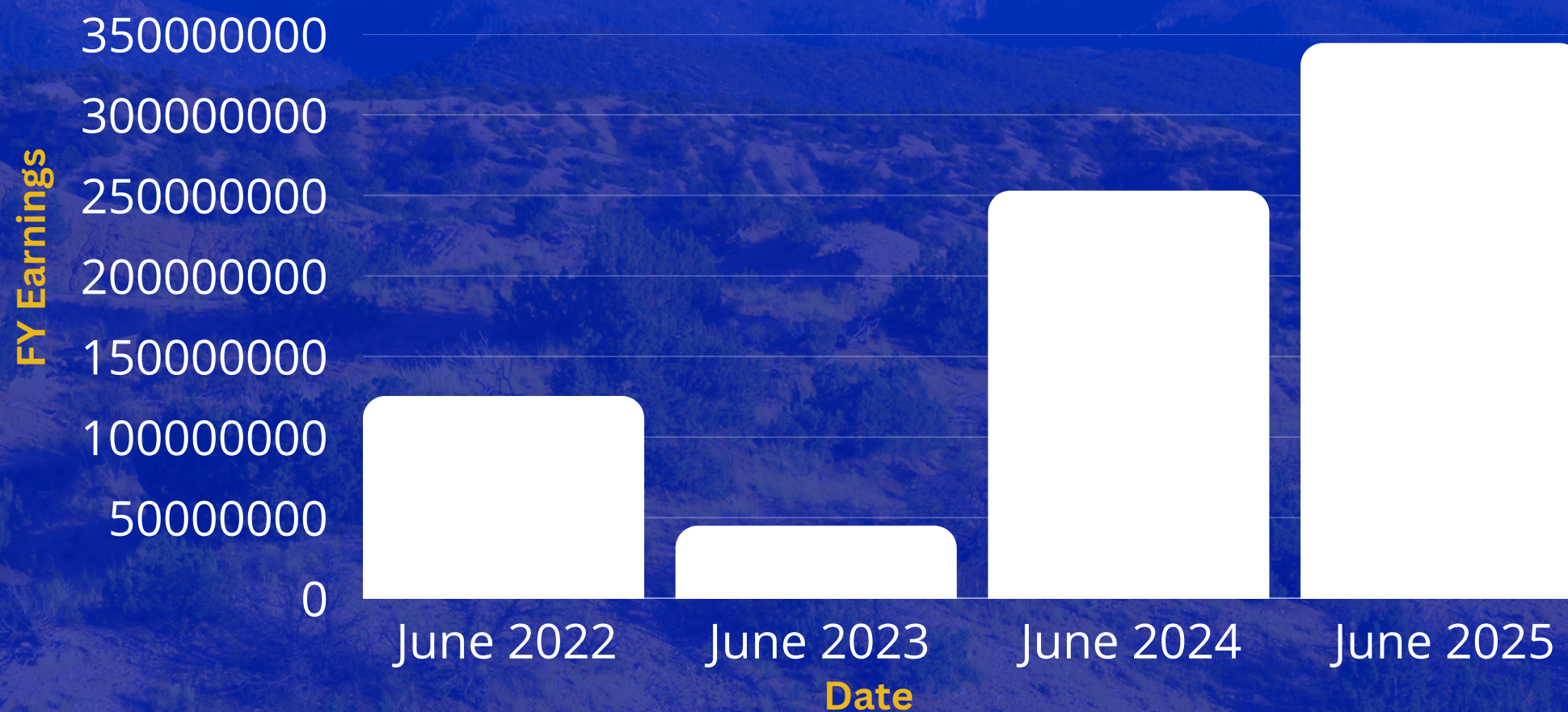
The State Treasurer's Office (STO) manages the Local Government Investment Pool (LGIP), which has 130 participants, and over \$3.32 billion. The LGIP continues to gain new participants, accounts, and money for management and investment, and as a result, operational expenditures have directly increased. To ensure the safety of the LGIP and to serve participants, STO must be able to respond to increased operational expenses quickly.

STO was able to generate \$1,529,746.98 worth of Revenue in FY25. STO had \$401,000.00 worth of LGIP revenue built into its base budget and had the availability to BAR \$350,000.00. This means that STO generated more than double the amount of revenue given to STO in FY25. In FY26, STO was given \$564,000.00 worth of revenue into its base budget and the availability to BAR \$350,000.00. In FY27, STO needs to utilize the total amount of revenue we collected in FY25.

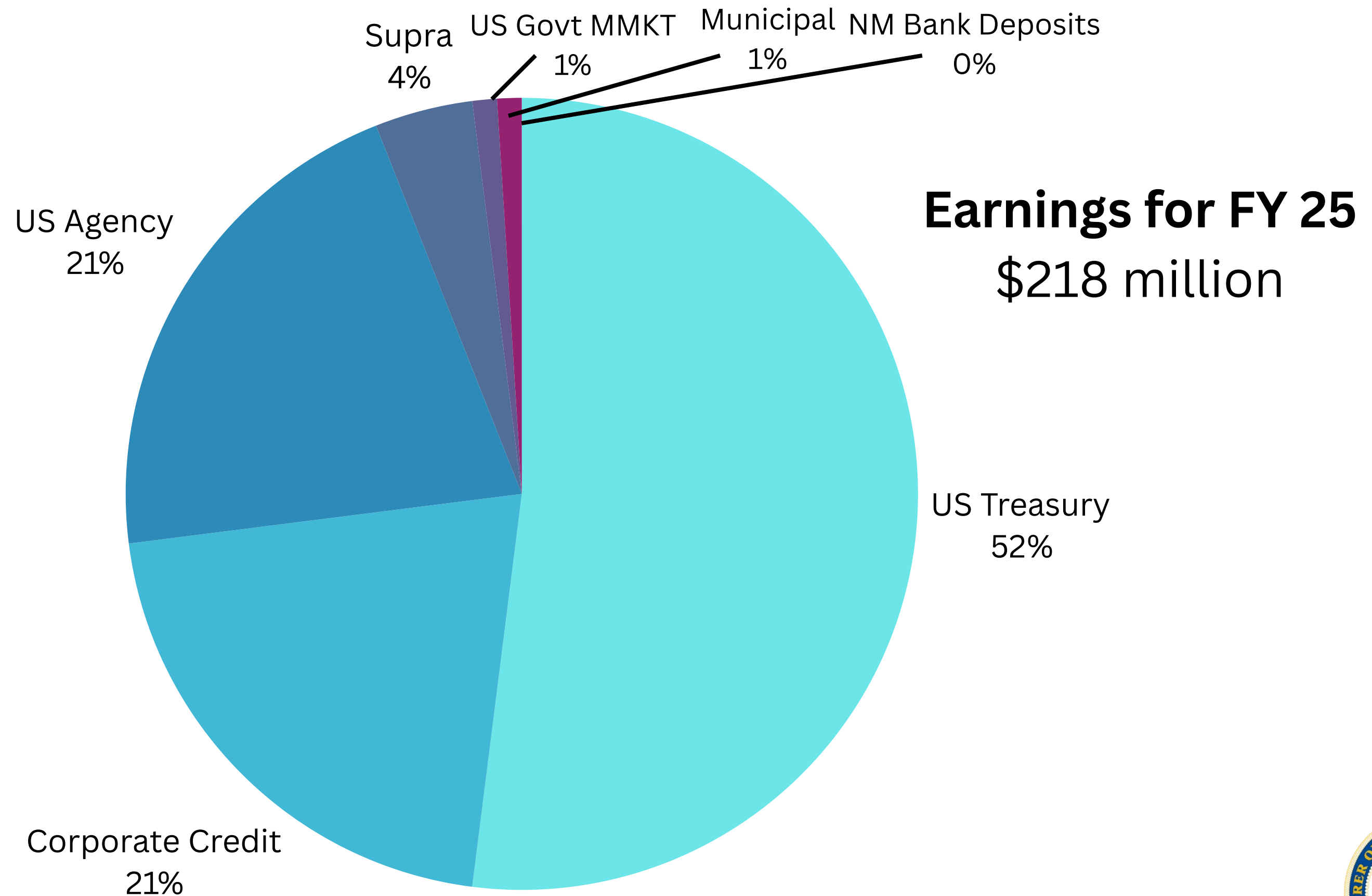


GENERAL FUND CORE

Date	Market Value	FY Earnings	FY Change in Unrealized Gains/Losses	FY Total
6/30/2025	\$6,253,160,953	\$217,891,608	\$126,637,722	\$344,529,330
6/30/2024	\$5,581,679,360	\$175,137,956	\$77,795,928	\$252,933,884
6/30/2023	\$5,230,475,825	\$106,973,003	\$ (61,982,018)	\$44,990,986
6/30/2022	\$4,874,998,175	\$42,822,262	\$ (168,326,868)	\$ (125,504,606)

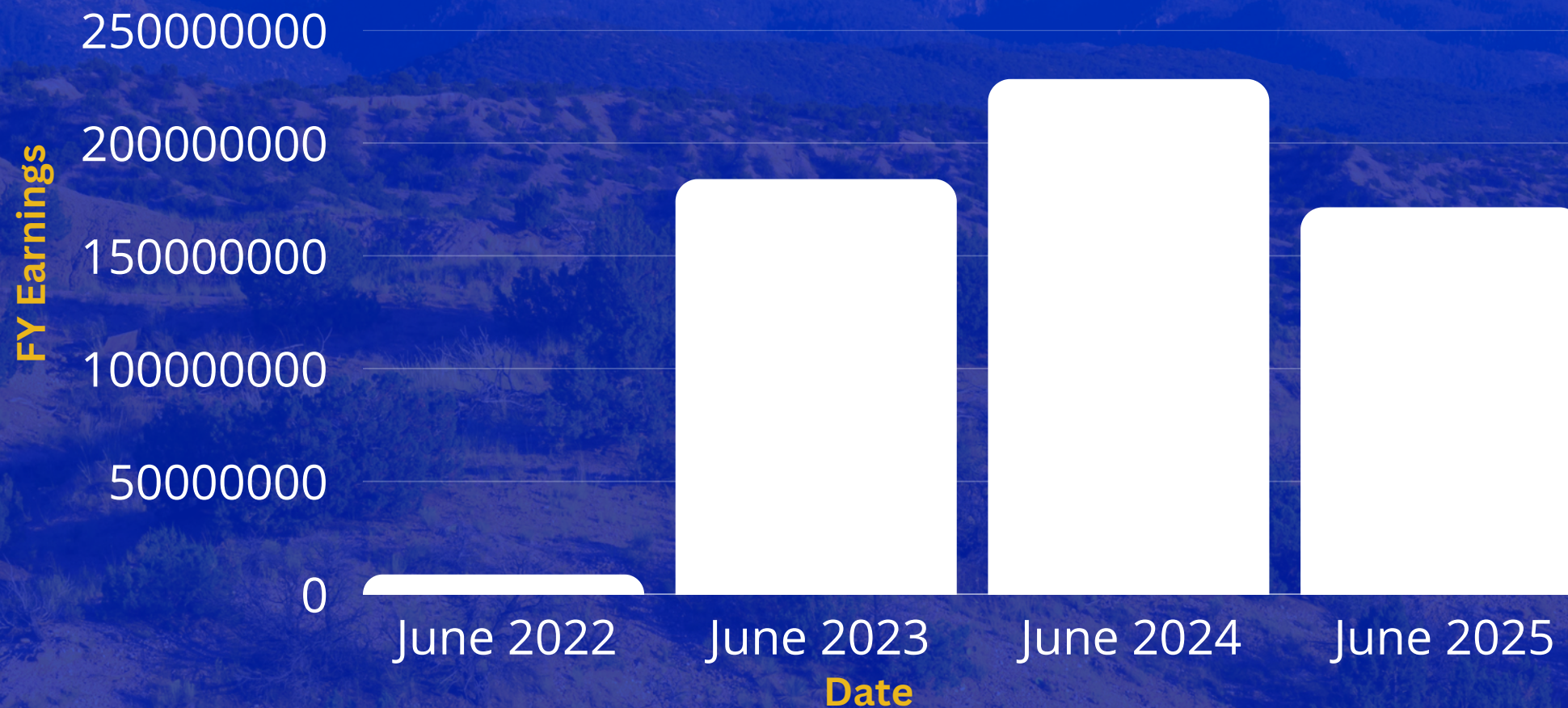


GENERAL FUND CORE

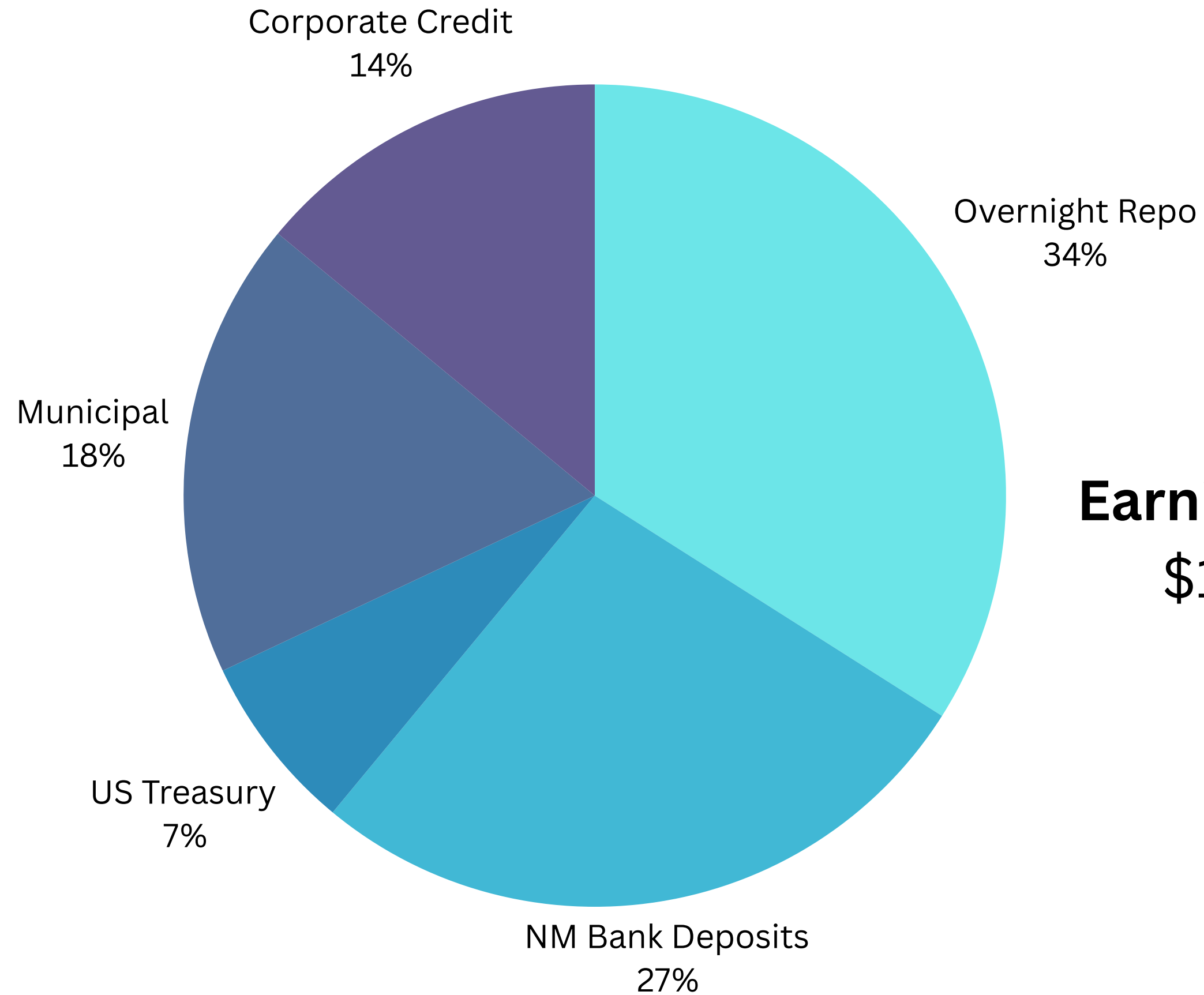


GENERAL FUND LIQUIDITY

Date	Market Value	FY Earnings	FY Change in Unrealized Gains/Losses	FY Total
6/30/2025	\$4,704,019,545	\$171,186,943	\$303,769	\$171,490,713
6/30/2024	\$4,500,909,959	\$227,949,440	\$388,054	\$228,337,494
6/30/2023	\$6,100,547,287	\$183,505,706	\$483,649	\$183,989,355
6/30/2022	\$5,598,314,861	\$9,929,922	\$ (1,188,248)	\$8,741,674



GENERAL FUND LIQUIDITY



Earnings for FY 25
\$171 million

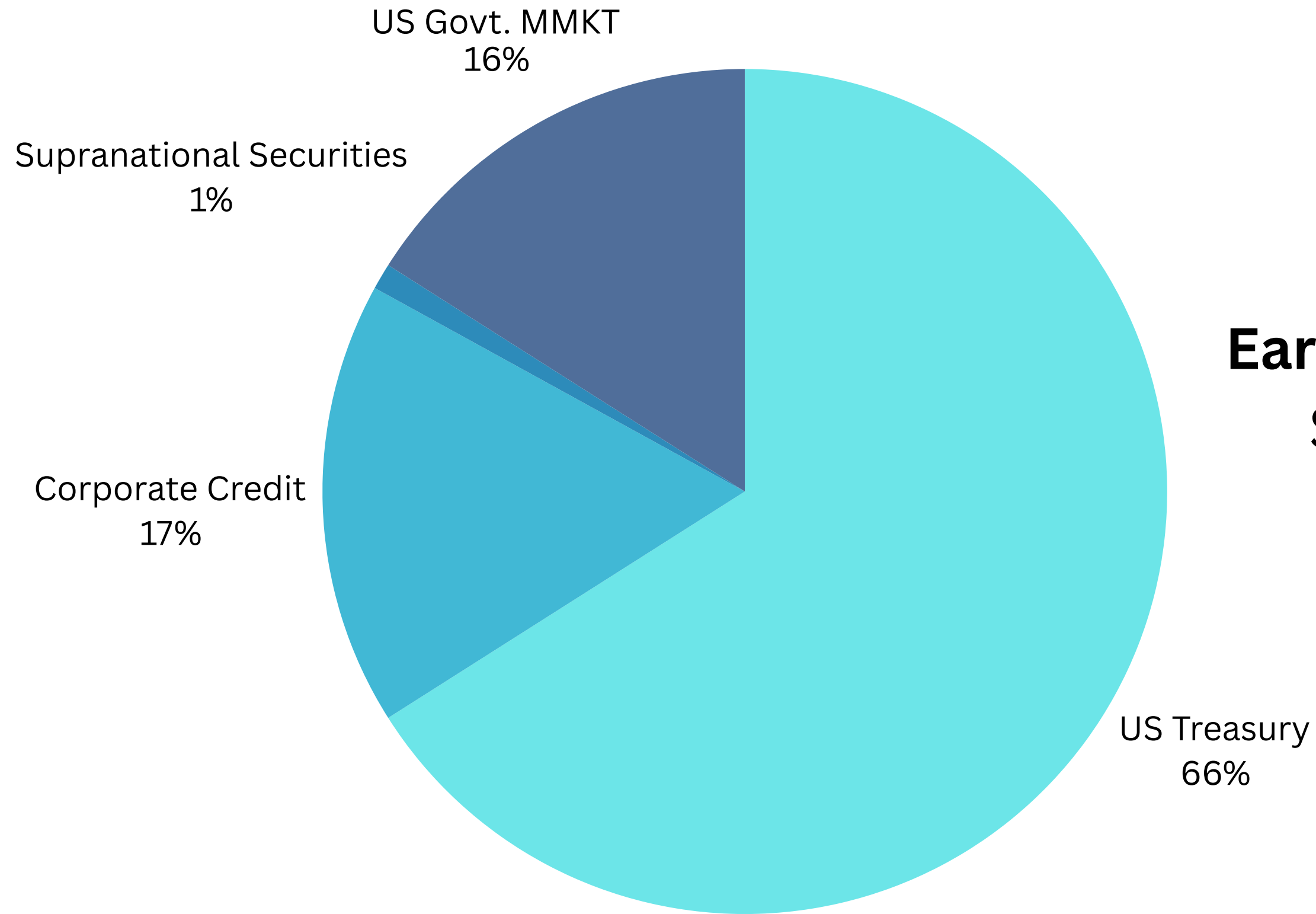


BOND PROCEEDS - TAXABLE

Date	Market Value	FY Earnings	FY Change in Unrealized Gains/Losses	FY Total
6/30/2025	\$3,401,651,135	\$113,755,827	\$28,863,006	\$142,618,833
6/30/2024	\$2,627,100,155	\$81,189,762	\$19,134,343	\$100,324,105
6/30/2023	\$2,103,481,459	\$30,574,014	\$ (3,720,248)	\$26,853,766
6/30/2022	\$1,350,118,441	\$7,060,122	\$ (32,350,918)	\$ (25,290,796)



BOND PROCEEDS-TAXABLE

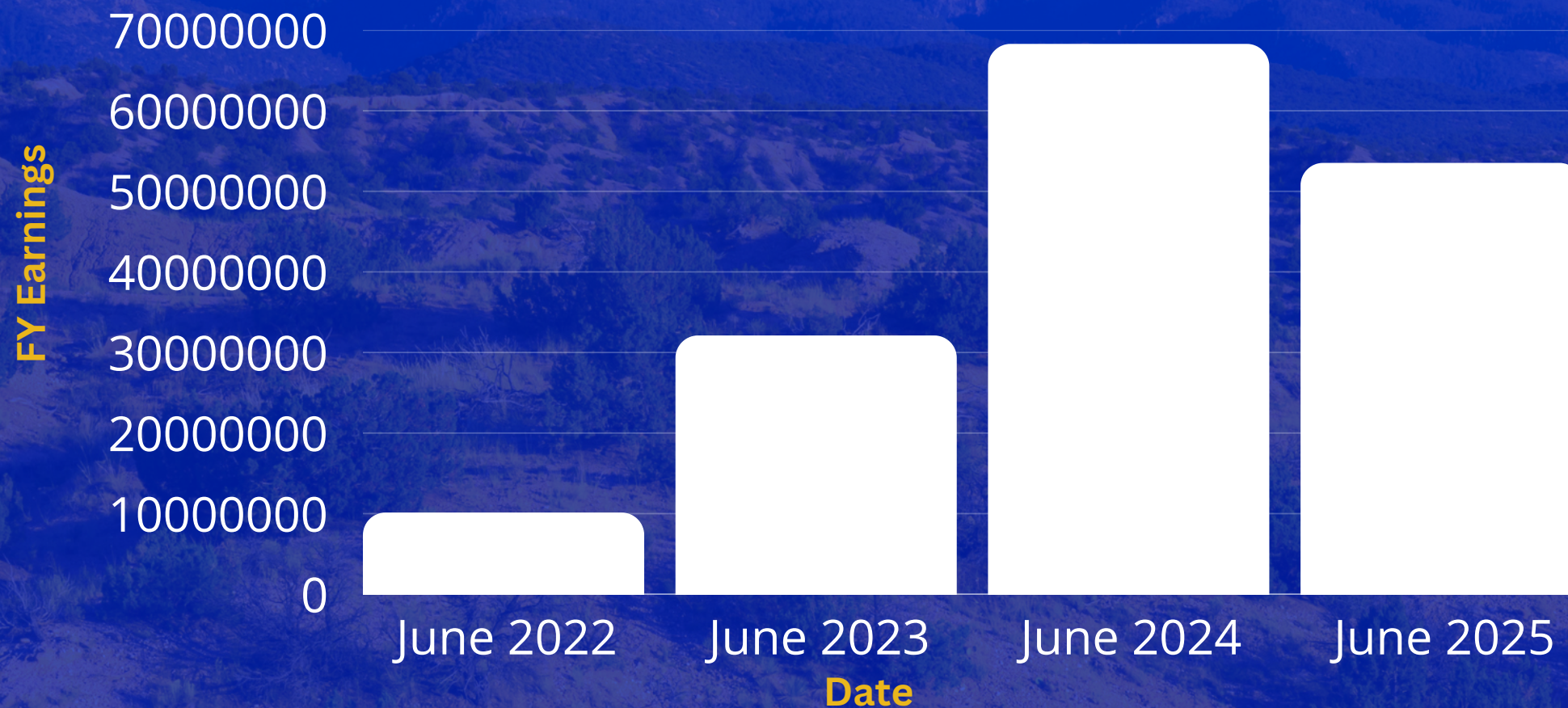


Earnings for FY 25
\$114 million

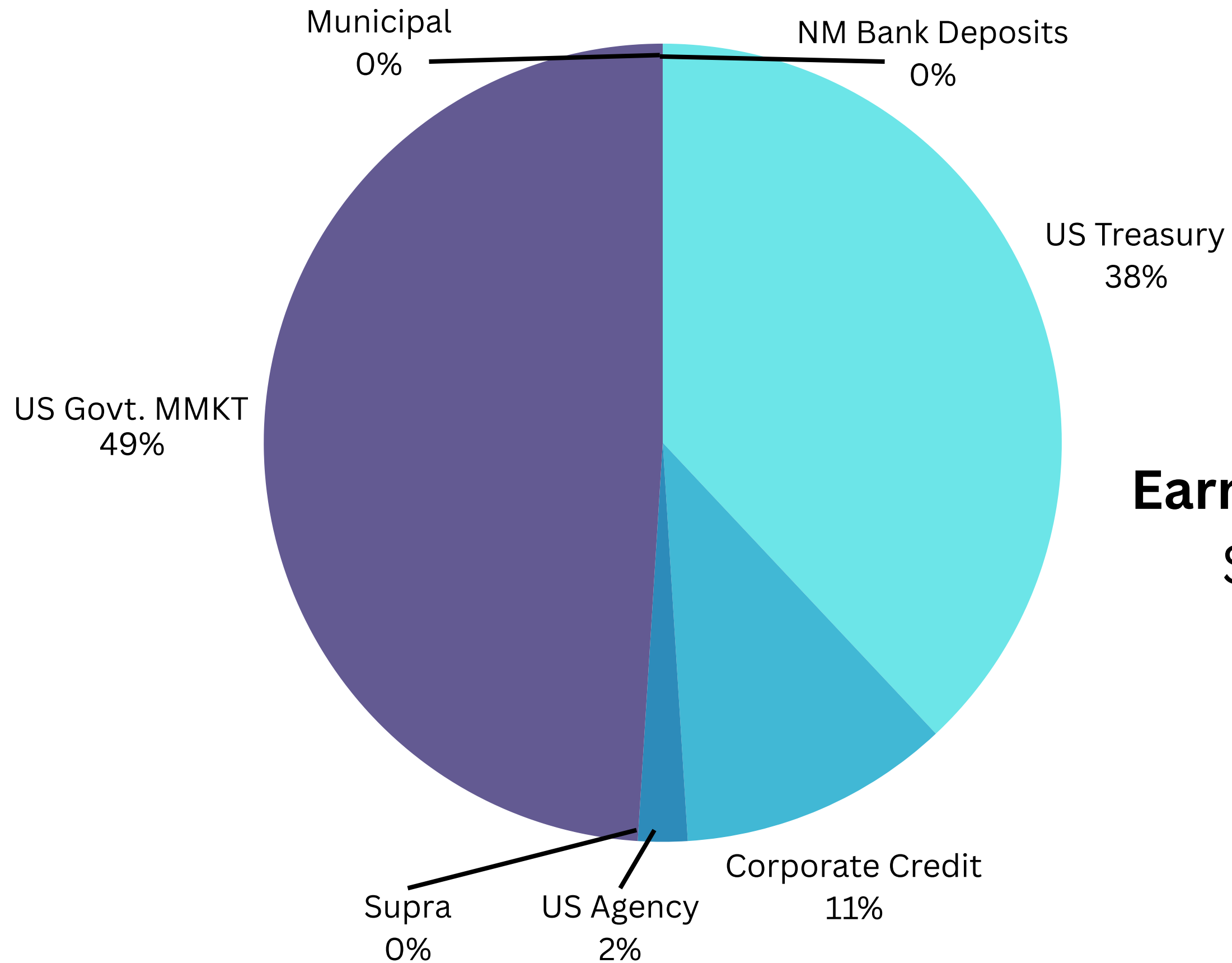


BOND PROCEEDS - TAX-EXEMPT

Date	Market Value	FY Earnings	FY Change in Unrealized Gains/Losses	FY Total
6/30/2025	\$1,557,251,452	\$47,514,990	\$6,001,242	\$53,526,233
6/30/2024	\$1,328,205,239	\$56,388,352	\$11,906,312	\$68,294,664
6/30/2023	\$1,632,798,670	\$39,944,376	\$ (2,835,380)	\$32,108,996
6/30/2022	\$1,251,800,152	\$2,756,872	\$ (12,888,207)	\$ (10,131,334)



BOND PROCEEDS - TAX-EXEMPT

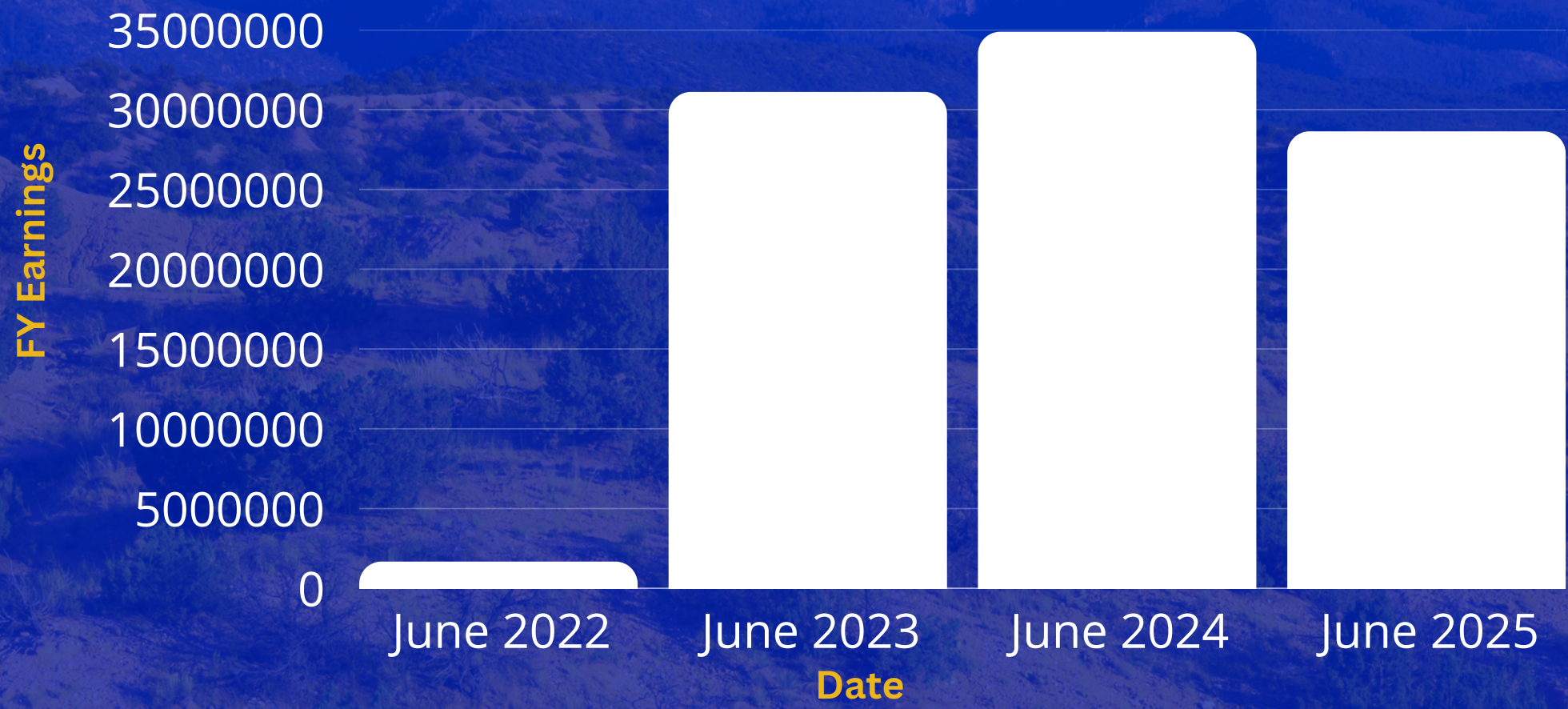


Earnings for FY 25
\$48 million

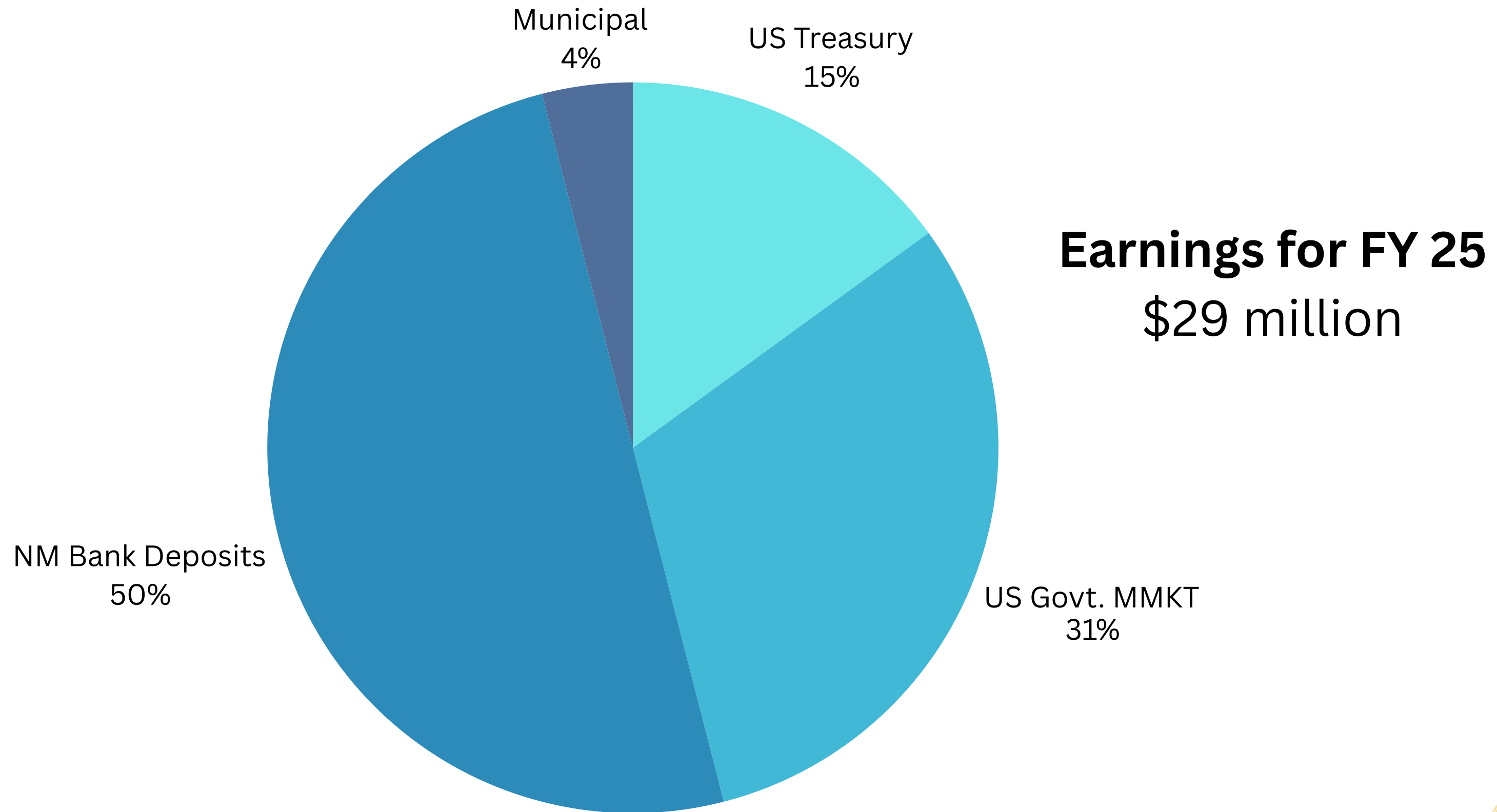


SEVERANCE TAX BONDING POOL

Date	Market Value	FY Earnings	FY Change in Unrealized Gains/Losses	FY Total
6/30/2025	\$50,304,671	\$28,636,549	\$2,541	\$28,639,091
6/30/2024	\$46,965,919	\$34,883,839	\$ (3,313)	\$34,880,527
6/30/2023	\$30,510,640	\$31,110,717	\$ (1,620)	\$31,109,097
6/30/2022	\$24,612,285	\$1,674,174	\$1,382	\$1,675,556



SEVERANCE TAX BONDING POOL



LOCAL GOVERNMENT INVESTMENT POOL - SHORT TERM

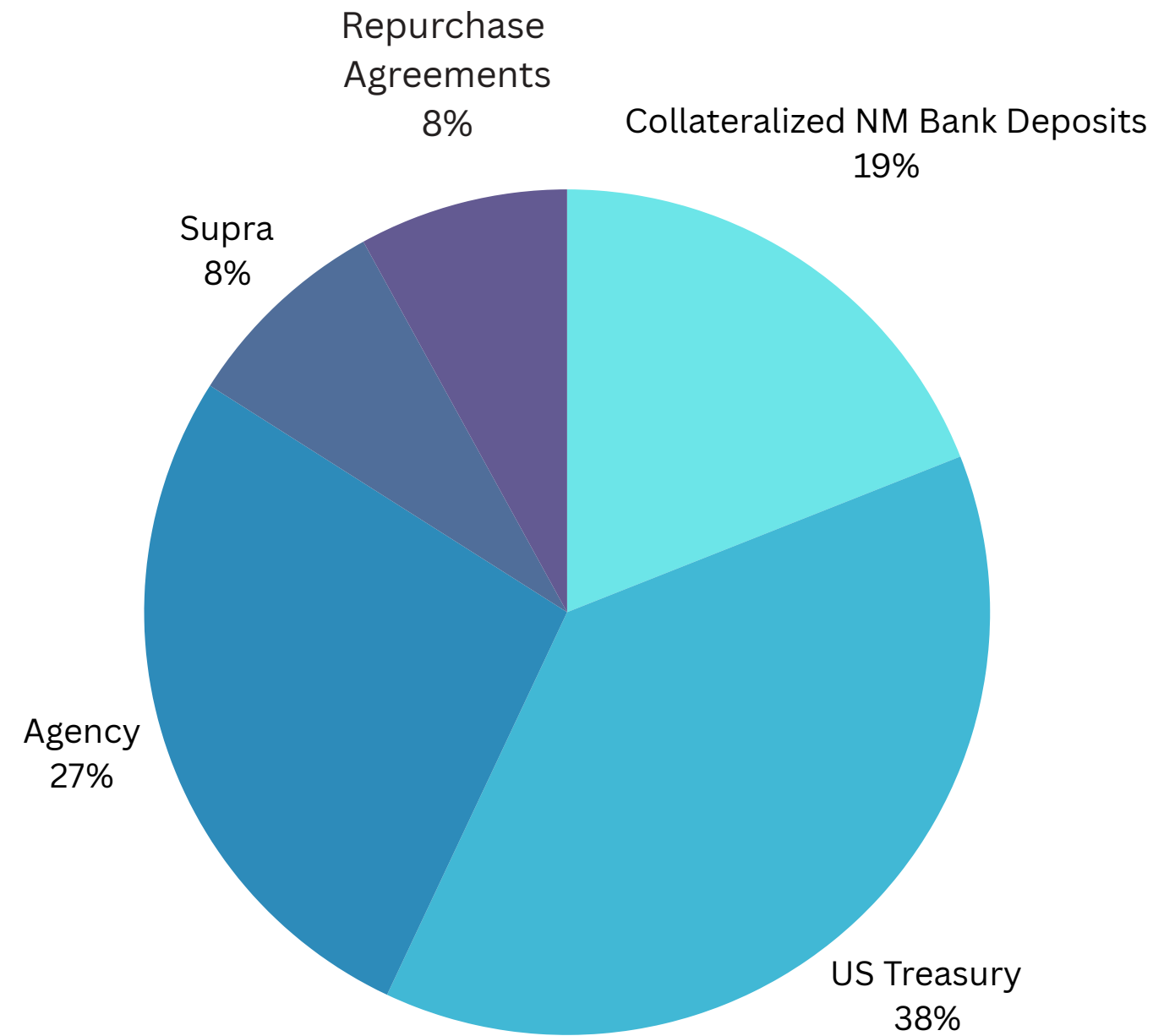
Date	Market Value	FY Earnings	Estimated 0.05% annual fee using Fiscal Year End MV
6/30/2025	\$2,274,939,551	\$94,562,790	\$1,137,470
6/30/2024	\$1,944,838,724	\$93,524,071	\$972,419
6/30/2023	\$1,610,246,603	\$52,311,785	\$805,123
6/30/2022	\$1,375,527,720	\$3,223,681	\$687,764



LOCAL GOVERNMENT INVESTMENT POOL- SHORT TERM PORTFOLIO SECTORS

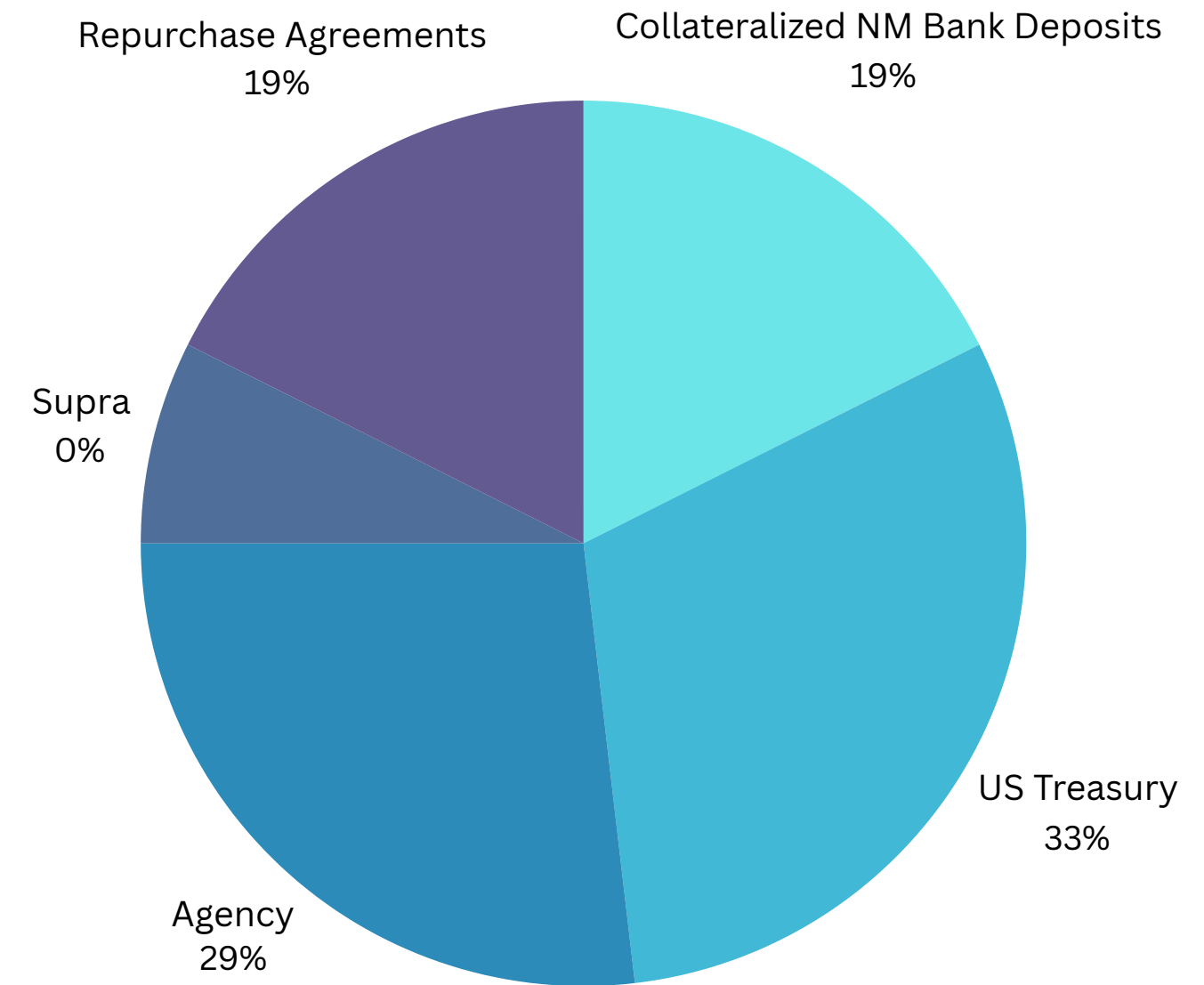
Earnings for FY 25

\$94.5 million



Earnings for FY 24

\$93.5 million



LOCAL GOVERNMENT INVESTMENT POOL - MEDIUM TERM

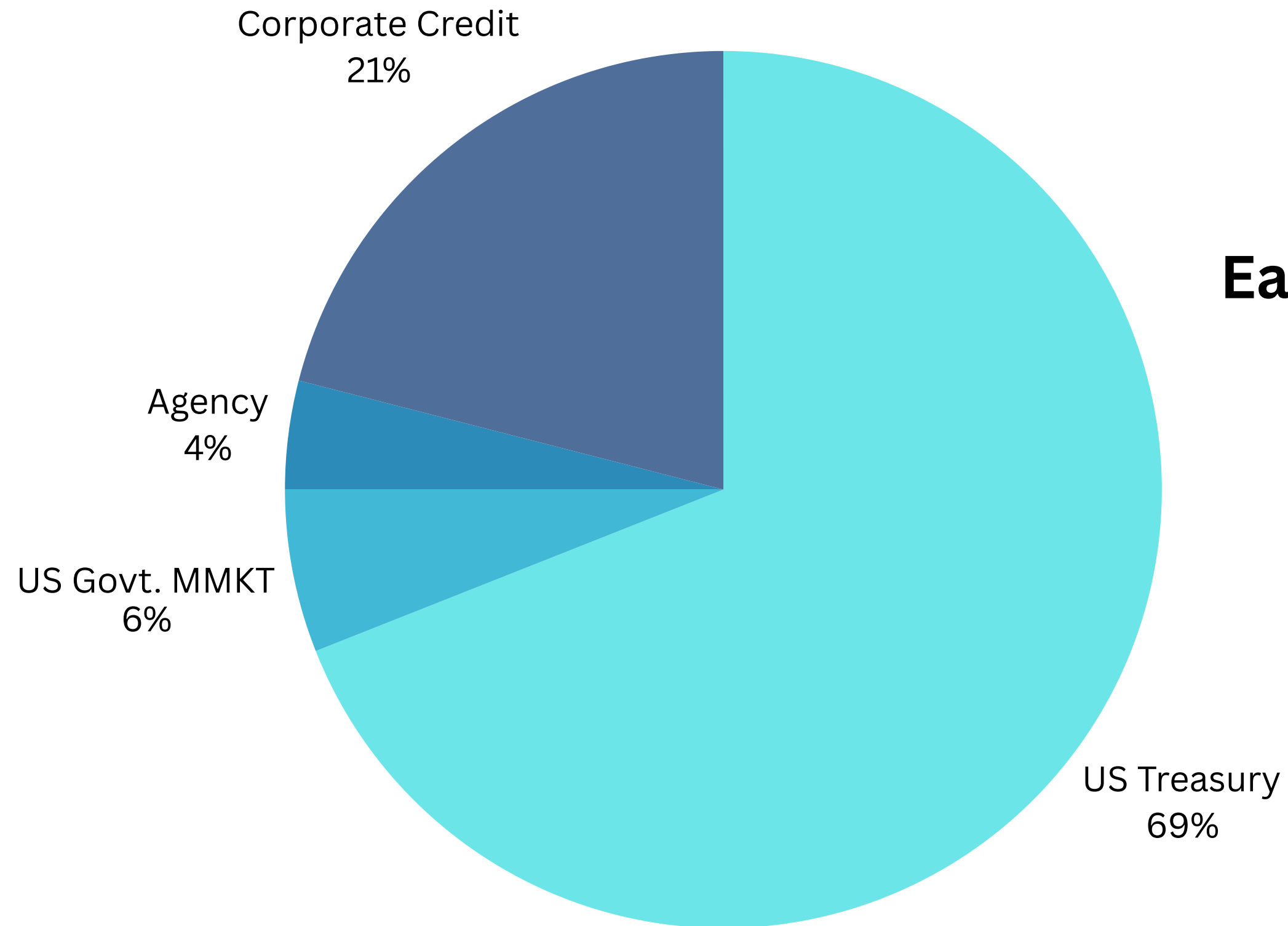
Date	Market Value	FY Earnings	FY Change in Unrealized Gains/Losses	FY Total	Estimated 0.05% annual fee using Fiscal Year End MV
6/30/2025	\$1,054,579,725	\$49,006,191	\$6,919,924	\$55,926,115	\$527,290
6/30/2024	\$752,887,673	\$6,217,702	\$421,332	\$6,639,034	\$376,444

Notes:

- (1) These figures are generated using a combination of accrued earnings, realized and unrealized gains and losses. They are unaudited and may be subject to revision.
- (2) Account balances fluctuate during the month, holdings are calculated as of month-end. Performance includes adjustments for fund flows during the month.
- (3) Holdings are reported on a "Trade Basis".
- (4) Cash Balances are month-end cash balances at Fiscal Agent Bank (Wells Fargo).
- (5) LGIP Conforms to GASB 31, as such accounting and earnings are reported to participants on an amortized basis.
- (6) Source: STO Records, Fiscal Agent Bank Statements, QED Financial Systems, JP Morgan Custody Reporting.



LOCAL GOVERNMENT INVESTMENT POOL- MEDIUM-TERM PORTFOLIO SECTORS



Earnings for FY 25
\$49 million



LGIP NEWSLETTER



The Honorable Laura M. Montoya
THE NEW MEXICO STATE TREASURER'S OFFICE
Local Government Investment Pool
NEWSLETTER
August 2025



PORTFOLIO SUMMARY

- ▶ Ending June market value for the LGIP Short Term (ST) was \$2.275 bil versus May's reported closing value of \$2.186 bil.
- ▶ The LGIP ST maintains a AAAM rating by Standard & Poor's.

PORTFOLIO MIX

- ▶ At the end of June, the portfolio was invested as follows: 33% US Treasury securities, 29% in US government agency floating rate securities, 19% in repurchase agreements, and 19% in collateralized demand deposit accounts with qualified banking institutions.
- ▶ At month-end, the LGIP ST held positions in 40 securities.

INVESTMENT EARNINGS

- ▶ During June, the fund earned \$8,074,292.
- ▶ For FY2025, the fund earned \$94,368,801.
- ▶ LGIP ST earnings are retained by participants after a management fee of 0.05% is paid to the General Fund.

PERFORMANCE

- ▶ Gross yield on the LGIP ST was 4.57% at the end of June.
- ▶ Net yield to participants was 4.32%.

INVESTMENT HIGHLIGHTS

- ▶ For the LGIP ST, the WAM(R) of 18 days and WAM (F) of 75 days were within their maximums of 60 and 120 days respectively.
- ▶ During the month, the LGIP ST purchased \$500.0 mil US Treasury securities maturing in 2 to 3 months.

INVESTMENT STRATEGY

- ▶ LGIP ST WAMs are currently 11 and 75 days for WAM(R) and WAM(F), respectively.
- ▶ LGIP ST will continue to focus on maximizing safety of principal and providing adequate liquidity through the use of prudent investments.

NET ASSET VALUE/SHARE

- ▶ At month-end, the Net Asset Value per Share of the Local Government Investment Pool was \$1.00006

MARKET WATCH

During the second quarter, the Fed left the policy interest rate unchanged, at a range of 4.25%-4.50%, a decision that was supported unanimously by the Federal Open Market Committee (FOMC). The policy stance was held at the July 30 FOMC meeting, however with two dissenting votes by members Bowman and Waller, who preferred to lower the policy range by 0.25%. It was the first time that two members voted against the committee since 1993.

During the press conference following the decision, Chair Powell emphasized that both inflation and economic uncertainty remain elevated, with the effects of tariffs still not clear. Given the lack of clarity, Powell noted that the Fed is effectively looking through the tariff effect by not raising rates. The majority of the committee views the modestly restrictive policy as appropriate, providing flexibility for the Fed to respond to any new developments in the economic or inflation outlook. Second quarter GDP came in above expectations at 3.0% on the day of the meeting, supporting the view that the current policy stance is not holding back the economy. Powell was clear that the Fed has not made any decisions regarding the September meeting. Overall, the tone of the press conference was slightly more hawkish, pushing bond yields higher.

The objectives of the Short-Term LGIP remain unchanged: safety, liquidity, and yield - in that order. Preservation of principal and providing access to liquidity, in most cases within 24 hours, are the pool's primary objectives. The pool's yield closely tracks the short-term interest rate policy set by the Federal Reserve. The pool is managed within the confines of Standard & Poor's Principal Stability Fund criteria and possesses the highest possible rating, AAAM. The recent market volatility underscores the benefits of investing in a high-quality, short-term, US Government-focused pool, since these assets are viewed as a safe haven during times of economic and financial stress.

Data	Period	Value	Next Period	Expected Value	Release Date
ISM Manufacturing Index	Jun-25	49.0	Jul-25	49.5	8/1/2025
U.S. Unemployment	Jun-25	4.10%	Jul-25	4.20%	8/1/2025
Change in Nonfarm Payrolls	Jun-25	147,000	Jul-25	104,000	8/1/2025
ISM Services Index	Jun-25	50.8	Jul-25	51.5	8/5/2025
CPI YoY	Jun-25	2.70%	Jul-25		8/12/2025
CPI MoM	Jun-25	0.30%	Jul-25		8/12/2025
CPI Ex Food and Energy YoY	Jun-25	2.90%	Jul-25	3.00%	8/12/2025
CPI Ex Food and Energy MoM	Jun-25	0.20%	Jul-25		8/12/2025
PPI YoY	Jun-25	2.30%	Jul-25		8/14/2025
PPI MoM	Jun-25	0.00%	Jul-25		8/14/2025
PCE Core Deflator YoY	Jun-25	2.80%	Jul-25		8/29/2025
PCE Core Deflator MoM	Jun-25	0.30%	Jul-25		8/29/2025
Fed Funds Target	30-Jul-25	4.25%-4.50%	17-Sep-25	4.25%-4.50%	9/17/2025
GDP QoQ	Q2 2025 (Advance)	3.00%	Q3 2025 (Advance)		10/30/2025

Data from Bloomberg as of 7/31/2025

LGIP ACCOUNT UPDATES

Recent changes to personnel overseeing your LGIP account? Other LGIP account updates? As we start the new fiscal year, now is a great time to ensure that all LGIP account paperwork, including the certification of authorized persons documentation, is current. The STO website has links to LGIP participant forms, located here: <https://nmsto.gov/local-government-investment-pool-lgip/>. Please reach out to Amanda Padilla, LGIP Coordinator, for any updates or changes to your account documents at (505) 955-1142, or NMSTO.LGIP@sto.nm.gov.

LGIP STAFF

Transaction Coordinator: Amanda Padilla
Investment Transaction Supervisor: Hannah Chavez
Portfolio Managers: Anna Murphy, CFA, and Vikki Hanges, Chief Investment Officer

Newsletters can be found at:
nmsto.gov/lgip



NM STABLE AGE ADJUSTMENT COMING JANUARY 2026



Thank you, Legislators &
Governor Lujan Grisham.

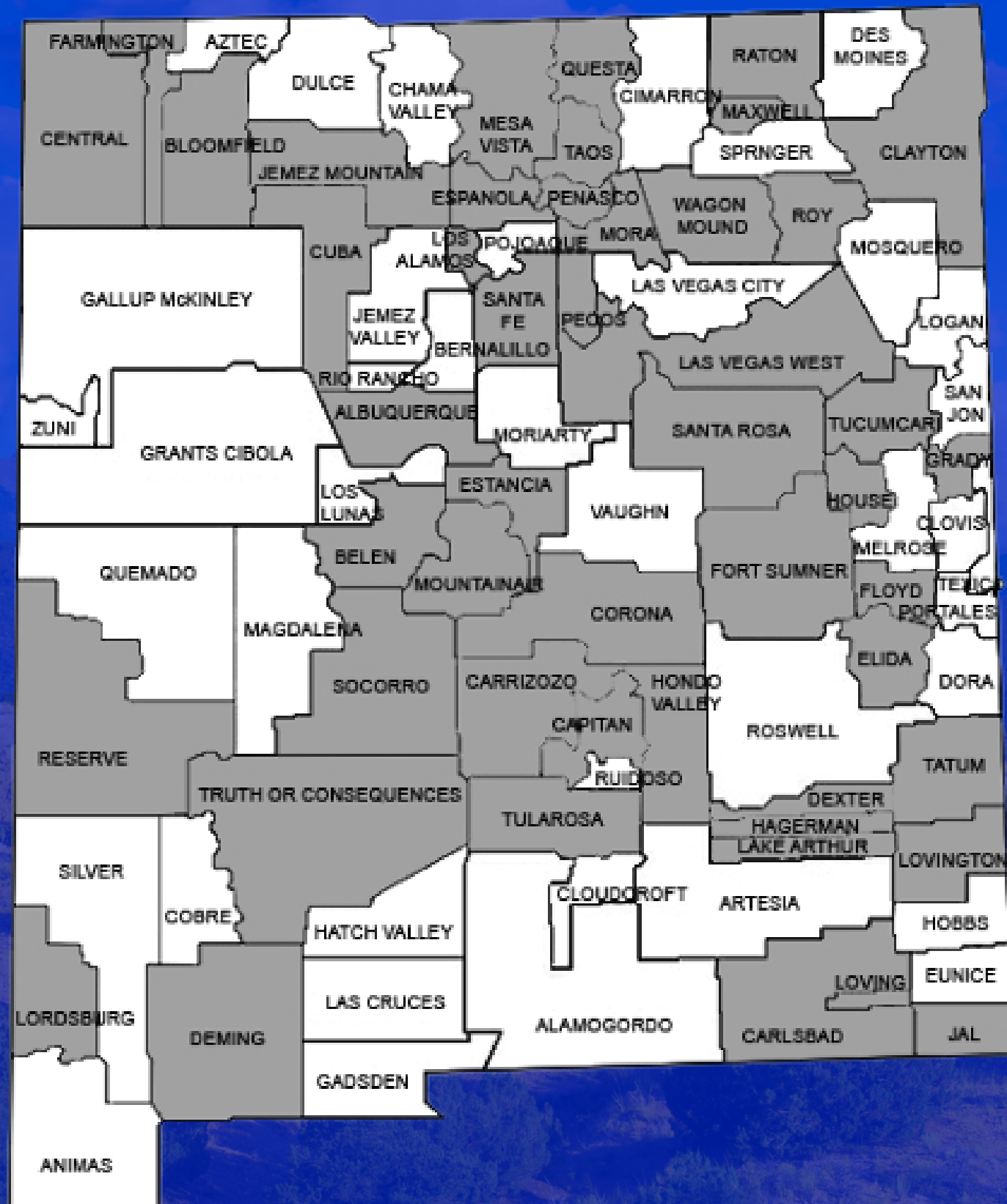
The NM STABLE Age Adjustment takes effect on January 1, 2026, which will increase the qualifying age of disability onset from 26 years old to 46 years old, expanding access to NM STABLE accounts for veterans and civilians alike.

NM STABLE Assets Under Management as of 06/30/2024	\$15,100,360.86
NM STABLE Assets Under Management as of 06/30/2025	\$20,170,971.41
Percentage Change in NM STABLE AUM	33.57%
NM STABLE Average Account Balance as of 06/30/2024	\$10,154.44
NM STABLE Average Account Balance as of 06/30/2025	\$11,754.65
Percentage Change in NM STABLE Avg. Account Balance	14.61%
NM STABLE Active Accounts as of 06/30/2024	1,487
NM STABLE Active Accounts as of 06/30/2025	1,714
Percentage Change In NM STABLE Active Accounts	15.26%
NM STABLE Total Accounts Opened as of 06/30/2024	1,860
NM STABLE Total Accounts Opened as of 06/30/2025	2,175
Percentage Change In NM STABLE Accounts	16.94%

The difference between Active Accounts and Total Accounts Opened is that Total Accounts Opened includes ALL accounts (active, closed, & inactive).



FINANCIAL FITNESS



- As of September 2025, **49 local school districts, reaching over 150,000 public school students in the state**, have made Financial Literacy a high school graduation requirement for their students.
- Thirty-seven of those districts require completion of a year-long Financial Literacy course, while 12 require at least a semester.
- Total Student Population in New Mexico: 308,913
- **Percentage of Total Student Population in these Districts: 48.58%**

■ Districts who have adopted Financial Literacy for 25-26



CONTACT

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