LEGISLATIVE FINANCE COMMITTEE
FY28 BUDGET REQUEST OVERVIEW

NEW MEXICO
STATE TREASURER'S OFFICE

NOVEMBER 19, 2026

VISION, MISSION AND CORE VALUES

VISION

Securing Today, Building Tomorrow. STO will continue delivering exceptional cash management and investment services by balancing safety, liquidity, and yield in a dynamic and secure environment while embodying transparency and innovation.

MISSION

As the state banker, we provide excellence in banking, investing, and public service with full transparency and integrity. Our work uplifts and empowers New Mexicans through programs that strengthen our families, economy, and state.

CORE VALUES

- Collaboration
- Efficient Operations
- Fiduciary Responsibility
- Financial Stewardship
- Integrity
- Service Excellence
- Transparency & Trust

STO
OVERVIEW

- **Active Investment Management**
  - **$24.4 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
- Education & Technology Notes
- General Obligation Bonds
- Paying Agent for Outstanding Bond Issues
- Collateral Management





THE BIGGER PICTURE

COORDINATION ACROSS COUNCILS, BOARDS & COMMISSIONS

SIC
$75.65B

STO
$24.4B

PERA
$19.6B

ERB
$21B

Housing NM
$2.7B

RHCA
$2.2B

RETA
$2.18M

OERB
$245K

SBIC
NMEAF
BOF
MLK

Fiduciary Obligations

$150 Billion

EDUCATION &

TECHNOLOGY NOTES

FY24

Cobre Consolidated School District
Logan Municipal Schools
Tatum Municipal School District
Bloomfield School District
Pojoaque Valley Public School District
Aztec Municipal School District
Las Vegas City School District
Belen Consolidated School District
Lovington Municipal School District
Gadsden Independent School District
Cuba Independent School District
Jal Public Schools
Carlsbad Municipal School District
Jal Public Schools
Taos County
Cuba Independent School District
Jal Public Schools
City of Albuquerque

Total: $94,714,000.00

FY25

Cobre Consolidated School District
Aztec Municipal School District
Tatum Municipal School District
Tucumcari Public Schools
Carlsbad Municipal School District
Cuba Independent School District
Gadsden Independent School District
Bloomfield Schools
Belen Consolidated School District
Central New Mexico Community College
Lovington Schools
Jal Public Schools
San Juan College
Bloomfield Schools
Santa Fe Public Schools
Carlsbad Municipal School District
Farmington Municipal School District
Las Cruces Public Schools
Bloomfield Schools
City of Albuquerque
Santa Fe Public Schools

Total: $205,300,000.00

FY26

Chama Valley Independent Schools #19
Gadsden Independent School District
Carlsbad Municipal School District
Bernalillo County
City of Albuquerque
Cobre Consolidated School District
Belen Consolidated School District
Cuba Independent School District
Aztec Schools
Lovington Municipal School District
Logan Municipal Schools
Jal Public Schools
Capitan Municipal School District No. 28

Total: $169,765,000.00

NM STABLE

- $25 Enrollment Incentive Match for new account enrollment all year long
- January 1, 2026: The qualifying age of disability onset increased from 26 to 46 years old, expanding access to NM STABLE accounts
- No more monthly fees
- Higher contribution limits

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
NM STABLE Assets Under Management as of 06/30/2026	$25,642,046.71
Percentage Change in NM STABLE AUM	**69.81%**
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
NM STABLE Average Account Balance as of 06/30/2026	$12,556.27
Percentage Change in NM STABLE Avg. Account Balance	**23.65%**
NM STABLE Active Accounts as of 06/30/2024	1,487
NM STABLE Active Accounts as of 06/30/2025	1,714
NM STABLE Active Accounts as of 06/30/2026	2,049
Percentage Change In NM STABLE Active Accounts	**37.79%**
NM STABLE Total Accounts Opened as of 06/30/2024	1,860
NM STABLE Total Accounts Opened as of 06/30/2025	2,175
NM STABLE Total Accounts Opened as of 06/30/2026	2,615
Percentage Change In NM STABLE Accounts	**40.59%**

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

nmstable.com **1-800-439-1653**

WHAT IS THE **LOCAL GOVERNMENT INVESTMENT POOL (LGIP)?**

CURRENTLY 135 PARTICIPANTS



- Safety
  - Short Portfolio Average Maturity – Maximum 60 Days
  - Treasury & Government Related Securities Only
  - 100%+ Collateralized Bank Deposits and Repurchase Agreements
  - Strong Governance – STIC, Board of Finance, Investment Advisor
- Liquidity
  - Daily Liquidity vs. “locked up” CD or Treasury Bill Alternatives
- Yield
  - Low Fees and Expenses
    - Currently 0.05% Management Fee
  - Attractive Yield vs. Privately Managed Money Market Funds
- Prime Money Market Mutual Fund Rules Don’t Apply:
  - No Floating NAV
  - No Liquidity Fee on Redemptions During Times of Stress
  - No Redemption Gates

LOCAL GOVERNMENT INVESTMENT POOL

ASSETS UNDER MANAGEMENT

- LGIP SHORT-TERM IS COMPRISED OF DEPOSITS MADE BY ELIGIBLE LOCAL GOVERNMENT ENTITIES. EARNINGS FROM THIS POOL GO BACK TO THE PARTICIPATING ENTITY.
  - CURRENTLY 135 ENTITIES COMPRISE THE ST POOL.

FY26 EARNINGS





FY26 POOL

- THE LGIP MEDIUM-TERM FUND IS COMPRISED OF ASSETS BELONGING TO THE STATE INVESTMENT COUNCIL.

LOCAL INVESTMENT PROGRAM

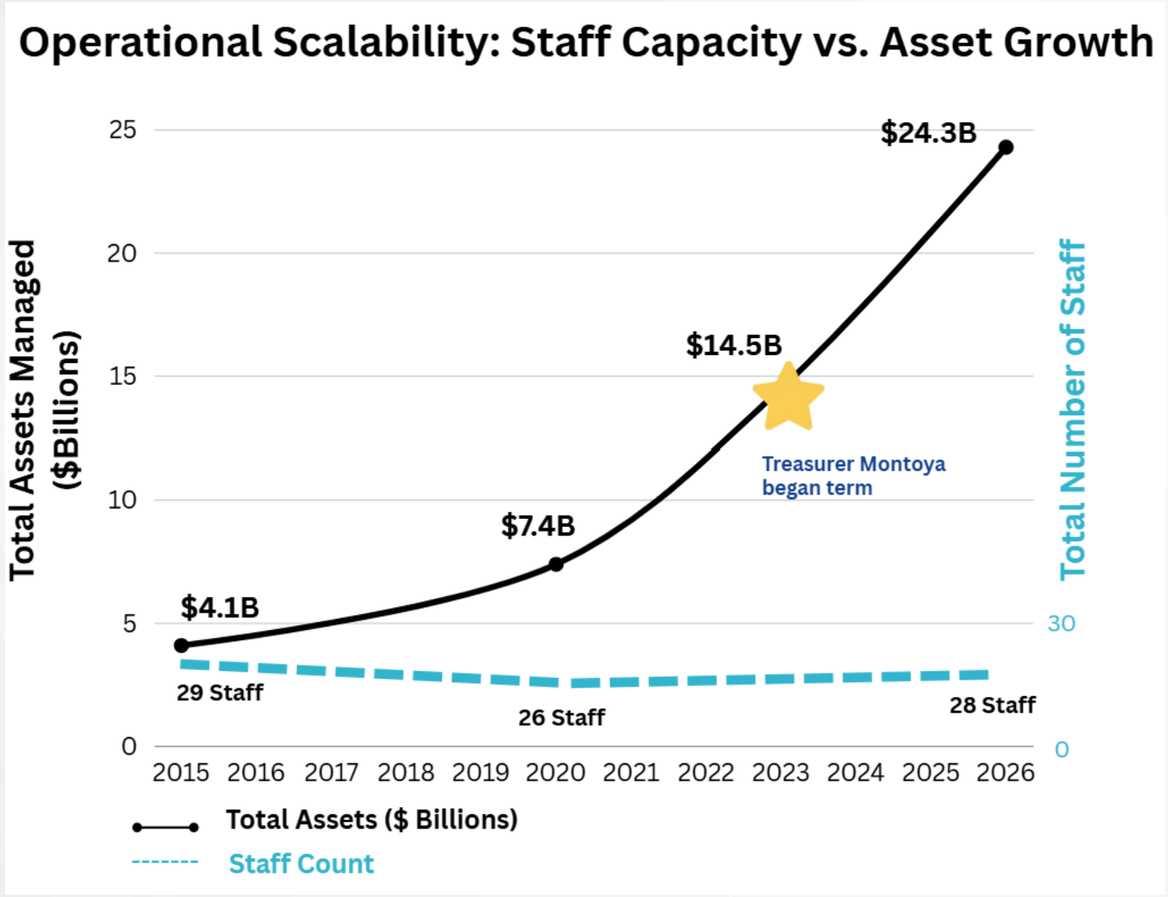
SUPPORTING COMMUNITY BANKS

- Drive economic development
- Dedicate annual investment pool
- Increase local lending capacity
- Quantify community impact



STO PERFORMANCE

DOING MORE WITH LESS



In the past ten years, Assets Under Management (AUM) at STO has increased by $20 Billion.

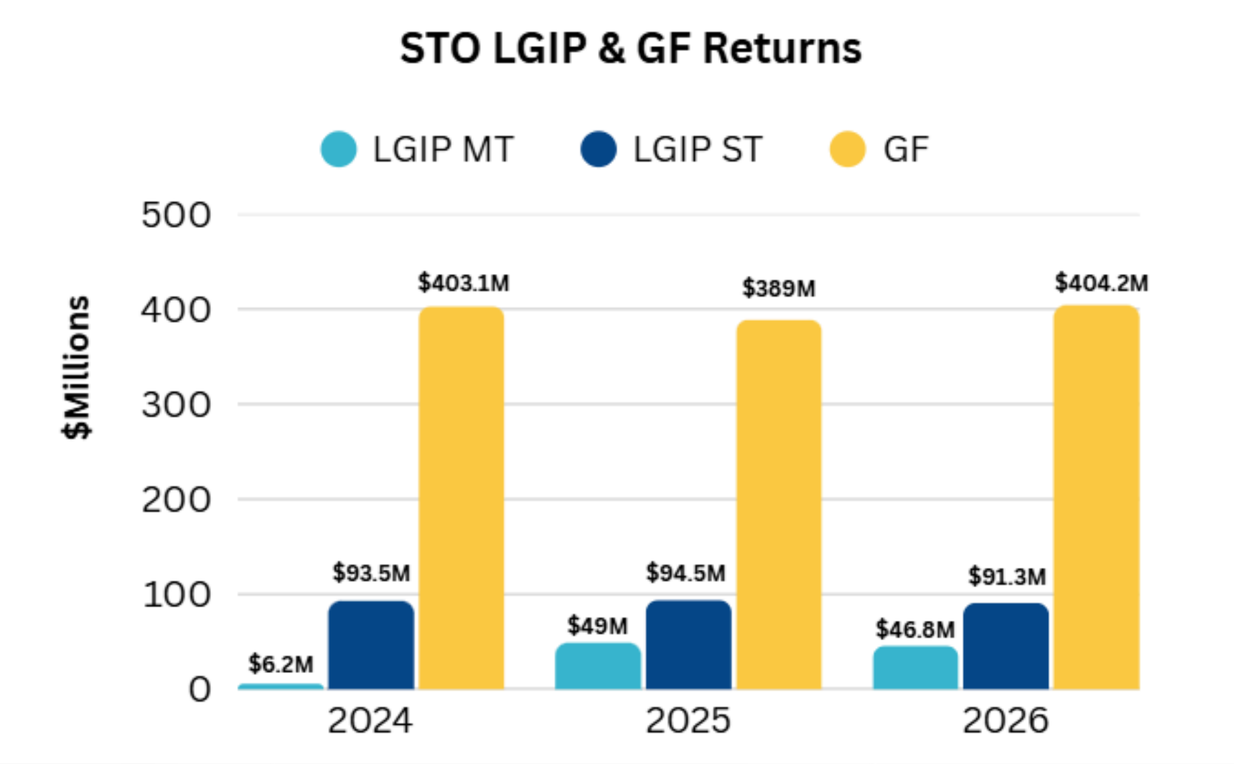
Since 2023, the start of Treasurer Montoya's term, Total AUM has increased by $10 Billion or 67%.

Despite this growth, STO has less employees today than when STO AUM was $4 Billion in 2015.

STO requires an appropriately scaled budget in order to safeguard and effectively oversee for more than $24 Billion.

STO PERFORMANCE

EARNING MORE THAN $2 MILLION PER DAY



In FY26, the State Treasurer's Office (STO) managed more than $20 billion and earned more than $744 Million across all pools.

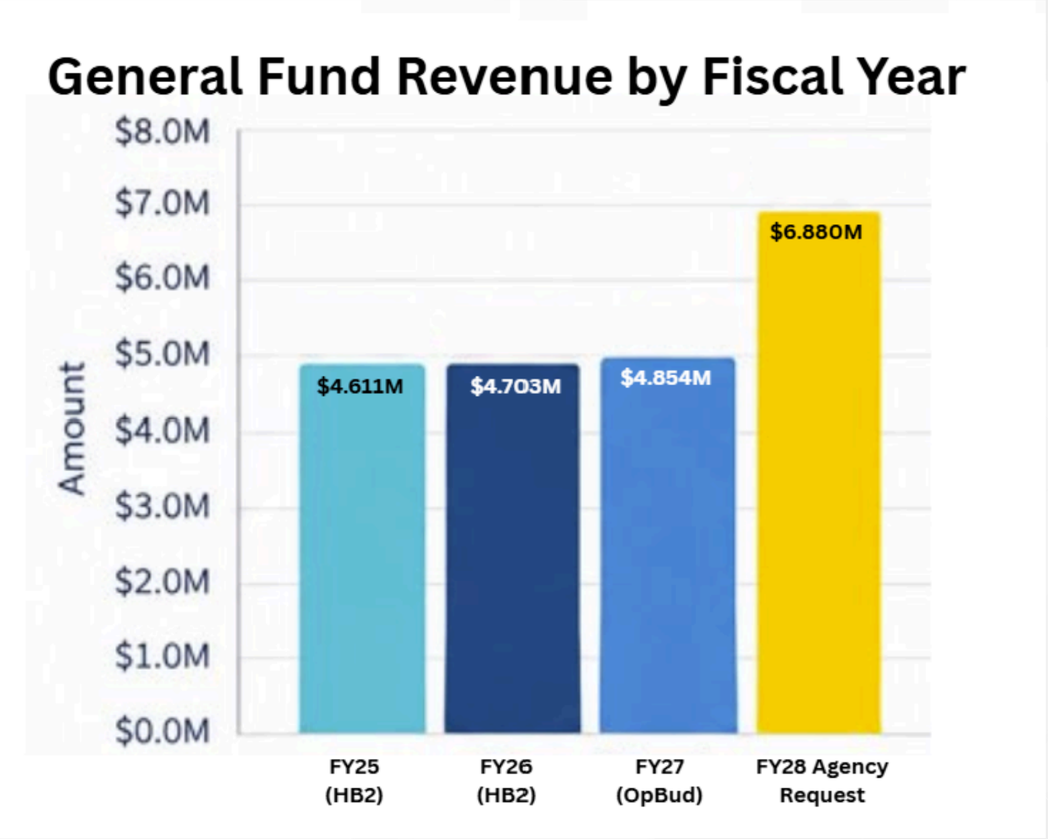
- GF pools earned more than $400 Million.
- Local entities earned more than $137 Million through the LGIP.
- The Severance Tax Bonding Fund earned $23.5 Million
- The Bond Proceeds Investment Pools earned $178 Million

STO GENERAL FUND APPROPRIATIONS

REQUESTING $2 MILLION GF INCREASE IN FY28

In FY26, the State Treasurer's Office (STO) managed more than $20 billion and earned more than $744 Million across all pools.

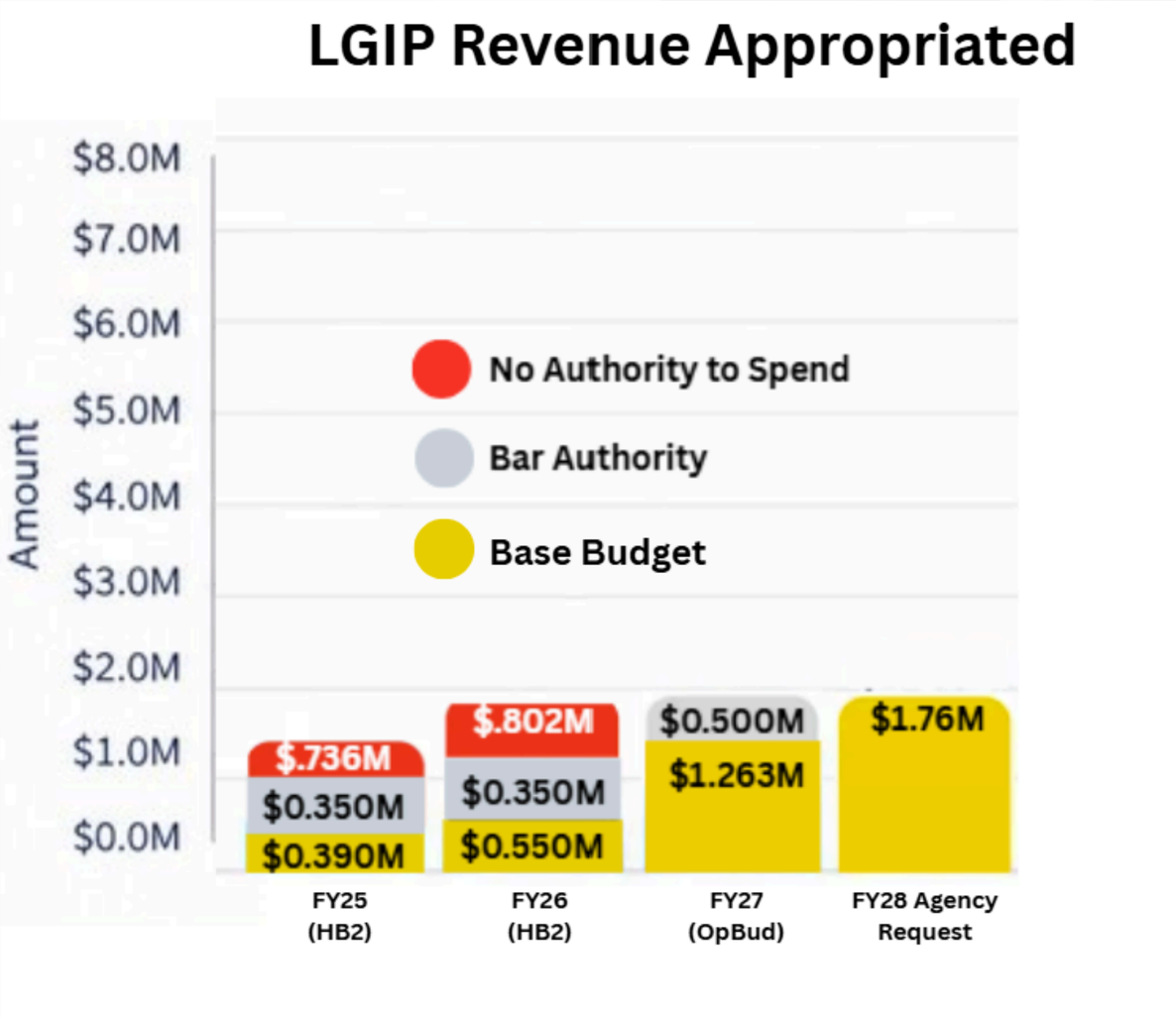
The cost to the General Fund (GF) for that responsibility and performance was $4.7 Million, which is equal to what STO earns for NM in less than two and a half days.



STO'S OTHER STATE REVENUE

REQUESTING BAR AUTHORITY FOR 100% OF LGIP FEES REVENUE

Pursuant to statute, STO collects "other revenue" for managing the Local Government Investment Pool (LGIP) program. Although we have grown the program to $3.5 Billion, 72% of the revenue is supplementing STO's base budget.



BUDGET PRIORITIES

FILLING CRITICAL VACANCIES MEETING AUDIT RECOMENDATIONS

In Fall 2025, the Treasurer and Board of Finance worked collaboratively to assess the investment activity. An external auditor was hired and a report of recommendations was generated. Included in the Best Practice Recommendations:

- Evaluate Current Staffing: Given the Office's asset value and trade volume each year we recommend that a thorough evaluation of their staffing levels be conducted to ensure they are sufficient to meet the Office's responsibilities.
    - Industry standard for portfolio managers is 1 staff for every $4B and current level is 1 staff for every $10B
- Chief Investment Officer: The Chief Investment Officer (CIO) should serve primarily as the trade reviewer and approver, to help ensure strategic oversight Of investment activities and investment policy compliance.

In June 2025, an external IT Management Audit was conducted. Findings revealed internal control vulnerabilities stemming from the Office's financial inability to hire a Chief Information Officer which would provide for adequate delegation Of responsibilities. The audit summary reported:

"In addition to overseeing the general management of the IT division, an agency CIO must be formally expected to create IT strategy, annual risk-based IT budgets, IT strategic plans, create formal IT process documentation, create an information security program that ensures IT business continuity and disaster recovery processes "

PERSONNEL PRIORITIES

- 2 PORTFOLIO MANAGERS
- CHIEF INVESTMENT OFFICER
- CHIEF OPERATIONS OFFICER (IT OVERSIGHT)
- GENERAL COUNSEL

2027 STO POLICY PRIORITIES

Policy Priority	Overview
Baby Bonds	Baby Bonds will create a $7,000 government-funded trust account which will incur interest and provide startup capital to every baby born in New Mexico. Once they reach adulthood, Baby Bond recipients will have indirect access to the accumulated funds, which will provide them with the opportunity to invest in higher education, or trade school, a down-payment on a home or reliable vehicle, capital to start a business, or retirement savings.
Financial Literacy as a HS graduation requirement	2024 Legislation failed to include a requirement that high school students take a semester-long course on financial literacy to graduate. Instead, districts are required to provide an option for students to take an elective course. STO will introduce legislation to require at least one semester of financial literacy to graduate and is contemplating the requirement be one full year.
Adding STO to procurement- exempted agencies in 13-1-98	13-1-98 NMSA articulates exemptions from the State's procurement code. Specifically, section CC exempts contracts for investment advisory services, investment management services or other investment-related services entered into by the educational retirement board, the state investment officer or the retirement board created pursuant to the Public Employees Retirement Act. STO requests it added to the list of exempted agencies.
Legal allowability for School Districts certain 501(C)(3) organizations to invest their money in LGIP.	Currently, NM school districts are not allowed to leverage LGIP as an investment strategy. 22-8-40 (H) NMSA limits investments; "temporary investments shall be made only in securities that are issued by the state or by the United States government, or by their departments or agencies, and that are either direct obligations of the state or the United States or are backed by the full faith and credit of those governments." Creating a sub-pool within LGIP to meet current statutory limitations will not yield meaningful returns.

BABY BONDS

New Mexico Baby Bonds will create a government-funded trust account which will incur interest and provide startup capital to every baby born in New Mexico **after legislation is passed.** Once they reach adulthood, Baby Bond recipients will have indirect access to the accumulated funds, which will provide them with the opportunity to:

- Invest in higher education or trade school
- Secure a down-payment on a home or reliable vehicle
- Access capital to start a business
- Build essential retirement savings



COMPARE & CONTRAST

	Baby Bonds	529/530a Accounts
Purpose	Promote a fair start, address wealth differences	Encourage early savings
Enrollment	Automatic	Voluntary
Funding/Mgmt	Public, targeted, substantial	Modest public seed + private
Risk	Shared/Pooled fund	Individual
Who Benefits	All eligible babies	Those with capacity to save, charity

Source: The New School Institute on Race, Power and Political Economy



Office of the New Mexico State Treasurer

Laura M. Montoya

PO Box 5135
Santa Fe, New Mexico 87502-5135
(505) 955-1120

nmsto.gov