LFC Meeting Minutes
July 21-23, 2026
Red River, NM

Tuesday, July 21 *(click here for webcast)*
The following members and designees were present on Tuesday, July 21, 2026: Chairman Nathan P. Small; Vice Chairman George K. Muñoz; Representatives Merdith A. Dixon, Jack Chatfield, Derrick J. Lente, Kristina Ortez, Harlan Vincent, and Rebecca Dow; and Senators Benny Shendo Jr., Roberto "Bobby" J. Gonzales, Pat Woods, Nicole Tobiassen, Linda M. Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Charlotte Little, Randall T. Pettigrew, Joseph Franklin Hernandez, and Tara L. Lujan.

Welcoming Remarks *(8:46 AM, click here for meeting materials)*. Town of Red River Mayor Linda Calhoun highlighted the community's infrastructure investments, including improvements to water, wastewater, streets, transit, and public safety facilities made possible through state partnerships. Mayor Calhoun identified workforce housing as Red River's primary long-term challenge and outlined recent efforts to expand housing for local employees through new rental units, workforce townhomes, and future development. Mayor Calhoun emphasized the need for continued state support to help maintain a stable, year-round workforce and community.

Taos Pueblo War Chief Curtis Sandoval Sr. emphasized the importance of state investments that respect tribal sovereignty and support education, behavioral health, natural resource protection, and long-term community well-being. Mr. Sandoval highlighted priorities, including implementation of the tribal remedy framework, expansion of culturally grounded early childhood education, reopening the Butterfly Healing Center to increase behavioral health services, and providing sustained funding for tribal wildfire prevention and watershed protection. Mr. Sandoval urged continued tribal consultation in state policymaking and budgeting to ensure investments reflect tribal priorities and strengthen Native communities.

Impact of Increased Educational-Attainment Metrics to Monitor for Income Growth *(9:36 AM, click here for meeting materials)*. LFC Director Charles Sallee presented an LFC dashboard designed to measure the state's long-term economic progress through three key indicators: educational attainment, earned income, and labor force participation. The dashboard compares New Mexico with national benchmarks and peer states, showing the state continues to lag in high school and college completion, wages, labor force participation, and the share of workers employed in high-wage industries. Mr. Sallee emphasized that higher educational attainment is closely tied to increased earnings and stronger workforce participation, while New Mexico's industry mix and lower labor force participation contribute to slower income growth and greater reliance on government transfer payments. The dashboard is intended to help policymakers identify measurable outcomes and prioritize strategic investments in education, workforce development, and high-wage industries to strengthen long-term economic growth and improve prosperity for New Mexicans.

Higher Education Funding Formula *(11:27 AM, click here for meeting materials)*. LFC Fiscal Analyst Connor Jorgensen and LFC Intern Lily Earnest presented the higher education funding formula, a performance-based, "base-plus" model that allocates new funding based on institutional outcomes while protecting existing base appropriations. Recent formula changes have increased the emphasis on performance, streamlined funding measures, and shifted funding toward student credit hours and workforce-related outcomes. The presenters explained funding is distributed through institutional performance, standard allocation, and mission-specific measures, with institutions receiving increases based on performance rather than across-the-board allocations. It was also noted that although New Mexico ranks among the nation's highest in higher education funding per student, degree completion remains low, suggesting the formula may benefit from updated performance measures and a comprehensive review to better align funding with student success and workforce needs.

Government and Results Opportunity Pilot Projects *(1:20 PM, click here for meeting materials)*. LFC Program Evaluator Sarah Dinces, Ph.D., and Department of Finance and Administration Mobile Budget Advisor Cecilia Mavrommatis provided an update on the Government Results and Opportunity (GRO) Program, which uses pilot projects and rigorous evaluations to determine whether initiatives should receive recurring funding. Staff reviewed the status of GRO appropriations, implementation timelines, and evaluation requirements established in statute, emphasizing that funding decisions will be based on measurable outcomes, research quality, and evidence of program effectiveness. It also highlighted selected 2024 pilot appropriations in the Workforce Solutions Department, Higher Education Department, Children, Youth and Families Department, and Public Education Department, noting agency expenditures and implementation progress. Looking ahead, LFC and the Department of Finance and Administration plan to review final evaluation reports, refine agency evaluation guidance, and develop a standardized scorecard to help inform future budget recommendations and determine whether pilot programs should receive ongoing funding based on demonstrated results.

Higher Education Department 2024: Government Results and Opportunity Pilot Projects *(1:36 PM, click here for meeting materials)*. Higher Education Secretary Stephanie Rodriguez reported that the department's $60 million Government Results and Opportunity (GRO) appropriation supports noncredit workforce training, internships, and apprenticeships at New Mexico's community colleges, branch campuses, and comprehensive universities. She said funding distributions have become more performance-based by reallocating funds from institutions that underspend to those demonstrating greater demand and capacity. Seretary Rodriguez reported the program served more than 6,200 students across 224 programs in FY25 and had a 94 percent completion rate, primarily serving adult and mid-career learners in transportation, business, healthcare, construction, information technology, and other high-demand fields. She also highlighted expanded reporting requirements, including wage matching with the Workforce Solutions Department and enhanced program-level data collection, to better measure employment outcomes and inform future funding decisions.

San Juan College Vice President Ana Greife highlighted how GRO funding has expanded noncredit workforce training to address critical labor shortages in San Juan County. Vice President Greife said the college has partnered with local employers to develop training programs in high-demand fields, including welding, commercial truck driving, medical assisting, heavy equipment operation, and project management, while emphasizing that the county's aging workforce makes upskilling adult learners essential to future economic growth. Vice President Greife reported that the program has trained 239 participants over two years, with the average participant age of 37 aligning with local workforce needs and early outcomes showing an average 16.5 percent wage increase for participants. She also emphasized ongoing efforts to standardize outcome reporting across New Mexico's independent community colleges to better measure program effectiveness and support future funding decisions.

Eastern New Mexico University President James Johnston highlighted Eastern New Mexico University's use of Government Results and Opportunity (GRO) funding to expand paid internships and workforce development opportunities that connect students with New Mexico employers in high-demand fields. ENMU reported providing 441 paid internships to 348 students during FY25 and FY26, with a 96.8 percent internship completion rate, 80.1 percent employment among graduates, and nearly 70 percent of employed graduates remaining in New Mexico. President Jonston emphasized that GRO funding supports workforce shortages in healthcare, behavioral health, education, public safety, skilled trades, and other regional industries while reducing financial barriers for students and strengthening employer talent pipelines. ENMU plans to expand paid internships, continue focusing on high-demand workforce fields, and enhance outcome tracking to measure graduation, employment, and graduate retention in New Mexico.

Workforce Solution Department: 2024 Government Results and Opportunity Pilot Projects ***(2:40 PM click here for meeting materials)*** Workforce Solutions Department Secretary Sarita Nair reported that Government Results and Opportunity pilot projects are expanding workforce development opportunities through youth pre-apprenticeships and skilled trades career exploration but continue to face challenges evaluating long-term outcomes. The Be Pro Be Proud initiative uses a mobile virtual reality career exploration program to promote skilled trades, reaching more than 13,600 participants in FY25 and FY26 and connecting 71 individuals directly to pre-apprenticeship programs. The agency, however, does not currently track participants' education or employment outcomes or whether the program reaches disconnected youth as originally intended. The Pre-Apprenticeship Opportunity Program served 689 participants across 260 employers in 28 counties, providing up to 400 hours of paid work experience in high-demand industries, including healthcare, construction, and education. Preliminary outcomes show 20 participants entered registered apprenticeships, 347 had reported wages in the first quarter of 2026, and 159 obtained employments in the same industry as their pre-apprenticeship. Secretary Nair reported it is working to improve data matching and outcome tracking, but it was noted additional participants, and employment data are needed to evaluate program effectiveness and determine whether the initiatives are achieving their intended goals.

Overview on Housing Strategies in New Mexico ***(3:16 PM, click here for meeting materials)*** Thornburg Foundation Housing Policy Officer Natalie Florence highlighted New Mexico's housing shortage and the role of regulatory barriers in limiting housing production and affordability. New Mexico ranks 33rd nationally in housing permits per capita and has added housing more slowly than the nation since 2016, while median home prices increased from $177 thousand in 2016 to more than $320 thousand in 2026 and housing inventory fell 30 percent from 2018 levels. From 2017 to 2023, the state's homelessness rate increased to 87 percent, more than twice the national rate. Ms. Florence noted the state's housing production remains heavily concentrated in single-family homes despite greater need for multifamily and affordable housing, while manufactured home shipments have declined substantially. Pew Charitable Trusts research indicates zoning restrictions, permitting delays, minimum lot sizes, parking requirements, and inefficient inspections can increase housing costs and delay development, particularly in rural areas. Presenters recommended considering regulatory changes, including streamlined and thirdparty inspections, by-right development near commercial corridors and transit, reduced parking requirements, and preapproved building plans, citing evidence that increased housing supply is associated with slower rent growth, lower home prices, and lower rates of homelessness. The foundation plans to provide additional research on workforce and transitional housing and pathways to permanent housing at future committee meetings.

Alex Horrowitz with Pew Charitable Trusts reported New Mexico's housing shortage has contributed to rapidly rising housing costs, increased homelessness, and reduced access to homeownership, particularly for low- and moderate-income households. About half of New Mexico renters spend at least 30 percent of their income on rent, while 27 percent spend more than half, and the state's median home price is approximately five times median income. New Mexico rents increased 58 percent over the past eight years, compared with 23 percent nationally, as housing production remained below demand. Mr. Horowitz cited Austin, Minneapolis, and Houston as examples of communities where zoning, permitting, and parking reforms increased housing production and moderated rents, including for lower-cost housing. Mr. Horrowitz emphasized housing markets are regional and noted states increasingly are adopting policies to allow accessory dwelling units, apartments near commercial corridors and transit, reduced parking requirements, building code changes, and streamlined permitting. New Mexico has adopted fewer of these reforms than neighboring Western states and has added housing at just over half the national rate, while homelessness increased 87 percent compared with 40 percent nationally. Pew identified by-right apartments along commercial corridors and near transit, preapproved building plans, office-to-residential conversions, and manufactured housing as options to expand housing supply and improve affordability.

Update on Property Insurance in New Mexico ***(5:03 PM, click here for meeting materials)***
Superintendent of Insurance Alice Kane reported New Mexico's property insurance market has experienced significant premium and rate growth since the pandemic, driven primarily by higher construction costs and increased catastrophic losses, although rate increases have moderated in 2025 and 2026. The state's largest national carriers continue to operate in New Mexico, with the top 10 insurers accounting for 87 percent of the market, although some carriers have reduced exposure in wildfire-prone areas. Non-renewals remain a concern, reaching a record level in 2025 and increasing most significantly in areas with wildfire risk. Superintendent Kane reported that insurers increasingly are offering discounts or reconsidering non-renewals for homeowners who meet Insurance Institute for Business and Home Safety (IBHS) mitigation standards, including defensible space, protected vents, and Class A roofs. Use of the New Mexico Fair Plan also is increasing in wildfire-affected counties following an increase in coverage limits, with 577 policies written at the higher limits, primarily in Lincoln and Otero counties. Ms. Kane stated the Office of Superintendent of Insurance (OSI) is using a $10 million appropriation to support Fair Plan mitigation efforts and reported growing participation in IBHS certification outside the program. OSI also is considering legislation to require prior approval of homeowners and private passenger automobile insurance rate filings, which currently operate under a file-and-use system, to provide greater oversight of future rate increases.

The Department of Homeland Security and Emergency Management (DHSEM) highlighted disaster case management and housing recovery programs designed to help residents navigate state and federal assistance following recent fires and floods. Disaster case managers provide centralized assistance with applications, housing, debris removal, sheltering, and other recovery needs and have served more than 7,600 families statewide. Case management efforts helped residents access approximately $1.9 billion related to the Hermit's Peak/Calf Canyon Fire, $20.7 million following the South Fork and Salt fires, and $11.8 million following Chaves County flooding. Tracking unmet needs also supported the state's successful application for $137 million in federal Community Development Block Grant Disaster Recovery funding, which will help repair, rehabilitate, or rebuild homes for uninsured and underinsured households and incorporate measures to reduce future fire and flood risks. DHSEM also is establishing building resiliency centers to provide centralized access to recovery programs, permitting assistance, mitigation resources, and contractor training. In addition, a $100 million home recovery program is available to eligible households affected by disasters in Lincoln and Chaves counties, with 889 households expressing interest to date. DHSEM noted federal disaster programs are temporary and emphasized the need to maintain state capacity to assist residents with long-term recovery after federal assistance ends.

Wednesday, July 22 *(click here for webcast)*
The following members and designees were present on Wednesday July 22, 2026: Chairman Nathan P. Small; Vice Chairman George K. Muñoz; Representatives Merdith A. Dixon, Jack Chatfield, Derrick J. Lente, Kristina Ortez, Harlan Vincent, Rebecca Dow and Susan Herrera; and Senators Benny Shendo Jr., Roberto "Bobby" J. Gonzales, Pat Woods, Nicole Tobiassen, Linda M. Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Charlotte Little, Randall T. Pettigrew, Joseph Franklin Hernandez, Tara L. Lujan, David M. Gallegos, and Rex Wilson. LHHS Legislators: Representative: Elizabeth "Liz" Thompson, Linda M. Lopez, Kathleen Cates, Jenifer Jones, Marianna Anaya, Eleanor Chavez; Senator: Shannon D. Pinto;

Overview of New Mexico's Healthcare System *(8:40 AM, click here for meeting materials)*. LFC Fiscal Analyst Allegra Hernandez, Ph.D., reported healthcare costs continue to increase across New Mexico, with healthcare costs rising about 6 percent annually and average health coverage charges increasing 36 percent in 2026. The state's healthcare system is fragmented among federal, state, and employer-sponsored programs, limiting the state's ability to control costs and coordinate benefits. Previous LFC reports found the state has not fully leveraged the purchasing power of public employee health plans or implemented comprehensive quality improvement strategies to contain costs. State Health Benefits has improved its financial position through a 20 percent premium increase, $37.5 million in hospital reference-based pricing savings, and $10.4 million from an improved pharmacy benefit manager contract; however, the state now pays 80 percent of employee premiums, which may encourage enrollment in higher-cost plans. Similar concerns could emerge for public school employees as the state implements an 80 percent employer contribution and Albuquerque Public Schools joins the New Mexico Public Schools Insurance Authority. HB47 also requires a study of potentially combining NPSIA and State Health Benefits, providing an opportunity to evaluate greater coordination, purchasing power, and cost containment across public employee health plans.

Cost Drivers in Healthcare and Medicaid Oversight (9:23 AM, *click here for meeting materials*). LFC Fiscal Analyst Eric Chenier reported rising healthcare costs in New Mexico are being driven primarily by higher costs per enrollee rather than enrollment growth. Medicaid enrollment declined more than 20 percent from its FY23 peak, while spending more than doubled, with the approximately $6.2 billion increase in spending between FY17 and FY26 attributable largely to higher per-member costs. Major cost drivers include higher hospital rates, pharmaceutical spending, provider wages, long-term care, behavioral health demand, and a higher-acuity population, including approximately $1.6 billion in increased Medicaid hospital payments through the Healthcare Delivery and Access Act. Medicaid covers about 830 thousand New Mexicans, while commercial premiums also have increased substantially and pharmaceutical costs account for a growing share of healthcare spending. Mr. Chenier also raised concerns regarding Medicaid managed care oversight, noting managed care organizations are required to meet a 90 percent medical loss ratio, but taxes and assessments are excluded from the calculation, resulting in about $6.5 billion of $7.8 billion in managed care spending going toward medical claims. Current risk-sharing arrangements also place a greater share of significant losses on the state, while meeting spending requirements does not necessarily demonstrate improved access or health outcomes. Mr. Chenier recommended greater attention to whether increased Medicaid spending is producing measurable improvements in care and outcomes.

Health Care Authority (HCA) Secretary Kari Armijo reported that Medicaid enrollment declined from more than 1 million members to about 819 thousand, or 38.6 percent of the state's population, while per-member spending continues to increase. Secretary Armijo attributed rising costs to increased utilization, higher member acuity, medical inflation, expanded benefits, and provider rate increases, which also contributed to growth in providers and services delivered. Turquoise Care uses fixed per-member payments to manage care organizations (MCOs), with financial and performance safeguards, including a 90 percent medical loss ratio, risk corridors, and performance measures. HCA continues to monitor provider networks and payment compliance, while Presbyterian remains under a corrective action plan for services to children in state custody. HCA projects federal H.R.1 changes will increase coverage instability and uncompensated care, including an estimated 89 thousand New Mexicans losing Medicaid due to new work requirements and approximately $6 billion in reduced hospital reimbursements beginning in 2028. Secretary Armijo noted New Mexico was the only state to increase marketplace enrollment following the expiration of enhanced federal premium tax credits.

Superintendent Kane reported rising medical and prescription drug costs, increased outpatient and behavioral health utilization, higher-acuity members, and adverse claims experience continue to increase health insurance premiums in New Mexico. Medical costs are growing faster than overall inflation, while prescription drugs account for 17 percent to 22 percent of claims costs, with brand-name and biologic drugs accounting for most drug spending. New Mexico replaced expiring federal marketplace subsidies with state funding, helping increase marketplace enrollment by nearly 15 percent and making New Mexico the only state to increase enrollment; however, small- and large-group enrollment continues to decline. Superintendent Kane reported several major insurers are experiencing losses in the commercial market, raising concerns about carrier solvency and market stability. She emphasized its role is to ensure premiums are actuarially sound while balancing affordability and consumer protections with insurer solvency as healthcare costs continue to rise.

Coordinating Investments in Rural Economic Development and Quality of Life ***(1:36 PM, click here for meeting materials).*** Economic Development (EDD) Deputy Secretary Isaac Romero highlighted the agency's economic development programs and investments supporting job creation, rural communities, outdoor recreation, food systems, downtown revitalization, creative industries, and film. The Job Training Incentive Program supported 575 jobs at 70 companies, with an average wage of $27.60 per hour, while the Local Economic Development Act continued to support business expansion and job creation statewide. EDD's site readiness initiative has characterized 67 sites and designated 27 strategic sites, primarily in rural areas, with more than $60 million in funding requests under evaluation. Outdoor recreation programs leveraged $13.5 million in matching funds to generate $20.5 million in public investment, with 61 percent of projects benefiting rural and tribal communities, while food and agriculture programs funded 67 projects statewide. Deputy Secretary Romero also reported continued investment through MainStreet and creative industries programs, while the film industry generated an estimated $531 million in economic impact and $327 million in production spending in FY26.

Department of Administration and Finance (DFA) Deputy Director of Local Government Division Haille Brown reported the regional recreation center and quality of life grant program has awarded $142.5 million for 128 projects since FY22. The program provides competitive grants to local governments, tribal governments, and special districts for projects including community centers, parks, sports facilities, gathering spaces, accessibility improvements, and other recreational infrastructure. DFA evaluates projects based on recreational and economic impact, benefits to underserved communities, project readiness, fiscal compliance, public access, and availability of funding for long-term operations and maintenance. The program also seeks to complement, rather than duplicate, other state and federal funding and can help complete projects supported by capital outlay or federal grants. Parks and fairground improvements account for the largest share of funded projects, followed by sports facilities and community centers, reflecting strong demand for basic outdoor recreation and community gathering spaces.

Department of Tourism Deputy Secretary Shanna Sasser highlighted grant programs and interagency partnerships supporting tourism and economic development, particularly in rural and tribal communities. In FY26, the New Mexico True Cooperative Marketing Program awarded $3.8 million to 45 entities, while the Tourism Event Growth and Sustainability Program awarded $552 thousand to 44 events statewide. Deputy Secretary Sasser also identified opportunities to coordinate its Destination Forward program with DFA and EDD funding to expand recreational infrastructure and leverage state investments. For FY27, the clean and beautiful program awarded funding to a record 76 applicants, including $600 thousand for cleanup activities and $234 thousand for youth programs, with increased participation from tribal communities. Deputy Secretary Sasser emphasized continued collaboration with other state agencies through tourism marketing, outdoor recreation, the Rio Grande Trail, and the Marketing Center of Excellence and recommended greater coordination through regional economic development summits and pre-session legislative hearings to identify and address rural community needs.

Energy, Minerals and Natural Resources State Parks Director Toby Velasquez highlighted the state park system's role in supporting rural economic development, recreation, and quality of life. The system includes 35 parks in 23 counties and has received approximately $200 million in capital investment over the past five years to improve facilities and maintain visitation. State Parks also expanded access through free lifetime passes for approximately 12 thousand New Mexico veterans, free day use from October through April, and free camping and day-use passes for about 1,100 foster families. The division is leveraging federal land and water conservation fund dollars and the New Mexico match fund to support local recreational infrastructure and continues to partner with the Tourism Department, Outdoor Recreation Division, Economic Development Department, and other entities on marketing, trails, and rural economic development initiatives. Director Velasquez emphasized continued capital investment and interagency partnerships as important to maintaining state parks as economic and recreational assets for rural communities.

Policy Spotlight: Industrial Revenue Bonds (3:42 *PM, click here for meeting materials*) LFC Program Evaluator Drew Weaver and LFC Program Evaluator Michael Hess reported industrial revenue bonds (IRBs) have evolved from traditional financing tools into significant economic development incentives that allow local governments to provide private projects with property tax abatements and gross receipts tax exemptions in exchange for anticipated economic benefits. Since 2000, LFC identified approximately 210 IRBs issued by 22 counties and 11 municipalities totaling more than $265 billion, with issuance activity increasing substantially since 2018 as local governments approved larger renewable energy, manufacturing, storage, and data center projects. LFC estimated IRBs have resulted in up to $5.3 billion in forgone state and local revenue since 2000, including approximately $2.6 billion in state revenue and $2.7 billion in local revenue, with future costs expected to increase as recently approved large-scale projects come online. School districts also have foregone an estimated $784 million in property tax revenue, while payments in lieu of taxes offset only a portion of these losses and vary considerably by project and location. Despite the significant fiscal impact, New Mexico lacks comprehensive statewide reporting and consistent standards for tracking IRB tax benefits, job creation, capital investment, and other economic outcomes. LFC staff emphasized stronger reporting, transparency, and evaluation would allow policymakers to determine whether IRBs generate sufficient public benefits to justify forgone revenue and whether the current incentive structure remains in the state's interest.

Children, Youth and Families Department: 2024 Government Results and Opportunity Pilot Projects *(4:25 PM, click here for meeting materials)* Children, Youth and Families Department (CYFD) Acting Secretary Valerie Sandoval reported progress implementing four GROW-funded pilot projects focused on workforce development, child protective services, prevention, and foster care. CYFD's social worker licensure incentive provides tiered salary increases to encourage employees to advance from provisional through master-level licensure, with 53 employees receiving increases and additional evaluation planned to measure retention. CYFD also is expanding its multi-level response program from McKinley and San Juan counties to Bernalillo and Doña Ana counties. Preliminary results show 87.5 percent of participating families had no subsequent CYFD report during the first six months of implementation. Prevention efforts include SafeCare and six family resource centers, which served more than 1,400 families and individuals in 2025, up from 1,000 in 2024. Foster care investments also supported recruitment, training, and Foster Care Plus, with CYFD meeting its benchmark of 72 new non-relative licensed foster homes and increasing participation in enhanced services for children with higher needs. CYFD requested the Legislature consider incorporating the GROW pilot funding into the agency's base budget to improve program sustainability and allow term-funded positions to become permanent.

Thursday, July 23 *(click here for webcast)*
The following members and designees were present on Thursday, July 23, 2026: Chairman Nathan P. Small; Vice Chairman George K. Muñoz; Representatives Jack Chatfield, Derrick J. Lente, Kristina Ortez, Harlan Vincent, Rebecca Dow and Susan Herrera; and Senators Benny Shendo Jr.,

Roberto “Bobby” J. Gonzales, Pat Woods, Nicole Tobiassen, Linda M. Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Charlotte Little, Randall T. Pettigrew, and Brian G. Baca.

Update on 2026 Public Formula Issues ***(8:15 AM, click here for meeting materials).*** LFC Fiscal Analyst Sunny Liu outlined policy considerations related to public school capital outlay, distance learning, and instructional time. Schools continue to seek waivers from local matching requirements for capital projects, indicating districts may struggle to afford their share of rising construction costs. With temporary match reductions set to expire, options include maintaining the existing formula, revising waiver criteria to better reflect districts’ ability to pay and encourage efficient facility use and maintenance, or developing a new approach to funding school facilities. For distance learning, recent legislation temporarily limits funding generated by online enrollment, but future enrollment shifts could again create budget pressures, policymakers could consider adjusting funding to reflect the costs of virtual instruction and establishing clearer standards for when online education is appropriate. Finally, analysis of K-12 Plus found participating schools have added about three instructional days since FY18 at an annual cost of approximately $175 million, while about two-thirds of additional time is used for professional work when students are not in class. Future policy changes could better target additional instructional time to at-risk students, improve instructional quality and accountability, and clarify program expectations to ensure funding supports students with the greatest need.

Public Education Department (PED) Secretary Mariana Padilla emphasized that decisions regarding instructional time, distance learning, and school capital funding should prioritize student needs and educational outcomes. Secretary Padilla recommended targeting additional instructional time to students who need it most and designing school calendars and instructional days to provide meaningful learning opportunities. She also noted the Legislative Education Study Committee is studying distance learning during the interim, with findings expected to inform potential long-term policy changes following the temporary provisions enacted in House Bill 253. Secretary Padilla expressed support for continued collaboration with LFC, Legislative Education Study Committee, and the Legislature to develop sustainable distance-learning policies and noted the Public School Facilities Authority provide additional expertise as policymakers consider potential changes to the school capital outlay process.

Legislative Education Study Committee Director John Sena emphasized the need to balance state fiscal responsibility, local decision-making, and student outcomes when considering school capital funding, distance learning, and instructional time. For capital projects, policymakers must consider how much districts should contribute while ensuring they retain sufficient local revenue to maintain facilities after construction. Similar concerns exist with distance learning, particularly in small rural districts that may rely on virtual enrollment funding to support operating budgets amid declining enrollments. Districts have also reported using four-day school weeks and other funding mechanisms to manage costs, retain staff, and keep schools open. These trends raise broader policy questions about which programs the state should fund, when additional requirements or restrictions may be appropriate, and whether funding structures are producing improved academic outcomes. LESC noted there is no one-size-fits-all approach and recommended continued collaboration among LESC, LFC, PED, and the Public School Facilities Authority to balance local needs with state fiscal and educational responsibilities.

Miscellaneous Business *(10:15 AM).*

Action Items. Senator Munoz moved to adopt the LFC June 2026 meeting minutes, seconded by Senator Woods and Senator Gonzales. The motion carried.

Review of Monthly Financial Reports and Information Items. LFC Director Charles Sallee briefed the committee on information items.

Public Education Department: 2024/2025 Public Education Reform Fund/GRO Pilot Projects *(10:18 AM, click here for meeting materials).* Legislative Education Study Committee Deputy Director Jessica Hathway provided an overview of the public education reform fund (PERF) and Government Results and Opportunity expendable trust fund (GRO), which provide three years of funding for pilot initiatives to allow policymakers to evaluate outcomes before considering recurring appropriations. PERF is limited to education initiatives, while GRO supports projects across policy areas. Senate Bill 201 established PERF as a targeted, multiyear investment mechanism requiring evaluation of student or educator outcomes, including causal analysis when feasible. PED develops evaluation plans and has engaged WestEd to assist with evaluations, while LESC, LFC, and DFA staff jointly advise on PERF projects. Evaluation plans are due annually by July 1, revisions by September 1, annual updates by November 1, and final evaluations in the last year of funding. Participating school districts and charter schools' benefit from predictable three-year funding but must comply with data-collection requirements, allowing the Legislature to assess program effectiveness before determining whether initiatives warrant recurring funding.

LFC Program Evaluator Sarah Dinces, Ph.D., provided the status of multiyear education initiatives funded through GRO and PERF. FY25 through FY27 GROW appropriations included $60 million for educator clinical practice programs and $15 million for special education teacher stipends, with final evaluations due September 1. FY26 PERF initiatives included $18.3 million for attendance programs, $13.5 million for math educator training, $6.3 million to support unhoused students, $7.8 million for innovative school staffing, and $15.3 million for secondary literacy. Initial evaluation plans generally included sound methodologies, although research rigor varied, and expenditure rates differed considerably across programs. For FY27 through FY29, the Legislature appropriated $15.3 million for high-impact tutoring, $21.6 million for innovation zones, and $18.3 million for community schools focused on improving attendance. LESC, LFC, and DFA staff are reviewing PED's evaluation plans, with final plans due September 1 and additional updates expected in November, allowing policymakers to assess implementation, spending, and program outcomes before considering continued funding.

Public Education Department (PED) Secretary Mariana reported early implementation and outcomes from GRO- and PERF-funded education initiatives focused on educator recruitment and retention, student attendance, staffing, literacy, mathematics, and students experiencing housing instability. Special education stipends initially supported recruitment and later shifted toward retention, with PED planning to add targeted professional development and peer learning to address educator needs. Teacher residency participants have shown promising outcomes, including higher retention in New Mexico classrooms, stronger first-year evaluations, and improved preparation compared with traditional pathways. PERF-funded attendance initiatives served more than 2,800 high-risk students, with more than 80 percent of eligible participants graduating on time, while innovative staffing is transitioning participating schools toward team-based instructional models. Secondary literacy and mathematics initiatives have expanded educator training and coaching, although participation and implementation remain ongoing. Ms. Padilla also highlighted the Guaranteed Payment for Attendance Program for students experiencing housing instability, which provides financial assistance and academic and social-emotional supports, preliminary results show an 81 percent graduation rate among participants, compared with typical graduation rates of about 60 percent for students experiencing homelessness. PED plans to refine program administration and emphasize distributing PERF funding early in the fiscal year to maximize benefits to students.

With no further business, the meeting adjourned at 11:12 a.m.

Nathan P. Small, Chairman	George K. Muñoz, Vice Chairman