

Monday, January 20 ([click here for webcast](#))

The following members and designees were present on Monday, January 20, 2025: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Pat Woods, William E. Sharer, Benny Shendo Jr., David M. Gallegos, and Pete Campos; and Representatives Meredith A. Dixon, Art De La Cruz, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Representatives Cathrynn N. Brown, and Tara L. Lujan, Randall T. Pettigrew, and Harlan Vincent.

Policy Spotlight: Successful School Practices (8:40 AM, [click here for meeting materials](#)). LFC Program Evaluators Clayton Lobaugh and Stephanie Joyce presented a policy spotlight on successful school practices. In FY25, the state allocated \$4.2 billion to public education, a 65 percent increase since FY18. Despite this funding boost, student outcomes in New Mexico remain poor, with low proficiency rates in reading and math, particularly for at-risk students. The state’s accountability system, NM Vistas, aims to improve school performance, but many schools struggle to implement evidence-based practices, largely due to unclear expectations and insufficient leadership development. LFC staff recommend proactive steps, such as pairing principals with performance coaches, creating rubrics to track school practices, and enhancing professional development. They also suggest school districts set clear expectations for principals, ensure systems are in place to monitor student progress, and foster teacher collaboration. Principals are encouraged to strengthen feedback systems, align lesson plans with state standards, and engage families in student progress to improve educational outcomes.

PED Deputy Secretary Amanda DeBell and Priority Schools Bureau Director Elisabeth Peterson, talked about the importance of leadership, systems of accountability, and instructional infrastructure in improving school outcomes, noting that while progress has been made, consistency remains a challenge across districts. They discussed the role of school leaders in driving change and the need for ongoing support, including additional funding to implement LFC’s recommendations.

Miscellaneous Business.

Action Items. Senator Rodriguez moved to adopt the LFC November and December 2024 meeting minutes, seconded by Vice Chairman Small. The motion carried.

Vice Chairman Small moved to adopt the technical adjustments to LFC December recommendations, seconded by Representative Dixon. The motion carried.

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

Proposed LFC-Endorsed Legislation (10:48 AM, [click here for meeting materials](#)). LFC staff proposed fifteen bills for the committee to consider endorsing in the 2025 legislative session. Fiscal impact reports on the proposed legislation were provided.

1. *Wildfire Emergency Funds.* The bill creates two nonreverting wildfire emergency funds to manage and respond to wildfires. The wildfire preparedness fund would be used for wildfire prevention, such as prepositioning, thinning, and related contract work. The second fund would be used to suppress active wildfires, cover costs of renting, repairing, and replacing equipment, and cover costs of battling the fire. Each fund would be catalogued by the State Forestry and reported to the Legislature and LFC on August 15 of each year. Additionally, reimbursements for wildfire work efforts would be deposited in whichever fund the work pertains to. Both funds may receive funding from the appropriation contingency fund, general fund, reimbursements, gifts, grants, donations, and income from investment of the fund. Vice Chairman Small moved to adopt endorsement of the bill, seconded by Senator Gonzales.
2. *General Fund Reserves.* The bill provides a definition for general fund reserves. Senator Campos moved to adopt endorsement of the bill, seconded by Vice Chairman Small.
3. *Government Results and Opportunity Fund Accountability.* The bill amends the Accountability in Government Act to require the submission of accountability and evaluation plans to the Department of Finance and Administration and LFC from agencies with government results and opportunity appropriations. Representative Dixon moved to adopt endorsement of the bill, seconded by Senator Rodriguez.
4. *Public Education Reform Fund Accountability.* The bill amends the Public School Code to require the submission of accountability and evaluation plans to the Department of Finance and Administration, Legislative Education Study Committee, and LFC from Public Education Department (PED) programs that receive public education reform fund appropriations. The bill also requires PED to submit its public school support request on September 1. Senator Campos moved to adopt endorsement of the bill, seconded by Representative Dixon.
5. *Economic Development Investments.* The bill caps the allocation to New Mexico private equity funds from the severance tax permanent fund to improve returns. Senator Campos moved to adopt endorsement of the bill, seconded by Representative Dixon.
6. *Evaluation Access.* The bill allows LFC staff to access certain taxpayer information for evaluations. Senator Gonzales moved to adopt endorsement of the bill, seconded by Senator Rodriguez.
7. *Economic Development Reporting.* The bill requires the Economic Development Department to publish an annual report on Local Economic Development Act and Job Training Incentive Program. The annual report is currently published and shared with LFC staff but is not statutorily required. Representative Dixon moved to adopt endorsement of the bill, seconded by Senator Shendo.
8. *Financial Clean Up.* The bill reduces the period for agency reversions from 90 days to 60 days, requires monthly distribution to the general fund from the Regulation and Licensing

Department and New Mexico Racing Commission for more accurate general fund accounting and revenue estimating. The bill further aligns State Investment Council managed funds with parallel language to improve administrability and generate stronger returns where possible. The bill then makes technical corrections to the capital development reserve fund. Senator Gonzales moved to adopt endorsement of the bill, seconded by Senator Shendo.

9. *Child Welfare System Reform.* The bill implements a variety of child welfare system reforms recommended in LFC evaluations and reports. The bill amends the CARA statute to make the Health Care Authority the lead agency, directs the creation of plans of safe care prenatally, and directs the Children, Youth and Families Department (CYFD) to conduct a family assessment in certain cases. The bill also updates the differential response statute, establishes a target timeline for systemwide implementation, codifies the federal Families First Prevention Services Act in state statute, moves the Substitute Care Advisory Council to the Administrative Office of the Courts, strengthens the federally-required oversight mechanism, and establishes a CYFD secretary nominating commission. Representative Dixon moved to adopt endorsement of the bill, seconded by Senator Shendo.
10. *Risk Coverage Limits.* The bill caps the maximum amount the Risk Management Division would offer from risk management funds for settlements or adverse judgments. It creates a new subsection of statute under Section 15-7-3 A.6. NMSA 1978 and define the limits of “risks to be covered by the public liability fund, the workers' compensation retention fund and the public property reserve fund and the extent such risks are to be covered.” The limits would be \$500 thousand for property damages, \$1.05 million for general liability, and the limit defined in the New Mexico Civil Rights Act (currently over \$2 million and increasing each year with inflation) for civil rights liability. The legislation is recommended by the 2023 LFC evaluation of the state's risk funds. Senator Campos moved to adopt endorsement of the bill, seconded by Senator Woods.
11. *Loss Prevention Teams.* The bill updates the state’s risk management statute in Section 15-7 NMSA 1978, requiring agencies to investigate and report significant losses. The bill directs the Risk Management Division (RMD) to appoint a loss prevention review team when a death, serious injury, or other substantial loss is alleged or suspected to be caused, at least in part, by the actions of a state agency. The loss prevention team must submit a report in writing to the risk director and the head of the state agency involved in the loss or risk of loss. The bill further requires an annual report from the RMD director to the Legislature on the loss prevention reviews conducted in the past fiscal year, and the effectiveness of those reviews in decreasing the frequency or magnitude of losses of risk settlements. The legislation was recommended by the 2023 LFC evaluation of the state's risk funds.
12. *LFC Budget Adjustment Request Authority.* The bill authorizes LFC to pursue legal remedies against a state agency that requests a budget adjustment in a manner not authorized by law, after holding a public hearing reviewing the request.


13. *Sunset*. The bill extends the sunset date of the boards and commissions for barbers and cosmetologists, landscape architects, nursing home administrators, coal surface mining, and water quality control by six years. Senator Campos moved to adopt endorsement of the bill, seconded by Chairman Munoz.
14. *Higher Education Major Capital Projects Fund*. The bill creates a new fund to support major higher education capital projects related to research, instruction, and workforce development, such as a new medical school, that are difficult to fund through the current capital process, as well as auxiliary projects not otherwise eligible for statewide capital outlay. Such projects, including student housing and amenities, could contribute to recruitment and retention at four-year universities and improve campus quality of life. Additionally, the new fund could relieve pressure on biannual GOB funds, which have not kept pace with the rising cost of construction. In creating a new fund, the Legislature may consider statutory eligibility requirements to improve project planning, vetting, and quality. These could include development of statewide design and space standards, requiring institutional cost sharing, requiring upfront business planning, phased funding for design, and design review prior to construction funding. Because the fund would be intended to support projects that are difficult to fund through existing capital processes, the Legislature may consider setting a dollar threshold for eligibility – projects costing \$50 million or more, for instance – and limiting eligibility for auxiliary projects to institutions that do not have access to community-based revenues.

Office of the State Auditor (11:24 AM, [click here for meeting materials](#)). State Auditor Joseph Maestas, Deputy State Auditor Ricky Bejarano, and Compliance and Quality Control Director Elise Mignardot presented findings from the University of New Mexico’s Bureau of Business and Economic Research (BBER) study on financial audit reform, as well as a budgetary controls report. While most states have streamlined their audits into a single report, New Mexico still conducts 130 individual audits annually, resulting in inefficiencies, delays in reporting (with the state's comprehensive report often exceeding the six-month completion deadline), and inconsistent audit practices. This past year, the Office of the State Auditor (OSA) used internal funds to commission the BBER study, which recommended transitioning to a statewide singular audit, starting with a federal single audit across approximately 60 agencies, followed by broader integration—potentially incorporating universities and component units into the state's financial system (SHARE). A statewide singular audit would improve oversight, efficiency, cost savings, and consistency. OSA requests \$500 thousand to develop a full transition plan. The agency is also reintroducing legislation that would build on a 2018 effort to modernize the state's audit system.

With no further business, the meeting adjourned at 12:20 p.m.



Nathan P. Small, Chairman



George K. Muñoz, Vice Chairman