Status of LFC Program Evaluation Unit Recommendations

The LFC conducts program evaluations to improve the functioning and outcomes of government. In 2025, the LFC program evaluation conducted five full program evaluations of state agencies. Across the five evaluations that LFC conducted last year, agencies (Department of Health, Secretary of State, Health Care Authority, Higher Education Department, and the Public Education Department) have made progress to implement report recommendations, with several notable exceptions.

Background

The program evaluation unit of the Legislative Finance Committee includes recommendations to both agencies and the legislature in evaluation reports. Following a program evaluation, agencies are required to submit an implementation matrix that specifies how they plan to implement evaluation recommendations. To update the committee on agency implementation of these recommendations, this brief provides updates regarding agency implementation of recommendations from program evaluation reports LFC published in 2025. This brief also provides an update about the status of recommendations the Legislature has implemented over the last ten years.

MAT in Public Health Offices

In July 2025, LFC reported on the performance of MAT services in Public Health Offices operated by the Department of Health (DOH), finding that while the service is effective and evidence-based, it had yet to reach as many individuals as possible.

DOH reports having fully implemented four of the evaluation's recommendations and is progressing on the others. Furthermore, DOH has exceeded its target for the number of people receiving MAT over the last fiscal year. However, DOH is still working to be able to dispense medications for opioid use disorder, due to challenges meeting specific federal requirements.

Election Costs

A June 2025 LFC report on election costs found that state election costs had tripled from 2021 to 2024 largely due to increased vendor and county costs.

The Secretary of State (SOS) reports working to strengthen their procurement and training practices, but has not implemented the recommendations that could help with forecasting election costs.

Health Care Affordability Fund

In June 2025, LFC released a report on the Health Care Affordability Fund (HCAF). The report found that, at the time, enrollment was low and the HCAF had large reserves. Due to the state fully covering expiring federal subsidies, premium increases, and increased enrollment in the state's health insurance exchange, BeWell, the HCAF has seen rapidly increasing costs.

HCA is progressing on recommendations regarding performance monitoring, outreach, and development. HCA and BeWell are not currently tracking the uninsured rate.

Higher Education Endowments

An August 2025 LFC report focused on higher education endowments for nursing, social work, and teacher education found that institutions struggled to deploy endowment funds to hire more faculty and expand programs.

Over the past year, most of the report's recommendations have been implemented, leading to improved practices that help ensure funds can be used for faculty and program expansion. Higher education institutions are now generally using endowment funds to hire more faculty. However, UNM reports the institution will not change policy to end the practice of applying foundation administrative fees to endowments from the Legislature, while NMSU reports working to end this practice.

Universal Healthy School Meals

In August 2025, LFC released a report examining the Health Universal School Meals (HUSM) program at the Public Education Department. The HUSM program aims to ensure that students have access to healthy food at school.

PED reported progress in quality oversight and technical assistance, indicating that it is taking necessary steps to monitor the program, but did not report whether meal quality has improved. Furthermore, PED has not yet developed a way to determine unusually low federal reimbursements. Unusually low federal reimbursements may indicate supplanting of federal funds. PED states the agency is providing guidance on the appropriate use of state SEG for school meals. While the agency has implemented activities recommended in the evaluation, PED did not provide information that would help the state understand if meal quality has improved.

Recommendations Made to the Legislature

To date, the Legislature has adopted or partially implemented 61 of the recommendations made in program evaluations since 2015. In addition, the Legislature has also introduced or passed additional bills that would implement recommendations. Several key statutory recommendations not yet implemented are described below:

K-12 Education:

- Amending the K-12 Plus statute and formula to clarify "instructional days" are student days and eliminating financial incentives to reduce student instructional days;
- Amending statute to increase the maximum superintendent contract length; and
- Providing the cabinet secretary of PED with the authority to remove a school board member for cause, subject to an appeal process.

Health and Human Services: Outstanding recommendations to the Legislature include:

- Consider funding a pilot program to provide the working families tax credit in monthly increments to determine if this benefit structure improves financial stability and family wellbeing;
- Requiring retail pharmacies to stock a minimum supply and fill valid Medication Assisted Treatment (MAT) prescriptions; and
- Amending statute to bring the state into compliance with the Federal False Claims Act.

Public Safety and Criminal Justice: Outstanding to recommendations include:

- Amending statute to require CYFD validate the department's risk assessment instrument for pre-adjudication detention at least every three years, and requiring periodic validation of risk assessments used in the adult system;
- Requiring reporting and use of pretrial performance data to improve safety and report findings in public-facing dashboards.

General Government and Finance: Recommendations not yet adopted include:

- Amending statute to institutionalize and require best practices for state government Offices of Inspector General;
- Amending statute to clarify the executive branch may not draw from general fund operating reserves to fund emergencies, and formalize the definition of "emergency" in statute;
- Updating the Risk Management Statute to incorporate best practices, such as requiring investigations following significant losses.

To see the status of all recommendations made to the Legislature, follow the QR Code below.

Legislative Recommendations Tracker

PURPOSE OF BRIEF: Update of recommendations for DOH on MAT in Public Health Offices made in 2025 program evaluation

PREPARED BY: John Valdez

EXPECTED OUTCOME: Informational

Update on MAT in Public Health Offices Evaluation

The LFC's 2025 evaluation of medication-assisted treatment (MAT) use in public health offices (PHOs) made 13 recommendations to the Department of Health (DOH). Of those, DOH has reported that four are fully completed, and ten are in the process of active implementation

Background

The recommendations tracked here come from an evaluation responding to years of increasing deaths attributable to opioids and alcohol consumption. In response, the state made MAT available through PHOs, which are conveniently located in local communities statewide. While the program brought evidence-based treatments closer to patients and DOH had treated 324 patients at the time of the evaluation, the scale of the problem required a much larger response. The evaluation recommended several steps to increase the program's visibility and reach. These recommendations aimed to treat more patients and contribute to broader efforts to reduce mortality due to opioid overdoses and alcohol abuse.

Key Points

- DOH has made progress, fully addressing four out of 13 recommendations.
- DOH is working with NMCD, HCA, and other agencies to reach the target population and expand the program.
- In-office MAT should be available in select locations by October 2026.
- Mobile health clinics for MAT have run into DEA/NMBOP regulatory issues that have not been resolved.
- DOH is strengthening local public health collaboratives per the LFC recommendation, but has adjusted the scope for local conditions.

Updates on Current Situation

DOH fully addressed four of the 13 evaluation recommendations. Notably, DOH built a tracking system to monitor MAT patients. The 235 new patients reported as treated in FY26 exceed the FY27 benchmark of 200. The system includes a live, public-facing dashboard and can support further targeted outreach. In addition, DOH hired a statewide MAT treatment coordinator, added internal MAT reporting, and increased statewide practitioner training. In response to the evaluation, DOH has also increased targeted recruitment of patients from corrections, harm reduction programs, and word-of-mouth referrals. Much of the additional outreach is now centralized under the new MAT treatment coordinator. DOH has also incorporated data from HCA and overdose data to enhance outreach. Further, DOH is exploring ways to broaden local collaboratives already run by HCA to replicate the model collaboratives LFC cited in the evaluation.

Major challenges remain. LFC recommended adding in-office pharmacy capabilities to PHOs, but DOH has faced delays in complying with Drug Enforcement Administration (DEA) and New Mexico Board of Pharmacy (NMBOP) regulations, though compliance is expected by October 2026. Similarly, efforts to add mobile health clinics that can dispense (in addition to prescribe) MAT to patients anywhere in the state have run into compliance issues with DEA and NMBOP. DOH should coordinate the expansion of services and facilities with its broader portfolio of existing facilities.

Appendix A. Progress on Past Recommendations

Finding

While HCA estimates 9,130 individuals need MAT, DOH has treated just over 324 individuals in public health offices.

Recommendation	Status	Comments
DOH should work with the Legislative Finance Committee and the Department of Finance and Administration to set specific performance targets for FY27 through the Accountability in Government Act to evaluate the volume, efficacy, and impact of MAT provided in public health offices	Progressing	In addition to providing data for performance targets, the system captures all MOUD visits by the patient's county of residence. As the department expands its telehealth MOUD program, tracking data by county of residence allows the department to more accurately identify areas within the state where increased outreach and awareness may be needed. To date, the department has not had an MOUD patient in nine counties (typically rural and frontier). Each region of the Public Health Division has established a plan to implement increased communication and awareness campaigns, focusing on ensuring New Mexicans from all counties access our services. In addition, the Department is working with PHOs that have had the highest increase in MOUD clients to identify best practices for outreach, with a plan to replicate some of these findings across all offices. The department seeks to maintain this high retention rate by implementing peer navigators or other social and behavioral support resources that work with patients to encourage retention and connect them with other resources to address needs that could affect their substance use treatment journey.
DOH should develop and submit to the Legislative Finance Committee an implementation plan that includes performance targets and plans for marketing, outreach, and program leadership, including filling a state coordinator position with vacancy savings, as part of DOH's FY27 budget submission	Progressing	DOH hired the statewide opioid treatment manager in the fall of 2025. In addition to the implementation plan, DOH has developed a more detailed internal logic model to guide its MOUD programming. The logic model focuses on key activities, including data, billing/revenue, improved and better-coordinated clinical protocols, and outreach and referrals. This model is underpinned by increasing the number of trained staff and improving overall training quality. Key updates include: **Training**: The department developed uniform statewide training for clinical staff, a dedicated health promotions training, and a Corrections-specific training. The department also integrated cross-training elements to help all staff working on MOUD understand the full client experience from clerk to clinician. **Clinical**: The department updated and revised clinical protocols and forms, developed an on-call schedule for providers, updated electronic health record processes to include a telehealth pilot with Corrections and PHOs, improved clinical workflow processes, and began work on a Patient Portal to improve the client experience. **Referral from Corrections:** Correctional facilities are actively referring newly released individuals to PHOs and working with the statewide coordinator to track

		referrals. The department continues to collaborate with correctional partners on public health services and the Telehealth pilot with detention centers for injectable medication referrals on re-entry. **Data:** The Public Facing Portal is available to the public, and the department has improved internal data collection techniques. The department's priority is to improve referrals and the client experience by fully implementing a patient portal and expanding the telehealth platform to all PHOs and carceral facilities. The department is currently working on system infrastructure changes to enable the portal and aims to have implementation begin by 2027.
DOH should gather and report data, including a public-facing dashboard, following national best practices on the usage and outcomes of MAT patients by individual public health office	Complete	The public-facing dashboard will continue to be available with 12-month rolling data on patient and new patient visits per month, visits for MOUD services by county of residence, and retention rate.
DOH should use the Health Care Authority's data on travel times for MAT patients to target outreach and promotion efforts for local public health offices	Progressing	In New Mexico, most OTPs are located within the six largest population centers, resulting in significant transportation barriers for individuals seeking treatment. By increasing access within PHOs, DOH is making significant progress toward reducing these barriers, including leveraging the Nurse Helpline for telehealth and linkage to care, expanding no-cost medication access for uninsured and underinsured populations, implementing telehealth bridge prescriptions, and expanding outreach to incarcerated populations to ensure rapid linkage to treatment services. The department strengthened health promotion efforts with incarcerated populations and identified priorities to better integrate MOUD, community outreach, and harm reduction services. Through the incarcerated population epidemiologists and in collaboration with the Nurse Helpline, the department established a process to ensure newly released individuals on MOUD, or those needing a medication bridge, are seen by a provider within 72 hours of release.
DOH should work with the Health Care Authority to develop provider lists for substance use disorder therapists to whom public health offices may refer MAT patients.	Complete	The DOH Helpline uses an updated database that includes comprehensive information on behavioral health and other services. The information is also available to all department staff via its intranet system. Information is routinely updated, and the Helpline logs all calls, including information on services provided.

Finding

The provision of MAT in public health offices lacks dedicated, coordinated outreach efforts.

Recommendation	Status	Comments

DOH should expand outreach and marketing efforts of the provision of MAT in public health offices, targeting New Mexicans with SUDs with direct marketing and advertising to vulnerable populations	Progressing	During FY26, DOH established avenues for direct recruitment into MOUD services with corrections. This consisted of working with the incarcerated population epidemiologists to be placed in their meetings to understand the corrections process to identify and maintain prisoners suffering from opioid use disorder. An online training outlining opioid use disorder, withdrawal symptom recognition, and MOUD education, along with a skills test and certificate of completion, was developed and placed on NM Train for corrections and parole officers. Flyers, trifolds, information sheets, mailers, and posters that advertise NM Pathways services have been developed in English and Spanish and distributed to PHOs, targeted households, programs that conduct outreach services at DOH, and contracted partners throughout New Mexico. Advertisements have also been placed in community newspapers within Albuquerque that advertise NM Pathways and provides contact information directly to the Midtown office. In addition to the advertisement efforts conducted in FY26, the program looks to have a bigger presence on social media apps used by potential clients, hire more providers to handle the influx of new patients, and explore the feasibility of hiring/ contracting peer educators to facilitate warm referral hand-offs from corrections, hospitals, and within the community. It is also anticipated that as overdose spikes continue within communities, the advertisement materials for NM Pathways services will be distributed in coordination with any response mounted by DOH.
DOH should centralize the management of outreach and marketing efforts of the provision of MAT in public health offices to help focus the department's efforts and clearly define the relationships with and roles of regional staff;	Progressing	MOUD Coordinator actively works in coordination with incarcerated population epidemiologists and PHO staff on referrals coming from corrections and individuals on probation and parole. MOUD Coordinator working with PHD Medical Director and Chief Nurse to ensure that communication across all PHO's is consistent with training and expectations. MOUD coordinator working with Office of Training and Development to train staff across the state by creating MOUD specific training. This includes working with Health promotion and clinical teams.
DOH should simplify the memoranda of understanding process for Health Promotion teams to more efficiently facilitate community partnerships and referral networks;	Complete	This issue was clarified in July of 2025 and is no longer an issue.
DOH should improve the usability of the Pathways website with more visible links from the main Department of Health website	Progressing	The PathwaysNM.org website continues to get many "hits" from users across the state. As part of the redesign and update of the department's main www.nmhealth.org site, there is work underway to bring this externally hosted site under the main page for stability and to make this resource even easier to find. That is expected to be complete by the end of calendar 2026.

DOH should expand MAT with in-office pharmacy capabilities in public health offices, building on the experience of the current pilot project	Progressing	Upgrades to the Las Cruces and Española PHOs were required to comply with NMBOP and DEA requirements and needed to be completed before DOH could submit applications for the NMBOP permits and DEA registrations. These upgrades, which included building and security modifications, took longer than anticipated. As the upgrades neared completion, DOH reached out to NMBOP in November 2025 for guidance on the type of permit the department should apply for to provide Schedule III MAT at the PHOs. Based on NMBOP guidance, the department applied for Class E permits for the Española and Las Cruces PHOs in December 2025. DOH received the Class E permits and applicable waivers after the board approved them at the January 2026 NMBOP meeting. After receiving the NMBOP permits, the department submitted the Las Cruces DEA registration application, which was soon approved. The Española office was required to make mandatory security and technology upgrades to comply with DEA requirements. After completing these upgrades, DOH submitted the DEA registration application for that office. Toward the end of May 2026, the DEA requested that DOH withdraw the registration application, effectively denying the Española application and halting progress toward dispensation through the Las Cruces office. In early June, DOH initiated conversations with the DEA regional office in El Paso to understand why the Española application was denied while the virtually identical Las Cruces application was granted. Working with the DEA and NMBOP and in accordance with DEA guidance, DOH received the DEA registration for the Española office on June 23, 2026. DOH has addressed almost all administrative and regulatory hurdles at all three locations. Items pending as of July 24 are: 1) accounts with a vendor to order and return medications; and 2) an internal process to ensure that staff involved in the receipt, handling, storage, or dispensing/administration of medications a) do not have prior controlled substances felony convictions and b) if applicable, do not have issues with a current or prior DEA registration. DOH is conducting a final review of the internal process. With all other administrative barriers cleared, DOH will begin finalizing contracts to purchase medication, with medications anticipated to be available no later than October 2026.
DOH should report the necessary resources to utilize the state's mobile health clinics for providing MAT directly to patients in need	Progressing	At the end of 2022, Congress passed the Mainstreaming Addiction Treatment Act (MAT Act), which made changes to 21 U.S.C. Section 823(h). The Act removed the requirement to obtain narcotic treatment program (NTP) registration to dispense Schedule III, IV, or V narcotic drugs for MAT. However, the DEA Rules were not updated until July 1, 2026. Consequently, there was a conflict between the Act and the DEA Rules that created obstacles to obtaining DEA registration to provide MAT at the PHOs. This conflict resulted in conflicting messages from the DEA, which initially approved the application for the Las Cruces PHO

		but then essentially denied the application for the Española PHO. DOH negotiated with the El Paso regional office of the DEA to resolve the conflict, although the DEA required DOH to change the NMBOP Class designation from Class E permits to Class B permits to obtain DEA registrations. Unlike Class E permits, Class B permits do not contemplate the use of mobile units. Additionally, DOH anticipated that the new DEA Rules would address mobile units utilized by non-NTP MAT programs dispensing Schedule III narcotics. Unfortunately, the new Rule did not clarify whether such programs can utilize mobile units. DOH is still evaluating the legal and regulatory landscape to determine whether using mobile units for MAT is feasible. Mobile units will need to be refurbished to meet security and regulatory requirements or new purpose-built units purchased. Collaboration with DEA and NMBOP will be necessary to meet the requirements. DOH is also evaluating legal options in light of the potential conflict between the MAT Act and DEA Rules.
DOH should explore scaling Golden Opportunity and Opioid +360 to communities where coordination of resources is a challenge	Progressing	The DOH Community Engagement and Policy teams have liaised with Opioid +360 and Golden Opportunity and evaluated their structures and strengths. The agency is already involved with both initiatives, as the opioid treatment manager co-chairs Opioid 360, and Golden Opportunity was developed in collaboration with regional leadership to offer MAT in public health offices to individuals who may be receptive to treatment. A statewide landscape assessment of existing substance use collaboratives has also been conducted. Numerous such collaboratives exist, and the Office of Substance Use Prevention under HCA supports some regional coalitions as part of coordinating the federal State Opioid Response grant. A DOH program to create and support such groups would risk duplicating this work. The Golden Opportunity model relies on collaboration among several core elements that are less likely to exist outside the better-resourced Albuquerque metropolitan area. The department is finalizing a toolkit for replicating Opioid 360 or similar programs. This will be made available to health councils or other communities interested in establishing a similar collaborative approach.
DOH should work with the Health Care Authority to leverage existing Government Results and Opportunity funding received by HCA in 2024 to target certain providers to increase Screening, Brief Intervention, and Referrals to Treatment utilization to identify SUDs and potential MAT patients.	Complete	The department has completed the task of becoming a referral source for SBIRT providers.

PURPOSE OF BRIEF: Update on 2025 HCAF Program Evaluation Recommendations

PREPARED BY: M.P. Goodlaw

EXPECTED OUTCOME: Informational

Update on 2025 Health Care Affordability Fund Evaluation

Enrollment in health insurance coverage New Mexico's Affordable Care Act health insurance marketplace, BeWell, experienced substantial growth after federal changes to health insurance policies, reaching 80 thousand in 2026. The Health Care Authority (HCA) leveraged the Health Care Affordability Fund (HCAF) to backfill expiring temporary federal subsidies and maintain lower enrollee costs. While HCA has not set a target uninsurance rate, progress is being made with performance measures and outreach campaigns. In August 2026, the LFC Program Evaluation Unit conducted a progress report on BeWell.

Background

In 2021, the New Mexico Legislature passed Senate Bill 317 (SB317, or Chapter 136 of Laws 2021), marking a significant shift in the state's approach to making healthcare more affordable. SB317 raised the health insurance premium surtax to 3.75 percent, creating a funding stream to establish the HCAF. The HCAF was designed to improve healthcare affordability for New Mexicans through premium reduction, cost-sharing subsidies, and expanded coverage for uninsured populations. LFC conducted an evaluation of the HCAF programming and found, at the time, that the health insurance premium surtax generated more money than the subsidy programs needed and that performance measures could be refined.

Key Points

- Changes to federal health insurance policies placed greater demand on the programs subsidized by the HCAF.
- HCA is expanding their HCAF performance measures and is open to working with LFC and DFA to continue to refine.
- Along with BeWell, HCA is investing in public outreach to increase awareness and demand by eligible New Mexicans.

Updates on Current Situation

New Mexico has made purchasing insurance through BeWell more affordable by expanding state subsidy assistance. In 2026, the Legislature increased the share of the surtax allocated to the HCAF to 95 percent by 2028. As premium costs increase, enrollees are largely insulated from the impact because the state absorbs the added health insurance costs. The state is projected to spend $190 million in 2026 on market place subsidies. New Mexico may need to consider cost-containment measures, to ensure the long-term sustainability of the health care affordability fund.

HCA shifted focus from the uninsured population and backfilled the temporary enhanced federal tax credits which expired at the end of 2025. HCA discontinued the coverage expansion program, which was intended to reach the uninsured population. drive subsidy recipients towards plans of higher actuarial value on BeWell and through their small business initiatives. However, as described in the 2026 progress report, higher actuarial value plans may undercut the sustainability of the subsidy programs. In addition to performance measures, HCA has invested in public outreach by contracting with Health Action New Mexico as well as coordinating with BeWell staff.

Appendix A. Progress on Past Recommendations

Findings

1) HCAF revenues from the premium surtax have far exceeded the health insurance subsidy needs.
2) HCA could refine and expand HCAF performance measures.

Recommendation	Status	Comments
Require HCA to set and report progress towards a targeted five-year uninsurance rate for individuals and families that are eligible for their subsidy programs	No Action	HCA discontinued their coverage expansion program which was designed to reach the uninsured population. This program could have targeted younger healthier residents that may have contributed to a healthier risk pool thereby lowering the premiums.
In consultation with the New Mexico Health Insurance Exchange (NMHIX) and the Tax and Revenue Department (TRD), work with LFC and DFA to refine the existing HCAF performance measures and establish additional measures that help the state achieve health insurance outcomes.	Progressing	For FY26 HCAF Performance measures included increasing the percent of marketplace enrollees in turquoise plans, the plans on the exchange that are lowest cost to individuals but more expensive for the state. HCA also set measures related to increasing the percent of small business enrollees in platinum plans. HCA is also reporting the total dollars saved for consumers across all subsidy programs and the total enrollment in the subsidy programs. For FY27 HCA plans to expand the number of performance measures and to focus on small business enrollment, as well as out-of-packet savings and premium subsidies for eligible enrollees with income between zero and 400 percent of the federal poverty level.
Develop and report annual outreach campaigns to increase the number of qualified people enrolled in subsidized plans to reduce the uninsurance rate among low- to moderate-income New Mexicans.	Progressing	HCAF has contracted a non-profit agency, Health Action New Mexico, to conduct outreach activities to increase the number of qualified people enrolled in subsidized health plans. Further, HCAF coordinates with BeWell's communications and outreach activities, including annual campaigns to raise awareness and encourage enrollment in marketplace coverage, both among the general public and targeted populations. In 2026, the number of enrollees on the Exchange increased to roughly 80 thousand.
Evaluate the Small Business Health Insurance Premium Relief Initiative design specifications to maximize the value to consumers and minimize the cost to the state	Progressing	In July 2025, HCA introduced a change in the Small Business Health Insurance Premium Relief Initiative's design specification to increase the premium discount on gold and platinum plans from 10 percent to 15 percent. This design change allowed the share of Small Business enrollees enrolled in platinum plans to increase during FY26, even while total enrollment in the program. HCA will continue to monitor and adjust design specifications to best meet the objectives of the program and minimize costs to the state.

Election Costs: One-Year Progress Update

Legislative Finance Committee Evaluation Unit

PURPOSE OF BRIEF: One-year update of Elections Cost Program Evaluation

PREPARED BY: Drew Weaver

EXPECTED OUTCOME: Informational

Election Costs

In 2025, LFC conducted a program evaluation of election costs. State election costs nearly tripled from the 2021 regular local election to the 2024 general election as vendor costs and state reimbursements to counties increased, with the 2026 primary costing $17.6 million, including a $2.6 million budget adjustment request. One year later, SOS reports stronger financial and procurement controls and a new election-data system, but most election-specific recommendations, including action on county reimbursements and major election cost drivers, remain unimplemented. Without clearer cost standards and statewide data, the Legislature may have difficulty anticipating election needs and developing reliable budgets for future elections.

Background

SOS administers elections with New Mexico's 33 county clerks, while increasingly using state funding for voting equipment, poll workers, and other direct expenses. LFC's 2025 evaluation identified weaknesses in cost forecasting, county reimbursements, procurement, expenditure tracking, and oversight of voting centers and staffing.

Updates on Current Situation

Key Points

- Most election-specific recommendations have not been implemented;
- Some internal financial, procurement, and data controls are progressing;
- County reimbursement procedures remain without a published formula;
- State funding standards for voting centers and poll-worker staffing remain unresolved; and
- The new logistics system could improve forecasting and oversight, but implementation is ongoing.

Most election-specific recommendations remain incomplete or have no reported action, although SOS reports stronger internal financial and procurement controls. SOS did not provide information demonstrating action to establish a formula for determining county MOU amounts; separate, publicly available reimbursement guidance; regional contingency pools; funding standards for voting centers or poll-worker staffing; or specific measures to increase vendor participation. CFO turnover at SOS may also hinder institutional continuity during critical budget development periods. The new IT system represents progress toward centralized data collection, but its implementation and use for statewide oversight remain ongoing.

Since the evaluation, SOS reports centralizing procurement oversight, adding documentation and approval requirements, increasing monitoring of expenditures and fund balances, and better distinguishing recurring operating expenses from variable election costs. The office also successfully administered the 2025 regular local election and New Mexico's first semi-open primary election and received additional FY27 funding to continue developing the Election People, Property, and Process Management System, intended to improve county-level tracking of election workers, payroll, property, and other cost drivers. New Mexico has also remained a high-performing state overall in MIT's election performance index, ranking first in 2022 and seventh in 2024.

Appendix A. Progress on Past Recommendations

Findings

SOS reimbursement processes have contributed to inconsistent county payments; and, SOS could strengthen procurement, county oversight, and data collection practices.

Recommendation	Status	Comments
Work with the Legislative Finance Committee and the Department of Finance and Administration to forecast upcoming election costs and ensure accurate budgeting for the statewide election fund through the general appropriation process;	Progressing	LFC and DFA continue to meet regularly with SOS regarding the agency's budget, and SOS reports improved tracking of recurring and election-cycle expenses; however, a formal joint forecasting process has not been established.
Create an equation or formula-based MOU determination process;	No Action	SOS did not report on this recommendation.
Establish detailed guidance and clear procedures regarding what will and will not be reimbursed through a publicly available document; and	Progressing	SOS has provided greater detail in county MOUs regarding covered elections costs, including adding non-reimburasable item table to the MOU appendix.
Devote at least one full session at each election school to the MOU and reimbursement process.	No Action	SOS did not report on this recommendation.
Negotiate contract prices using the best and final offer to ensure the state receives the lowest price for vendor services	Progressing	SOS reports creating centralized procurement oversight through the establishment of a Procurement Manager position and strengthen internal documentation, review, and approval requirements. Additionally, the office reports reinforcing the use of competitive pricing and price negotiation when authorized under the applicable procurement method and state purchasing requirements, and implementing a standardized Internal Purchase Request process requiring documented program approval and supporting procurement information before a purchase proceeds.
Work to increase vendor interest in the competitive bid process in New Mexico, including broadening RFP criteria, actively soliciting bids from vendors, and determining why solicited vendors do not bid;		
Create county or regional contingency pools of election supplies;	No Action	SOS did not report on this recommendation.

Work with counties to reduce the number of voting convenience centers (VCCs) to get closer to the 10-precincts-per-VCC standard in statute and prioritize funding to meet statutory minimums for precincts per VCC. However, counties may establish additional VCCs at their discretion, but the state should not be obligated to fund those that exceed the statutory standard;	No Action	SOS did not report on this recommendation.
Work with counties to determine the appropriate number of poll workers per VCC. However, counties may employ additional poll workers at their discretion, but the state should not be obligated to fund those above statutory minimums;	No Action	SOS did not report on this recommendation.
Create a central repository for election administration and county expenditure data; and	Complete	Began the statewide implementation of an Election Logistics Management System intended to improve the collection of county-level election information, including cost drivers, and centralized the secure transmission of statutorily required election-security required communications
Collect election administration data at the county level to better assess where technical assistance is needed, potentially through the Accountability in Government Act performance measure process where data is shared with the Legislature and the Department of Finance and Administration.	Progressing	SOS's reports new election-management systems are expected to improve county-level collection of election cost drivers, including poll-worker counts and payroll. Implementation is ongoing, and SOS has not reported establishing related public performance measures.

PURPOSE OF BRIEF: Updates on a 2025 LFC Program Evaluation on Appropriations for Higher Education Faculty Endowments.

PREPARED BY: Clayton Lobaugh

EXPECTED OUTCOME: Informational

Update on Higher Education Endowment Appropriations Evaluation

The Legislature appropriated $170 million to create higher education endowments generating earnings to expand nursing, teacher education, and social work programs. A 2025 LFC program evaluation found much of that funding was going unused, citing distribution delays and implementation challenges. Since the evaluation, higher education institutions have implemented many recommendations, though UNM reports it will not pursue one of the evaluation recommendations.

Background

New Mexico's workforce needs additional nurses, teachers, and social workers. As a strategy to expand the state's higher education programs in these fields, the Legislature appropriated a total of $170 million from FY23 through FY25 for higher education institutions to create endowments that could generate investment earnings to fund additional faculty positions in these programs and some social work financial aid. A 2025 LFC program evaluation, *Use and Impact of Endowment Appropriations for Higher Education Nursing, Teacher Education, and Social Work Programs*, found colleges that received these endowment appropriations to create faculty positions were not fully using the investment earnings to hire more faculty. Projections of interest earnings on the endowments indicated the funding was enough to hire about 87 additional faculty; however, colleges had only supported 52 positions as of July 2025.

Key Points

- The Legislature appropriated $170 million to create higher education endowments whose investment earnings would fund additional nursing, teacher education, and social work faculty.
- The LFC program evaluation found colleges were using endowment earnings to support far fewer faculty positions than the funding could sustain, due to distribution delays by HED and implementation issues at the colleges.
- Institutions report using endowment earnings to fund additional faculty, and HED reports enhanced processes to distribute and track appropriations.
- NMSU is currently implementing an LFC recommendation to renegotiate the administrative fees foundations charge on state-funded endowments whereas UNM declined to pursue this recommendation.

The LFC program evaluation identified delays and implementation issues with how the Higher Education Department (HED) and colleges managed the appropriations to create endowments. HED allocated at least a third of the endowment appropriations to colleges and universities in an untimely manner. Colleges reported not spending endowment earnings because of turnover, internal program approval processes, and recruitment issues. Colleges sometimes used endowment funds differently than budget language instructed or intended, such as spending from the endowment corpus or using investment earnings to support foundation operations over and above investment management costs.

Updates on Current Situation

Higher education institutions and HED have taken steps to address several of the issues the 2025 evaluation identified, though one recommendation remains unadopted. Institutions report using endowment investment earnings to fund additional faculty positions. HED reports establishing new processes to distribute and track flow-through appropriations on a timely

basis and to monitor whether institutions are spending funds consistent with legislative requirements. HED has also continued distributing the appropriation for social work clinical supervision services and, following legislative reauthorization, plans to distribute the remaining $1.7 million. New Mexico State University (NMSU) is actively pursuing the evaluation's recommendation to renegotiate the administrative fees its foundation charges on state-funded endowments while the University of New Mexico (UNM) declined to pursue the recommendation.

Use of endowments to hire additional faculty. Since the 2025 program evaluation, higher education institutions report funding additional faculty positions with the investment earnings from their higher education endowments. UNM reports using its nursing endowment funds to fund two faculty positions to lead a College of Nursing Honors Program. Western New Mexico University (WNMU) reports using the investment earnings from its $22 million in endowment appropriations to fully fund five faculty positions across its nursing, teacher education, and social work programs as well as social work scholarships. Northern New Mexico College (NNMC) reports using its endowment investment earnings to fund a teacher education position and a nursing position. San Juan College (SJC) reports hiring three new faculty members for its nursing program supported by endowment appropriations. SJC also reports a 50 percent increase in its nursing student cohort size.

Enhancement of processes for distributing, tracking, and overseeing flow-through appropriations and endowment funds. After the 2025 program evaluation, HED reports it has implemented a process for distributing and tracking flow-through appropriations in a timely manner. HED reports its Academic Affairs and Policy Division and its Institutional Finance Division monitor outcome and expenditure reports to see if appropriations are being used in accordance with legislative language and intent. The 2025 program evaluation found New Mexico Highlands University (NMHU) had accidentally distributed dollars from the corpus of a social work endowment directly to social work scholarships. Since the evaluation, NMHU made changes to its internal processes to ensure its financial aid office cannot directly fund scholarships with endowment corpus funds. NMHU placed all of its endowments under the NMHU foundation.

Status of unspent funding for social work clinical supervision services. An FY24 $20 million appropriation for social work endowments included legislative language saying the funds could also be used for social work clinical supervision services. The 2025 program evaluation found HED had not yet distributed $5 million of this funding. At the end of FY26, $1.7 million of this funding remained unexpended. The Legislature reauthorized this unexpended funding and HED plans to fully distribute the remaining $1.7 million to behavioral health organizations for clinical supervision services by the end of FY27.

Use of endowment appropriations to support foundation operations. The program evaluation found the UNM foundation and the NMSU foundation were applying administrative fees (above investment management costs) onto the endowments funded by state appropriations, even though these endowments were not the result of foundation fundraising efforts. The program evaluation recommended UNM and NMSU renegotiate the administrative fees their foundations applied to funds received through state appropriations. NMSU is actively renegotiating administrative fees on state-funded endowments with its foundation and evaluating its foundation’s investment performance. UNM reports

it will not pursue an administrative fee exception for endowments funded by state appropriations because this would treat donors inequitably, invite other requests for exceptions, and shift costs onto UNM.

Appendix A. Progress on Past Recommendations

Finding

Because of underspending, colleges are not fully using state endowment funding to grow program capacity.

Recommendation	Status	Comments
HED and higher education institutions should enhance the quality control processes for how faculty FTE are reported in financial reports of actuals and operating budgets.	Progressing	HED noted it requires higher education institutions to complete an endowment fund certification form, which provides the department opportunities to review and verify increased program growth and additional full-time employees.
Colleges and universities should fully leverage instructional funds on academic programs and limit transfers out of instruction and general (I&G) funds.	Progressing	Higher education institutions report they will manage transfers out of I&G in compliance with the HED financial reporting manual, internal budget processes, and with approval from their governing boards.

Colleges and HED's management of endowment funds had delays and implementation issues, which postponed serving more students.

Recommendation	Status	Comments
HED should strengthen its internal appropriation tracking and distribution processes to ensure appropriations are distributed and expended in a timely manner.	Implemented	HED reports it has implemented a process for distributing and tracking flow-through appropriations in a timely manner. HED reports its Academic Affairs and Policy Division and its Institutional Finance Division monitor outcome and expenditure reports to see if appropriations are being used in accordance with legislative language and intent.
HED should periodically conduct follow-up audits on appropriations to ensure colleges are using funds as intended.	Implemented	HED conducted a data collection survey of state endowment investments which was released in January 2026. The report found that endowment funding has supported faculty recruitment and retention, program development, and expanded capacity in high-need workforce fields, although outcomes varied considerably due to differences in program maturity, labor market conditions, and institutional readiness.
HED should ensure clinical supervision services it funds from the FY24 social work appropriations are for licensed social workers as required by the appropriation language.	Progressing	HED worked with its vendor Falling Colors to amend the subrecipient agreements to specify the funding is for clinical supervision for licensed social workers. HED also worked with the Department of Finance and Administration (DFA) and LFC to reauthorize the unexpended balance of the appropriation to allow continued spending in FY27. The reauthorized amount of $1.7 million is expected to be fully expended by the end of FY27.

UNM should deploy earnings from its nursing endowment appropriations to fund endowed faculty salaries and increase the enrollment capacity of its main campus and Gallup branch campus nursing education programs.	Implemented	UNM reports deploying $364 thousand in earnings from its nursing endowment appropriations to expand nursing program capacity. UNM College of Nursing programs admitted 713 students in FY26, an increase of 48 percent (231 students) from FY23 when 482 students were admitted.
UNM should complete all remaining approval processes for establishing its proposed Master of Social Work program before the beginning of FY27.	Implemented	UNM completed the institutional and state approval processes for a Master of Social Work (MSW) program before the start of FY27. The first MSW student cohort is scheduled to begin classes in January 2027. The program has planned for an initial cohort of approximately 20 students.
The University of New Mexico should renegotiate the UNM foundation's development funding allocation fee on funds received through state appropriations.	No action	UNM reports it will not implement this recommendation because this would treat donors inequitably, invite other requests for exceptions, and shift costs onto UNM.
NMSU should renegotiate the NMSU foundation's administrative fees on funds received through state appropriations.	Progressing	NMSU is actively renegotiating the administrative fees assessed by the NMSU foundation on endowments funded through state appropriations. NMSU's stated position is that state-funded endowments should not be assessed foundation operating or administrative costs beyond reasonable investment-management expenses that would also be incurred under an alternative investment-management model. This issue is being addressed as part of the revised contract currently under negotiation. If agreement cannot be reached on eliminating foundation operating charges, NMSU reports it will reevaluate alternative arrangements for management of the affected endowments.
NMSU should complete its internal cost-benefit assessment of whether to manage its endowments internally or through the NMSU foundation.	Progressing	NMSU is in the process of assessing whether state-funded endowments should be managed directly by the university or through the NMSU foundation. NMSU is considering investment performance, investment management costs, portfolio scale, and diversification opportunities. NMSU is leaning toward keeping state-funded endowments with the foundation, provided foundation administrative fees will no longer be assessed on state-funded endowments.
NNMC should spend investment earnings from its nursing and teacher education endowments on endowed faculty salaries for the purpose of boosting instructional program capacity.	Implemented	NNMC reports that the teacher education position and the nursing position funded by the endowment appropriations have been filled.
NMHU should strengthen its internal financial controls to prevent funds from being used contrary to their appropriated purpose.	Implemented	NMHU made changes to its internal processes to ensure its financial aid office cannot take an action of directly funding scholarships with endowment corpus funds. NMHU placed all of its endowments under the management of the NMHU foundation.

WNMU should ensure investment earnings from its $22 million in endowment appropriations begin funding endowed faculty salaries and endowed financial aid in FY26.	Implemented	WNMU reports drawing down $117.5 thousand from its nursing endowment to fund a nursing faculty position, $203 thousand from its teacher education endowment to fund two positions, $143 thousand from its social work endowment for two positions, and $258 thousand for social work scholarships.
WNMU should use the earnings from its endowment appropriations to support in-state faculty and students in order to educate future social workers, teachers, and nurses for New Mexico's workforce.	Implemented	WNMU reports all five of the faculty positions supported by the state-funded endowments live in-state and work at WNMU rather than living out-of-state and solely teaching online classes.
SJC should use its endowment appropriation earnings in accordance with legislative appropriations language and SJC's original application to HED.	Implemented	San Juan College (SJC) reports hiring three new faculty members for its nursing program supported by endowment appropriations. SJC also reports a 50 percent increase in its nursing student cohort size.

PURPOSE OF BRIEF: Update of recommendations for the Healthy Universal School Meals Program made in the 2025 LFC program evaluation

PREPARED BY: Dr. Ryan Tolman, Josh Chaffin

EXPECTED OUTCOME: Informational

Healthy Universal School Meals: One-Year Follow-Up

One year after LFC evaluated New Mexico's Healthy Universal School Meals (HUSM) program, PED reports substantial progress on most recommendations. Based on PED's August 2026 update, five of nine recommendations are substantially complete, three are progressing, and one has not produced a specific monitoring process. Statuses are based primarily on PED's self-report and have not been independently validated by LFC.

The actions PED reports address several of LFC's recommendations intended to improve meal quality, particularly through stronger scratch-cooking oversight, student feedback, training, and contract standards. However, PED's update primarily documents implementation of these processes and does not establish whether the quality of meals served to students has measurably improved since the 2025 evaluation.

Key Points

- PED reports five of nine recommendations substantially complete, three progressing, and one with no specific monitoring process identified.
- PED launched statewide HUSM Certification in April 2026 to track key meal-quality requirements.
- PED expanded training and technical assistance; 13 of 40 Brigaid trainings were complete by August 2026.
- Infrastructure work remains in progress; $10.8 million of $20.0 million in SKII awards had been reimbursed.

Background

LFC's 2025 evaluation found school meal spending rose 20 percent from SY23 to SY24, while lunch and breakfast participation rose about 8 percent. SFAs used $6.3 million in SEG funds for food service, and statewide systems for measuring meal quality and outcomes were underdeveloped. LFC recommended stronger fiscal monitoring, performance measurement, training, contracting standards, and infrastructure support.

Updates on Current Situation

PED reports major progress in quality oversight and technical assistance. In April 2026, PED launched statewide HUSM Certification covering scratch cooking, food-waste practices, student/family voice, and New Mexico Grown. A two-year external contract has delivered 13 of 40 planned trainings, and PED revised food service management company templates to incorporate HUSM requirements.

Fiscal and infrastructure work remains in progress. PED provides guidance on SEG use and reviews SFA expenditures, but did not identify a process for flagging unusually low federal reimbursement. Brigaid assessed 36 SFAs, but PED has not reported resulting facility-standard changes. As of August 2026, $10.8 million of $20.0 million in kitchen infrastructure awards had been reimbursed; spending is authorized through June 30, 2027.

Appendix A. Progress on Report Recommendations

Finding

PED reports substantial progress implementing LFC recommendations to strengthen HUSM fiscal oversight, meal quality, technical assistance, contracting, and infrastructure.

Recommendation	Status	Comments
Provide guidance and monitor the use of SEG funds for food service operations, with special attention to smaller SFAs and charter schools, to ensure state funds supplement - not supplant - federal funds.	Progressing	PED reports providing guidance on appropriate SEG use at statewide and regional trainings. PED also reports that some SFAs continue to rely on SEG for food-service costs. The update documents guidance but does not describe a separate statewide monitoring/reporting process for SEG use.
Review SFAs that received less in federal funds than were budgeted to determine whether differences were due to participation projections or other reasons.	No Action	PED explains that SFA budgets are based on prior-year participation and reimbursement and that actual meal counts can vary, sometimes requiring budget adjustment requests. The update does not identify a specific review or flagging process for unusually large federal-revenue variances.
Monitor SFA expenditures annually and provide technical assistance to districts that exceed food-service operating costs supported by federal reimbursement rates.	Complete	PED reports that SFA expenditures are reviewed through USDA-required Administrative Reviews and Procurement Reviews and that the bureau provides annual training on appropriate use of National School Lunch Program and HUSM funds. PED notes that some SFAs continue to report that reimbursements are insufficient to cover all program costs.
Work with DFA and LFC to develop a statewide HUSM performance-monitoring system aligned with the Accountability in Government Act.	Complete	PED launched a statewide HUSM Certification process in April 2026. The process collects documentation from every SFA and measures scratch cooking, food-waste reduction practices, student and family voice, and New Mexico Grown implementation. PED did not specifically address AGA alignment or academic and health outcome measures in its update.
Launch a standardized student satisfaction survey and provide menu feedback forms, taste-test protocols, and engagement templates.	Complete	PED reports that all SFAs were required through HUSM Certification to document student-satisfaction and feedback activities for SY26. SFAs without such activities were required to submit corrective action plans and implement Student and Family Voice plans in SY27.
Expand technical assistance and training, particularly in scratch cooking, food safety, and compliance.	Complete	PED began a two-year contract with Brigaid in December 2025. Thirteen of 40 planned trainings had been completed by August 2026. PED also reports monthly trainings, office hours, regional sessions, webinars, and one-on-one technical assistance tied to HUSM Certification.
Require food service management company contracts to include clearer expectations for quality standards, including locally sourced and scratch-cooked food.	Complete	PED reports revising FSMC RFP and contract templates and renewals to incorporate HUSM requirements, New Mexico Grown criteria, and compliance with 6.12.16 NMAC. PED reports the templates were approved by USDA and that the bureau trained FSMCs on HUSM requirements.
Develop guidelines and adjust adequacy standards to address HUSM infrastructure during new facility design.	Progressing	PED contracted with Brigaid to assess scratch-cooking readiness, including kitchen infrastructure, labor models, and practices. Brigaid visited 36 SFAs and conducted a statewide questionnaire. PED reports recommendations for continued infrastructure investment, but the update does not identify completed changes to facility guidelines or adequacy standards.

Ensure disbursements of kitchen infrastructure funds to school districts are completed by the end of the fiscal year.	Progressing	PED reports working with DFA and SFAs to address reimbursement delays associated with the transition to the PARS system. As of August 2026, $10.8 million of $20.0 million initially awarded had been reimbursed. SFAs have until June 30, 2027, to spend SKII awards; PED reported $250 thousand had reverted to DFA as of January 2026.