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LEGISLATING FOR RESULTS: Appropriations Recommendations

January 2026 for the 2027 Fiscal Year

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New Mexico State Legislative Finance Committee
325 Don Gaspar, Suite 101, Santa Fe, New Mexico 87501

Charles Sallee, Director
Jon Courtney, Deputy Director
Kelly Klundt, Deputy Director

FISCAL TEAM
Cally Carswell, Principal Analyst
Eric Chenier, Principal Analyst
Austin Davidson, Fiscal Analyst
RubyAnn Esquibel, Principal Analyst
Jennifer Faubion, Economist
Brendon Gray, Economist
Allegra Hernandez, Senior Fiscal Analyst I
Emily Hilla, Fiscal Analyst
Henry Jacobs, Fiscal Analyst
Connor Jorgensen, Principal Analyst
Maggie Klug, Fiscal Analyst
Sunny Liu, Principal Analyst
Carlie Malone, Fiscal Analyst
Noah Montano, Fiscal Analyst
Antonio Ortega, Fiscal Analyst
Julisa Rodriguez, Senior Fiscal Analyst I
Harry Rommel, Fiscal Analyst
Scott Sanchez, Senior Fiscal Analyst I
Joseph Simon, Principal Analyst
Ismael Torres, Chief Economist

SUPPORT STAFF TEAM
Annamae Montoya, Administrative Services Manager
Rene Montoya-Lopez, Committee Services Coordinator
Christina Tapia, Administrative Assistant II

Helen Gaussoin, Editor and Public Information

January 2026

Table of Contents

	Code No.	Page No.
Legislative		
Legislative Branch	111-131	4
Judicial		
New Mexico Compilation Commission	208	6
Judicial Standards Commission	210	7
Court of Appeals	215	9
Supreme Court	216	11
Administrative Office of the Courts	218	13
All District Courts	231-243	21
First Judicial District Court	231	23
Second Judicial District Court	232	24
Third Judicial District Court	233	25
Fourth Judicial District Court	234	26
Fifth Judicial District Court	235	27
Sixth Judicial District Court	236	28
Seventh Judicial District Court	237	29
Eighth Judicial District Court	238	30
Ninth Judicial District Court	239	31
Tenth Judicial District Court	240	32
Eleventh Judicial District Court	241	33
Twelfth Judicial District Court	242	34
Thirteenth Judicial District Court	243	35
Bernalillo County Metropolitan Court	244	36
All District Attorneys	251-263 & 265	37
First Judicial District Attorney	251	39
Second Judicial District Attorney	252	40
Third Judicial District Attorney	253	42
Fourth Judicial District Attorney	254	43
Fifth Judicial District Attorney	255	44
Sixth Judicial District Attorney	256	45
Seventh Judicial District Attorney	257	46
Eighth Judicial District Attorney	258	47
Ninth Judicial District Attorney	259	48
Tenth Judicial District Attorney	260	49
Eleventh Judicial District Attorney, Division 1	261	50
Eleventh Judicial District Attorney, Division 2	265	51
Twelfth Judicial District Attorney	262	52
Thirteenth Judicial District Attorney	263	53
Administrative Office of the District Attorneys	264	54
Public Defender Department	280	56
General Control		
Attorney General	305	60
State Auditor	308	65

Table of Contents

	Code No.	Page No.
Taxation and Revenue Department	333	67
State Investment Council	337	73
Administrative Hearings Office	340	75
Department of Finance and Administration	341	77
Public School Insurance Authority	342	89
Retiree Health Care Authority	343	94
General Services Department	350	98
Educational Retirement Board	352	109
New Mexico Sentencing Commission	354	111
Governor	356	113
Lieutenant Governor	360	115
Department of Information Technology	361	116
Public Employees Retirement Association	366	123
State Commission of Public Records	369	126
Secretary of State	370	128
Personnel Board	378	132
Public Employee Labor Relations Board	379	135
State Treasurer	394	136
Commerce and Industry		
Board of Examiners for Architects	404	140
State Ethics Commission	410	141
Border Authority	417	143
Tourism Department	418	145
Economic Development Department	419	151
Regulation and Licensing Department	420	160
Public Regulation Commission	430	170
Office of Superintendent of Insurance	440	174
New Mexico Medical Board	446	181
Board of Nursing	449	183
New Mexico State Fair	460	185
State Board of Licensure for Professional Engineers and Professional Surveyors	464	187
Gaming Control Board	465	189
State Racing Commission	469	191
Board of Veterinary Medicine	479	193
Cumbres and Toltec Scenic Railroad Commission	490	195
Office of Military Base Planning and Support	491	197
Spaceport Authority	495	199
Agriculture, Energy and Natural Resources		
Cultural Affairs Department	505	204
New Mexico Livestock Board	508	212
Department of Game and Fish	516	216
Energy, Minerals and Natural Resources Department	521	222
Youth Conservation Corps	522	230
State Land Office	539	232
State Engineer	550	235

Table of Contents

	Code No.	Page No.
Health, Hospitals and Human Services		
Commission on the Status of Women	601	242
Office on African American Affairs	603	244
Commission for Deaf and Hard-of-Hearing Persons	604	246
Martin Luther King, Jr. Commission	605	248
Commission for the Blind	606	250
Indian Affairs Department	609	252
Early Childhood Education and Care Department	611	254
Aging and Long-Term Services Department	624	264
Health Care Authority	630	271
Workforce Solutions Department	631	292
Workers' Compensation Administration	632	301
Vocational Rehabilitation Division	644	304
Governor's Commission on Disability	645	309
Developmental Disabilities Council	647	312
Miners' Hospital of New Mexico	662	317
Department of Health	665	319
Department of Environment	667	330
Office of Natural Resources Trustee	668	340
Veterans' Services Department	670	342
Office of Family Representation and Advocacy	680	345
Children, Youth and Families Department	690	348
Public Safety		
Department of Military Affairs	705	360
Parole Board	760	364
Corrections Department	770	366
Crime Victims Reparation Commission	780	373
Department of Public Safety	790	378
Homeland Security and Emergency Management Department	795	385
Transportation		
Department of Transportation	805	392
Other Education		
Public Education Department	924	400
Regional Education Cooperatives	930	403
Public School Facilities Authority	940	404
Education Trust Board	949	407
Higher Education		
Higher Education Department/Institutions	950	410
Public School Support		
Public School Support	993	440
Quasi		
New Mexico Finance Authority	NMFA	452

Table of Contents

	Code No.	Page No.
New Mexico Mortgage Finance Authority	NMM	456
New Mexico Lottery	NML	459
Capital Outlay	CO	461

Legislative

BUDGET SUMMARY
(Dollars in Thousands)

	USES	FY26 OpBud	FY27 LFC Rec.	Percent Change
111	Legislative Council Service	12,490.3	12,805.1	3%
112	Legislative Finance Committee	7,685.0	7,951.3	3%
114	Senate Chief Clerk	3,495.4	3,551.0	2%
115	House Chief Clerk	3,763.9	3,802.9	1%
117	Legislative Education Study Committee	1,995.9	2,024.3	1%
119	Legislative Building Services (GAA)	6,161.0	6,559.4	6%
131	Interim Committee Expenses	4,000.0	3,573.1	-11%
131	Pre-Session Expenses	510.0	560.0	10%
131	Legislative Internship Program	61.8	61.8	0%
131	Senate Rules Interim Committee	35.0	35.0	0%
131	Capital Buildings Planning Commission	257.5	257.5	0%
131	District Office Staff	14,000.0	14,000.0	0%
131	National Dues & Membership Fees	465.8	479.3	3%
	TOTAL	$54,921.6	$55,660.7	1%

	NONRECURRING (FY27-28)	FY26	FY27	Fiscal Years:
112	Economic analysis subscription costs and data analysis equipment	0.0	170.0	FY27-28
131	Legislative Information Systems	3,188.9	3,529.8	FY26-27
131	Capital Outlay Integrated Data System	0.0	1,000.0	FY26-28
	Total	3,188.9	4,699.8	

Judicial

Statutory Authority
The New Mexico Compilation Commission is established by Sections 12-1-1 through 12-1-14 NMSA 1978 and is responsible for publishing, selling, and distributing the New Mexico Statutes Annotated (NMSA), opinions and rules of the court, New Mexico Reports, Attorney General opinions, the Magistrate and Metropolitan Bench Book, and the juvenile probation officer manuals. The commission also maintains a computer database of each publication. In addition, the commission drafts Supreme Court rules, jury instructions, and civil and criminal forms on a contractual basis. It serves as staff to the Supreme Court rules committee, assists in the publication of the Secretary of State's session laws, and is authorized to prepare and keep current parallel tables of the New Mexico statutes.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	462.5	500.2	500.2	500.2	0.0
Other Transfers	424.6	400.0	400.0	400.0	0.0
Other Revenues	690.2	600.0	625.0	625.0	4.2
Fund Balance	194.0	105.8	80.8	80.8	(23.6)
TOTAL SOURCES	**$1,771.3**	**$1,606.0**	**$1,606.0**	**$1,606.0**	**0.0**
USES					
Operations	1,331.6	1,606.0	1,606.0	1,606.0	0.0
TOTAL USES	**$1,331.6**	**$1,606.0**	**$1,606.0**	**$1,606.0**	**0.0**
FTE					
Permanent	6.0	6.0	0.0	0.0	(100.0)
TOTAL FTE	**6.0**	**6.0**	**0.0**	**0.0**	**(100.0)**

At A Glance
The New Mexico Compilation Commission (NMCC) request kept overall revenue flat with FY26, with a reduction of $25 thousand in the use of fund balance because license royalty revenues continue to decline balanced by a corresponding increase in other revenues from civil action filing fees. The agency does not project budgetary changes in FY27.

Each fiscal year, in the "feed bill" that pays for legislative expenses, a $400 thousand appropriation from legislative cash balances is made to NMCC to cover the Legislature's share of the costs to develop the master database of official annotated laws and the technology for free public access. Civil action filing fees and license royalty revenue complete funding for FY27. NMCC's operating expenses are stable with increases in utility and productions costs anticipated and budgeted.

The agency has 1 vacant FTE, which it anticipates filling in FY26 with the available fund balance.

NEW MEXICO COMPILATION COMMISSION

The purpose of the New Mexico compilation commission program is to publish in print and electronic format, distribute and sell (1) laws enacted by the legislature, (2) opinions of the supreme court and court of appeals, (3) rules approved by the supreme court, (4) attorney general opinions and (5) other state and federal rules and opinions. The commission ensures the accuracy and reliability of its publications.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Average number of nmonesource.com actions performed per month	665,236.0	691,786.0	N/A	N/A	N/A

Statutory Authority
An amendment to Article VI, Section 32, of the New Mexico Constitution creates the Judicial Standards Commission to provide a means for disciplining judges at all levels of the judiciary. The commission consists of 13 members: seven lay people appointed by the governor, two attorneys elected by the Board of Bar Commissioners, and four members appointed by the Supreme Court. The latter four positions are filled by a Supreme Court justice, a Court of Appeals judge, a district judge, and a magistrate judge. The seven lay members serve five-year terms, while the attorney and judge members serve four-year terms.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,112.6	1,201.1	1,558.4	1,296.4	7.9
Other Transfers	29.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$1,142.4**	**$1,201.1**	**$1,558.4**	**$1,296.4**	**7.9**
USES					
Operations	1,136.8	1,201.1	1,558.4	1,296.4	7.9
TOTAL USES	**$1,136.8**	**$1,201.1**	**$1,558.4**	**$1,296.4**	**7.9**
FTE					
Permanent	7.0	7.0	3.0	7.0	0.0
TOTAL FTE	**7.0**	**7.0**	**3.0**	**7.0**	**0.0**

At A Glance
The Judicial Standards Commission (JSC) requested a general fund increase of $357.3 thousand, or 29.7 percent, from the FY26 operating budget. The request would fund a vacant paralegal position, new FTE for an HR administrator and an attorney, and other costs. Due to the increased accessibility offered by JSC's website, the number of complaints JSC received more than doubled in FY25 to 350 and is on track to exceed that figure in FY26. Also included were costs associated with sending attorney staff members to national ethics trainings and conferences. JSC is not part of the judicial unified budget, but the agency has adopted the judiciary's pay bands.

The LFC recommendation supports a $95.3 thousand, or 7.9 percent, increase in general fund revenue for insurance increases and contract costs. With one vacancy and no savings from vacant but funded positions, the recommendation will not support funding the vacant paralegal position, but it does support a $20.3 thousand increase in contractual services to supplement the existing staff.

Budget Issues
The State Ethics Commission Act, passed in 2019, included a provision that expanded the Judicial Standards Commission's jurisdiction to include hearing officers of the judicial branch. According to the commission, the only means by which these employees may be brought within the commission's oversight is by public vote to amend the state constitution. Until this unconstitutionality can be rectified by either rescinding the statutory provision or by passing an amendment to the constitution, the commission reports it will continue to dismiss complaints filed against hearing officers for lack of jurisdiction.

JUDICIAL STANDARDS COMMISSION

The purpose of the judicial standards commission program is to provide a public review process addressing complaints involving judicial misconduct to preserve the integrity and impartiality of the judicial process.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of months for release of annual report to the public from the end of the fiscal year	0.0	0.0	4.0	4.0	4.0
Efficiency	Number of days for commission to file petition for temporary suspension based on knowledge of cause for emergency interim suspension	3.0	3.0	3.0	4.0	4.0
Efficiency	Average number of meeting cycles for formal hearings to be held for cases in which formal charges are filed	0.0	3.0	2.0	2.0	0.0

Statutory Authority
The Court of Appeals was established by constitutional amendment in 1965. Its statutory authority is found in Sections 34-5-1 through 34-5-14 NMSA 1978. The court has no original jurisdiction but reviews certain types of cases on appeal: violations of municipal or county ordinances where a fine or imprisonment is imposed; decisions of state administrative agencies; all actions under the Workers' Compensation Act, the New Mexico Occupational Disablement Law, the Subsequent Injury Act, and the federal Employers' Liability Act; and criminal action from the district courts, except those involving the death penalty or life imprisonment. Section 34-5-8 NMSA 1978 was amended in 1983 to include appeals of civil actions not specifically reserved for the jurisdiction of the Supreme Court by the constitution or by law. The Court of Appeals consists of 10 judges elected statewide for eight-year terms and maintains offices in Santa Fe and Albuquerque.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,140.4	10,477.6	11,718.2	10,913.2	4.2
Other Transfers	740.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$9,880.8**	**$10,477.6**	**$11,718.2**	**$10,913.2**	**4.2**
USES					
Operations	9,857.8	10,477.6	11,718.2	10,913.2	4.2
TOTAL USES	**$9,857.8**	**$10,477.6**	**$11,718.2**	**$10,913.2**	**4.2**
FTE					
Permanent	55.0	65.0	70.0	65.0	0.0
TOTAL FTE	**55.0**	**65.0**	**70.0**	**65.0**	**0.0**

At A Glance
The Court of Appeals requested a general fund revenue increase of $1.2 million, or 11.8 percent, from the FY26 operating budget. The increase is primarily due to health and liability insurance rate increases, preventive building maintenance, operational costs, and IT subscriptions. The request also included $735 thousand for expansions: $230 thousand for the court's mediation program and funding for 5 FTE, including two judicial specialists, two legal editors, and one business specialist. In FY25, the court reported a disposition rate of 114 percent, the seventh consecutive year in which disposition rates exceeded 100 percent. The Court of Appeals was able to clear its general calendar backlog (general calendar cases ready for and awaiting a decision), reducing the total number of pending appeals by 13 percent. Additionally, the court was able to reduce the average time to resolve appeals by 17 percent for civil cases (from 392 days to 323 days) and 22 percent for criminal cases (from 418 days to 355 days).

The committee recommends funding the requested increases in the base budget with the exception of some IT costs for a general fund increase of $435 thousand, or 4.2 percent. The recommendation does not support the agency's expansion requests.

Base Expansion
The agency requested expansion requests for its mediation program and funding and 5 FTE for new positions, totaling $735 thousand. The mediation program, which would receive $230 thousand in the agency request, began in 2024 and has since been funded with nonrecurring appropriations. The funding and 5 FTE for new positions would add two judicial specialists, two legal editors, and one business specialist to the Court of Appeals staff.

The committee recommendation does not support the agency's expansion requests.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Mediation Program	P215	230.0	0.0
2	Judicial Specialist 2	P215	80.3	0.0
3	Business Specialist 2	P215	98.2	0.0
4	Appellate Technical Legal Editor - DACA	P215	123.1	0.0
5	Appellate Technical Legal Editor - Paralegal	P215	123.1	0.0
6	Judicial Specialist 2	P215	80.3	0.0
TOTAL			**$735.0**	**$0.0**

COURT OF APPEALS

The purpose of the court of appeals program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of all active cases pending for five hundred forty days or less	NEW	85.0%	75.0%	75.0%	75.0%
Outcome	Percent of all active cases pending for seven hundred twenty days or less	NEW	95.0%	95.0%	95.0%	95.0%
Outcome	Percent of all cases resolved within seven hundred twenty days	NEW	88.0%	95.0%	95.0%	95.0%
Output	Average number of cases resolved within five hundred forty days	NEW	76.0%	75.0%	75.0%	75.0%
Output	Percent of the number of outgoing cases divided by the number of incoming cases	104%	108%	100%	100%	100%
Outcome	Average age of active pending civil cases, in days	271.0	259.0	350.0	365.0	350.0
Outcome	Number of days to disposition for civil cases	392.0	323.0	375.0	375.0	375.0
Outcome	Number of days to disposition for criminal cases	418.0	355.0	425.0	425.0	425.0
Outcome	Average age of active pending criminal cases, in days	278.0	308.0	365.0	425.0	365.0

Statutory Authority
Article VI of the New Mexico Constitution provides for a Supreme Court consisting of five justices, including a chief justice. The Supreme Court is considered the court of last resort in the state of New Mexico with superintending control over all lower courts. The Supreme Court also has the power to issue writs.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,906.2	9,970.3	11,333.8	10,339.8	3.7
Other Transfers	225.6	0.0	0.0	0.0	0.0
Other Revenues	1.3	0.0	0.0	0.0	0.0
Fund Balance	0.0	0.0	15.0	15.0	0.0
TOTAL SOURCES	**$9,133.1**	**$9,970.3**	**$11,348.8**	**$10,354.8**	**3.9**
USES					
Operations	9,087.0	9,970.3	11,348.8	10,354.8	3.9
TOTAL USES	**$9,087.0**	**$9,970.3**	**$11,348.8**	**$10,354.8**	**3.9**
FTE					
Permanent	57.0	64.0	66.0	64.0	0.0
TOTAL FTE	**57.0**	**64.0**	**66.0**	**64.0**	**0.0**

At A Glance
The New Mexico Supreme Court requested a general fund revenue increase of $1.4 million, or 13.7 percent, compared with its FY26 operating budget. The request would provide funding for a financial manager, an appellate paralegal, and an appellate attorney associate, as well as funding and new positions for an attorney associate and a technical legal editor. The agency is also requesting to convert an FTE from term to perm funding for an appellate paralegal position currently funded by the Administrative Office of the Courts. The agency request includes insurance and risk insurance rate increases. In addition to the personnel requests, the agency is requesting funds for building maintenance, travel, and training.

The committee recommendation supports an increase of $369 thousand, or 3.7 percent, in general fund revenue over the FY26 budget. The committee recommendation supports the insurance and General Services Department rate increases, with partial support for building maintenance and travel costs.

SUPREME COURT

The purpose of the supreme court program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of all active cases pending seven hundred sixty-two days or less	92.2%	96.0%	80.0%	95.0%	95.0%
Output	Percent of all active cases pending six hundred seventy-two days or less	88.3%	96.0%	80.0%	75.0%	80.0%
Output	Percent of all cases resolved within seven hundred sixty-two days	93.6%	94.0%	95.0%	95.0%	95.0%
Output	Percent of all cases resolved within six hundred seventy-two days	95.3%	91.0%	80.0%	75.0%	80.0%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of outgoing cases divided by the number of incoming cases	110%	108%	100%	100%	100%
Outcome	Percentage of criminal cases disposed of in 180 days or less (discretionary appeals - initial review)	99%	100%	95%	95%	95%
Outcome	Percentage of active pending criminal cases 510 days or less (appeals as of right)	87%	93%	80%	75%	80%
Outcome	Percentage of active pending civil cases 180 days or less (discretionary appeals - initial review)	90%	100%	95%	95%	95%
Outcome	Percentage of civil cases disposed of in 630 days or less (discretionary appeals - review granted)	61%	60%	85%	75%	85%

Statutory Authority
The Administrative Office of the Courts is statutorily created in Sections 34-9-1 through 34-9-16 NMSA 1978. The agency is supervised by a director appointed by the New Mexico Supreme Court and has four recognized programs: Administrative Support, Magistrate Court, Statewide Judiciary Automation, and Special Court Services. The office is the oversight agency for the judiciary, supervising all matters relating to the administration of the courts.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	50,142.9	60,211.4	67,016.1	63,212.1	5.0
Other Transfers	5,088.2	700.5	707.8	707.8	1.0
Federal Revenues	426.0	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	5,799.8	8,813.1	5,133.1	5,133.1	(41.8)
Fund Balance	2,137.3	10,897.7	12,308.5	12,776.4	17.2
TOTAL SOURCES	**$63,594.2**	**$82,953.3**	**$87,496.1**	**$84,160.0**	**1.5**
USES					
Personal services and employee benefits	25,043.4	20,486.3	24,281.5	22,800.9	11.3
Contractual services	9,404.5	5,449.6	5,548.6	5,548.6	1.8
Other	20,715.6	28,199.4	26,629.3	26,487.4	(6.1)
Other financing uses	1,507.6	0.0	0.0	0.0	0.0
Pre-trial services	0.0	11,173.7	11,365.2	11,365.2	1.7
Court-appointed special advocate	0.0	1,408.6	1,408.7	1,408.7	0.0
Supervised visitation	0.0	1,228.1	1,228.6	1,228.6	0.0
Water rights	0.0	2,887.9	2,895.2	2,895.2	0.3
Court-appointed attorneys	0.0	1,344.2	1,361.6	1,344.2	0.0
Children's mediation	0.0	300.3	308.5	308.5	2.7
Judges pro tem	0.0	69.1	69.1	69.1	0.0
Court education institute	0.0	4,656.7	4,709.7	4,709.7	1.1
Access to justice	0.0	339.5	347.2	347.2	2.3
Statewide alternative dispute resolution	0.0	217.5	221.3	221.3	1.7
Statewide treatment programs	0.0	1,498.0	1,539.2	1,539.2	2.8
AOC treatment programs	0.0	2,917.9	2,917.9	2,917.9	0.0
Adult guardianship	0.0	386.4	405.3	405.3	4.9
Behavioral health	0.0	390.1	2,259.2	563.0	44.3
TOTAL USES	**$56,671.1**	**$82,953.3**	**$87,496.1**	**$84,160.0**	**1.5**
FTE					
Permanent	206.0	179.5	180.5	177.0	(1.4)
Term	0.0	37.0	36.0	34.0	(8.1)
TOTAL FTE	**206.0**	**216.5**	**216.5**	**211.0**	**(2.5)**

At A Glance
The Administrative Office of the Courts (AOC) requested a recurring budget of $87.5 million, 10.5 percent, or $8.2 million, above the FY26 operating budget. The request included a total general fund increase of $6.8 million, or 11.3 percent. Between its four programs, the agency requested $1.2 million in expansions, with $1.1 million requested by the Special Court Services Program to expand Assisted Outpatient Treatment and competency diversion to four judicial districts.

The committee recommends increasing AOC's total revenue by $1.5 million, or 1.8 percent, above the FY26 operating budget. While the agency request decreased revenues other than from the general fund by $2.2 million, the recommendation increases general fund appropriations by $3.3 million, or 5.5 percent, above FY26 while also recommending increased appropriations from the judiciary performance evaluation and language access funds. The recommendation includes funding for insurance increases, contract costs, and pretrial services in specific district courts. Requests for pretrial services operational costs, ankle monitors, and conversion of positions from term to permanent totaled $425.9 and are supported in a GRO recommendation. Additionally, the committee recommendation includes $1.3 million for the statewide judiciary automation program to replace lapsing Supreme Court automation fund appropriations.

Budget Issues

The Administrative Office of the Courts is the administrative arm of the state Supreme Court. The agency participates in the unified budget process and has its budget request reviewed by the judiciary's budget committee and chief judges before final approval by the Supreme Court.

In addition to the requested general fund increases, AOC requested a $3.7 million, or 41.8 percent, decrease in other revenues, flat federal revenues, and a $1.4 million, or 12.9 percent, increase in the use of fund balance. The decrease in other revenues was the result of a projected $3.5 million decrease in revenue from court costs compared to FY26. A diminished Supreme Court automation fund request of $728.4 thousand was offset by $2.1 million in increased appropriations from all other funds, including an additional $643.2 thousand from the jury and witness fee fund. However, even with AOC's request for FY27 decreasing the automation fund's usage by 23 percent, the fund would end FY27 with a balance of negative $444.4 thousand.

AOC's general fund base request includes an additional $1.2 million for health and risk insurance increases and $1.6 million to fund 11 positions, including 1 FTE for a statewide security superintendent. The request also includes $225 thousand to replace government results and opportunity (GRO) funding for the Modest Means Legal Helpline, $775 thousand to replace nonrecurring behavioral health funds, $187.4 in rent costs for the expanded Lomas location, $554.1 thousand for language access services, $334.7 thousand for judicial performance evaluation, and $1.3 million for the statewide judiciary automation program's "critical court services funding shortfall." Additionally, of the $1.2 million expansion request, $1.1 million is for four new assisted outpatient treatment (AOT) and diversion programs and $84.8 thousand is for an Administrative Support jury and witness business specialist FTE.

The committee recommendation increases AOC's general fund revenue by $3 million, or 5 percent, above the FY26 operating budget. The recommendation includes funding for insurance and rate increases, behavioral health revenue replacement, language access services, rent increases, and pretrial services. The recommendation funds judicial performance evaluation and language access services costs, respectively, by increasing the revenue from the judicial performance evaluation and language access funds, not the general fund as requested. Although pretrial services requests were made by individual district courts, the committee's budget recommendation for FY26 consolidated funding within AOC, and the FY27 recommendation continues this with GRO funding for AOC's pretrial operations. The Statewide Judiciary Automation Program did not receive $632 thousand for senior data analysts, but the LFC recommendation includes $1.3 million for the court services expenses and shortfall. Further, while the committee recommendation does not include the agency's AOT expansion request, the LFC recommends GRO appropriations contingent on county matching funds.

The committee continues to recommend the consolidation of the state's recurring funds used for district court pretrial services into AOC's budget. This allows for more consistent budget monitoring and support of PTS in the state. From May to October 2025, the Special Court Services Program completed pretrial services implementation in the 7th, 9th, and 10th judicial districts and Colfax and Union counties. Expansion to the 5th, the only judicial district without AOC-integrated pretrial services, is underway and the program is also scheduled to complete statewide validation of its public safety assessment tool by the end of 2025. The LFC recommendation for AOC includes GRO funding for the pretrial services requests made by district courts.

Administrative Support. For the Administrative Support Program, the agency requested a net general fund revenue increase of $2 million, or 12.7 percent, compared with the FY26 operating budget. The request would fund the rent increase, the Modest Means Legal Helpline GRO costs, health and risk insurance rates, increased interpreter costs and other language access expenses, and website and travel costs for the Judicial Performance Evaluation Commission. While the Administrative Support request increases the program's restricted fund balance by $1.4 million, a requested $1.6 million reduction in miscellaneous revenue means the total revenue request increases recurring appropriations by $1.8 million, or 8.2 percent.

Rising expert witness costs continue to burden statewide criminal justice agencies, and when combined with increased court costs from a 2023 bill that significantly increased juror compensation, these pressures take their toll on Administrative Support expenses. The Administrative Support expansion request would add a jury and witness business specialist FTE for $84.8 thousand, and the $643.2 thousand jury and witness fund increase included in the AOC request would help to reduce this growing burden. Currently, there is no line item in the AOC budget to track jury and witness costs. Adding one could provide clarity and more effective measurement of budget growth moving forward.

Also included in the Administrative Support general fund request is $120 thousand in funding for a human resources project manager and $136.4 for a legal compliance attorney to work on Inspection of Public Records Act (IPRA) requests.

The committee recommends a $769.8 thousand, or 4.9 percent, general fund increase to cover health and risk insurance rates, rent increases, and lapsed Modest Means Legal Helpline funding. Judicial Performance Evaluation Commission operations and some of the language access services request are funded with increases from the judicial performance evaluation and language access funds. The committee recommendation funds the program's other non-general fund requests, and overall the Administrative Support recommendation increases recurring appropriations by $1.1 million.

Statewide Judiciary Automation. The request for the Statewide Judiciary Automation Program increased general fund revenue by $2.2 million, or 28.3 percent, over the FY26 operating budget. Of that, $632 thousand was requested to fund four senior data analysts. The division also requested $1.3 million for the court services expenses and shortfalls. Six employees currently paid out of the Supreme Court automation fund will require $882.2 thousand in additional general fund appropriations in FY27. Among the other expenses addressed in the $1.3 million request were increases in internet costs from FY25, $122 thousand in Google Workspace increases across FY25 and FY26, and virtual desktop costs. Overall, the request decreased recurring revenues by $929.3 thousand, or 5.6 percent, and with increased personal and contractual services requests, the program requested a $1.9 million decrease in other costs.

The committee recommends a general fund revenue increase of $1.6 million, or 20.3 percent. The recommendation fully funds the request for the critical court services expenses and shortfall and the program's health and risk insurance rate increases. The recommendation supports the program's non-general fund requests, and with a decrease in total recurring appropriations of $1.6 million, or 9.5 percent, the recommendation fully supports the decreased other costs.

Court Operations. The Court Operations Program request increased general fund revenue by $363.2 thousand, or 2.3 percent, over the FY26 operating budget. The program requested $228.4 thousand for a security superintendent to direct statewide court security. The superintendent would conduct safety assessments, develop and deliver trainings, and establish security protocol. The request also included $134.8 thousand in insurance and GSD rate increases

The committee recommends a $134.8 thousand, or 0.9 percent, general fund revenue increase. The recommendation provides for the health and risk insurance rate increases.

Special Court Services. The Special Court Services Program request contained a base general fund increase of $1.1 million, or 10.5 percent, compared to the FY26 operating budget. Of that, $191.5 thousand was requested for increasing pretrial services costs. However, this requested increase does not include pretrial services requests made by individual district courts. Additionally, with GRO appropriations from the 2024 special legislative session set to expire after June 30, 2026, the agency requested $775.2 in behavioral health funding. The GRO funding currently supports three AOT and four competency diversion programs, and this increase would give five term positions permanent funding, fund court-appointed attorney contracts, and address operational cost increases.

The program's expansion request was tied to statewide AOT and competency diversion implementation. Special Court Services requested $1.1 million to expand AOT and competency diversion to four new sites. The agency estimates the expansion could serve 300-500 people annually.

The committee recommendation for FY26 consolidated funding for pretrial services in the AOC's budget. This allows for better monitoring of pretrial service use and growth; using GRO funds also allows the program to be piloted before it is fully implemented. Between the individual district court requests and the AOC pretrial services cost increase, there was a total increase of $616.4 thousand in the requested pretrial services budget. The requests included $219.2 thousand for pretrial staff in the 2nd, $10.2 thousand for operational costs in the 7th, $36.2 thousand for GPS ankle monitoring and other costs in the 8th, $91.6 thousand for staff in the 9th, and $68.7 for a judicial specialist in the 12th. The committee recommends the pretrial services requests be centralized and piloted at AOC with GRO funds. While the LFC recommendation does not support the AOT and competency diversion expansion request, it does partially support the request to replace GRO funding for behavioral health. The committee recommendation increases general fund appropriations for behavioral health by $172.9 thousand, or 44 percent.

Base Expansion

The committee does not fund the agency's expansion request because county funding for the 2nd Judicial District court's AOT program is expiring and needs to be supplemented before expansion can be considered.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	AOT & Competency Diversion	P620	1,093.9	0.0
0	Jury & Witness Business Specialist II	P559	84.8	0.0
TOTAL			**$1,178.7**	**$0.0**

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide administrative support to the chief justice, all judicial branch units and the administrative office of the courts so that they can effectively administer the New Mexico court system.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,496.2	15,729.6	17,729.4	16,499.4	4.9
Other Transfers	752.0	313.6	313.6	313.6	0.0
Federal Revenues	426.0	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	993.3	2,980.0	1,400.0	1,400.0	(53.0)
Fund Balance	325.9	363.7	1,810.9	2,278.8	526.6
TOTAL SOURCES	**$16,993.4**	**$21,717.5**	**$23,584.5**	**$22,822.4**	**5.1**
USES					
Personal services and employee benefits	7,363.5	8,735.1	10,522.6	9,902.4	13.4
Contractual services	2,895.3	4,179.6	4,078.6	4,078.6	(2.4)
Other	6,028.6	8,802.8	8,983.3	8,841.4	0.4
TOTAL USES	**$16,287.4**	**$21,717.5**	**$23,584.5**	**$22,822.4**	**5.1**
FTE					
Permanent	54.8	64.3	65.3	64.3	0.0
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**54.8**	**65.3**	**66.3**	**65.3**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Average cost per juror	$66	$67	$55	$55	$55
Explanatory	Number of jury trials	689.0	683.0	N/A	N/A	N/A
Efficiency	Average interpreter cost per session	$76	$66	$185	$185	$185

STATEWIDE JUDICIARY AUTOMATION

The purpose of the statewide judiciary automation program is to provide development, enhancement, maintenance and support for core court automation and usage skills for appellate, district, magistrate and municipal courts and ancillary judicial agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,053.6	7,867.9	10,098.2	9,466.2	20.3
Other Transfers	161.8	0.0	0.0	0.0	0.0
Other Revenues	2,244.9	3,521.6	1,421.6	1,421.6	(59.6)
Fund Balance	1,716.4	5,070.0	4,010.0	4,010.0	(20.9)
TOTAL SOURCES	**$11,176.7**	**$16,459.5**	**$15,529.8**	**$14,897.8**	**(9.5)**
USES					
Personal services and employee benefits	7,658.6	8,259.5	9,022.9	8,390.9	1.6
Contractual services	612.4	830.0	1,030.0	1,030.0	24.1
Other	2,203.6	7,370.0	5,476.9	5,476.9	(25.7)
TOTAL USES	**$10,474.6**	**$16,459.5**	**$15,529.8**	**$14,897.8**	**(9.5)**
FTE					
Permanent	55.2	55.2	55.2	55.2	0.0
Term	0.0	6.0	6.0	6.0	0.0
TOTAL FTE	**55.2**	**61.2**	**61.2**	**61.2**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Average number of days to respond to customer service requests	0.9	0.4	1.0	1.0	1.0
Efficiency	Average number of days resolve customer service requests	1.0	1.0	10.0	10.0	10.0

COURT OPERATIONS

The purpose of the court operations program is to provide support to courts statewide, including with security, customer service, access to justice and magistrate court facilities.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,203.9	15,643.3	16,006.5	15,778.1	0.9
Other Transfers	969.3	0.0	0.0	0.0	0.0
Other Revenues	333.3	135.0	135.0	135.0	0.0
Fund Balance	0.0	180.0	1,203.6	1,203.6	568.7
TOTAL SOURCES	**$16,506.5**	**$15,958.3**	**$17,345.1**	**$17,116.7**	**7.3**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	3,456.6	3,491.7	4,736.0	4,507.6	29.1
Contractual services	450.6	440.0	440.0	440.0	0.0
Other	10,988.0	12,026.6	12,169.1	12,169.1	1.2
TOTAL USES	**$14,895.2**	**$15,958.3**	**$17,345.1**	**$17,116.7**	**7.3**
FTE					
Permanent	36.0	11.0	11.0	11.0	0.0
Term	0.0	22.0	22.0	22.0	0.0
TOTAL FTE	**36.0**	**33.0**	**33.0**	**33.0**	**0.0**

SPECIAL COURT SERVICES

The purpose of the special court services program is to provide court advocates, legal counsel and safe exchanges for children and families; to provide judges pro tem; and to adjudicate water rights disputes so the constitutional rights and safety of citizens, especially children and families, are protected.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,389.2	20,970.6	23,182.0	21,468.4	2.4
Other Transfers	3,205.1	386.9	394.2	394.2	1.9
Other Revenues	2,228.2	2,176.5	2,176.5	2,176.5	0.0
Fund Balance	95.0	5,284.0	5,284.0	5,284.0	0.0
TOTAL SOURCES	**$18,917.5**	**$28,818.0**	**$31,036.7**	**$29,323.1**	**1.8**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	6,564.8	0.0	0.0	0.0	0.0
Contractual services	5,446.3	0.0	0.0	0.0	0.0
Other	1,495.4	0.0	0.0	0.0	0.0
Other financing uses	1,507.6	0.0	0.0	0.0	0.0
Pre-trial services	0.0	11,173.7	11,365.2	11,365.2	1.7
Court-appointed special advocate	0.0	1,408.6	1,408.7	1,408.7	0.0
Supervised visitation	0.0	1,228.1	1,228.6	1,228.6	0.0
Water rights	0.0	2,887.9	2,895.2	2,895.2	0.3
Court-appointed attorneys	0.0	1,344.2	1,361.6	1,344.2	0.0
Children's mediation	0.0	300.3	308.5	308.5	2.7
Judges pro tem	0.0	69.1	69.1	69.1	0.0
Court education institute	0.0	4,656.7	4,709.7	4,709.7	1.1
Access to justice	0.0	339.5	347.2	347.2	2.3
Statewide alternative dispute resolution	0.0	217.5	221.3	221.3	1.7
Statewide treatment programs	0.0	1,498.0	1,539.2	1,539.2	2.8
AOC treatment programs	0.0	2,917.9	2,917.9	2,917.9	0.0
Adult guardianship	0.0	386.4	405.3	405.3	4.9
Behavioral health	0.0	390.1	2,259.2	563.0	44.3
TOTAL USES	**$15,014.1**	**$28,818.0**	**$31,036.7**	**$29,323.1**	**1.8**
FTE					
Permanent	60.0	49.0	49.0	46.5	(5.1)
Term	0.0	8.0	7.0	5.0	(37.5)
TOTAL FTE	**60.0**	**57.0**	**56.0**	**51.5**	**(9.6)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of defendants on pretrial release not charged with a new violent crime	92%	93%	N/A	N/A	N/A
Explanatory	Number of monthly supervised child visitations and exchanges conducted	10,129.0	2,594.0	N/A	N/A	N/A
Outcome	Statewide recidivism rate for drug-court participants	11.84%	12.09%	12.00%	12.00%	12.00%
Outcome	Three-year intent-to-treat statewide recidivism rate of drug court program participants	17.69%	22.80%	25.00%	25.00%	25.00%
Outcome	Statewide employment rate of adult drug court program graduates for current fiscal year	78.00%	78.56%	90.00%	90.00%	90.00%
Outcome	Statewide education rate of juvenile drug court program graduates for current fiscal year	95.00%	100.00%	100.00%	100.00%	100.00%
Outcome	Statewide recidivism rate for DWI court participants	8%	14%	12%	12%	12%
Explanatory	Statewide graduation rate for drug court participants	61.00%	63.01%	N/A	N/A	N/A
Explanatory	Statewide graduation rate for DWI court participants	66.83%	75.83%	N/A	N/A	N/A
Explanatory	Cost per client per day for all drug court participants	$34	$51	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of children who achieve legal permanency within twelve to eighteen months from the date the petition is filed in an abuse and neglect case	15%	16%	N/A	N/A	N/A
Explanatory	Number of cases to which court-appointed special advocate volunteers are assigned	436.0	2,067.0	N/A	N/A	N/A
Outcome	Average number of days to completed adjudication in abuse and neglect cases	157.0	181.0	153.0	153.0	153.0
Explanatory	Percent of supervised defendants who make all scheduled court appearances	73%	74%	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who are not charged with a new offense during the pretrial stage	73%	75%	N/A	N/A	N/A

Statutory Authority
The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-26 NMSA 1978. New Mexico has 13 judicial districts under 96 district judges. Distribution and number of judgeships is determined in New Mexico statute. In the last nine years, 21 district judgeships have been created.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	175,445.5	193,559.1	206,833.8	197,805.0	2.2
Other Transfers	17,078.5	9,112.2	13,517.5	13,517.5	48.3
Federal Revenues	106.3	0.0	0.0	0.0	0.0
Other Revenues	13,543.4	10,132.5	10,391.6	10,391.6	2.6
Fund Balance	600.5	1,577.3	1,418.1	1,418.1	(10.1)
TOTAL SOURCES	**$206,774.2**	**$214,381.1**	**$232,161.0**	**$223,132.2**	**4.1**
USES					
Operations	199,713.3	214,381.1	232,161.0	223,132.2	4.1
TOTAL USES	**$199,713.3**	**$214,381.1**	**$232,161.0**	**$223,132.2**	**4.1**
FTE					
Permanent	1,694.9	1,728.5	1,717.5	1,724.5	(0.2)
Term	0.0	126.5	111.5	128.0	1.2
Temporary	0.0	2.0	2.0	2.0	0.0
TOTAL FTE	**1,694.9**	**1,857.0**	**1,831.0**	**1,854.5**	**(0.1)**

At A Glance
District courts and the Bernalillo County Metropolitan Court requested a total general fund increase of $13.3 million, or 6.9 percent, above the FY26 operating budget. Including non-general fund transfers and revenues, the district courts and Metropolitan Court requested increases of $17.8 million, or 8.3 percent above the FY26 total. The requested increase encompassed $17.9 million for staffing and insurance increases, $95.2 thousand for rent, IT, and security, and a corresponding decrease in contract costs of $318.5 thousand. The requested positions include judicial specialists, financial specialists, administrative assistants, pretrial services officers, and other administrative positions.

The LFC FY27 recommendation supports a general fund increase of $4.2 million, or 2.2 percent, for the district courts and Metropolitan Court above the FY26 operating budget. In keeping with FY26 changes, the FY27 recommendation transfers requested pretrial service funding from individual district courts to the Administrative Office of the Courts (AOC). The FY27 budget recommendation for AOC reflects pretrial requests from the 2nd, 7th, 8th, 9th, and 12th judicial districts for a total increase of $425.9 thousand. For the district courts and Metropolitan Court, the LFC recommendation primarily funds insurance and rate increases, with small allocations for rent and IT costs. Consistent with other criminal justice agencies, requests to address increased expert witness costs and preemptively replace federal funds are not included in the recommendation but will be considered for FY28.

Budget Issues
District, Metro, and statewide courts participate in the unified judicial budget process, wherein individual budget requests are vetted by several committees before ultimate approval by the New Mexico Supreme Court. There were several major judicial policy changes approved in the interim, including a revised appeals process that allows affected parties in a case to respond to appeals and the expansion of the case management order to the 1st Judicial District, bringing the total number of districts with the timeline-consolidating court order to four. Implementation of pretrial service programs statewide remains a priority for the judiciary, and although Chaves, Eddy, and Lea counties currently lack a pretrial system integrated with AOC, the agencies are actively working to implement them. The LFC recommendation supports continuing to centralize funding for these services at AOC. Another top priority for the judiciary was access to justice, and the upkeep and expansion of family court programming, resources for litigants without an attorney, and court human resources were all major components of the FY27 request. Central to the judiciary's ability to provide access to justice is its security infrastructure, and the courts submitted sizable recurring and non-recurring requests for magistrate and district court security. Due to security concerns and the Bernalillo County Sheriff Office's inability to staff the 2nd Judicial District Court, the court announced temporarily reduced hours and reduced access to the main clerk's office, the domestic violence office, and the self-help center.

The LFC district and Metropolitan Court recommendation for all revenue sources totals $223.1 million, of which $197.8 million is from general fund revenue. The recommendation supports the agency's request for all other revenue sources. With court fees and funds available to the judiciary, other transfer and revenue sources made up a significant portion of the budget increase. District courts that did not receive general fund increases in the recommendation instead received increases from other sources.

After eight consecutive successful years of using a restructured budget that appropriated funds in one item called "operations" instead of three separate line items, the committee recommends continuing the practice for FY26. The single line appropriation highlights the judiciary's unique budget organization and budgeting process and increases judicial independence. On average, more than 80 percent of each district court budget is for personnel costs.

Providing clarity and flexibility for judicial systems to deliver swift and certain justice remains a priority for LFC. As the number of judicial districts operating under case management orders expands and felony filings for district attorneys begin to approach prepandemic totals, judiciary caseloads could impede the swiftness and certainty of justice. While the LFC recommendation attempts to balance scrutiny of the budget request with implementation of the many policy changes approved by the courts, unilateral judicial reforms, even if aimed toward improving the swiftness and certainty of justice, may require statutory changes through the Legislature.

Base Expansion Listing

Three district courts requested expansions in the unified budget request. The 4th Judicial District requested $68 thousand for an administrative assistant, the 5th Judicial District requested $150.2 thousand for two court services specialists, and the 9th Judicial District requested $110.2 thousand for a case manager. The committee recommendation does not support these requests.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,290.8	14,661.7	15,777.4	14,838.5	1.2
Other Transfers	1,772.8	975.0	1,531.4	1,531.4	57.1
Other Revenues	230.2	464.4	478.7	478.7	3.1
Fund Balance	174.9	50.7	10.0	10.0	(80.3)
TOTAL SOURCES	**$15,468.7**	**$16,151.8**	**$17,797.5**	**$16,858.6**	**4.4**
USES					
Operations	15,300.5	16,151.8	17,797.5	16,858.6	4.4
TOTAL USES	**$15,300.5**	**$16,151.8**	**$17,797.5**	**$16,858.6**	**4.4**
FTE					
Permanent	127.0	135.8	143.8	135.8	0.0
Term	0.0	7.8	7.8	7.8	0.0
TOTAL FTE	**127.0**	**143.6**	**151.6**	**143.6**	**0.0**

FIRST JUDICIAL DISTRICT COURT

The purpose of the first judicial district court program, statutorily created in Santa Fe, Rio Arriba and Los Alamos counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	92%	98%	100%	100%	100%
Explanatory	Number of active cases pending	8,439.0	8,412.0	N/A	N/A	N/A
Outcome	Number of days to disposition for civil cases	287.0	330.0	390.0	540.0	390.0
Outcome	Age of active pending criminal cases, in days	942.0	1,160.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	506.0	530.0	500.0	540.0	500.0
Outcome	Number of days to disposition for criminal cases	327.0	280.0	340.0	365.0	300.0
Explanatory	Number of jury trials	53.0	40.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	33,777.1	38,184.3	42,020.2	39,622.2	3.8
Other Transfers	3,385.4	1,778.3	2,777.9	2,777.9	56.2
Other Revenues	3,276.8	5,804.3	5,409.3	5,409.3	(6.8)
Fund Balance	0.0	412.8	412.8	412.8	0.0
TOTAL SOURCES	**$40,439.3**	**$46,179.7**	**$50,620.2**	**$48,222.2**	**4.4**
USES					
Operations	40,045.6	46,179.7	50,620.2	48,222.2	4.4
TOTAL USES	**$40,045.6**	**$46,179.7**	**$50,620.2**	**$48,222.2**	**4.4**
FTE					
Permanent	350.0	350.5	369.5	346.5	(1.1)
Term	0.0	42.0	40.0	46.0	9.5
TOTAL FTE	**350.0**	**392.5**	**409.5**	**392.5**	**0.0**

SECOND JUDICIAL DISTRICT COURT

The purpose of the second judicial district court program, statutorily created in Bernalillo county, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	93%	97%	100%	100%	100%
Explanatory	Number of active cases pending	17,842.0	18,767.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	198.0	176.0	280.0	365.0	220.0
Outcome	Age of active pending criminal cases, in days	438.0	318.0	365.0	365.0	365.0
Outcome	Number of days to disposition for civil cases	199.0	200.0	348.0	520.0	280.0
Outcome	Age of active pending civil cases, in days	338.0	328.0	280.0	540.0	280.0
Explanatory	Number of jury trials	28.0	130.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,571.4	15,116.0	16,375.1	15,415.1	2.0
Other Transfers	2,140.0	1,391.7	1,794.9	1,794.9	29.0
Other Revenues	2,971.4	261.0	306.0	306.0	17.2
Fund Balance	0.0	59.0	110.0	110.0	86.4
TOTAL SOURCES	**$18,682.8**	**$16,827.7**	**$18,586.0**	**$17,626.0**	**4.7**
USES					
Operations	15,903.9	16,827.7	18,586.0	17,626.0	4.7
TOTAL USES	**$15,903.9**	**$16,827.7**	**$18,586.0**	**$17,626.0**	**4.7**
FTE					
Permanent	132.8	134.3	139.3	134.3	0.0
Term	0.0	11.3	4.3	8.3	(26.7)
Temporary	0.0	2.0	2.0	2.0	0.0
TOTAL FTE	**132.8**	**147.6**	**145.6**	**144.6**	**(2.0)**

THIRD JUDICIAL DISTRICT COURT

The purpose of the third judicial district court program, statutorily created in Dona Ana county, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	100%	101%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	218.0	134.0	290.0	365.0	180.0
Outcome	Number of days to disposition for civil cases	231.0	240.0	365.0	540.0	280.0
Outcome	Age of active pending civil cases, in days	337.0	317.0	420.0	540.0	350.0
Outcome	Number of days to disposition for criminal cases	243.0	184.0	340.0	365.0	200.0
Explanatory	Number of jury trials	60.0	50.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	5,823.0	5,498.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,647.3	6,252.6	6,545.5	6,477.5	3.6
Other Transfers	745.4	807.6	447.4	447.4	(44.6)
Other Revenues	3,291.6	48.3	48.3	48.3	0.0
TOTAL SOURCES	**$9,684.3**	**$7,108.5**	**$7,041.2**	**$6,973.2**	**(1.9)**
USES					
Operations	6,534.6	7,108.5	7,041.2	6,973.2	(1.9)
TOTAL USES	**$6,534.6**	**$7,108.5**	**$7,041.2**	**$6,973.2**	**(1.9)**
FTE					
Permanent	52.0	54.5	1.0	54.5	0.0
Term	0.0	4.0	0.0	4.0	0.0
TOTAL FTE	**52.0**	**58.5**	**1.0**	**58.5**	**0.0**

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Administrative Assistant 1 (9010JB)	P234	68.0	0.0
TOTAL			**$68.0**	**$0.0**

FOURTH JUDICIAL DISTRICT COURT

The purpose of the fourth judicial district court program, statutorily created in Mora, San Miguel and Guadalupe counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	102%	100%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	140.0	150.0	318.0	540.0	318.0
Outcome	Age of active pending criminal cases, in days	114.0	132.0	245.0	365.0	245.0
Outcome	Age of active pending civil cases, in days	318.0	261.0	408.0	540.0	408.0
Outcome	Number of days to disposition for criminal cases	136.0	125.0	248.0	365.0	248.0
Explanatory	Number of active cases pending	830.0	836.0	N/A	N/A	N/A
Explanatory	Number of jury trials	16.0	8.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,477.1	15,707.2	16,564.2	16,063.6	2.3
Other Transfers	1,471.7	654.7	566.4	566.4	(13.5)
Other Revenues	304.1	393.0	393.0	393.0	0.0
TOTAL SOURCES	**$15,252.9**	**$16,754.9**	**$17,523.6**	**$17,023.0**	**1.6**
USES					
Operations	15,175.0	16,754.9	17,523.6	17,023.0	1.6
TOTAL USES	**$15,175.0**	**$16,754.9**	**$17,523.6**	**$17,023.0**	**1.6**
FTE					
Permanent	130.0	138.0	140.0	138.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**130.0**	**139.0**	**141.0**	**139.0**	**0.0**

FIFTH JUDICIAL DISTRICT COURT

The purpose of the fifth judicial district court program, statutorily created in Eddy, Chaves and Lea counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	96%	97%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	205.0	206.0	350.0	540.0	350.0
Outcome	Age of active pending criminal cases, in days	243.0	254.0	305.0	365.0	305.0
Outcome	Number of days to disposition for criminal cases	224.0	244.0	295.0	365.0	295.0
Outcome	Age of active pending civil cases, in days	299.0	293.0	305.0	540.0	305.0
Explanatory	Number of jury trials	73.0	79.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	6,805.0	7,243.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,557.0	8,223.7	8,623.6	8,329.7	1.3
Other Transfers	554.4	239.2	602.6	602.6	151.9
Other Revenues	78.7	43.7	43.3	43.3	(0.9)
Fund Balance	0.0	53.0	68.3	68.3	28.9
TOTAL SOURCES	**$8,190.1**	**$8,559.6**	**$9,337.8**	**$9,043.9**	**5.7**
USES					
Operations	8,168.3	8,559.6	9,337.8	9,043.9	5.7
TOTAL USES	**$8,168.3**	**$8,559.6**	**$9,337.8**	**$9,043.9**	**5.7**
FTE					
Permanent	73.0	73.0	76.0	73.0	0.0
TOTAL FTE	**73.0**	**73.0**	**76.0**	**73.0**	**0.0**

SIXTH JUDICIAL DISTRICT COURT

The purpose of the sixth judicial district court program, statutorily created in Grant, Luna and Hidalgo counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	98%	96%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	227.0	213.0	365.0	540.0	365.0
Explanatory	Number of active cases pending	1,610.0	1,751.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	234.0	218.0	435.0	365.0	435.0
Explanatory	Number of jury trials	6.0	17.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	150.0	152.0	325.0	540.0	325.0
Outcome	Age of active pending criminal cases, in days	195.0	186.0	280.0	365.0	280.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,894.7	5,553.4	5,868.2	5,553.4	0.0
Other Transfers	542.8	432.7	662.4	662.4	53.1
Other Revenues	29.4	34.0	42.0	42.0	23.5
Fund Balance	0.0	0.0	18.0	18.0	0.0
TOTAL SOURCES	**$5,466.9**	**$6,020.1**	**$6,590.6**	**$6,275.8**	**4.2**
USES					
Operations	5,369.9	6,020.1	6,590.6	6,275.8	4.2
TOTAL USES	**$5,369.9**	**$6,020.1**	**$6,590.6**	**$6,275.8**	**4.2**
FTE					
Permanent	48.0	49.0	49.0	49.0	0.0
Term	0.0	4.0	4.0	4.0	0.0
TOTAL FTE	**48.0**	**53.0**	**53.0**	**53.0**	**0.0**

SEVENTH JUDICIAL DISTRICT COURT

The purpose of the seventh judicial district court program, statutorily created in Torrance, Socorro, Catron and Sierra counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	102%	96%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	660.0	647.0	500.0	540.0	500.0
Outcome	Number of days to disposition for criminal cases	291.0	292.0	330.0	365.0	330.0
Explanatory	Number of jury trials	13.0	16.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	313.0	301.0	338.0	365.0	338.0
Outcome	Number of days to disposition for civil cases	383.0	373.0	440.0	540.0	440.0
Explanatory	Number of active cases pending	2,327.0	2,324.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,883.0	7,173.3	7,628.6	7,287.8	1.6
Other Transfers	171.6	192.2	451.8	451.8	135.1
Other Revenues	152.6	106.0	106.0	106.0	0.0
Fund Balance	0.0	33.7	33.7	33.7	0.0
TOTAL SOURCES	**$7,207.2**	**$7,505.2**	**$8,220.1**	**$7,879.3**	**5.0**
USES					
Operations	7,179.7	7,505.2	8,220.1	7,879.3	5.0
TOTAL USES	**$7,179.7**	**$7,505.2**	**$8,220.1**	**$7,879.3**	**5.0**
FTE					
Permanent	60.1	61.0	62.0	61.0	0.0
Term	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	**60.1**	**64.0**	**65.0**	**64.0**	**0.0**

EIGHTH JUDICIAL DISTRICT COURT

The purpose of the eighth judicial district court program, statutorily created in Taos, Colfax and Union counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	95%	106%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	211.0	198.0	290.0	365.0	290.0
Explanatory	Number of jury trials	33.0	31.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	233.0	207.0	298.0	365.0	298.0
Explanatory	Number of active cases pending	1,380.0	1,190.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	278.0	258.0	390.0	540.0	390.0
Outcome	Number of days to disposition for civil cases	199.0	192.0	348.0	540.0	348.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,729.5	7,807.5	8,404.5	7,967.0	2.0
Other Transfers	804.1	262.2	398.3	398.3	51.9
Other Revenues	55.1	73.0	63.0	63.0	(13.7)
Fund Balance	0.0	91.2	75.0	75.0	(17.8)
TOTAL SOURCES	**$7,588.7**	**$8,233.9**	**$8,940.8**	**$8,503.3**	**3.3**
USES					
Operations	7,565.4	8,233.9	8,940.8	8,503.3	3.3
TOTAL USES	**$7,565.4**	**$8,233.9**	**$8,940.8**	**$8,503.3**	**3.3**
FTE					
Permanent	65.0	66.0	66.0	66.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**65.0**	**67.0**	**67.0**	**67.0**	**0.0**

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Case Manager	P239	110.2	0.0
TOTAL			**$110.2**	**$0.0**

NINTH JUDICIAL DISTRICT COURT

The purpose of the ninth judicial district court program, statutorily created in Curry and Roosevelt counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	101%	94%	100%	100%	100%
Explanatory	Number of active cases pending	1,655.0	1,902.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	198.0	179.0	280.0	365.0	280.0
Explanatory	Number of jury trials	28.0	20.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	254.0	267.0	375.0	540.0	375.0
Outcome	Number of days to disposition for civil cases	241.0	232.0	370.0	540.0	370.0
Outcome	Age of active pending criminal cases, in days	187.0	175.0	275.0	365.0	275.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,386.4	2,660.5	2,760.1	2,744.2	3.1
Other Transfers	103.1	0.0	0.0	0.0	0.0
Other Revenues	8.3	12.4	12.4	12.4	0.0
Fund Balance	0.0	10.0	10.0	10.0	0.0
TOTAL SOURCES	**$2,497.8**	**$2,682.9**	**$2,782.5**	**$2,766.6**	**3.1**
USES					
Operations	2,433.3	2,682.9	2,782.5	2,766.6	3.1
TOTAL USES	**$2,433.3**	**$2,682.9**	**$2,782.5**	**$2,766.6**	**3.1**
FTE					
Permanent	20.0	21.0	20.0	20.0	(4.8)
TOTAL FTE	**20.0**	**21.0**	**20.0**	**20.0**	**(4.8)**

TENTH JUDICIAL DISTRICT COURT

The purpose of the tenth judicial district court program, statutorily created in Quay, De Baca and Harding counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	127%	98%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	530.0	296.0	500.0	540.0	500.0
Explanatory	Number of active cases pending	438.0	451.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	194.0	154.0	278.0	365.0	278.0
Outcome	Number of days to disposition for criminal cases	211.0	160.0	288.0	365.0	288.0
Explanatory	Number of jury trials	6.0	6.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	379.0	321.0	438.0	540.0	438.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,589.4	15,247.8	16,399.4	15,247.8	0.0
Other Transfers	1,503.6	949.6	2,140.9	2,140.9	125.5
Other Revenues	259.3	161.0	161.0	161.0	0.0
Fund Balance	0.0	272.0	272.0	272.0	0.0
TOTAL SOURCES	**$16,352.3**	**$16,630.4**	**$18,973.3**	**$17,821.7**	**7.2**
USES					
Operations	16,261.6	16,630.4	18,973.3	17,821.7	7.2
TOTAL USES	**$16,261.6**	**$16,630.4**	**$18,973.3**	**$17,821.7**	**7.2**
FTE					
Permanent	138.0	140.0	143.0	141.0	0.7
Term	0.0	10.5	8.5	10.5	0.0
TOTAL FTE	**138.0**	**150.5**	**151.5**	**151.5**	**0.7**

ELEVENTH JUDICIAL DISTRICT COURT

The purpose of the eleventh judicial district court program, statutorily created in San Juan and McKinley counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	100%	100%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	155.0	142.0	260.0	365.0	260.0
Outcome	Number of days to disposition for criminal cases	175.0	168.0	270.0	365.0	270.0
Explanatory	Number of active cases pending	3,912.0	3,928.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	214.0	219.0	355.0	540.0	355.0
Outcome	Number of days to disposition for civil cases	189.0	189.0	343.0	540.0	343.0
Explanatory	Number of jury trials	46.0	23.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,976.7	7,822.0	8,272.3	7,927.0	1.3
Other Transfers	565.4	126.8	408.3	408.3	222.0
Other Revenues	49.7	71.9	66.9	66.9	(7.0)
Fund Balance	68.3	66.1	38.0	38.0	(42.5)
TOTAL SOURCES	**$7,660.1**	**$8,086.8**	**$8,785.5**	**$8,440.2**	**4.4**
USES					
Operations	7,642.0	8,086.8	8,785.5	8,440.2	4.4
TOTAL USES	**$7,642.0**	**$8,086.8**	**$8,785.5**	**$8,440.2**	**4.4**
FTE					
Permanent	68.0	72.5	74.0	72.5	0.0
TOTAL FTE	**68.0**	**72.5**	**74.0**	**72.5**	**0.0**

TWELFTH JUDICIAL DISTRICT COURT

The purpose of the twelfth judicial district court program, statutorily created in Otero and Lincoln counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	106%	99%	100%	100%	100%
Outcome	Number of days to disposition for civil cases	615.0	291.0	500.0	540.0	500.0
Outcome	Age of active pending criminal cases, in days	348.0	269.0	355.0	365.0	355.0
Explanatory	Number of active cases pending	3,524.0	2,543.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	325.0	280.0	343.0	365.0	343.0
Outcome	Age of active pending civil cases, in days	468.0	288.0	480.0	540.0	480.0
Explanatory	Number of jury trials	81.0	61.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,546.7	15,958.6	16,619.2	16,339.2	2.4
Other Transfers	1,574.9	817.2	1,150.2	1,150.2	40.7
Other Revenues	262.6	150.0	150.0	150.0	0.0
Fund Balance	357.3	443.2	360.0	360.0	(18.8)
TOTAL SOURCES	**$16,741.5**	**$17,369.0**	**$18,279.4**	**$17,999.4**	**3.6**
USES					
Operations	16,697.1	17,369.0	18,279.4	17,999.4	3.6
TOTAL USES	**$16,697.1**	**$17,369.0**	**$18,279.4**	**$17,999.4**	**3.6**
FTE					
Permanent	137.0	131.0	132.0	131.0	0.0
Term	0.0	10.0	10.0	10.0	0.0
TOTAL FTE	**137.0**	**141.0**	**142.0**	**141.0**	**0.0**

THIRTEENTH JUDICIAL DISTRICT COURT

The purpose of the thirteenth judicial district court program, statutorily created in Valencia, Sandoval and Cibola counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	90%	99%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	384.0	261.0	438.0	540.0	438.0
Outcome	Number of days to disposition for civil cases	231.0	308.0	363.0	540.0	363.0
Outcome	Age of active pending criminal cases, in days	291.0	244.0	328.0	365.0	328.0
Explanatory	Number of jury trials	18.0	21.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	206.0	182.0	283.0	365.0	283.0
Explanatory	Number of active cases pending	7,206.0	6,984.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	31,118.4	33,190.5	34,975.5	33,992.0	2.4
Other Transfers	1,743.2	485.0	585.0	585.0	20.6
Federal Revenues	106.3	0.0	0.0	0.0	0.0
Other Revenues	2,573.4	2,509.5	3,111.7	3,111.7	24.0
Fund Balance	0.0	85.6	10.3	10.3	(88.0)
TOTAL SOURCES	**$35,541.3**	**$36,270.6**	**$38,682.5**	**$37,699.0**	**3.9**
USES					
Operations	35,436.5	36,270.6	38,682.5	37,699.0	3.9
TOTAL USES	**$35,436.5**	**$36,270.6**	**$38,682.5**	**$37,699.0**	**3.9**
FTE					
Permanent	294.0	302.0	302.0	302.0	0.0
Term	0.0	32.0	32.0	32.5	1.6
TOTAL FTE	**294.0**	**334.0**	**334.0**	**334.5**	**0.1**

BERNALLILO COUNTY METROPOLITAN COURT

The purpose of the Bernalillo county metropolitan court program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	102%	99%	100%	100%	100%
Explanatory	Number of active cases pending	10,847.0	12,580.0	N/A	N/A	N/A
Outcome	Number of days to disposition for criminal cases	223.0	128.0	180.0	180.0	180.0
Outcome	Age of active pending criminal cases, in days	82.0	58.0	128.0	180.0	128.0
Outcome	Age of active pending civil cases, in days	109.0	141.0	140.0	180.0	140.0
Outcome	Number of days to disposition for civil cases	80.0	67.0	128.0	180.0	128.0
Explanatory	Number of jury trials	28.0	22.0	N/A	N/A	N/A

Statutory Authority
Article VI, Section 24, of the New Mexico Constitution provides for the election of a district attorney in each judicial district to prosecute and defend the state in all district courts, including both criminal and civil cases in which the state or counties might be a party or might be interested. Statutory provisions relating to district attorneys are in Sections 36-1-1 through 36-1-27 NMSA 1978. County governments are statutorily required to provide facilities, maintenance, and utilities for district attorneys in Sections 36-1-8.1 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	105,314.9	116,005.9	135,135.4	118,928.4	2.5
Other Transfers	4,915.9	1,549.1	1,278.0	1,278.0	(17.5)
Federal Revenues	2,525.1	2,805.9	2,657.1	2,657.1	(5.3)
Other Revenues	1,100.1	927.2	991.6	991.6	6.9
Fund Balance	228.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$114,084.2**	**$121,288.1**	**$140,062.1**	**$123,855.1**	**2.1**
USES					
Personal services and employee benefits	101,833.4	107,543.2	128,033.2	110,042.2	2.3
Contractual services	3,153.2	4,681.5	3,261.8	4,736.1	1.2
Other	7,692.4	9,063.4	8,767.1	9,076.8	0.1
TOTAL USES	**$112,679.0**	**$121,288.1**	**$140,062.1**	**$123,855.1**	**2.1**
FTE					
Permanent	919.0	998.0	1,025.5	996.0	(0.2)
Term	0.0	58.0	65.5	61.0	5.2
Temporary	0.0	5.0	5.0	5.0	0.0
TOTAL FTE	**919.0**	**1,061.0**	**1,096.0**	**1,062.0**	**0.1**

At A Glance
Statewide, district attorney offices requested a general fund revenue increase of $19.1 million, or 16.5 percent, compared with the FY26 operating budget. The increases were focused on amending the pay schedule according to the New Mexico District Attorney Association (NMDAA) pay study, personnel to fill vacant positions, liability insurance and other rate increases, IT subscription and operations increases, rent increases, and contract attorney costs. Some district attorney offices also requested general fund revenue to offset the federal grant funding that expires during or after FY27.

The committee recommendation increases general fund revenue by $2.9 million, or 2.5 percent, compared with the FY26 operating budget. The LFC recommendation funds the insurance increases, contract attorney costs, and some rent and IT increases. Requests relating to the new NMDAA pay schedule, lapsed federal funding, and increased witness costs are not included in the LFC recommendation.

Budget Issues
The district attorneys are responsible for maintaining a pay plan outside of the state classified pay system, and in FY26, the NMDAA approved a new salary schedule using the Hay Guide-Chart Profile Method and comparisons with executive and judicial salary grades. The NMDAA attorney salary schedule for FY27 reflects a 20 percent increase over FY26. Providing compensation adequate to recruit and retain employees has been a major area of concern statewide. The average vacancy rate has improved in the last year, but some district attorneys are still having trouble filling vacancies. As of September 2025, the statewide average rate of funded but vacant positions was 2.4 percent, a 1.5 percent decrease from last year. After five districts reported funded vacancies of 10 percent or more in FY25, the only district attorney office to exceed funded vacancies of 10 percent in FY26 was the 4th. These savings could be used to hire more staff or replace lapsing federal funding, but this improvement is notable in the context of the statewide attorney recruitment and retention issues.

Although the total number of felony cases remains below prepandemic highs, district attorneys report an increasing portion of complex, felony cases. The change in case type mix can lead to higher workloads but may not translate to higher measured caseloads. Further, volatile staffing can also lead to fluctuating caseloads. After a lull during the pandemic, the number of cases referred to district attorney offices has slowly increased every year since FY22, and according to the district attorneys, it increased from 61,892 to 66,831 across FY24 and FY25. District attorneys began reporting attorney caseloads in FY24, and the average number of cases added to attorney caseloads grew from 92 in FY24 to 101 in FY25. In an already difficult staffing environment, the rise in case referrals and attorney workload has encouraged the district attorneys to submit large requests for personnel funding.

The committee recommends a $2.9 million, or 2.5 percent, general fund increase for district attorney offices statewide. Most of the recommendation addresses the insurance requests, with about $2.5 million for the various insurance and rate increases. Insurance increases that are not supported in the LFC recommendation reflect agency projections for costs with every FTE filled. Any difference between recurring insurance appropriations and actual costs will be absorbed with savings from vacant positions. The remaining recurring appropriations are for increased contract, rent, IT, and subscription costs. Consistent with other criminal justice agencies, increased witness costs and funds to preemptively backfill federal grants were not included in the LFC recommendation. Although nine federal grants worth a combined $2 million are set to expire in FY28, only one grant worth $234.3 thousand expires halfway through FY27. This cost can be absorbed in FY27, even in the context of district attorneys reporting lower savings from vacant openings.

Base Expansion Listing

Statewide, district attorney offices requested $3.4 million in expansions. The expansion requests were varied, with the 1st Judicial District Attorney requesting $1.2 million and 26 positions for workload expansion under the new case management order, while the 2nd Judicial District Attorney requested $1.8 million and 14 positions for the district's gun violence reduction and pre-prosecution diversion programs. The total FTE expansion request included 43 positions, and the requested positions were for attorneys, paralegals, victim witness coordinators, and investigators. The committee recommendation does not support the expansion requests or FTE expansion for the district attorneys in general.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,583.7	9,392.1	11,990.2	9,689.5	3.2
Other Transfers	301.2	77.6	77.6	77.6	0.0
Federal Revenues	121.5	120.1	120.1	120.1	0.0
TOTAL SOURCES	**$9,006.4**	**$9,589.8**	**$12,187.9**	**$9,887.2**	**3.1**
USES					
Personal services and employee benefits	8,216.6	8,879.9	10,625.3	9,100.8	2.5
Contractual services	175.7	98.9	150.0	140.0	41.6
Other	611.2	611.0	1,412.6	646.4	5.8
TOTAL USES	**$9,003.5**	**$9,589.8**	**$12,187.9**	**$9,887.2**	**3.1**
FTE					
Permanent	83.0	80.0	117.0	80.0	0.0
Term	0.0	5.0	5.0	5.0	0.0
TOTAL FTE	**83.0**	**85.0**	**122.0**	**85.0**	**0.0**

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Case Management Order (CMO)	P251	1,441.2	0.0
TOTAL			**$1,441.2**	**$0.0**

FIRST JUDICIAL DISTRICT ATTORNEY

The purpose of the first judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Santa Fe, Rio Arriba and Los Alamos counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	239.0	209.0	150.0	80.0	150.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	10.0	9.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	3,112.0	3,604.0	2,500.0	2,000.0	2,500.0
Output	Number of cases referred for screening	4,504.0	4,531.0	3,750.0	3,000.0	3,750.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	18.0	50.0	50.0	50.0	50.0
Outcome	Average number of cases added to attorney caseloads	170.0	171.0	150.0	100.0	150.0
* Explanatory	Percent of pretrial detention motions granted	0%	40%	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	7.0	4.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	161.0	172.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	33,179.5	36,967.2	42,541.2	37,566.2	1.6
Other Transfers	2,674.3	1,092.9	578.3	578.3	(47.1)
Federal Revenues	1,073.4	1,515.3	1,366.5	1,366.5	(9.8)
Other Revenues	1,012.0	607.2	671.6	671.6	10.6
TOTAL SOURCES	**$37,939.2**	**$40,182.6**	**$45,157.6**	**$40,182.6**	**0.0**
USES					
Personal services and employee benefits	34,748.4	36,265.6	41,072.3	36,265.6	0.0
Contractual services	977.3	1,080.8	1,121.2	1,080.8	0.0
Other	2,110.0	2,836.2	2,964.1	2,836.2	0.0
TOTAL USES	**$37,835.7**	**$40,182.6**	**$45,157.6**	**$40,182.6**	**0.0**
FTE					
Permanent	310.0	321.0	336.0	321.0	0.0
Term	0.0	36.0	46.0	36.0	0.0
Temporary	0.0	5.0	5.0	5.0	0.0
TOTAL FTE	**310.0**	**362.0**	**387.0**	**362.0**	**0.0**

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Gun Violence Reduction and Prevention Team	P252	1,065.0	0.0
2	Pre-Prosecution Diversion	P252	750.0	0.0
TOTAL			**$1,815.0**	**$0.0**

SECOND JUDICIAL DISTRICT ATTORNEY

The purpose of the second judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Bernalillo county.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of juvenile cases involving a firearm	NEW	149.0	N/A	N/A	N/A
Explanatory	Number of juvenile cases referred by law enforcement	NEW	650.0	N/A	N/A	N/A
Output	Average attorney caseload	215.0	279.0	190.0	190.0	190.0
Output	Number of cases referred for screening	20,931.0	24,659.0	21,000.0	21,000.0	21,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	305.0	1,106.0	500.0	500.0	500.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	5.0	5.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Average time from filing charges to final disposition for adults, in months	7.0	6.0	8.0	8.0	8.0
Outcome	Number of cases prosecuted	10,539.0	12,992.0	12,500.0	12,500.0	12,500.0
* Explanatory	Number of pretrial detention motions made	1,357.0	1,457.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	202.0	243.0	185.0	185.0	185.0
* Explanatory	Percent of pretrial detention motions granted	55.1%	51.5%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,117.1	7,936.2	9,091.1	8,109.6	2.2
Other Transfers	273.6	77.6	268.6	268.6	246.1
Federal Revenues	426.4	276.5	276.5	276.5	0.0
TOTAL SOURCES	**$7,817.1**	**$8,290.3**	**$9,636.2**	**$8,654.7**	**4.4**
USES					
Personal services and employee benefits	6,995.5	7,844.4	9,066.5	8,208.5	4.6
Contractual services	82.9	21.0	87.5	21.0	0.0
Other	659.8	424.9	482.2	425.2	0.1
TOTAL USES	**$7,738.2**	**$8,290.3**	**$9,636.2**	**$8,654.7**	**4.4**
FTE					
Permanent	61.0	66.0	72.0	66.0	0.0
Term	0.0	6.0	6.0	6.0	0.0
TOTAL FTE	**61.0**	**72.0**	**78.0**	**72.0**	**0.0**

THIRD JUDICIAL DISTRICT ATTORNEY

The purpose of the third judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Dona Ana county.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	440.0	339.0	275.0	275.0	275.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	12.0	9.0	N/A	N/A	N/A
Output	Number of cases referred for screening	4,896.0	5,158.0	4,600.0	6,000.0	4,600.0
Outcome	Number of cases prosecuted	4,050.0	4,036.0	4,000.0	4,000.0	4,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	4.0	14.0	100.0	100.0	100.0
* Explanatory	Percent of pretrial detention motions granted	24%	0%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	173.0	0.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	338.0	313.0	230.0	230.0	230.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,778.6	5,041.1	5,503.1	5,145.1	2.1
Other Transfers	122.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$4,900.6**	**$5,041.1**	**$5,503.1**	**$5,145.1**	**2.1**
USES					
Personal services and employee benefits	3,924.0	4,676.4	5,123.5	4,773.8	2.1
Contractual services	105.2	108.7	108.7	121.9	12.1
Other	796.7	256.0	270.9	249.4	(2.6)
TOTAL USES	**$4,825.9**	**$5,041.1**	**$5,503.1**	**$5,145.1**	**2.1**
FTE					
Permanent	35.0	42.0	42.0	42.0	0.0
TOTAL FTE	**35.0**	**42.0**	**42.0**	**42.0**	**0.0**

FOURTH JUDICIAL DISTRICT ATTORNEY

The purpose of the fourth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Mora, San Miguel and Guadalupe counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	300.0	255.0	275.0	250.0	275.0
Output	Number of cases referred for screening	2,037.0	1,962.0	1,975.0	1,975.0	1,975.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	6.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,867.0	1,785.0	1,750.0	1,800.0	1,750.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	7.0	13.0	25.0	20.0	25.0
* Explanatory	Number of pretrial detention motions made	21.0	8.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	57%	50%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	407.0	357.0	250.0	350.0	250.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	2.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,866.6	8,685.9	10,785.5	8,966.0	3.2
Other Transfers	223.9	0.0	0.0	0.0	0.0
Federal Revenues	287.7	287.7	287.7	287.7	0.0
Other Revenues	0.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$8,379.0**	**$8,973.6**	**$11,073.2**	**$9,253.7**	**3.1**
USES					
Personal services and employee benefits	7,655.7	8,288.5	10,289.5	8,538.7	3.0
Contractual services	114.8	147.5	175.1	147.5	0.0
Other	608.6	537.6	608.6	567.5	5.6
TOTAL USES	**$8,379.1**	**$8,973.6**	**$11,073.2**	**$9,253.7**	**3.1**
FTE					
Permanent	73.0	84.0	84.0	84.0	0.0
Term	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	**73.0**	**87.0**	**87.0**	**87.0**	**0.0**

FIFTH JUDICIAL DISTRICT ATTORNEY

The purpose of the fifth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Eddy, Lea and Chaves counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	346.0	352.0	300.0	300.0	300.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	7.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	5,404.0	6,137.0	5,500.0	6,000.0	5,500.0
Output	Number of cases referred for screening	6,608.0	6,927.0	6,575.0	6,575.0	6,575.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	44.0	145.0	50.0	150.0	150.0
* Explanatory	Percent of pretrial detention motions granted	55%	55%	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	5.0	4.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	115.0	96.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	20.0	22.0	20.0	20.0	20.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,297.6	4,640.7	5,870.4	4,801.9	3.5
Other Transfers	229.6	91.0	88.9	88.9	(2.3)
Federal Revenues	187.0	177.1	177.1	177.1	0.0
TOTAL SOURCES	**$4,714.2**	**$4,908.8**	**$6,136.4**	**$5,067.9**	**3.2**
USES					
Personal services and employee benefits	4,257.9	4,615.5	5,654.1	4,824.3	4.5
Contractual services	81.2	14.2	143.2	14.2	0.0
Other	281.3	279.1	339.1	229.4	(17.8)
TOTAL USES	**$4,620.4**	**$4,908.8**	**$6,136.4**	**$5,067.9**	**3.2**
FTE					
Permanent	39.0	36.0	37.0	36.0	0.0
Term	0.0	5.0	4.0	5.0	0.0
TOTAL FTE	**39.0**	**41.0**	**41.0**	**41.0**	**0.0**

SIXTH JUDICIAL DISTRICT ATTORNEY

The purpose of the sixth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Grant, Hidalgo and Luna counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	210.0	211.0	220.0	250.0	220.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	7.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	2,076.0	2,175.0	2,300.0	2,300.0	2,300.0
Output	Number of cases referred for screening	2,298.0	2,298.0	2,500.0	2,500.0	2,500.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	42.0	13.0	50.0	50.0	50.0
* Explanatory	Percent of pretrial detention motions granted	67%	62%	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	73.0	73.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	270.0	256.0	250.0	250.0	250.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,793.0	4,068.2	4,346.1	4,186.8	2.9
Other Transfers	102.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$3,895.2**	**$4,068.2**	**$4,346.1**	**$4,186.8**	**2.9**
USES					
Personal services and employee benefits	3,632.0	3,853.6	4,123.7	3,968.4	3.0
Contractual services	17.4	19.7	20.3	20.3	3.0
Other	209.0	194.9	202.1	198.1	1.6
TOTAL USES	**$3,858.4**	**$4,068.2**	**$4,346.1**	**$4,186.8**	**2.9**
FTE					
Permanent	34.0	36.0	36.0	36.0	0.0
TOTAL FTE	**34.0**	**36.0**	**36.0**	**36.0**	**0.0**

SEVENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the seventh judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Catron, Sierra, Socorro and Torrance counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	158.0	166.0	175.0	175.0	175.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	14.0	1.0	32.0	20.0	32.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	5.0	8.0	N/A	N/A	N/A
Explanatory	Average time from filing of petition to final disposition for adults, in months	13.0	12.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,373.0	1,503.0	1,500.0	1,525.0	1,500.0
* Explanatory	Number of pretrial detention motions made	50.0	45.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	84%	62%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	147.0	167.0	165.0	175.0	165.0
Output	Number of cases referred for screening	1,548.0	1,422.0	1,650.0	1,550.0	1,650.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,488.9	4,955.3	6,164.6	5,086.7	2.7
Other Transfers	115.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$4,604.8**	**$4,955.3**	**$6,164.6**	**$5,086.7**	**2.7**
USES					
Personal services and employee benefits	4,018.9	4,498.7	5,611.2	4,629.7	2.9
Contractual services	228.1	148.1	151.0	148.1	0.0
Other	354.3	308.5	402.4	308.9	0.1
TOTAL USES	**$4,601.3**	**$4,955.3**	**$6,164.6**	**$5,086.7**	**2.7**
FTE					
Permanent	36.0	39.0	40.0	40.0	2.6
TOTAL FTE	**36.0**	**39.0**	**40.0**	**40.0**	**2.6**

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Senior Trial Attorney	P258	169.6	0.0
TOTAL			**$169.6**	**$0.0**

EIGHTH JUDICIAL DISTRICT ATTORNEY

The purpose of the eighth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Taos, Colfax and Union counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	206.0	163.0	200.0	200.0	200.0
Output	Number of cases referred for screening	1,597.0	1,493.0	1,650.0	1,600.0	1,650.0
Outcome	Number of cases prosecuted	1,434.0	1,481.0	1,425.0	1,425.0	1,425.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	23.0	37.0	30.0	30.0	30.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	6.0	0.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	0.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	245.0	187.0	150.0	150.0	150.0
* Explanatory	Number of pretrial detention motions made	44.0	0.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	45%	0%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,660.5	4,948.3	5,523.9	5,084.4	2.8
Other Transfers	127.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$4,787.5**	**$4,948.3**	**$5,523.9**	**$5,084.4**	**2.8**
USES					
Personal services and employee benefits	4,282.1	4,474.8	4,979.5	4,606.4	2.9
Contractual services	268.7	258.5	271.2	258.5	0.0
Other	232.4	215.0	273.2	219.5	2.1
TOTAL USES	**$4,783.2**	**$4,948.3**	**$5,523.9**	**$5,084.4**	**2.8**
FTE					
Permanent	34.0	40.0	0.0	40.0	0.0
TOTAL FTE	**34.0**	**40.0**	**0.0**	**40.0**	**0.0**

NINTH JUDICIAL DISTRICT ATTORNEY

The purpose of the ninth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Curry and Roosevelt counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	214.0	316.0	205.0	215.0	205.0
Outcome	Number of cases prosecuted	2,318.0	2,520.0	2,375.0	2,600.0	2,375.0
Output	Number of cases referred for screening	2,539.0	2,798.0	2,525.0	2,875.0	2,525.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	55.0	81.0	75.0	77.0	75.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	2.0	5.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	15.0	7.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	57%	39%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	58.0	78.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	254.0	400.0	245.0	300.0	245.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,123.9	2,307.3	2,589.5	2,399.7	4.0
Other Transfers	49.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$2,173.3**	**$2,307.3**	**$2,589.5**	**$2,399.7**	**4.0**
USES					
Personal services and employee benefits	1,908.7	2,094.8	2,377.0	2,187.2	4.4
Contractual services	41.9	40.0	40.0	40.0	0.0
Other	220.7	172.5	172.5	172.5	0.0
TOTAL USES	**$2,171.3**	**$2,307.3**	**$2,589.5**	**$2,399.7**	**4.0**
FTE					
Permanent	15.0	16.0	16.0	16.0	0.0
TOTAL FTE	**15.0**	**16.0**	**16.0**	**16.0**	**0.0**

TENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the tenth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Quay, Harding and De Baca counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	755.0	350.0	175.0	200.0	175.0
Outcome	Number of cases prosecuted	714.0	799.0	600.0	600.0	600.0
Output	Number of cases referred for screening	615.0	850.0	600.0	600.0	600.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	3.0	4.0	10.0	10.0	10.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	2.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	6.0	5.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	615.0	425.0	175.0	250.0	175.0
* Explanatory	Number of pretrial detention motions made	9.0	19.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	5%	84%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,214.5	11,769.7	9,789.8	12,198.6	3.6
Other Transfers	218.8	10.0	0.0	0.0	(100.0)
Federal Revenues	234.3	234.3	234.3	234.3	0.0
TOTAL SOURCES	**$7,667.6**	**$12,014.0**	**$10,024.1**	**$12,432.9**	**3.5**
USES					
Personal services and employee benefits	6,833.2	7,348.9	9,171.3	7,772.5	5.8
Contractual services	304.1	2,285.8	339.8	2,285.5	0.0
Other	477.4	2,379.3	513.0	2,374.9	(0.2)
TOTAL USES	**$7,614.7**	**$12,014.0**	**$10,024.1**	**$12,432.9**	**3.5**
FTE					
Permanent	62.0	98.0	68.5	98.0	0.0
Term	0.0	3.0	1.5	3.0	0.0
TOTAL FTE	**62.0**	**101.0**	**70.0**	**101.0**	**0.0**

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIV 1

The purpose of the eleventh judicial district attorney, division I, program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within San Juan county.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	284.0	193.0	200.0	200.0	200.0
Output	Number of cases referred for screening	4,785.0	4,338.0	4,700.0	4,500.0	4,700.0
Outcome	Number of cases prosecuted	4,396.0	4,543.0	4,200.0	4,000.0	4,200.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	49.0	58.0	100.0	80.0	100.0
Efficiency	Average time from filing charges to final disposition for adults, in months	7.0	6.0	6.0	7.0	6.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	5.0	6.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	80.49%	76.74%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	41.0	43.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	319.0	234.0	200.0	200.0	200.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,436.8	283.0	4,261.4	283.0	0.0
Other Transfers	58.6	0.0	0.0	0.0	0.0
Other Revenues	(0.1)	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$3,495.3**	**$283.0**	**$4,261.4**	**$283.0**	**0.0**
USES					
Personal services and employee benefits	2,088.2	283.0	3,923.3	283.0	0.0
Contractual services	553.8	0.0	155.9	0.0	0.0
Other	153.8	0.0	182.2	0.0	0.0
TOTAL USES	**$2,795.8**	**$283.0**	**$4,261.4**	**$283.0**	**0.0**
FTE					
Permanent	21.0	1.0	34.0	1.0	0.0
TOTAL FTE	**21.0**	**1.0**	**34.0**	**1.0**	**0.0**

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION 2

The purpose of the eleventh judicial district attorney, division II, program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within McKinley county.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	1,723.0	2,498.0	1,200.0	500.0	1,200.0
Outcome	Number of cases prosecuted	1,240.0	1,631.0	1,250.0	1,550.0	1,250.0
Output	Number of cases referred for screening	1,538.0	1,807.0	1,550.0	1,620.0	1,550.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	0.0	0.0	0.0	2.0	2.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	3.0	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	1,025.0	1,807.0	600.0	400.0	600.0
* Explanatory	Number of pretrial detention motions made	13.0	27.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	4.0	6.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	54%	9%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,056.5	5,527.3	6,177.0	5,657.3	2.4
Other Transfers	190.2	0.0	0.0	0.0	0.0
Federal Revenues	194.8	194.9	194.9	194.9	0.0
Fund Balance	228.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$5,669.7**	**$5,722.2**	**$6,371.9**	**$5,852.2**	**2.3**
USES					
Personal services and employee benefits	5,024.0	5,305.0	5,883.9	5,459.2	2.9
Contractual services	94.1	98.3	98.3	98.3	0.0
Other	325.4	318.9	389.7	294.7	(7.6)
TOTAL USES	**$5,443.5**	**$5,722.2**	**$6,371.9**	**$5,852.2**	**2.3**
FTE					
Permanent	45.0	56.0	56.0	53.0	(5.4)
Term	0.0	0.0	0.0	3.0	0.0
TOTAL FTE	**45.0**	**56.0**	**56.0**	**56.0**	**0.0**

TWELFTH JUDICIAL DISTRICT ATTORNEY

The purpose of the twelfth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Lincoln and Otero counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	363.0	302.0	300.0	250.0	300.0
Outcome	Number of cases prosecuted	2,205.0	2,160.0	2,250.0	2,250.0	2,250.0
Output	Number of cases referred for screening	2,223.0	2,274.0	2,250.0	2,250.0	2,250.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	47.0	71.0	90.0	90.0	90.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A
Explanatory	Average time from filing of charges to final disposition for adults, in months	10.0	9.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	43.0	47.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	47%	64%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	247.0	227.0	200.0	200.0	200.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,717.7	9,483.6	10,501.6	9,753.6	2.8
Other Transfers	229.2	200.0	264.6	264.6	32.3
Other Revenues	87.5	320.0	320.0	320.0	0.0
TOTAL SOURCES	**$9,034.4**	**$10,003.6**	**$11,086.2**	**$10,338.2**	**3.3**
USES					
Personal services and employee benefits	8,248.3	9,114.1	10,132.1	9,424.1	3.4
Contractual services	108.0	360.0	399.6	360.0	0.0
Other	651.8	529.5	554.5	554.1	4.6
TOTAL USES	**$9,008.1**	**$10,003.6**	**$11,086.2**	**$10,338.2**	**3.3**
FTE					
Permanent	71.0	83.0	87.0	83.0	0.0
TOTAL FTE	**71.0**	**83.0**	**87.0**	**83.0**	**0.0**

THIRTEENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the thirteenth judicial district attorney program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Cibola, Sandoval and Valencia counties.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average attorney caseload	258.0	187.0	180.0	168.0	180.0
Outcome	Number of cases prosecuted	5,288.0	5,859.0	6,615.0	6,615.0	6,615.0
Output	Number of cases referred for screening	6,112.0	6,532.0	6,678.0	6,678.0	6,678.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	165.0	107.0	181.0	181.0	181.0
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	4.0	N/A	N/A	N/A
Explanatory	Average time from filing charges to final disposition for adults, in months	7.0	7.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	36.0	42.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	81%	60%	N/A	N/A	N/A
Output	Average number of cases added to attorney caseloads	298.0	319.0	175.0	175.0	175.0

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,389.2	3,695.5	7,393.1	3,895.8	5.4
Other Transfers	161.4	0.0	0.0	0.0	0.0
Federal Revenues	0.0	466.7	305.0	305.0	(34.6)
Other Revenues	95.0	90.0	90.0	90.0	0.0
Fund Balance	320.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$3,966.3**	**$4,252.2**	**$7,788.1**	**$4,290.8**	**0.9**
USES					
Personal services and employee benefits	2,118.2	2,441.3	3,902.6	2,441.3	0.0
Contractual services	573.1	728.4	1,938.4	765.2	5.1
Other	1,105.4	1,082.5	1,947.1	1,084.3	0.2
TOTAL USES	**$3,796.7**	**$4,252.2**	**$7,788.1**	**$4,290.8**	**0.9**
FTE					
Permanent	17.0	17.0	25.0	17.0	0.0
TOTAL FTE	**17.0**	**17.0**	**25.0**	**17.0**	**0.0**

At A Glance

The Administrative Office of the District Attorneys (AODA) requested a base general fund increase of $2.9 million, or 79.8 percent, over its FY26 operating budget. This request includes $998 thousand to cover ongoing maintenance, licensing, and data storage for the new case management system that is expected to launch in January 2026, $429 thousand for Microsoft Office 365 licensing across all district attorney offices, and $292 thousand for other IT and cybersecurity costs. The request also includes funds for health and liability insurance rate increases.

With a requested general fund expansion of $748 thousand, AODA's total requested general fund increase is $3.7 million, or 100.1 percent, above FY26. The expansion request would add 6 total FTE: a chief security officer, a victim witness administrator, an IT network specialist, a senior trial attorney, an information systems administrator, and an IT support assistant.

AODA's duties include providing mandatory training for district attorneys and manages the centralized case management system used statewide by district attorneys and the Attorney General's office. Additionally, the agency supports prosecutions in conflict cases and liaises with various law enforcement agencies to strengthen case processing and information-sharing capabilities.

The committee recommendation includes a general fund increase of $200.3 thousand, or 5.4 percent, to support the implementation of the new case management system and to cover health and liability insurance rate increases.

Base Expansion

The agency requested $748 thousand in expansions for 6 total FTE. Four of the FTE - the chief security officer, IT network specialist, IT systems administrator, and IT support assistant - are included in the request to maintain the case management system and support cybersecurity initiatives. The other 2 FTE, the senior trial attorney and victim witness administrator, are included in the request to improve general agency operations.

The committee recommendation does not support this request. As of September 2025, AODA had a vacancy rate of 3 percent. Additionally, AODA is not participating with the Department of Information Technology (DoIT) on cybersecurity controls. While DoIT completed a risk assessment for the agency, AODA is not collaborating with DoIT in other key areas, and this disconnect complicates technology-related requests.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Chief Security Officer	P264	129.6	0.0
2	IT Network Specialist	P264	142.5	0.0
3	Information Systems Admin	P264	99.7	0.0
4	IT Support Assistant	P264	82.7	0.0
5	Senior Trial Attorney	P264	178.3	0.0
6	Victim Witness Administrator	P264	115.2	0.0
TOTAL			**$748.0**	**$0.0**

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide fiscal, human resource, staff development, automation, victim program services and support to all district attorneys' offices in New Mexico and to members of the New Mexico children's safe house network so they may obtain and access the necessary resources to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Average time to resolve information technology helpdesk tickets, in hours	N/A	920.0	8.0	48.0	8.0
Output	Number of continuing legal education hours provided by the administrative office of the district attorneys at training events	3,832.0	6,571.0	5,300.0	5,300.0	5,300.0
Outcome	Percent of application development issues resolved	0.00%	0.00%	100.00%	100.00%	100.00%
Outcome	Number of information technology and application helpdesk requests received	1,610.0	1,126.0	1,000.0	1,000.0	1,000.0

Statutory Authority
The Public Defender Commission was established under Sections 31-15-1 through 31-15-12 NMSA 1978 to provide legal representation or payment to private counsel for defendants financially unable to obtain counsel and charged in any court with a crime that carries a possible sentence of imprisonment. The commission also sets standards for operation of the department and of indigence, which the courts use in determining when defendants are eligible for state-funded defense.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	75,658.8	82,110.0	90,627.2	84,573.3	3.0
Other Transfers	1,396.2	0.0	0.0	0.0	0.0
Other Revenues	83.5	100.0	400.0	400.0	300.0
TOTAL SOURCES	**$77,138.5**	**$82,210.0**	**$91,027.2**	**$84,973.3**	**3.4**
USES					
Personal services and employee benefits	51,942.5	55,378.7	60,295.9	57,320.6	3.5
Contractual services	18,060.5	19,417.1	22,267.1	19,530.8	0.6
Other	6,487.1	7,414.2	8,464.2	8,121.9	9.5
TOTAL USES	**$76,490.1**	**$82,210.0**	**$91,027.2**	**$84,973.3**	**3.4**
FTE					
Permanent	443.0	497.0	526.0	497.0	0.0
Term	0.0	5.0	5.0	5.0	0.0
Temporary	0.0	14.0	14.0	14.0	0.0
TOTAL FTE	**443.0**	**516.0**	**545.0**	**516.0**	**0.0**

At A Glance
The Public Defender Department (PDD) requested a general fund revenue increase of approximately $8.5 million, or 10.4 percent, over the FY26 operating budget. The request includes increases of $2.8 million in contractual services to raise contract attorney compensation, $4.9 million in personnel to support new full-time employees, including 29 additional FTE, and $750 thousand in the other costs category to fund lease and IT costs.

The committee recommendation increases general fund revenue by $2.5 million, or 3 percent, compared with the FY26 operating budget and supports the agency request for all other revenue sources. The committee's recommendation supports the agency's request to increase personnel spending. The recommendation also funds the increased insurance and liability costs and partially funds the request for increases in contract costs and the other costs category.

Budget Issues
The Public Defender Department (PDD) has consistently faced recruitment and retention challenges, exacerbated by caseload growth and complexities, particularly in rural areas. As of June 2025, PDD's vacancy rate stood at 10.9 percent agencywide. While only 4.7 percent of core staff positions were vacant, PDD attorneys had a 17.4 percent vacancy rate. This vacancy rate, combined with felony cases returning to their higher prepandemic averages, results in fewer attorneys managing increasingly complex cases, which extends the time to disposition and raises dismissal rates.

A 2022 workload study recommended a significant expansion in PDD's attorney staffing to meet caseload demands, calling for a 104 percent increase through the addition of 307 in-house attorneys. In line with these recommendations, PDD's FY27 budget request includes $4.9 million to support compensation increases and 29 additional full-time employees. This includes funding for 14 new attorney positions, primarily in rural areas where staffing needs are most critical, with planned salary distinctions based on role and experience. Additionally, the request includes funding for five core administrative staff, four investigators, and six social work staff to aid in holistic defense efforts.

Beyond in-house staffing, PDD remains dependent on contract attorneys to cover overflow and conflict cases, especially in the 18 counties that lack public defender offices. In FY25, contract attorneys managed 33 percent of case assignments, a 1 percent decrease from the previous year. However, data shows that contract attorneys, as compared to PDD's in-house attorneys, tend to achieve fewer charge reductions, make fewer referrals for alternative sentencing, and take longer to close cases. The reliability of this data is complicated by PDD's lack of mandatory data entry for contractors. To improve contract attorney recruitment and retention and address attorney shortages in underserved areas, the agency requested $2.8 million, or 14.7 percent, over FY26's contractual services category to increase compensation rates. This request is intended to compensate contract defenders with the hopes of creating more pay parity with civil contract attorneys, including funding for complex case compensation, and to increase base rates on cases requiring specialized knowledge, including juvenile work or violent offenses. PDD increased per-case compensation rates in FY24, and the expansion would allow the agency to pilot $150 per hour rates for attorneys working complex felony cases. Additionally, PDD seeks $750 thousand to cover increasing lease expenses for office spaces and increases in IT costs. Unlike district courthouses and district attorney offices, which counties must provide by statute, PDD facilities rely on state funding.

The committee recommendation increases general fund revenue by $2.5 million, or 3 percent, compared with the FY26 operating budget. The recommendation includes $407 thousand for lease costs and increases in IT contract and equipment costs. The recommendation also includes $1.9 million for insurance and staffing increases due to the agency's increasing caseload. This increase should help the agency avoid consecutive years with personnel spending that significantly exceeds personnel appropriations. Additionally, the committee recommendation increases funding for contracts by $113.7 thousand. With a notable decrease in contract attorney availability since the pandemic combined with an increased number of complex cases, additional contract funding allows PDD to increase compensation rates and attract more contract attorneys.

CRIMINAL LEGAL SERVICES

The purpose of the criminal legal services program is to provide effective legal representation and advocacy for eligible clients so their liberty and constitutional rights are protected and to serve the community as a partner in assuring a fair and efficient criminal justice system that sustains New Mexico's statutory and constitutional mandate to adequately fund a statewide indigent defense system.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of alternative sentencing treatment placements for felony, misdemeanor and juvenile clients	28,523.0	32,476.0	15,000.0	15,000.0	17,500.0
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	62%	78%	65%	65%	65%
Quality	Percent of misdemeanor cases resulting in a reduction of the original formally filed charges	71%	87%	70%	70%	70%
Quality	Percent of juvenile cases resulting in a reduction of the original formally filed charges	65%	83%	65%	65%	65%
* Output	Average cases assigned to attorneys yearly	347.0	370.0	330.0	330.0	330.0
Output	Average time to case disposition, in months	8.0	7.0	8.0	8.0	8.0

General Control

Statutory Authority
Article V, Section 1, of the New Mexico Constitution provides for the election of the attorney general for a term of four years. The attorney general is required to be a licensed attorney and serves as a member of the New Mexico Mortgage Finance Authority, Risk Management Advisory Board, State Commission of Public Records, Judicial Council, Compilation Commission, New Mexico Border Commission, and Law Enforcement Academy Board. Sections 8-5-1 through 8-5-15 NMSA 1978 establish the functions of the attorney general and the office.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,679.2	17,586.8	17,027.0	17,027.0	(3.2)
Other Transfers	16,138.9	18,316.5	30,163.4	21,557.3	17.7
Federal Revenues	3,721.3	4,390.8	4,250.0	4,250.0	(3.2)
Other Revenues	47,580.7	0.0	200.0	200.0	0.0
Fund Balance	161,384.7	18,543.4	0.0	0.0	(100.0)
TOTAL SOURCES	**$245,504.8**	**$58,837.5**	**$51,640.4**	**$43,034.3**	**(26.9)**
USES					
Personal services and employee benefits	28,092.4	31,809.8	42,530.0	34,563.9	8.7
Contractual services	923.7	1,244.0	1,249.5	1,249.5	0.4
Other	6,977.1	7,467.2	7,860.9	7,220.9	(3.3)
Other financing uses	15,726.3	18,316.5	0.0	0.0	(100.0)
TOTAL USES	**$51,719.5**	**$58,837.5**	**$51,640.4**	**$43,034.3**	**(26.9)**
FTE					
Permanent	214.0	254.0	254.0	254.0	0.0
Term	0.0	7.0	7.0	7.0	0.0
Temporary	0.0	18.0	18.0	18.0	0.0
TOTAL FTE	**214.0**	**279.0**	**279.0**	**279.0**	**0.0**

At A Glance
Excluding $18.5 million the Attorney General (NMAG) received from the consumer settlement fund in FY26 and passed on to beneficiaries, the agency requested an overall budget increase of $11.1 million, or 18.9 percent. The total increase reflected an $11.8 million increase from the consumer settlement fund in the other transfers category partially offset by a slight decrease in federal funds.

The requested base increase did not increase FTE but included funds for recent raises given to various attorneys, investigators, paralegals, special agents, and other administrative staff. The request also included funds for increased insurance costs, additional capacity to contract with outside counsel, costs related to upgrading or updating IT equipment, and rent costs. Under the request, the use of the consumer settlement fund would increase by 64.4 percent. While the request did not ask for an FTE increase in staff, the Attorney General has hired or is in the process of hiring 40 new employees for the Legal Services Division. With only 2 vacant funded FTE, the Attorney General is relying on approval of both a special appropriation for FY26 and its FY27 budget request to support its recent personnel cost increases.

The committee recommends a $3.2 million increase in the transfer from the consumer settlement fund, enough to expand a pilot project funded in the 2025 General Appropriation Act that provided for five term positions in the Consumer and Civil Rights Division to demonstrate the ability of the agency to transition to an enterprise model using the consumer settlement fund. This increased appropriation will also fund insurance premium increases. Also included in the committee's FY27 budget recommendation is funding for contract capacity expansion.

Budget Issues

Consumer Settlement Fund. Because the agency is attempting to transition to an enterprise agency that would fund its operations with the consumer settlement fund, its budget approach relies heavily on growth in the fund. The consumer settlement fund is made up of legal settlements paid by companies suspected of fraud or deceptive practices. It includes the opioid settlement fund but also payments from Google for privacy violations, Volkswagen for cheating on emissions tests, the Gold King Mine mining companies for environmental damage, Equifax for a data breach, and others. (See Legislating for Results: Supplemental Charts and Graphs for the consumer settlement fund table.)

In early 2022, consumer protection settlements became subject to Internal Revenue Service requirements that create new incentives for settling entities to negotiate more restrictive settlement language that prohibits discretionary use of settlement funds. While discretionary use of settlement funds may be more restricted, there is likely an overlap between allowable uses and statewide investment priorities, including behavioral health, treatment, education, and recovery services. The Legislature should review settlement language to understand restrictions, update settlement revenue projections, and appropriate funds to satisfy settlement language requirements and meet legislative priorities.

Financial Management. State Auditor issued an unmodified opinion on the agency's FY24 annual financial audit that included two findings, including one material weakness and one other noncompliance finding. The material weakness noted was the NMAG's failure to accurately record payments received from a multiyear settlement executed in May 2023. The other noncompliance finding relates to employee fuel card usage.

The actual expenses for NMAG in FY25 are higher than what was approved for the budget due to an agency data error that inflated agency transfers within the division. Agency accounting practices likely also miscategorized other revenues in FY25, inflating the total sources amount beyond the total uses amount. This error also occurred in FY24 and FY23.

Legal Services. In the Legal Services Program, NMAG requested a general fund revenue decrease of $569 thousand, or 3.5 percent, while requesting a $11.3 million, or 63.5 percent, increase in consumer settlement fund revenue.

The LFC recommendation partially funds the agency request for increased use of the consumer settlement fund, providing a $3.2 million, or 17.7 percent, increase to bring fund appropriations to $21.6 million. The LFC recommendation supports the Attorney General's efforts to fund insurance costs increases with the additional consumer settlement fund appropriation. The increased benefits are intended to improve recruitment and retention, but NMAG's full personnel request to fund its new hires and pay increases is not included in the LFC recommendation. The FY26 pilot project for funding five new Consumer and Civil Rights employees from the consumer settlement fund appears to have met its goal of helping raise the fund's unrestricted balance beyond $12 million. Between this additional consumer settlement fund appropriation, FY26's pilot project, and similar appropriations, consumer settlement fund appropriations for NMAG have risen dramatically from the FY24 figure of $15.3 million. The recommendation also provides $5,000 in funding for contract capacity expansion.

Medicaid Fraud. For the Medicaid Fraud division, NMAG requested a general fund revenue increase of $9,200, or 0.7 percent, but requested to increase federal revenues by $207.5 thousand, or 5.7 percent, from the FY26 operating budget. The request increases the budget in personnel by $169.2 thousand to accommodate increased insurance costs, the contractual category by $500 for increased contract costs, and the other category by $47 thousand for rent and transportation costs. The recommendation fully funds this request.

In FY24, the most recent year for which national comparison data are available, NMAG recovered $88.4 thousand in Medicaid fraud cases and the state was second only to Hawaii in lowest recoveries nationwide. A prior LFC report noted NMAG and the Health Care Authority should work with the Legislature to bring New Mexico into compliance with the federal False Claims Act to increase the state's portion of fraud recoveries. Senate Bill 138 from the 2023 legislative session, an LFC-endorsed bill, would have amended the New Mexico Medicaid False Claims Act to align with the federal False Claims Act, but the bill died in committee.

LEGAL SERVICES

The purpose of the legal services program is to deliver quality legal services, including opinions, counsel and representation to state government entities, and to enforce state law on behalf of the public so New Mexicans have an open, honest, efficient government and enjoy the protection of state law.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,532.8	16,318.9	15,749.9	15,749.9	(3.5)
Other Transfers	16,043.9	18,316.5	30,163.4	21,557.3	17.7
Federal Revenues	672.6	766.9	418.6	418.6	(45.4)
Other Revenues	47,580.7	0.0	200.0	200.0	0.0
Fund Balance	162,091.1	18,543.4	0.0	0.0	(100.0)
TOTAL SOURCES	**$241,921.1**	**$53,945.7**	**$46,531.9**	**$37,925.8**	**(29.7)**
USES					
Personal services and employee benefits	24,807.2	27,869.4	38,420.4	30,454.3	9.3
Contractual services	918.9	1,232.1	1,237.1	1,237.1	0.4
Other	6,199.1	6,527.7	6,874.4	6,234.4	(4.5)
Other financing uses	15,726.3	18,316.5	0.0	0.0	(100.0)
TOTAL USES	**$47,651.5**	**$53,945.7**	**$46,531.9**	**$37,925.8**	**(29.7)**
FTE					
Permanent	190.0	226.0	226.0	226.0	0.0
Term	0.0	7.0	7.0	7.0	0.0
Temporary	0.0	15.0	15.0	15.0	0.0
TOTAL FTE	**190.0**	**248.0**	**248.0**	**248.0**	**0.0**

Recommended Language

The internal services/interagency transfers appropriations to the legal services program of the attorney general include twenty-one million five hundred fifty-seven thousand three hundred dollars ($21,557,300) from the consumer settlement fund of the office of the attorney general.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of registrants at presentations conducted throughout the state and online	13,513.0	34,910.0	25,000.0	25,000.0	25,000.0
Output	Number of administrative prosecutions on professional licenses	250.0	445.0	100.0	150.0	100.0
Output	Number of investigations and prosecutions involving child victims	1,131.0	722.0	525.0	525.0	525.0
Output	Number of public corruption and first or second degree felony matters accepted for investigation and/ or prosecution that do not involve child victims	56.0	39.0	60.0	60.0	60.0

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of investigations for noncompliance with the Open Meetings Act and Inspection of Public Records Act initiated within thirty days of referral	58%	100%	90%	90%	90%
Explanatory	Number of noncompliance investigations for the Open Meetings Act and Inspection of Public Records Act	383.0	381.0	N/A	N/A	N/A
Outcome	Percent of consumer and constituent complaints resolved within sixty days of formal complaint or referral receipt	69%	96%	90%	90%	90%
Explanatory	Average time from filing to final disposition in criminal cases, in months	20.0	15.0	N/A	N/A	N/A
Explanatory	Number of cases reviewed for prosecution	108.0	124.0	N/A	N/A	N/A

MEDICAID FRAUD

The purpose of the medicaid fraud program is to investigate and prosecute medicaid provider fraud, recipient abuse and neglect in the medicaid program.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,146.4	1,267.9	1,277.1	1,277.1	0.7
Other Transfers	95.0	0.0	0.0	0.0	0.0
Federal Revenues	3,048.7	3,623.9	3,831.4	3,831.4	5.7
Fund Balance	(706.4)	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$3,583.7**	**$4,891.8**	**$5,108.5**	**$5,108.5**	**4.4**
USES					
Personal services and employee benefits	3,285.2	3,940.4	4,109.6	4,109.6	4.3
Contractual services	4.8	11.9	12.4	12.4	4.2
Other	778.0	939.5	986.5	986.5	5.0
TOTAL USES	**$4,068.0**	**$4,891.8**	**$5,108.5**	**$5,108.5**	**4.4**
FTE					
Permanent	24.0	28.0	28.0	28.0	0.0
Temporary	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	**24.0**	**31.0**	**31.0**	**31.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Total medicaid fraud recoveries identified, in thousands	$98	$3,895	N/A	N/A	N/A
Output	Number of program improvement recommendations forwarded to New Mexico agencies and the United States department of health and human services	5.0	7.0	5.0	5.0	5.0
Efficiency	Percent of case investigations under the medicaid fraud control unit's jurisdiction completed within one hundred eighty days of receipt	92%	90%	75%	75%	75%
Efficiency	Percent of referrals from the health care authority where the medicaid fraud control unit responds within fifteen days	14%	81%	85%	85%	85%

Statutory Authority
Article V, Section 1, of the New Mexico Constitution creates the Office of the State Auditor. The State Auditor is elected statewide to a four-year term for a maximum of two consecutive terms and is a member of the Commission of Public Records and the New Mexico Border Authority. The Audit Act, Sections 12-6-1 through 12-6-14 NMSA 1978, requires the State Auditor to annually examine and audit the financial affairs of every agency that receives or expends public money and produce a complete written report of each audit.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,160.8	4,449.6	5,815.9	4,694.9	5.5
Other Transfers	112.9	905.1	0.0	850.0	(6.1)
Other Revenues	411.9	374.3	350.0	350.0	(6.5)
Fund Balance	500.0	530.8	500.0	500.0	(5.8)
TOTAL SOURCES	**$5,185.6**	**$6,259.8**	**$6,665.9**	**$6,394.9**	**2.2**
USES					
Personal services and employee benefits	4,073.5	4,553.1	5,493.8	4,681.5	2.8
Contractual services	150.7	197.8	520.5	221.3	11.9
Other	777.2	603.8	651.6	642.1	6.3
Other financing uses	0.0	905.1	0.0	850.0	(6.1)
TOTAL USES	**$5,001.4**	**$6,259.8**	**$6,665.9**	**$6,394.9**	**2.2**
FTE					
Permanent	32.0	41.0	41.0	41.0	0.0
Temporary	0.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	**32.0**	**42.0**	**41.0**	**41.0**	**(2.4)**

At A Glance
The Office of the State Auditor (OSA) total FY27 budget request was $6.7 million, a $406.1 thousand or 6.5 percent increase from the previous year. It included a general fund increase of $1.4 million, or 30.7 percent. The LFC recommendation supports a general fund increase of $245.3 thousand, or 5.5 percent, and budgets the use of fund balances at $500 thousand, for a total increase of 2.2 percent over FY26.

Budget Issues
The Office of the State Auditor (OSA) requested a general fund increase of $1.4 million, or 30.7 percent, for FY27. The agency's total FY27 budget request was $6.7 million, a $406.1 thousand, or 6.5 percent, increase from the previous year. The request included an increase of $940.7 thousand in personnel costs to proportionally increase staff salaries and achieve wage parity with private industry. However, OSA was included in the LFC and Department of Finance and Administration (DFA) state compensation and classification study to address target compensation and received a portion of the $17 million to implement the results of the study. The request also included an increase of $322.7 thousand in contractual services to cover the costs of a triennial peer review and an increase to audit and IT services. Additionally, the request included a $47.8 thousand increase in the other category to support General Services Department (GSD) leases for two passenger vehicles, anticipated Department of Information Technology (DoIT) access fees, office lease increases, dues and subscriptions, preparation courses and material expenses for Certified Public Accountant and Certified Fraud Examiner candidates, advertising, out-of-state mileage and fares, and state meals and lodging.

The LFC recommendation supports a general fund increase of $245.3 thousand and an overall budget increase of 2.2 percent. The recommendation includes $128.4 thousand in salary and benefits to include FY26 Section 8 health care affordability fund distributions and for employee liability insurance premium rate increases consistent with the FY27 consolidated rate sheet. Additionally, it includes $23.5 thousand in the contractual services category for the triennial peer review and increase to audit services. It also includes $38.3 thousand for vehicle leases, IT and telecom fees, office lease expenses, dues and subscriptions, educational fees, and advertising costs.

Audit Compliance. In the fourth quarter of FY25, $4.2 billion in legislatively directed authorized projects were unspent this past year. Many small local public bodies (sLPBs), such as acequias and land grants, faced issues reporting to the Office of the State Auditor on time because they are managed by volunteers with limited financial reporting experience. Executive Order 2013-006 restricts entities from receiving funds when they are not financially compliant. In response, OSA launched an initiative to bring sLPBs into compliance with the Audit Act, helping to unlock legislative funding. Executive Order 2013-006 was codified through the Public Finance Accountability Act during the 2025 legislative session. Since the start of the program, approximately 113 entities have been brought into compliance.

For FY26, the Legislature provided a special appropriation of $1 million for audit and preparation services to help local public bodies prepare for tier certifications and agreed-upon procedures, as well as remain financially compliant to ensure that entities are able to access future capital outlay awards. This funding could continue in a special appropriation for FY27 based on continued need.

STATE AUDITOR

The purpose of the state auditor program is to audit the financial affairs of every agency annually so they can improve accountability and performance and to assure New Mexicans that funds are expended properly.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of small local public bodies newly registered with the office of the state auditor	NEW	27.0	N/A	N/A	N/A
Explanatory	Total public funding made available for noncompliant small local public bodies with public funds withheld and brought into compliance	NEW	$7,500,000.0	N/A	N/A	N/A
Outcome	Number of small local public body annual financial compliance certifications submitted	NEW	355.0	150.0	150.0	150.0
Output	Total audit fees generated	$316,026	$381,291	$350,000	$350,000	$350,000
Explanatory	Percent of audits submitted by regulatory due date	87%	90%	N/A	N/A	N/A
Output	Number of training sessions performed	17.0	28.0	15.0	15.0	15.0
Output	Number of working paper reviews of independent public accountants	6.0	11.0	10.0	10.0	10.0
Explanatory	Number of conservatorship reports reviewed	1,407.0	1,363.0	N/A	N/A	N/A
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	50%	52%	50%	50%	50%
Output	Number of attendees participating in training sessions	957.0	1,210.0	1,250.0	1,557.0	1,557.0
Output	Number of outreach events in counties	7.0	12.0	12.0	12.0	12.0
Explanatory	Number of allegations of fraud, waste and abuse examined by the special investigations division	289.0	254.0	N/A	N/A	N/A

Statutory Authority
Sections 9-11-1 through 9-11-15 NMSA 1978 create the Taxation and Revenue Department (TRD) as a single, unified department for the administration of laws and oversight functions related to taxation, revenue, and vehicles. TRD administers various tax programs that provide major sources of revenue to the general fund, state road fund, and many other state funds. The department also collects state-county shared taxes, such as gross receipts, and distributes revenue to county and municipal governments. TRD provides valuations for major industrial properties subject to property taxes, collects royalties from mineral production on state lands for credit to the state's permanent fund, and administers various income tax and rebate programs. In addition, TRD is responsible for collecting revenue from motor vehicle registrations, drivers' licenses, and other motor-vehicle-related permits.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	81,803.2	89,105.7	93,969.9	91,511.1	2.7
Other Transfers	3,541.4	0.0	0.0	0.0	0.0
Federal Revenues	2,094.3	2,738.6	3,279.1	3,279.1	19.7
Other Revenues	39,018.6	46,239.9	40,023.8	40,023.8	(13.4)
Fund Balance	5,190.2	5,503.1	5,148.3	5,148.3	(6.4)
TOTAL SOURCES	**$131,647.7**	**$143,587.3**	**$142,421.1**	**$139,962.3**	**(2.5)**
USES					
Personal services and employee benefits	79,587.2	84,868.8	88,054.3	87,535.4	3.1
Contractual services	15,334.0	20,080.5	18,112.4	17,271.8	(14.0)
Other	23,618.1	28,543.5	27,459.9	26,360.6	(7.6)
Other financing uses	9,594.5	10,094.5	8,794.5	8,794.5	(12.9)
TOTAL USES	**$128,133.8**	**$143,587.3**	**$142,421.1**	**$139,962.3**	**(2.5)**
FTE					
Permanent	811.0	1,009.5	1,009.5	1,009.5	0.0
Term	0.0	28.2	28.2	28.2	0.0
Temporary	0.0	5.8	5.8	5.8	0.0
TOTAL FTE	**811.0**	**1,043.5**	**1,043.5**	**1,043.5**	**0.0**

At A Glance
For FY27, the Taxation Revenue Department (TRD) requested a general fund revenue increase of $4.9 million, or 5.4 percent, above the FY26 operating budget. The requested increases were primarily to fund increased health insurance premiums and IT maintenance across all programs. The total budget request for FY27 was $142.4 million, a $1.2 million, or 0.8 percent, decrease from its FY26 operating budget. The agency is requesting to increase its use of federal revenue by $540.5 thousand, or 19.7 percent, to decrease its use of other revenue sources by $6.2 million, or 13.4 percent, and to decrease its use of funds from cash balance by $354.8 thousand, or 6.4 percent. The agency has requested to decrease its use of other revenue sources to accurately reflect the anticipated revenue of the TRD operating fund and the weight distance tax permit fee fund.

The committee recommends a $2.4 million increase from the general fund, or 2.7 percent over the FY26 operating budget, to fund increased healthcare insurance premiums across four of its programs. The committee also supports TRD's request to decrease its use of other revenue sources to ensure fund balance solvency.

Budget Issues
For FY27, TRD requested to decrease its overall budget by $1.2 million, or 0.8 percent, below its FY26 operating budget. The agency is requesting to increase its use of federal revenue by $540.5 thousand, or 19.7 percent, to decrease its use of other revenue sources by $6.2 million, or 13.4 percent, and to decrease its use of fund balance by $354.8 thousand, or 6.4 percent.

Tax Administration. The Tax Administration Program (TAP) requested a $1.8 million, or 4.5 percent, increase in general fund revenue, a $320.1 thousand, or 12.9 percent, increase in federal revenue, and a $7.2 thousand, or 0.6 percent, increase from other revenue sources. The agency requested to increase personnel spending by $1.3 million, or 4 percent, for increased General Services Department (GSD) rates and healthcare insurance premiums. The agency also requested to decrease its contractual services budget by $169.6 thousand, or 12.7 percent, to move IT service contracts into the other costs category, a part the agency's request to increase the budget for other costs by $875.2 thousand, or 11.6 percent. The requested increase for the other costs category also includes increased postage and mailing service costs, increased Department of Information Technology (DoIT) rates, and an increase in the program's IT agreements. The committee recommends increasing general fund revenue by $799 thousand, or 2.5 percent, to fund the increases in healthcare insurance premiums. The committee supports the agency's request for its use of federal funds and other revenue sources.

Motor Vehicle Program. The Motor Vehicle Program (MVP) requested a $5.7 million, or 9.5 percent, decrease under its FY26 operating budget. MVP requested a $6.8 million, or 18.5 percent, decrease in its use other revenue sources, a $263.4 thousand, or 44.7 percent, increase in federal revenue, a $354.8 thousand, or 6.4 percent, decrease in fund balance, and a $1.2 million, or 6.5 percent, increase for general fund revenue. MVP requested to decrease its use of other revenue sources to reflect projected decreases in revenue in the TRD operating fund and the weight distance tax permit fee fund. The MVP general fund request is to increase personnel services category by $799 thousand to fund increased healthcare premiums, and the remaining $355.5 thousand will be used to cover increased DoIT rates and rent of buildings in the other costs category. The committee recommends increasing general fund revenue by $799 thousand, or 4.5 percent, to fund the increased healthcare insurance premiums. The committee supports the agency's request for its use of federal funds and other revenue sources.

Property Tax Program. The Property Tax Program (PTP) requested a $568.5 thousand, or 7.7 percent, increase over its FY26 operating budget. The requested increase was entirely from other state revenues; the program does not use general fund revenue. PTP requested an increase of $305.2 thousand, or 6.6 percent, in personnel spending for increased healthcare premiums and to reduce a projected personnel deficit. PTP requested to increase its contractual services by $157.7 thousand, or 13.6 percent, for increasing contract costs and other costs by $105.6 thousand, or 6.7 percent, to cover increased postage costs, and increased DoIT rates. The committee supports this request.

Compliance Enforcement Program. The Compliance Enforcement Program (CEP) is entirely funded from the general fund and requested an increase of $92.8 thousand, or 3.9 percent, over its FY26 operating budget. CEP requested an increase of $64.9 thousand, or 3.1 percent, in personnel spending to fund increased healthcare insurance premiums and an increase of $8 thousand, or 85.1 percent, in contractual services for psychological evaluations for the program's law enforcement agents. The program requested to increase its other costs category by $19.9 thousand, or 6.2 percent, for increased GSD and DoIT rates. The committee recommends increasing general fund revenue by $64.9 thousand, or 2.7 percent, to fund the increased healthcare insurance premiums.

Program Support. Program Support (PS) requested to increase its use of general fund revenue by $1.9 million, or 6.3 percent, to fund healthcare insurance increases in the personnel services and employee benefits category, and increased DoIT rates and state transportation pool charges in the other costs category. The agency requested the contractual services budget be increased by $950 thousand for IT contract expenditures that had been previously approved as a nonrecurring special appropriation and an additional $60.2 thousand for economic forecasting. The committee recommends increasing general fund revenue by $561.7 thousand, or 1.9 percent, to cover the increased healthcare premiums.

TAX ADMINISTRATION

The purpose of the tax administration program is to provide registration and licensure requirements for and compliance with tax programs and to ensure the administration and collection of state taxes and fees that provide funding for support services for the general public through appropriations.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	36,358.4	39,283.5	41,040.9	40,263.3	2.5
Other Transfers	783.1	0.0	0.0	0.0	0.0
Federal Revenues	2,023.0	2,149.1	2,426.2	2,426.2	12.9
Other Revenues	833.3	1,205.9	1,213.1	1,213.1	0.6
TOTAL SOURCES	**$39,997.8**	**$42,638.5**	**$44,680.2**	**$43,902.6**	**3.0**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	33,301.6	33,765.0	35,101.1	35,029.1	3.7
Contractual services	484.8	1,337.7	1,168.1	1,337.7	0.0
Other	5,837.1	7,535.8	8,411.0	7,535.8	0.0
TOTAL USES	**$39,623.5**	**$42,638.5**	**$44,680.2**	**$43,902.6**	**3.0**
FTE					
Permanent	333.0	445.5	444.5	444.5	(0.2)
Term	0.0	22.2	22.2	22.2	0.0
Temporary	0.0	5.8	5.8	5.8	0.0
TOTAL FTE	**333.0**	**473.5**	**472.5**	**472.5**	**(0.2)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Managed audits as a percentage of tax assessments	0%	41%	40%	40%	40%
Outcome	Total collectible audit assessments	$0	$160,700,000	$165,000,000	$165,000,000	$165,000,000
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division	11.8	15.6	13.1	13.1	13.1
Explanatory	Percent of electronically filed returns for personal income tax and business tax	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of collectible balances outstanding from the end of the prior fiscal year that are collected	23%	21%	23%	23%	23%
Explanatory	Percent of personal income tax returns filed on time for last fully completed tax year	1,000,000%	N/A	N/A	N/A	N/A
Output	Number of personal income tax returns flagged as questionable	54,424.0	42,582.0	50,000.0	50,000.0	50,000.0
Outcome	Percent of processed and accepted returns by quarter	96%	99%	94%	94%	94%
* Outcome	Percent of collectible audit assessments generation in the prior fiscal year that are collected	48%	41%	55%	50%	50%

MOTOR VEHICLE

The purpose of the motor vehicle program is to register, title and license vehicles, boats and motor vehicle dealers and to enforce operator compliance with the Motor Vehicle Code and federal regulations by conducting tests, investigations and audits.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,624.5	17,675.4	18,829.9	18,474.4	4.5
Other Transfers	358.1	0.0	0.0	0.0	0.0
Federal Revenues	71.4	589.5	852.9	852.9	44.7
Other Revenues	30,142.2	36,706.3	29,914.5	29,914.5	(18.5)
Fund Balance	5,190.2	5,503.1	5,148.3	5,148.3	(6.4)
TOTAL SOURCES	**$52,386.4**	**$60,474.3**	**$54,745.6**	**$54,390.1**	**(10.1)**
USES					
Personal services and employee benefits	23,382.8	25,150.6	25,976.8	25,621.3	1.9
Contractual services	6,649.6	9,374.6	6,400.2	6,400.2	(31.7)
Other	12,759.4	15,854.6	13,574.1	13,574.1	(14.4)
Other financing uses	9,594.5	10,094.5	8,794.5	8,794.5	(12.9)
TOTAL USES	**$52,386.3**	**$60,474.3**	**$54,745.6**	**$54,390.1**	**(10.1)**
FTE					
Permanent	297.0	325.0	325.0	325.0	0.0
Term	0.0	6.0	6.0	6.0	0.0
TOTAL FTE	**297.0**	**331.0**	**331.0**	**331.0**	**0.0**

Recommended Language
The other state funds appropriations to the motor vehicle program of the taxation and revenue department includes eight million seven hundred thousand dollars ($8,700,000) from the weight distance tax identification permit fund for the modal program of the department of transportation and ninety-four thousand five hundred dollars ($94,500) from the weight distance tax identification permit fund for the law enforcement program of the department of public safety.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of registered vehicles with liability insurance	90%	90%	95%	95%	95%
* Efficiency	Average call center waiting time to reach an agent, in minutes	4.0	6.0	6.0	6.0	6.0
* Efficiency	Average waiting time in offices equipped with a smart queue management system, in minutes	5.0	7.0	7.0	7.0	7.0
Efficiency	Average number of days to post court action driving-while-intoxicated citations to drivers' records on receipt	1.0	2.0	1.0	1.0	1.0
Quality	Percent of customers rating customer service as good or higher	99%	94%	98%	98%	98%
Explanatory	Percent of total transactions that are web transactions	N/A	N/A	N/A	N/A	N/A

PROPERTY TAX

The purpose of the property tax program is to administer the Property Tax Code, to ensure the fair appraisal of property and to assess property taxes within the state.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	7,275.7	7,376.7	7,945.2	7,945.2	7.7
TOTAL SOURCES	**$7,275.7**	**$7,376.7**	**$7,945.2**	**$7,945.2**	**7.7**
USES					
Personal services and employee benefits	3,652.8	4,632.3	4,937.5	4,937.5	6.6
Contractual services	766.7	1,159.6	1,317.3	1,317.3	13.6
Other	1,241.2	1,584.8	1,690.4	1,690.4	6.7
TOTAL USES	**$5,660.7**	**$7,376.7**	**$7,945.2**	**$7,945.2**	**7.7**
FTE					
Permanent	36.1	41.0	41.0	41.0	0.0
TOTAL FTE	**36.1**	**41.0**	**41.0**	**41.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Amount of delinquent property tax collected and distributed to counties, in millions	$10.80	$11.70	$11.00	$11.00	$11.00
Output	Dollar value of all delinquent property tax sales held	$4,312,330.00	$2,600,000.00	$400,000.00	$400,000.00	$400,000.00
* Outcome	Percent of total delinquent property taxes recovered	17%	15%	17%	17%	17%

COMPLIANCE ENFORCEMENT

The purpose of the compliance enforcement program is to support the overall mission of the taxation and revenue department by enforcing criminal statutes relative to the New Mexico Tax Administration Act and other related financial crimes, as they impact New Mexico state taxes, to encourage and achieve voluntary compliance with state tax laws.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,052.9	2,399.2	2,492.0	2,464.1	2.7
Other Transfers	44.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$2,097.1**	**$2,399.2**	**$2,492.0**	**$2,464.1**	**2.7**
USES					
Personal services and employee benefits	1,700.1	2,067.9	2,132.8	2,132.8	3.1
Contractual services	7.0	9.4	17.4	17.4	85.1
Other	247.2	321.9	341.8	313.9	(2.5)
TOTAL USES	**$1,954.3**	**$2,399.2**	**$2,492.0**	**$2,464.1**	**2.7**
FTE					
Permanent	14.0	22.0	22.0	22.0	0.0
TOTAL FTE	**14.0**	**22.0**	**22.0**	**22.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of tax investigations referred to prosecutors of total investigations assigned during the year	41%	30%	30%	30%	30%
Explanatory	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	N/A	N/A	N/A
Outcome	Percent of internal investigations completed within sixty days	100%	100%	100%	100%	100%

PROGRAM SUPPORT

The purpose of program support is to provide information system resources, human resource services, finance and accounting services, revenue forecasting and legal services to give agency personnel the resources needed to meet departmental objectives. For the general public, the program conducts hearings for resolving taxpayer protests and provides stakeholders with reliable information regarding the state's tax programs.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	26,767.4	29,747.6	31,607.1	30,309.3	1.9
Other Transfers	2,356.0	0.0	0.0	0.0	0.0
Other Revenues	767.4	951.0	951.0	951.0	0.0
TOTAL SOURCES	**$29,890.8**	**$30,698.6**	**$32,558.1**	**$31,260.3**	**1.8**
USES					
Personal services and employee benefits	17,549.8	19,253.0	19,906.1	19,814.7	2.9
Contractual services	7,425.8	8,199.2	9,209.4	8,199.2	0.0
Other	3,533.2	3,246.4	3,442.6	3,246.4	0.0
TOTAL USES	**$28,508.8**	**$30,698.6**	**$32,558.1**	**$31,260.3**	**1.8**
FTE					
Permanent	131.0	176.0	177.0	177.0	0.6
TOTAL FTE	**131.0**	**176.0**	**177.0**	**177.0**	**0.6**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of tax protest cases resolved	1,593.0	1,763.0	1,738.0	1,738.0	1,738.0
Outcome	Percent of matched combine reporting system taxes distributed timely	N/A	N/A	N/A	N/A	N/A
Output	Percent of internal audit recommendations implemented	92%	100%	92%	92%	92%
Explanatory	Number of days after the close of a reporting period that financial reports are available	N/A	N/A	N/A	N/A	N/A
Output	Tax protest cases referred to the administrative hearings office	7%	1%	10%	10%	10%
Explanatory	Financial report error rate	N/A	N/A	N/A	N/A	N/A

Statutory Authority
The State Investment Council (SIC) is created by Section 6-8-2 NMSA and is responsible for managing the land grant, severance tax, tobacco settlement, and water permanent funds and early childhood education and care fund, tax stabilization reserve, conservation legacy fund, opioid settlement restricted fund, workforce development and apprenticeship trust fund, higher education trust fund, capital development and reserve fund, behavioral health trust fund, and the medicaid trust fund, and as well as the investments of other state and political subdivision clients. The council consists of 11 members: the governor, state treasurer, commissioner of public lands, secretary of the Department of Finance and Administration, chief financial officer of state institution of higher education, and six public members. Four public members are appointed by the Legislative Council and two are appointed by the governor. The six public members serve staggered terms of five years. SIC formulates policy implemented by the state investment officer and staff in the day-to-day functions of the investment office.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	80,842.2	78,116.6	106,705.0	86,451.7	10.7
TOTAL SOURCES	**$80,842.2**	**$78,116.6**	**$106,705.0**	**$86,451.7**	**10.7**
USES					
Personal services and employee benefits	5,752.3	8,182.4	12,390.7	11,167.3	36.5
Contractual services	74,029.8	68,886.2	93,059.7	74,029.8	7.5
Other	1,060.1	1,048.0	1,254.6	1,254.6	19.7
TOTAL USES	**$80,842.2**	**$78,116.6**	**$106,705.0**	**$86,451.7**	**10.7**
FTE					
Permanent	31.0	37.0	52.0	45.0	21.6
TOTAL FTE	**31.0**	**37.0**	**52.0**	**45.0**	**21.6**

At A Glance
For FY27, the State Investment Council, which receives no general fund revenue, requested an increase of $28.6 million, or 36.6 percent, above the FY26 operating budget. The requested increase for personnel was $4.2 million, or 51.4 percent, for 12 new FTE and to pay increased health care premium costs. The agency requested to increase the contractual services category by $24.2 million, or 35.1 percent, for external investment management fees and consulting fees, and requested to increase the other costs category by $206.6 thousand, or 19.7 percent, for increased IT costs.

The committee recommends increasing the agency's FY27 operating budget by $8.3 million, or 10.7 percent, above the FY26 operating budget. The committee recommends increasing the agency's personnel category by $3.0 million to fund 8 new FTE and to pay the agency's increased healthcare premium costs. The agency recommends increasing contractual services to match FY25 actuals, which leads to an increase of $5.1 million, or 7.5 percent. The committee supports the agency request for the other costs category.

Budget Issues
The long-term investment funds managed by the State Investment Council (SIC) grew by $7.9 billion, or 16.4 percent, over the year. Of the increased value, about 35 percent was the result of net inflows of oil and gas taxes and royalties. The land grant permanent fund (LGPF) surpassed its long-term earning targets in each period. The severance tax permanent fund (STPF) surpassed its long-term target in each period except the 10-year period. The STPF failed to meet its long-term target in the I0-year period for the 12th consecutive quarter, missing its performance goal by 0.35 percentage points.

The LGPF outperformed its long-term target of 7 percent in each period. The fund surpassed its policy index for each annualized period. Over the year, the fund distributed $1.5 billion to beneficiaries and received $2.4 billion in revenues, primarily from royalties from oil and gas extracted on state lands.

The STPF overperformed its long-term target of 6.75 percent in each period except the 10-year period. STPF has failed to meet its long-term performance target for the 12th consecutive quarter, and returns were among the worst of all large public funds, with performance in the bottom 95th percentile. The fund surpassed its policy index in the one- and three-year periods but missed that benchmark in the five- and 10-year periods. The fund distributed $322 million to the general fund and received $618 million in oil and gas revenues. STPF returns are lowered by allocations to the in-state private equity program, the New Mexico Small Business Investment Corporation, and the small business recovery loan program. The impact of these allocations may be contrary to the state's expectation for the STPF to secure New Mexico's long-term fiscal health. To help address this, SIC recently changed its policy to require market-rate returns for its entire private equity portfolio moving forward.

The early childhood education and care trust fund (ECTF) tracked closely with other SIC-managed funds, exceeding its policy index in each period and performing better in both the one-, and three-year period compared with the LGPF and STPF. SIC recently approved a new asset allocation for the fund with a long-term return expectation of 6.8 percent. The ECTF received $1.8 billion in oil and gas revenues and distributed $250 million.

Staffing levels and wage raises. SIC contracted with a management consulting firm called Ascension to compare how SIC current staffing levels relate to other publicly managed investment funds and concluded that SIC is operating at a staffing deficit. The Legislature has taken action by granting SIC additional funding in the legislative session of 2025 to fund six positions. In June 2025, the agency increased salaries for 26 FTE to improve staff retention and to be competitive with the current market rate. These raises ranged from a 2.4 percent increase to a 39 percent increase, and SIC saw its yearly payroll increase by $517 thousand, or 13 percent.

STATE INVESTMENT

The purpose of the state investment program is to provide investment management of the state's permanent funds for the residents of New Mexico to maximize distributions to the state's operating budget while preserving the real value of the funds for future generations of New Mexicans.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Number of basis points that five-year annualized investment return differs from internal benchmarks	(8.0)	26.0	12.5	12.5	12.5
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	37%	18%	49%	49%	49%
Outcome	Number of basis points that three-year annualized investment return differs from internal benchmarks	4.0	38.0	12.5	12.5	12.5
Outcome	Three-year annualized percentile performance ranking in endowment investment peer universe	17%	63%	49%	49%	49%

Statutory Authority
Sections 7-1B-1 through 7-1B-9 NMSA 1978 create the Administrative Hearings Office (AHO) as an administratively attached office of the Department of Finance and Administration. AHO schedules, conducts, and rules on administrative protest hearings stemming from the Tax Administration Act, Property Tax Code, Implied Consent Act, Motor Vehicle Code, Insurance Premium Tax Act, and Medicaid Provider and Managed Care Act.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,491.2	2,710.5	2,994.4	2,805.6	3.5
Other Transfers	247.4	128.8	128.8	128.8	0.0
Other Revenues	210.0	210.0	210.0	210.0	0.0
TOTAL SOURCES	**$2,948.6**	**$3,049.3**	**$3,333.2**	**$3,144.4**	**3.1**
USES					
Personal services and employee benefits	2,329.2	2,655.3	2,880.1	2,750.4	3.6
Contractual services	36.0	70.0	70.0	70.0	0.0
Other	328.6	324.0	383.1	324.0	0.0
TOTAL USES	**$2,693.8**	**$3,049.3**	**$3,333.2**	**$3,144.4**	**3.1**
FTE					
Permanent	17.0	19.0	19.0	19.0	0.0
TOTAL FTE	**17.0**	**19.0**	**19.0**	**19.0**	**0.0**

At A Glance
For FY27, the Administrative Hearings Office (AHO) requested a general fund increase of $283.9 thousand, or 10.5 percent, over the FY26 operating budget. The requested increase included a $224.8 thousand, or 8.5 percent, increase to personnel services to fund increased insurance premiums, longevity pay, and to fill a paralegal position. The request also included an increase of $59.1 thousand, or 18.2 percent, in the other costs category for rising mailing costs.

The committee recommends increasing general fund revenue by $95.1 thousand, or 3.5 percent, to fund increased insurance premiums in the agency's personnel services category.

ADMINISTRATIVE HEARINGS OFFICE

The purpose of the administrative hearings program is to adjudicate tax-, property- and motor-vehicle-related administrative hearings in a fair, efficient and impartial manner independent of the executive agency that is party to the proceedings.

Recommended Language
The internal service funds/interagency transfers appropriation to the administrative hearings office includes one hundred thousand dollars ($100,000) from the health care authority for the costs of conducting administrative hearings under the Medicaid Provider and Managed Care Act.

The other state fund appropriation to the administrative hearings office includes two hundred ten thousand dollars ($210,000) from the motor vehicle suspense fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of hearings for Implied Consent Act cases not held within ninety days due to an administrative hearings office error	0.1%	0.1%	0.2%	0.2%	0.2%
Outcome	Percent rate of tax cases not held, including merits and scheduling conference, within ninety days because of administrative hearings office error	0.0%	0.0%	0.0%	0.0%	0.0%
Outcome	Number of tax protest or Implied Consent Act trainings conducted annually	6.0	10.0	5.0	6.0	6.0

Statutory Authority

The Department of Finance and Administration (DFA) is authorized pursuant to Sections 9-6-1 through 9-6-5.2 NMSA 1978 to provide a single, unified department to administer laws related to the finance of state government. In addition, the department provides planning and technical assistance to local entities, coordinates state agency plans, and administers state and federal grant programs. These duties are detailed in Sections 6-3-1 through 6-3-25 NMSA 1978, Sections 6-3A-1 through 6-3A-9 NMSA 1978, Sections 6-5-1 through 6-5-11 NMSA1978, 6-1-1 NMSA 1978; 9-6-15 NMSA 1978, 6-4-1 NMSA 1978, and 6-6-2 NMSA 1978. The department consists of five programs: Policy Development, Fiscal Analysis, Budget Oversight, Strategic Planning and Education Accountability; Program Support; Local Government Assistance; Financial Control; and Infrastructure Planning and Development.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	34,985.1	39,286.1	40,399.5	42,334.0	7.8
Other Transfers	18,151.8	38,005.7	32,040.4	48,293.6	27.1
Federal Revenues	4,519.0	21,200.5	21,531.9	21,531.9	1.6
Other Revenues	122,874.9	126,866.3	138,473.3	137,802.3	8.6
Fund Balance	35,634.3	1,626.0	0.0	1,626.0	0.0
TOTAL SOURCES	**$216,165.1**	**$226,984.6**	**$232,445.1**	**$251,587.8**	**10.8**
USES					
Personal services and employee benefits	18,337.0	24,583.0	25,739.8	25,564.1	4.0
Contractual services	8,103.3	5,581.7	6,261.4	8,216.4	47.2
Other	39,753.0	48,002.4	60,265.6	60,300.6	25.6
Other financing uses	110,212.2	102,533.4	95,309.6	110,891.8	8.2
Emergency water supply fund	109.9	109.9	109.9	109.9	0.0
Fiscal agent contract	191.1	1,200.0	1,200.0	1,200.0	0.0
State planning districts	693.0	693.0	693.0	693.0	0.0
Statewide teen court	75.2	137.9	17.7	137.9	0.0
Law enforcement protection fund	19,533.5	20,000.0	20,000.0	20,000.0	0.0
Leasehold community assistance	180.0	286.0	286.0	286.0	0.0
Acequia and community ditch education program	494.6	498.2	498.2	498.2	0.0
New Mexico acequia commission	88.0	88.1	88.1	88.1	0.0
Land grant council	612.1	626.9	626.9	626.9	0.0
County detention of prisoners	5,000.0	4,970.0	4,970.0	4,970.0	0.0
National association of state budget officers	22.7	24.0	24.0	24.0	0.0
Western governors' association	38.7	40.0	40.0	40.0	0.0
National governors' association	84.0	84.0	84.0	84.0	0.0
Intertribal Indian ceremonial association	248.3	328.0	328.0	328.0	0.0
Civil legal services	0.0	7,240.0	5,614.0	7,240.0	0.0
Federal Taylor grazing	0.0	469.2	800.0	800.0	70.5
Forest reserve	0.0	9,488.9	9,488.9	9,488.9	0.0
TOTAL USES	**$203,776.6**	**$226,984.6**	**$232,445.1**	**$251,587.8**	**10.8**
FTE					
Permanent	161.0	153.1	189.0	177.0	15.6
Term	0.0	27.9	4.0	4.0	(85.7)
TOTAL FTE	**161.0**	**181.0**	**193.0**	**181.0**	**0.0**

At A Glance

The Department of Finance and Administration (DFA) requested a total budget of $232.4 million for FY27, a $5.5 million, or 2.4 percent overall increase, from the FY26 operating budget. The request included a total increase of general fund revenue of $1.1 million, or 2.8 percent, primarily for insurance premiums, and a decrease of approximately $6 million, or 15.7 percent, in other transfers, primarily due to a projected decrease in opioid crisis recovery funds. DFA's request also included a $11.6 million, or 9.1 percent, increase in other revenues due to an increase in fee revenue from the E-911 program, and a $331.4 thousand, or 1.6 percent, increase in federal revenues. For FY27, DFA requested a decrease of $1.6 million in fund balance for the Civil Legal Services program due to a projected declining fund balance. The LFC recommendation supports the increased utilization of other revenues and increases utilization of opioid crisis recovery funds and Tobacco Settlement Program funds, for an overall increase of $10.3 million, or 27.1 percent, in other transfers.

The request for a general fund revenue increase was for group insurance premium increases, additional personnel spending in the Financial Control program and Infrastructure Planning and Development program, and increased contractual services spending, including an information technology security audit of the state human resource and finance management system called SHARE. The LFC recommendation partially supports the requested general fund increase of $1.1 million, or 2.8 percent, and also includes an additional $50 thousand in the Policy Development, Fiscal Analysis, Budget Oversight, Strategic Planning and Education Accountability Program for an economic modeling software subscription and to replace part of the state's budget development software. Additionally, the LFC recommendation includes $1.94 million in the Dues and Memberships Program for one-on-one youth mentoring services, previously funded through the Children, Youth and Families Department, and an additional $120.2 thousand for teen courts statewide due to declining balances in the juvenile adjudication fund, for an overall total general fund revenue increase of $3 million, or 7.8 percent.

Budget Issues

Policy Development. The Policy Development, Fiscal Analysis, Budget Oversight, Strategic Planning and Education Accountability program houses the Board of Finance Division, the State Budget Division, and the Economic Analysis Unit. The Board of Finance issues the state's bonds and exercises other regulatory and oversight functions, the State Budget Division prepares the annual executive budget recommendation and develops management and policy recommendations, and the Economic Analysis Unit provides revenue tracking and forecasts, including forecasts on bond capacity.

For the Policy Development Program, the request included a general fund revenue decrease of $161.5 thousand, or 2.4 percent, relative to FY26. DFA requested to decrease personnel spending within the program by $163.2 thousand, or 3.3 percent, and the other cost category by $33.3 thousand, or 3.1 percent. The department requested an increase of $35 thousand, or 3.9 percent, in the contractual services category for the costs of administering the general obligation bond program. The LFC recommendation supports the request and includes an additional $35 thousand within the other cost category to replace a part of the state's budget development software, as well as $15 thousand to the contractual services category for a subscription to an economic modeling software.

Program Support. Program Support houses DFA's administrative services and promotes budget compliance by overseeing budget and performance management, compensation benefits, and the information technology needs of the agency. DFA requested an increase of $44.8 thousand, or 1.4 percent, over FY26 to account for audit and property insurance rate increases. The LFC recommendation supports this request.

Local Government Assistance. DFA's Local Government Assistance program undertakes various activities, including local government technical assistance and guidance, budget and financial certification, property tax rate certification, and oversight of the Local DWI (LDWI) and Enhanced 911 (E-911) programs. The budgets for LDWI and E-911 are not from the general fund and receive funding through a portion of liquor excise tax revenues and the 911 Emergency Services Surcharge on phone bills, respectively. The E-911 program received an increase in fee revenue resulting from legislation passed during the 2025 session, largely resulting in the $12.8 million, or 35.5 percent, increase requested for FY27 in other revenues. With the movement of the federal community development block grant to the Infrastructure Planning and Development Division, DFA also requested to move $11.2 million in federal funding for the program out of the Local Government Division and into the Infrastructure Planning and Development Division.

For FY27, DFA requested a decrease of $283.2 thousand, or 6.6 percent, of general fund revenue. The decrease is primarily in the personal services and employee benefits category and is partially requested to be replaced with other revenues. The LFC recommendation supports this request, but decreases general fund revenue by a total of $298.3 thousand, or 6.9 percent, due to the program's savings from funded but vacant positions.

Financial Control. DFA's Financial Control program includes the operations of the agency's Financial Control Division and the Controller's Office. DFA requested a general fund increase within the Financial Control program of $981.7 thousand, or 11.3 percent, over FY26. Of the request, $637.4 thousand is within the personal services and employee benefits category for group insurance premium increases and staff raises. DFA requested an increase of $332.9 thousand, or 8.5 percent, within the contractual services category for an annual information technology security audit of SHARE. The LFC recommendation supports the requested increase within the contractual services category and partially supports the requested increase within the personal services and employee benefits category with an increase of $500 thousand in general fund revenue, for an overall general fund increase of $844.3 thousand, or 9.7 percent, within the program.

Infrastructure Planning and Development. The Infrastructure Planning and Development Division is a new program at DFA, created in FY25, that assists state agencies and local public bodies with planning and finding funding assistance for capital outlay projects, funded with general fund revenue, federal funds, severance tax bonds proceeds, and general obligation bond proceeds. DFA is requesting an additional $531.6 thousand in general fund revenue, an 18.3 percent increase over FY26, for insurance premium increases and additional staff. The LFC recommendation partially supports this request and increases general fund revenues for the program by $508.4 thousand, or 17.5 percent.

Additionally, the Infrastructure Planning and Development Division requested the $11.2 million federal funds transfer from the Local Government Division for the federal community development block grant, which the LFC recommendation supports.

Dues and Memberships. The FY27 general fund request for the Dues and Memberships program is level with the FY26 budget. The LFC recommendation supports this request and includes an additional $1.9 million for one-on-one youth mentoring services to transfer the program from the Children, Youth and Families Department and an additional $120.2 thousand for teen courts statewide due to declining balances in the juvenile adjudication fund, for a total general fund appropriation of $15.3 million, a 15.5 percent increase over FY26. Additionally, DFA requested to decrease the use of $1.6 million from the civil legal services fund for the Civil Legal Services Program due to a projected declining balance. LFC analysis suggests that the Civil Legal Services Program will have sufficient balances in its funds in FY27 and, therefore, recommends the use of $1.6 million in balances level with FY26.

Overall, DFA requested an $8.6 million, or a 5.8 percent, decrease in the Dues and Memberships Program for FY27, largely due to a decrease in utilization of opioid crisis recovery funds. DFA requested a transfer of $5.1 million in opioid crisis recovery funds, a decrease of $11.6 million, or 69.3 percent from FY26. DFA also requested a 1.7 percent, or $1.1 million, decrease in county-supported Medicaid funding. For FY27, DFA requested an increased transfer of Tobacco Settlement Program funds by $5.5 million, or 34.8 percent, for a total transfer of $21.5 million. Based on economic forecasting, the LFC recommendation supports a $21.1 million transfer from the Tobacco Settlement Program fund, an increase of $5.1 million, or 32.3 percent; $21.8 million from the opioid crisis recovery fund, an increase of $5 million, or 29.7 percent; and $65.4 million from the county-supported Medicaid fund, a decrease of $1.8 million, or 2.7 percent. To support the use of the opioid crisis recovery funds, the LFC recommendation supports a transfer from the opioid settlement restricted fund to the opioid crisis recovery fund. Due to the inconsistent revenue from annual opioid payments from opioid distributors, which ultimately has affected the amount of revenue the fund generates, the LFC recommendation uses the principle of the restricted fund balance to carry out the purposes of the opioid crisis recovery fund to statewide and regional programs.

State Audit. Based on the FY24 Annual Financial Report, the state ended FY24 with a net position of $70.5 billion, an increase of $11.2 billion, or 18.8 percent, from the previous year. Total revenues for 2024 were $40.1 billion, an increase of $1 billion, or 2.6 percent from FY23. Program revenues for the state overall decreased by $0.9 billion, or 4.1 percent, on a year-to-year basis, while taxes and other general revenues increased by 11.8 percent. The state's expenses were $29.8 billion, an increase of $2 billion, with the majority of the increase being in general control, education, culture, recreation, and natural resources. The state's net program expenses exceeded net program revenue by $7.7 billion, whereas in FY23 this amount was $4.8 billion.

Agency Audit. DFA had four audit findings in FY24: two significant deficiencies related to federal awards and two other matter findings. Three of the four audit findings were repeat findings. Notably, one of the significant deficiency findings includes the department not properly tracking subrecipient awarding of the state and local fiscal recovery funds, also known as American Rescue Plan Act (ARPA) funding, a repeat audit finding.

POLICY DEVELOPMENT, FISCAL ANALYSIS, BUDGET OVERSIGHT, STRATEGIC PLANNING AND EDUCATION ACCOUNTABILITY

The purpose of the policy development, fiscal analysis, budget oversight, strategic planning and education accountability program is to provide coordinated fiscal leadership to the governor, legislature and state agencies. Backed by statutory authority, the office of the secretary, state budget division and board of finance ensure sound budgeting, data-driven decision-making and accountability to support statewide policy goals and the responsible use of public funds.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,289.9	6,869.2	6,707.7	6,757.7	(1.6)
Other Transfers	98.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$6,388.4**	**$6,869.2**	**$6,707.7**	**$6,757.7**	**(1.6)**
USES					
Personal services and employee benefits	4,677.3	4,882.3	4,719.1	4,719.1	(3.3)
Contractual services	699.0	906.1	941.1	956.1	5.5
Other	835.0	1,080.8	1,047.5	1,082.5	0.2
TOTAL USES	**$6,211.3**	**$6,869.2**	**$6,707.7**	**$6,757.7**	**(1.6)**
FTE					
Permanent	27.0	35.0	31.0	31.0	(11.4)
TOTAL FTE	**27.0**	**35.0**	**31.0**	**31.0**	**(11.4)**

Recommended Language

On certification by the state board of finance pursuant to Section 6-1-2 NMSA 1978 that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds, the secretary of the department of finance and administration is authorized to transfer from the general fund operating reserve to the state board of finance emergency fund the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of four million dollars ($4,000,000) in fiscal year 2027. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund pursuant to the provisions of Section 6-1-5 NMSA 1978.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	General fund reserves as a percent of nonrecurring appropriations for the prior fiscal year	0%	1,000,000%	N/A	N/A	N/A
Explanatory	Percent of state agencies and political subdivisions that successfully receive grants after submission and review by the state point of contact	25.0%	1.0%	N/A	N/A	N/A
Outcome	Amount of outstanding severance tax and general obligation debt as a percentage of personal income	NEW	1.0%	1.0%	0.1%	1.0%
Outcome	Amount of outstanding severance tax and general obligation debt per capita	NEW	1.0	1.0	471.0	1.0
Outcome	Moody's general obligation and severance tax bond rating	1.0	1.0	1.0	1.0	1.0
Outcome	Number of business days from a capital or nonrecurring appropriation being deemed eligible for budgeting until funds are budgeted	NEW	NEW	4.0	4.0	4.0
Outcome	Number of published revenue estimate briefs to the legislature	NEW	NEW	20.0	20.0	20.0
Outcome	Percent of awarded grants that were submitted as part of a technical assistance request	0%	100%	100%	100%	100%
Outcome	Response rate of relevant fiscal impact report requests during the legislative session	NEW	NEW	83%	83%	83%
Outcome	Standard and Poor's rating for general obligation and severance tax bond	1.0	1.0	1.0	1.0	1.0

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of bond proceeds, by general obligation or severance tax bond or note issuance, expended within three years of the issuance of the bond or note	62%	68%	85%	85%	85%
* Explanatory	General fund reserves as a percent of recurring appropriations	29.70%	0.33%	N/A	N/A	N/A
* Outcome	Error rate for the eighteen-month general fund revenue forecast, excluding oil and gas revenue and corporate income taxes	TBD	-9.40%	5.00%	5.00%	5.00%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, including oil and gas revenue and corporate income taxes	TBD	10.90%	5.00%	5.00%	5.00%
Outcome	Number of formal trainings conducted by the state budget division	5.0	6.0	4.0	4.0	4.0
Output	Percent of agencies attending state budget division trainings	95%	95%	95%	95%	95%
Outcome	Percent of capital outlay expended within six months for all funding sources	5%	12%	Discontinued	Discontinued	Discontinued
Quality	Percent of state agencies that are satisfied with department of finance and administration services based on survey responses	79%	94%	90%	90%	92%

LOCAL GOVERNMENT ASSISTANCE

The purpose of the local government assistance program is to strengthen the capacity of New Mexico's counties, municipalities, special districts and tribal governments by promoting sound financial practices, effective administration of public funds and programmatic accountability. The program ensures compliance with statutory and regulatory requirements, facilitates transparent and efficient use of state and federal resources and fosters sustainable local governance aligned with the priorities of New Mexico's residents.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,810.1	4,322.8	4,039.6	4,024.5	(6.9)
Other Transfers	160.2	0.0	0.0	0.0	0.0
Federal Revenues	2,325.6	11,242.4	0.0	0.0	(100.0)
Other Revenues	38,777.6	36,189.2	49,045.4	49,045.4	35.5
Fund Balance	5,856.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$54,929.5**	**$51,754.4**	**$53,085.0**	**$53,069.9**	**2.5**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	4,682.9	5,923.6	5,377.3	5,362.2	(9.5)
Contractual services	5,200.6	63.4	356.4	356.4	462.1
Other	35,631.6	45,242.4	46,826.3	46,826.3	3.5
Other financing uses	495.0	525.0	525.0	525.0	0.0
TOTAL USES	**$46,010.1**	**$51,754.4**	**$53,085.0**	**$53,069.9**	**2.5**
FTE					
Permanent	38.0	34.1	44.0	43.0	26.0
Term	0.0	18.9	0.0	0.0	(100.0)
TOTAL FTE	**38.0**	**53.0**	**44.0**	**43.0**	**(18.9)**

Recommended Language

The other state funds appropriations to the local government assistance program of the department of finance and administration include twenty-five million five hundred thirty-six thousand dollars ($25,536,000) from the enhanced 911 fund and twenty-three million five hundred nine thousand four hundred dollars ($23,509,400) from the local DWI grant fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of audit compliance determinations of local public bodies reported to the office of the state auditor	NEW	0.0	N/A	N/A	N/A
Explanatory	Number of completed legislative appropriations annually assigned to the local government division from legislative sessions	504.0	517.0	N/A	N/A	N/A
Explanatory	Number of legislative appropriations annually assigned to the local government division from legislative sessions	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of local governing bodies submitting monthly geographic information system data	94.0	94.0	N/A	N/A	N/A
Explanatory	Number of low-income residents assisted by civil legal service program funds	22,253.0	22,162.0	N/A	N/A	N/A
Explanatory	Number of participants attending infrastructure capital improvement plan training annually	1,300.0	574.0	N/A	N/A	N/A
Explanatory	Percent of calls answered within fifteen seconds for all public service answering points	0.0%	999,999.5%	N/A	N/A	N/A
Explanatory	Percent of emergency-911 and next generation-911 capital projects completed on time and within capital equipment replacement cycle	80%	84%	N/A	N/A	N/A
Explanatory	Percent of geographic information system data that is next generation-911 compliant	N/A	100%	N/A	N/A	N/A
Outcome	Percent of capital intergovernmental grant agreements issued to grantees in compliance with audit requirements within sixty days of funding	NEW	NEW	80%	80%	80%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of counties and municipalities that submitted complete information on procedures for safeguarding constituents' personal and financial information when accepting credit card and electronic transfer payments	N/A	90%	90%	90%	90%
Outcome	Percent of error-free payment requests submitted for payment within fifteen days of receipt	NEW	NEW	95%	95%	95%
Outcome	Percent of open community development block grant projects completed within three years	NEW	NEW	60%	60%	60%
Output	Number of counties, municipalities and special districts provided technical assistance for software conversions, budgeting, financial reporting, taxation, personal identity safeguarding and other training by the budget and finance bureau of the local government division	18.0	53.0	11.0	0.0	15.0
Output	Number of infrastructure capital improvement plans submissions received annually	504.0	575.0	500.0	Discontinued	Discontinued
Output	Number of site visits and needs assessments conducted for local public entities related to next generation-911	NEW	NEW	20.0	20.0	20.0
Output	Number of visits to local public entities to provide next generation-911-related geographic information system general support of technical assistance	120.0	4.0	Discontinued	Discontinued	Discontinued
Outcome	Number of counties and municipalities assisted by the local government division during the fiscal year to address audit findings and improve poor audit opinions	21.0	33.0	11.0	14.0	14.0
Quality	Percent of local public entities that are satisfied with local government division services based on survey responses	91%	91%	80%	80%	80%

FINANCIAL CONTROL

The purpose of the financial control program is to ensure fiscal integrity, transparency and accountability across all state agencies by maintaining a unified and reliable system of financial controls, developing and enforcing model accounting practices, operating statewide accounting and payroll systems and safeguarding public funds through rigorous oversight, standardized reporting and internal control frameworks. The program supports the responsible stewardship of public resources, upholds compliance with state and federal laws and delivers accurate, timely financial information to promote confidence in New Mexico's public finances.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,643.7	8,719.8	9,701.5	9,564.1	9.7
Other Transfers	17,674.9	5,256.3	5,385.8	5,385.8	2.5
Other Revenues	62,427.2	0.0	0.0	0.0	0.0
Fund Balance	29,778.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$117,524.1**	**$13,976.1**	**$15,087.3**	**$14,949.9**	**7.0**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	5,465.7	8,820.6	9,587.5	9,450.1	7.1
Contractual services	1,810.6	3,926.2	4,259.1	4,259.1	8.5
Other	417.4	1,229.3	1,240.7	1,240.7	0.9
Other financing uses	109,717.2	0.0	0.0	0.0	0.0
TOTAL USES	**$117,410.9**	**$13,976.1**	**$15,087.3**	**$14,949.9**	**7.0**
FTE					
Permanent	61.0	54.0	70.0	60.0	11.1
TOTAL FTE	**61.0**	**54.0**	**70.0**	**60.0**	**11.1**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of quarterly agency reconciliations completed by the annual comprehensive financial report unit	25%	25%	75%	75%	75%
Outcome	Percent of bank accounts reconciled on an quarterly basis	NEW	NEW	1,000%	100%	100%
Outcome	Percentage of SHARE software security patching applied quarterly as delivered by PeopleSoft Oracle	NEW	NEW	100%	100%	100%
Outcome	Percentage of successful and satisfactory trainings held by the financial control division based on survey responses	NEW	NEW	95%	95%	95%
* Efficiency	Percent of correctly vouchered and approved vendor payments processed within two working days	98%	98%	100%	100%	100%

DUES AND MEMBERSHIP

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,889.8	13,281.9	13,281.9	15,342.1	15.5
Other Transfers	0.0	32,749.4	26,654.6	42,907.8	31.0
Federal Revenues	0.0	9,958.1	10,288.9	10,288.9	3.3
Other Revenues	21,669.4	90,677.1	89,427.9	88,756.9	(2.1)
Fund Balance	0.0	1,626.0	0.0	1,626.0	0.0
TOTAL SOURCES	**$30,559.2**	**$148,292.5**	**$139,653.3**	**$158,921.7**	**7.2**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Contractual services	0.0	0.0	0.0	1,940.0	0.0
Other financing uses	0.0	102,008.4	94,784.6	110,366.8	8.2
Emergency water supply fund	109.9	109.9	109.9	109.9	0.0
Fiscal agent contract	191.1	1,200.0	1,200.0	1,200.0	0.0
State planning districts	693.0	693.0	693.0	693.0	0.0
Statewide teen court	75.2	137.9	17.7	137.9	0.0
Law enforcement protection fund	19,533.5	20,000.0	20,000.0	20,000.0	0.0
Leasehold community assistance	180.0	286.0	286.0	286.0	0.0
Acequia and community ditch education program	494.6	498.2	498.2	498.2	0.0
New Mexico acequia commission	88.0	88.1	88.1	88.1	0.0
Land grant council	612.1	626.9	626.9	626.9	0.0
County detention of prisoners	5,000.0	4,970.0	4,970.0	4,970.0	0.0
National association of state budget officers	22.7	24.0	24.0	24.0	0.0
Western governors' association	38.7	40.0	40.0	40.0	0.0
National governors' association	84.0	84.0	84.0	84.0	0.0
Intertribal Indian ceremonial association	248.3	328.0	328.0	328.0	0.0
Civil legal services	0.0	7,240.0	5,614.0	7,240.0	0.0
Federal Taylor grazing	0.0	469.2	800.0	800.0	70.5
Forest reserve	0.0	9,488.9	9,488.9	9,488.9	0.0
TOTAL USES	**$27,371.1**	**$148,292.5**	**$139,653.3**	**$158,921.7**	**7.2**

Recommended Language

The other state funds appropriation to the dues and membership program of the department of finance and administration in the other financing uses category includes sixty-five million four hundred twenty-nine thousand dollars ($65,429,000) from the county-supported medicaid fund and two million dollars ($2,000,000) from the law enforcement protection fund.

The internal service funds/interagency transfer appropriation to the dues and membership program of the department of finance and administration in the other financing uses category includes twenty-one million one hundred five thousand eight hundred dollars ($21,105,800) from the tobacco settlement program fund and twenty-one million eight hundred two thousand dollars ($21,802,000) from the opioid crisis recovery fund.

The department of finance and administration shall not distribute a general fund appropriation made to the dues and membership program to a New Mexico agency or local public body that is not current on its audit or financial reporting or otherwise not in compliance with the Audit Act, except for the appropriations for civil legal services.

INFRASTRUCTURE PLANNING AND DEVELOPMENT

The purpose of the infrastructure planning and development program is to serve as New Mexico's comprehensive resource for capital project planning, funding and implementation, coordinate local, state and federal funding opportunities and provide collaborative partnership support to ensure that all capital outlay and infrastructure projects are strategically planned, fully funded and successfully executed in alignment with the infrastructure capital improvements plan.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,416.1	2,900.7	3,432.3	3,409.1	17.5
Other Transfers	153.5	0.0	0.0	0.0	0.0
Federal Revenues	0.0	0.0	11,243.0	11,243.0	0.0
TOTAL SOURCES	**$1,569.6**	**$2,900.7**	**$14,675.3**	**$14,652.1**	**405.1**
USES					
Personal services and employee benefits	1,008.9	2,218.8	3,351.3	3,328.1	50.0
Contractual services	267.2	510.0	512.0	512.0	0.4
Other	62.7	171.9	10,812.0	10,812.0	6,189.7
TOTAL USES	**$1,338.8**	**$2,900.7**	**$14,675.3**	**$14,652.1**	**405.1**
FTE					
Permanent	17.0	9.0	22.0	22.0	144.4
Term	0.0	9.0	4.0	4.0	(55.6)
TOTAL FTE	**17.0**	**18.0**	**26.0**	**26.0**	**44.4**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of infrastructure capital improvement plans trainings provided annually	NEW	0.0	N/A	N/A	N/A
Explanatory	Percent of state agencies and political subdivisions who successful receive grants after submission and review by the state point of contact	NEW	NEW	N/A	N/A	N/A
Outcome	Percent of awarded grants that were submitted as part of a technical assistance request	NEW	50%	100%	Discontinued	Discontinued
Outcome	Percent of capital outlay appropriations achieving eighty-five percent expenditure within three years of appropriation, as tracked through the capital reporting system	NEW	NEW	NEW	100%	100%
Outcome	Percent of capital outlay appropriations with executed grant agreements within six months of questionnaire approval	NEW	0%	NEW	5%	0%
Outcome	Percent of capital outlay appropriations with no reported activity in the reporting system for four consecutive quarters after grant agreement execution	NEW	NEW	NEW	100%	100%
Outcome	Percent of capital outlay expended within six months for all funding sources	NEW	6%	5%	Discontinued	Discontinued
Outcome	Percent of capital outlay expended within three years for all funding sources	NEW	67%	85%	Discontinued	Discontinued
Outcome	Percent of capital outlay projects with no activity after one year	NEW	10%	100%	Discontinued	Discontinued
Outcome	Percent of federal grant applications reviewed through the state point of contact process that receive funding	NEW	NEW	NEW	100%	100%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of general fund capital outlay appropriations with approved questionnaires and executed grant agreements within six months of questionnaire approval	NEW	NEW	NEW	5%	5%
Outcome	Percent of open community development block grant projects completed within three years	NEW	0%	NEW	60%	0%
Output	Number of assistance sessions provided to local governments, councils of governments, and tribal governments in identifying and accessing funding for infrastructure development from public and private sources, and in administering funding to complete capital projects	NEW	50.0	4.0	Discontinued	Discontinued
Output	Number of capital project plans received, reviewed, and evaluated for local governments, councils of governments, and tribal governments, including the provision of advice on the plans	NEW	1,554.0	5,000.0	Discontinued	Discontinued
Output	Number of regional outreach activities conducted to support rural and frontier communities	1,999,998.0	1,000,137.0	1,000,003.0	1,000,003.0	1,000,003.0
Output	Number of rural and frontier communities assisted	NEW	NEW	NEW	10.0	10.0
Output	Number of rural communities local government division assisted during the fiscal year to navigate state processes and funding sources	NEW	138.0	10.0	Discontinued	Discontinued
Output	Number of state agency on-site technical assistance deployments related to federal grant management	NEW	1.0	4.0	Discontinued	4.0

PROGRAM SUPPORT

The purpose of program support is to provide other department of finance and administration programs with central direction to agency management processes to ensure consistency, legal compliance and financial integrity, to provide human resources support and to administer the executive's exempt salary plan.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,935.5	3,191.7	3,236.5	3,236.5	1.4
Other Transfers	64.7	0.0	0.0	0.0	0.0
Other Revenues	0.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$3,000.9**	**$3,191.7**	**$3,236.5**	**$3,236.5**	**1.4**
USES					
Personal services and employee benefits	2,502.2	2,737.7	2,704.6	2,704.6	(1.2)
Contractual services	125.9	176.0	192.8	192.8	9.5
Other	280.3	278.0	339.1	339.1	22.0
TOTAL USES	**$2,908.4**	**$3,191.7**	**$3,236.5**	**$3,236.5**	**1.4**
FTE					
Permanent	18.0	21.0	22.0	21.0	0.0
TOTAL FTE	**18.0**	**21.0**	**22.0**	**21.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percentage of successful and satisfactory closure of help desk tickets based on survey responses	NEW	NEW	95%	95%	95%
Output	Percent of correctly submitted vendor payments processed within five working days	NEW	NEW	95%	95%	95%
Output	Percent of fund reconciliations completed within thirty days after the official closing of the books each quarter	NEW	NEW	95%	95%	95%

Statutory Authority
The Public Schools Insurance Authority (NMPSIA) was created by Sections 22-29-1 through 22-29-6-12 NMSA 1978 to provide comprehensive core insurance programs for public schools, except those in the Albuquerque school district, and other educational entities. NMPSIA is governed by an 11-member board.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	93,863.2	0.0	0.0	0.0	0.0
Other Transfers	1,791.2	1,889.7	1,973.6	1,901.8	0.6
Other Revenues	546,068.0	589,028.1	668,499.4	668,499.4	13.5
Fund Balance	0.0	40,198.0	30,103.2	30,031.4	(25.3)
TOTAL SOURCES	**$641,722.4**	**$631,115.8**	**$700,576.2**	**$700,432.6**	**11.0**
USES					
Personal services and employee benefits	1,425.6	1,589.7	1,661.5	1,589.7	0.0
Contractual services	593,999.5	627,436.4	696,733.9	696,733.9	11.0
Other	313.7	200.0	207.2	207.2	3.6
Other financing uses	1,640.1	1,889.7	1,973.6	1,901.8	0.6
TOTAL USES	**$597,378.9**	**$631,115.8**	**$700,576.2**	**$700,432.6**	**11.0**
FTE					
Permanent	12.0	12.0	12.0	12.0	0.0
TOTAL FTE	**12.0**	**12.0**	**12.0**	**12.0**	**0.0**

At A Glance
For FY27, the Public Schools Insurance Authority (NMPSIA), whose funding is built into the public schools support and higher education operating budgets, requested an increase of $79.5 million for insurance rates, coupled with a $10 million reduction in the use of agency fund balance, for a total increase of $69.5 million, or 11 percent. NMPSIA sets insurance rates for the upcoming school year each spring. For FY27, NMPSIA anticipates a 9.95 percent increase for health benefit premiums and a 16 percent increase for risk insurance premiums. The agency requested an increase of $83.9 thousand, or 4.4 percent, for program support.

The LFC recommendation fully funds the agency's request for expenditure authority in the benefits and risk program for FY27. Funding for an insurance premium increase of 10 percent for health benefits and of 8 percent for risk insurance is included in the public school support budget (see: "PSS: Agency 993"). The LFC recommendation includes $12.1 thousand, or 0.6 percent, increase for program support to cover audit rates and information technology costs.

Budget Issues
NMPSIA provides health benefits and risk insurance to 88 of the 89 school districts—the exception is the Albuquerque Public Schools—and all charter schools statewide. The Benefits Program is self-insured and funded though employer and employee premiums. NMPSIA pays the full cost of health benefits claims through the provider networks of private insurance carriers, which receive a set administrative fee. The Risk Program provides property, liability, workers' compensation, and other insurance coverages and is funded through insurance premium assessments on individual school districts and charter schools based on risk exposure and claims experience. For FY27, NMPSIA requested a total budget of $700.6 million, $69.5 million, or 11 percent, over the FY26 operating budget, but NMPSIA currently projects total FY26 expenditures of $689.2 million, $58 million above its current operating budget. The agency expects revenue to come in about $33.1 million higher than budgeted. Higher than expected medical costs caused the authority to pass along a higher-than-budgeted insurance rate increase to school districts and charter schools in 2024, but most of these increases were pulled back to allow schools to focus resources on educational programming. This led to large deficit spending in FY25 and projected continued deficit spending in FY26. NMPSIA reported $36.3 million in deficit spending in the benefits program in FY25 and received a $65 million general fund appropriation to allow the authority to smooth rate increases over multiple years.

NMPSIA requests funding to be included in the public school support (PSS) budget for distribution to school districts. The NMPSIA board sets insurance rates assessed to participating entities regardless of whether funding was included in the PSS budget. APS receives a 22.6 percent share of the state equalization guarantee funding available for insurance in the PSS budget regardless of claims experience based on the APS share of total school funding units. Because NMPSIA has the authority to set rates independent of the Legislature, the FY27 budget request is a request for expenditure authority rather than a request for a direct general fund appropriation.

NMPSIA's FY24 audit included one finding related to a lack of formal policies to review their systems of organizational controls. NMPSIA management has taken steps to address the issue and expects the finding to be resolved. At the time of budget submission the agency's FY25 audit was not yet available.

Benefits. The Benefits Program requested expenditure authority of $523.7 million, or 9.5 percent, over the agency's operating budget but 6.8 percent over agency projections for FY26. NMPSIA sets rates in accordance with a five-year plan, the goal of which is to set rates high enough to pay the costs of all claims, reserve funds for claims that are incurred but not reported (IBNR), and build an additional reserve equivalent to one month's worth of claims expenditures to insulate the program from the impacts of high-cost events. NMPSIA's current plan call for 10 percent rate increases to meet the target fund balance level. The benefits fund currently has about $57.9 million in cash and invested reserves.

The LFC recommendation includes a 10 percent insurance rate increase for FY26, in line with the agency's request and solvency plan, as well as the 10 percent increase built into other agency budgets. Because of the significant cost trend of the plans, the agency should consider making plan design changes to limit future cost increases. The recommendation is for expenditure authority and an appropriation for premium increases is contained in the public school support budget. The NMPSIA board has the authority to change benefits to reduce plan costs by increasing co-pays, deductibles, and maximum out-of-pocket limits. Finally, greater emphasis on results produced by wellness programs that seek to avoid costs through better management of chronic conditions, such as diabetes, needs to be pursued.

Risk. The Risk Program requested expenditure authority of $174.9 million for FY27, 15.8 percent above the current year operating budget but $23.7 million below agency projections for expenditure in FY26. NMPSIA's requested increase of 16 percent would increase revenue to $156.9 million, leaving about $18 million to be covered by the risk fund balance. Payments from the risk fund can vary dramatically from year to year, based on claims activity.

As of July 31, NMPSIA reported total assets in the risk fund of $247.6 million and total liabilities of $261.1 million, resulting in a net fund balance of negative $13 million. However, the liabilities include $51.5 million for claim reserves to pay reported damage claims and an additional $66 million for IBNR. NMPSIA has a target fund balance of $5 million over IBNR reserves so the agency could pay out all claims, known and unknown, and still have $5 million in reserve. This reserve allows NMSPIA to pay large claims without having to immediately increase rates on participants, but maintaining the reserve requires the agency to set higher premiums to ensure surplus funding in the Risk Program. The risk fund currently has about $102.2 million in cash and invested reserves.

NMPSIA anticipates paying approximately $94.3 million for excess insurance coverage in FY27. This additional insurance is effective once a claim is made for property damage, liability, crime, or workers' compensation over a certain dollar threshold, or self-insured retention (SIR) and does not pay for damages below the SIR amount. Excess insurance for property and crime is expected to increase by $3.3 million, or 6 percent, to $55.1 million and excess liability insurance is expected to increase by $8.2 million, or 21.7 percent, to $37.7 million.

The LFC recommendation supports the agency's request for risk program expenditure, using a mix of revenue increases and fund balance. While liability claims exposure is potentially massive, the amount is not known. Because NMPSIA premiums are designed to spread risk among the entire pool, claims that result from inaction by small number of schools or districts have a financial impact on the entire state. NMPSIA is planning to implement policies to provide premium credits to school districts and charter schools that adopt best practices for loss prevention and comply with state laws regarding the hiring and training of staff and volunteers.

Program Support. The agency requested an increase of $83.9 thousand, or 4.4 percent, for Program Support for FY27. The increase comes from NMPSIA fund balances and is transferred to the Support Program from the Benefits and Risk programs. Most of the request is for additional personnel costs; however, analysis indicates NMPSIA current budget is sufficient to cover the costs of the agency's 12 FTE without an increase, including higher insurance costs for FY27. Separately, NMPSIA would receive budget authority as part of any statewide compensation package approved by the Legislature for salary increases. As a result, the LFC recommendation holds the agency's personnel category flat with FY26. The LFC recommendation includes additional funds for the agency's audit, based on rates set by the State Auditor, and additional funds for telecommunications costs, based on rates set by the Department of Information Technology.

BENEFITS

The purpose of the benefits program is to provide an effective health insurance package to educational employees and their eligible family members so they can be protected against catastrophic financial losses due to medical problems, disability or death.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	65,000.0	0.0	0.0	0.0	0.0
Other Revenues	424,251.3	457,164.8	511,641.0	511,641.0	11.9
Fund Balance	0.0	21,089.6	12,092.6	12,056.7	(42.8)
TOTAL SOURCES	**$489,251.3**	**$478,254.4**	**$523,733.6**	**$523,697.7**	**9.5**
USES					
Contractual services	446,489.4	477,309.5	522,746.8	522,746.8	9.5
Other financing uses	744.5	944.9	986.8	950.9	0.6
TOTAL USES	**$447,233.9**	**$478,254.4**	**$523,733.6**	**$523,697.7**	**9.5**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent change in per-member health claim costs	8.8%	13.4%	5.6%	9.0%	9.0%
Efficiency	Average number of days to resolve inquiries and appeals related to customer service claims	6.0	6.0	6.0	6.0	6.0
* Outcome	Percent change in medical premium as compared with industry average	7.2%	10.0%	4.5%	4.5%	4.5%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	55%	56%	62%	69%	69%
Explanatory	Number of participants covered by health plans	47,264.0	47,722.0	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last twelve months	81%	81%	82%	89%	89%
Efficiency	Annual loss ratio for the health benefits fund	103%	91%	100%	100%	100%
Explanatory	Year-end fund balance of the health benefits fund, in thousands	$5,313	$39,753	N/A	N/A	N/A

RISK

The purpose of the risk program is to provide economical and comprehensive property, liability and workers' compensation programs to educational entities so they are protected against injury and loss.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	28,863.2	0.0	0.0	0.0	0.0
Other Revenues	121,816.7	131,863.3	156,858.4	156,858.4	19.0
Fund Balance	0.0	19,108.4	18,010.6	17,974.7	(5.9)
TOTAL SOURCES	**$150,679.9**	**$150,971.7**	**$174,869.0**	**$174,833.1**	**15.8**
USES					
Contractual services	147,429.5	150,026.9	173,882.2	173,882.2	15.9
Other financing uses	895.6	944.8	986.8	950.9	0.6
TOTAL USES	**$148,325.1**	**$150,971.7**	**$174,869.0**	**$174,833.1**	**15.8**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	95%	95%	95%	95%	95%
Outcome	Percent of schools in compliance with loss control prevention recommendations	80%	75%	80%	80%	80%
Outcome	Average cost per workers' compensation claim for current fiscal year	$3,076	$3,500	$3,500	$3,500	$3,500
Outcome	Percent change in the average cost of workers' compensation claims as compared with self-insured plans in the workers' compensation administration's annual report	4.00%	4.00%	4.00%	4.00%	4.00%
* Explanatory	Dollar amount of excess insurance claims for property, in thousands	$23,768.0	$23,768.0	N/A	N/A	N/A
* Explanatory	Dollar amount of excess insurance claims for liability, in thousands	$44,369.8	$44,369.8	N/A	N/A	N/A
* Explanatory	Dollar amount of excess insurance claims for workers' compensation, in thousands	$75.3	$75.3	N/A	N/A	N/A
Explanatory	Year-end financial position of the risk fund	93.00%	91.85%	N/A	N/A	N/A
Efficiency	Annual loss ratio for the risk fund	118%	98%	100%	100%	100%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the benefits and risk programs and to assist the agency in delivering services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,791.2	1,889.7	1,973.6	1,901.8	0.6
TOTAL SOURCES	**$1,791.2**	**$1,889.7**	**$1,973.6**	**$1,901.8**	**0.6**
USES					
Personal services and employee benefits	1,425.6	1,589.7	1,661.5	1,589.7	0.0
Contractual services	80.6	100.0	104.9	104.9	4.9
Other	313.7	200.0	207.2	207.2	3.6
TOTAL USES	**$1,819.9**	**$1,889.7**	**$1,973.6**	**$1,901.8**	**0.6**
FTE					
Permanent	12.0	12.0	12.0	12.0	0.0
TOTAL FTE	**12.0**	**12.0**	**12.0**	**12.0**	**0.0**

Recommended Language
Any unexpended balances in program support of the public school insurance authority remaining at the end of fiscal year 2027 shall revert in equal amounts to the benefits program and risk program.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of employee performance evaluations completed by anniversary date	80%	100%	100%	100%	100%

Statutory Authority
The Retiree Health Care Authority (RHCA) is created by Section 10-7C-1 through 10-7C-19 NMSA 1978 to provide affordable healthcare for New Mexico public retirees and eligible dependents. RHCA is governed by a board of 11 members: the state treasurer, a governor's appointee, a state employee, a teacher, two representatives from pension plans, two representatives from retiree associations, one member from the Municipal League, one member from the school superintendent's association, and one member from New Mexico Counties.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	4,209.6	4,427.0	4,967.6	4,656.6	5.2
Other Revenues	624,050.2	411,096.7	423,249.3	422,938.3	2.9
TOTAL SOURCES	**$628,259.8**	**$415,523.7**	**$428,216.9**	**$427,594.9**	**2.9**
USES					
Personal services and employee benefits	2,570.6	3,053.5	3,497.7	3,243.0	6.2
Contractual services	354,664.7	407,385.0	419,052.0	418,999.9	2.9
Other	624.9	670.2	699.6	695.4	3.8
Other financing uses	4,125.2	4,415.0	4,967.6	4,656.6	5.5
TOTAL USES	**$361,985.4**	**$415,523.7**	**$428,216.9**	**$427,594.9**	**2.9**
FTE					
Permanent	26.0	28.0	32.0	28.0	0.0
TOTAL FTE	**26.0**	**28.0**	**32.0**	**28.0**	**0.0**

At A Glance
Although the Retiree Health Care Authority is not directly appropriated general fund revenues for operational expenses, the cost of post-employment health benefits for retired public employees and teachers impacts the general fund through employer-paid contributions and an earmark from the tax administration suspense fund. At the end of FY25, the RHCA trust fund balance was $1.6 billion, compared with $377 million a decade ago. However, on an actuarial basis, funding is only sufficient to cover about 47 percent of the estimated $3.4 billion in current and future healthcare liabilities. The program is projected to continue to build fund balance over time.

For FY27, the agency requested an increase of 3.1 percent over the FY26 operating budget. The increase was driven by medical costs, with $11.6 million requested for increases in the Healthcare Benefits Administration Program. The agency requested $552.6 thousand for Program Support, mostly in the personnel category for 4 new FTE. The LFC recommendation fully funds the agency's request for health benefits and includes additional funds in Program Support for health insurance costs and 1 FTE.

Budget Issues
RHCA was created by the Legislature in 1990 to provide subsidized access to health insurance products for retired civil servants. However, the Legislature provided no funding, set no eligibility criteria requiring retirees to make a minimum level of contributions prior to drawing benefits, and required just one year of employee and employer contributions before the program began paying benefits. As a result, the program started from a deficit position with no assets to cover future liabilities.

The Retiree Health Care Act provides that the benefits offered to retired public employees may be modified, diminished, or extinguished by the Legislature and that the act does not create any contract, trust, or other rights to public employees for healthcare benefits. The RHCA board has authority to make changes to this optional benefit. The Legislature sets public employer and public employee statutory contribution rates, now 2 percent and 1 percent of pay, respectively, for plan members who are not public safety employees.

In addition to employee and employer contributions, the state provides a direct appropriation in the form of a distribution from the tax administration suspense fund to support the agency. The distribution is set by statute and increases 12 percent per year, roughly doubling the distribution amount every six years. For FY27, the distribution will increase to $65 million, an increase of $7 million from FY26. Monies distributed to RHCA from the tax administration suspense fund would otherwise go to the general fund for appropriation by the Legislature. This distribution has allowed balances in the retiree healthcare fund to grow over time, satisfying the long-term liabilities caused by creating the authority with no material prefunding. However, the long-term sustainability of this funding mechanism is questionable. By 2050, transfers to the retiree healthcare fund will be $1 billion, accounting for 20 percent of all personal income tax revenue.

RHCA budgets sufficient funds to pay anticipated health costs. However, revenue generated by the program is often greater than healthcare expenses; in FY25 program revenues totaled approximately $628 million, $266 million higher than the actual expenditures of $362 million. The revenue received in excess of expenditures was directed to the retiree healthcare trust fund and invested.

Under current practice, RHCA's plan more heavily subsidizes the younger, working-age population versus the older, Medicare-eligible population. RHCA membership includes 10 thousand pre-Medicare retirees and 40.6 thousand Medicare eligible retirees. Depending on years of service, pre-Medicare retirees receive a subsidy up to 64 percent of plan cost while Medicare-eligible participants may receive a subsidy up to 50 percent. Coverage is also subsidized for spouses of older retirees, up to 25 percent for Medicare-eligible spouses and 36 percent for pre-Medicare spouses depending on the retiree's years of service. Premiums for dependent coverage are 100 percent paid by the retiree, as are premiums for dental, vision, and life insurance.

For calendar year 2026, the RHCA board will increase retiree premiums by 2 percent for pre-Medicare retirees and 3 percent for dependent children. Medicare Supplement plans will increase by 2 percent. In addition to premium rate increases, the board approved plan design changes that will increase deductibles and coinsurance for members, lowering the increase needed to balance rising healthcare costs.

For FY27, the agency requested $423.2 million, a $12.7 million, or 3.1 percent, increase from the FY26 operating budget. The request for the Healthcare Benefits Administration Program included $148 million in revenue from employee and employer contributions, $168.8 million from insurance premium assessments on retirees, $65 million from a distribution from the tax suspense fund, and $40 million from prescription drug rebates and Medicare Part D subsidies.

The request for Program Support totaled $5 million, a $540.6 thousand, or 12.2 percent, increase from the FY26 operating budget. The request included additional funding for 4 FTE, with the highest priority for one additional management position to improve customer service and finance oversight. The agency has noted a growth in the agency's need for business support to address increases in the number of members and in the number of active employers. The request included a 9 percent increase in contractual services, including $15 thousand to improve the agency's web portal for members. The agency's request of $815.3 thousand is 20 percent above actual expenses in FY25. In the other costs category, the agency requested $20.4 thousand, mostly for rate increases for services from the Department of Information Technology (DoIT).

The LFC recommendation recognizes the expenditure request of RHCA is supported by statutorily determined revenues and does not make changes to the statutory rates. The LFC recommendation fully funds the agency request for the Healthcare Benefits Administration. For Program Support, the LFC recommendation includes additional revenue for personnel costs to cover increases in the agency's costs of health insurance and for one additional position. The LFC recommendation maintains funding for two positions vacant at the time of budget submission, including the agency's general counsel. The LFC recommendation funds 28 FTE. For contractual services, the LFC recommendation includes additional funding for information technology services and for audit costs, with a total increase of $14.9 thousand or 2 percent. Finally, LFC's recommendation includes increases in the other costs category for rent and increased fees for IT services for DoIT.

Sustainability. A May 2023 report from the Pew Charitable Trusts on other post-employment benefits showed, as of 2019, 48 states have retiree healthcare programs but only 10 states' plans have sufficient assets to cover 30 percent of liabilities, while 15 states have only enough assets to pay for less than 1 percent of liabilities. The Pew data is several years old and does not capture recent gains in New Mexico, which has seen fund assets grow from $756 million in 2019 to $1.6 billion in 2024. At the end of FY24, the plan was 47 percent funded, making New Mexico one of the best funded states for other post-employment benefits. At the end of 2019, the plan was 18.9 percent funded.

Each year, in accordance with the Governmental Accounting Standards Board, RHCA reports total fund liabilities. For FY24, the fund had a total liability of $3.4 billion and assets of approximately $1.6 billion, resulting in a net healthcare liability of $1.8 billion, of which $430 million was attributable to the state of New Mexico, with the remaining liabilities allocated to participating local governments and school districts.

Because RHCA provides the largest subsidies for workers who are not yet Medicare-eligible, this benefit provides an incentive for workers to leave state service early because they will receive a more generous subsidy than they will under the Medicare subsidy program. As a result, the current retiree healthcare structure may be working against legislative proposals to incentivize continued service for older workers, such as retiree return-to-work programs. Reduction of the pre-Medicare subsidy or increasing the minimum retirement age would reduce program costs.

Base Expansion

The agency requested a increase of 4 FTE, including one manager to assist with customer service and financial oversight, one information technology database administrator to support current IT staffing, one additional customer service representative to assist with increased workload from additional public retirees, and one actuary to assist with agency strategic planning and long-term projections.

The LFC recommendation includes funding for 1 additional FTE in the agency's base budget.

HEALTHCARE BENEFITS ADMINISTRATION

The purpose of the healthcare benefits administration program is to provide fiscally solvent core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	623,962.8	411,096.7	423,249.3	422,938.3	2.9
TOTAL SOURCES	**$623,962.8**	**$411,096.7**	**$423,249.3**	**$422,938.3**	**2.9**
USES					
Contractual services	353,987.6	406,636.7	418,236.7	418,236.7	2.9
Other	39.8	45.0	45.0	45.0	0.0
Other financing uses	4,125.2	4,415.0	4,967.6	4,656.6	5.5
TOTAL USES	**$358,152.6**	**$411,096.7**	**$423,249.3**	**$422,938.3**	**2.9**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Hospital inpatient admissions per one thousand members	NEW	NEW	NEW	100.0	100.0
Outcome	Hospital inpatient readmissions per one thousand members	NEW	NEW	NEW	15.0	15.0
Outcome	Number of nonemergent emergency department encounters per one thousand members	NEW	NEW	NEW	21.0	21.0
Outcome	Percent change in per-member per-year annual health claims cost	NEW	NEW	NEW	9%	9%
* Output	Minimum number of years of positive fund balance	30.0	30.0	30.0	30.0	30.0
Outcome	Number of years of projected balanced spending	10.0	30.0	6.0	6.0	6.0
Outcome	Emergency room visits per one thousand members	512.0	572.0	200.0	200.0	200.0
Explanatory	Year-end fund balance of the health benefits fund, in thousands	$1,504,639	$0	N/A	N/A	N/A
* Explanatory	Annual loss ratio for the health benefits fund	99%	113%	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	41%	42%	85%	85%	85%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	50%	48%	80%	80%	80%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	4,209.6	4,427.0	4,967.6	4,656.6	5.2
Other Revenues	87.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$4,297.0**	**$4,427.0**	**$4,967.6**	**$4,656.6**	**5.2**
USES					
Personal services and employee benefits	2,570.6	3,053.5	3,497.7	3,243.0	6.2
Contractual services	677.2	748.3	815.3	763.2	2.0
Other	585.1	625.2	654.6	650.4	4.0
TOTAL USES	**$3,832.9**	**$4,427.0**	**$4,967.6**	**$4,656.6**	**5.2**
FTE					
Permanent	26.0	28.0	32.0	28.0	0.0
TOTAL FTE	**26.0**	**28.0**	**32.0**	**28.0**	**0.0**

Recommended Language
Any unexpended balances in program support of the retiree health care authority remaining at the end of fiscal year 2027 from this appropriation shall revert to the healthcare benefits administration program.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of deposits made within twenty-four hours	100%	100%	100%	100%	100%
Outcome	Percent of payments made within thirty days	99%	99%	98%	98%	98%

Statutory Authority
Pursuant to Sections 9-17-1 through 9-17-7 NMSA 1978, the General Services Department (GSD) provides consolidated services to state agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	21,007.0	22,838.9	23,757.8	23,547.5	3.1
Other Transfers	37,894.3	17,269.4	22,788.9	20,172.9	16.8
Other Revenues	115,180.8	149,312.5	191,627.4	187,443.0	25.5
Fund Balance	0.0	16,730.4	0.0	0.0	(100.0)
TOTAL SOURCES	**$174,082.1**	**$206,151.2**	**$238,174.1**	**$231,163.4**	**12.1**
USES					
Personal services and employee benefits	28,303.7	32,560.4	37,617.5	35,709.9	9.7
Contractual services	32,887.6	47,870.2	35,066.3	2,824.6	(94.1)
Other	93,070.1	108,451.2	142,701.4	22,951.0	(78.8)
Other financing uses	12,574.8	17,269.4	22,788.9	7,435.4	(56.9)
Public liability	0.0	0.0	0.0	112,000.0	0.0
Surety bond	0.0	0.0	0.0	44.0	0.0
Public property reserve	0.0	0.0	0.0	16,859.4	0.0
Local public body unemployment compensation reserve	0.0	0.0	0.0	1,590.0	0.0
Workers' compensation retention	0.0	0.0	0.0	23,649.1	0.0
State unemployment compensation	0.0	0.0	0.0	8,100.0	0.0
TOTAL USES	**$166,836.2**	**$206,151.2**	**$238,174.1**	**$231,163.4**	**12.1**
FTE					
Permanent	286.0	289.0	356.0	297.0	2.8
TOTAL FTE	**286.0**	**289.0**	**356.0**	**297.0**	**2.8**

At A Glance
The General Services Department (GSD), funded primarily from service fees, insurance premiums, and other sources outside the general fund, requested an FY27 operating budget of $238.2 million, a $32 million, or 15.5 percent, increase from FY26, due mostly to a $21.9 million increase in the Risk Management Funds Program, which manages the state's shared risk pools. For Facilities Management—the agency's only program primarily supported by the general fund—the agency requested a $453.2 thousand increase, or 2 percent, but this excludes a significant request for funds outside of the agency's operating budget for the program. For other programs, funded with fees and interagency transfers, the agency requested a net increase of $9.7 million, or 25 percent.

The LFC recommendation of $231.2 million is a $25 million increase over the FY26 operating budget, including requested increases for the public liability fund, public property reserve fund and other funds managed by the Risk Management Program. For Facilities Management, the LFC recommendation includes an increase of $1 million from the general fund, as well as $1.1 million from other revenue sources to account for the shift in the agency's request from its base operating budget to other funding sources.

Budget Issues
GSD provides a variety of consolidated functions for the state and supports services for other governmental entities. The agency manages hundreds of millions of dollars in public works projects, insures hundreds of public entities, oversees billions of dollars in contracts for goods and services, and manages millions of square feet of state-owned and leased office space on behalf of most of state government. About 11 percent of the agency's annual appropriation for operations is directly from the general fund, mostly for the operation and maintenance of state-owned properties.

Risk Management. GSD assesses premiums on state agencies for liability and property insurance, workers' compensation, and unemployment compensation. In addition, some institutions of higher education and local governments choose to participate in the state's risk pools, for which they pay a premium. Traditionally, GSD has operated on a cash basis, estimating total need for claims payments, legal fees, and operating expenses and weighting each entity's annual premium based on the agency's five-year loss history and exposure to losses by line of coverage. Recently, the agency has seen a significant increase in claims activity, reducing the agency's cash reserves. In response, the agency is shifting strategy and beginning to calculate agency assessments based on estimated future costs of claims that have yet to be paid. This shift has caused most entities' annual assessments to rise, particularly those with a large loss history, but is necessary to ensure the division has sufficient funds to pay claims and defend the state when necessary.

Revenues from risk rate assessments are directed to the separate Risk Management Funds Program. The Risk Management Program is funded with an $11 million transfer from this program. The cost of premiums is built into agency base budget requests, and GSD has statutory authority to set rates.

For risk management operations, GSD requested an overall increase of $3.2 million, or 30.2 percent; however, this includes an increase of $1.5 million in transfers to GSD's Program Support. For personnel, the agency requested $1.6 million for 10 new positions, on top of requests for increased healthcare costs. The division has recently hired several new attorneys to manage casework, which has risen with the number of claims. For contracts, the agency requested $50 thousand for IT contracts and $10 thousand for contracts related to mitigation and claim prevention services. For other costs, the agency requested at $70.3 thousand increase, with $59 thousand to purchase IT equipment and the remainder for various administrative costs, such as information technology fees, rent, and travel. Outside of the agency's operating budget, GSD requested an $845 thousand special appropriation to modernize risk management's claim system. Although administrative expenses are typically drawn from premium revenue, the agency requested general fund revenue for this project.

For the Risk Management Funds Program, the agency requested an overall increase of $21.9 million, or 15.1 percent. The agency has seen claims expenses increase dramatically over the past few years, with both claim frequency and severity up. The agency's FY26 request of $166.7 million is up $63.1 million, or 61 percent, from the agency's FY24 appropriation, driven largely by increases in civil rights coverage. Data from the department indicates estimated losses to the public liability fund rose from $43 million in FY20 to $73 million in FY24. For FY27, GSD requested $112 million from the public liability fund.

A recent LFC program evaluation found the state's risk policies are not optimized to cover or prevent escalating settlement costs, with loss prevention activities largely left to agencies. The evaluation recommended GSD monitor and report on agency loss control efforts, require agencies to form review committee following serious incidents, and promote the use of alternative dispute resolution to reduce potential exposure. GSD has begun to implement some of these recommendations, in addition to other reforms to reduce future claims.

The LFC recommendation includes $162.2 million for the Risk Management Funds Program, slightly less than the agency's request due to differences in the state's workers' compensation fund. The agency requested $28.5 million in revenue; however, rates from covered entities are anticipated to total $23.6 million, based on rate sheets from the Department of Finance and Administration. The agency typically is granted some budget adjustment authority to access cash reserves if expenses are higher than budgeted.

For risk management operations, the LFC recommendation includes an increase of $1 million for personnel, allowing the division to hire additional personnel to manage casework. Additionally, the LFC recommendation includes the agency's requested contracts increases and additional funds for the division's claims management IT project, which the agency requested as a special appropriation. The recommendation supports the agency's request for other costs.

Facilities Management. GSD oversees occupancy of state-owned buildings, controls all private leases except for the State Land Office, and manages capital projects for most state agencies. Over 900 state-owned facilities totaling nearly 7.2 million square feet of space are in the state inventory. Maintenance and janitorial services at state-owned facilities in Santa Fe are provided by facilities management.

Like other programs operated by GSD, the Facilities Management Program's function is to provide services to other state agencies, but unlike the other programs, operating costs for facilities are funded almost entirely from direct appropriations from the general fund. This practice has the effect of disconnecting the cost of providing space for state employees from the cost of providing the services those employees are hired to perform. While most executive branch employees are assigned to facilities owned by GSD, a significant number are assigned to leased space. These leases are funded from agency operating budgets, not by funds from GSD. GSD reports long waiting lists of agencies looking to move from leased facilities—where the agencies face the direct costs of providing that facility—to state-owned facilities, where those costs are indirectly provided by the general fund. A 2022 LFC program evaluation recommended GSD pilot a building use fee schedule, already authorized in state law, to encourage agencies to minimize their facilities footprint.

For FY27, GSD's operating budget request included an increase of $453.2 thousand, or 2.1 percent. However, the agency requested $8 million outside its operating budget from the government results and opportunity fund, which can be used to fund innovative pilot projects across state government. GSD requested funds from GRO for basic operations, due in large part to recent growth in the number of facilities it is responsible for operating. The agency's request was $372 thousand for personnel costs and $80 thousand in other costs, with reductions in some areas, such as maintenance and debt services expenses, offsetting increase in utilities, though the agency's request for utilities in FY27 is below actual expenses in FY25.

LFC recommends a general fund increase of $997 thousand, or 4.6 percent, concentrating the agency's general fund revenue in facilities management to fund estimated personnel costs. LFC analysis indicates the agency will need $16 million for FY27 to fully fund personnel at current levels, $1 million more than requested in the operating budget. To close this gap, the LFC recommendation includes additional revenue from the state purchasing fund, for procurement managers in the division, and from the agency's administrative fees on capital projects for project managers.. The agency has used administrative fees in the past for agency project managers, but these amounts are not typically included in the General Appropriation Act. The LFC recommendation also includes a $560 thousand increase in the other costs category to fund increases in utilities and other expenses such as building maintenance and repair.

Although the LFC recommendation does not include GSD's request for direct appropriations from the government results and opportunity fund, the recommendation does include $3 million to the Department of Finance and Administration for distribution to state agencies based on a schedule of building use fees already authorized by law but not currently used by the department. Although long recommended by LFC as a way to encourage agencies to use facilities more efficiently, previous attempts to fund these fees have been unsuccessful because they require budget coordination. Utilizing a pilot project would allow for the appropriations to be distributed to the necessary department only if GSD adopts a building use fee schedule.

Procurement Services. The program's core function is purchasing goods and services for executive agencies using competitive bidding processes and administering the Procurement Code. The program's budget comes from the Purchasing Division fees fund. The Purchasing Division fees fund receives a portion of the value of purchases off of certain state price agreements. Fee revenues have steadily increased each year from $2 million in FY18 to $5.8 million in FY25. The Purchasing Division fees fund had a balance of $7 million at the close of FY25.

For FY27, the department requested a total of $6.5 million from the purchasing fees fund for program operations, an increase of $1.4 million, or 27.8 percent. The division's budget has grown significantly in recent years, up from $2.3 million in FY22. As with other programs at GSD, the agency is requesting additional funds to expand services as well as cover increased personnel costs. Recently, the division has created new positions for chief procurement officers to assist other agencies with procurement activity if the agency has a vacancy or requires technical assistance on Procurement Code compliance. In recent years, the division has also taken on increased responsibility for GSD operations through larger transfers to Program Support, made possible by strong revenue collections into the purchasing fees fund. The agency requested increases of $535 thousand for personnel costs, $100 thousand for contracts, and $207 thousand for other costs, including $125 thousand for agency's purchasing database.

The LFC recommendation of $6.3 million includes $205 thousand for the personal services and employee benefits category to close a projected budget gap, while holding contracts flat with FY26. In the other costs, the LFC recommendation fully fund's the agency's request for its purchasing database while limiting expenses in other areas, for a total increase of $63 thousand. The agency has aggressively used budget adjustment authority to increase its operating budget by the 5 percent limit granted by the Legislature. In addition to the agency's requested transfer for Program Support, the LFC recommendation includes a $363 thousand transfer to the Facilities Management Program to support procurement specialists in that program. Analysis shows a significant shortfall in personnel costs in that program.

Transportation Services. The Transportation Services Program is responsible for the state's motor pool, federal and state surplus property, and air transportation. The program manages a fleet of more than 2,000 vehicles. The program also maintains the state's aircraft, used regularly to fly physicians to remote locations and to transport children attending the School for the Blind and Visually Impaired, as well as to occasionally transport other state officials, officers, and employees. The department recently purchased a second aircraft to support this work.

In October 2023, the governor signed an executive order requiring a transition to zero emission vehicles by 2035 and directed GSD and other state agencies to institute fleet purchasing requirements. As a result, future state vehicle purchases for appropriate vehicle classes, excluding construction, maintenance, emergency management, firefighting, and law enforcement, must be zero emission vehicles. This has increased GSD's vehicle acquisition cost. Electric vehicles can be more costly than gasoline-powered vehicles, although some news reports indicate car companies may start to discount electric vehicles due to limited demand among consumers and the loss of federal tax credits. For FY25, GSD spent $2.1 million of its operating budget on vehicle replacement, with an additional $1.9 million budgeted for FY26. These operating budget amounts are on top of special appropriations of $7 million over the last two legislative sessions.

For FY27, GSD requested a $2.6 million, or 19.5 percent, increase, including $560 thousand from the general fund and $2.1 million from other revenue, mostly from higher fees for agency leased vehicles. GSD anticipated $13.3 million from these fees, up from $11.8 million in FY26 and $9.6 million in FY25. Reserve funds held about $2 million at the beginning of FY26. The agency requested an increase of $803.8 thousand in personnel costs, sufficient to fund the program's 32 FTE, $213 thousand in contracts, most for the agency's asset management system but also including $70 thousand from the general fund for contract pilots and $1.5 million for other costs. The requests for other costs included $1.1 million for rising vehicle lease costs, $132 thousand for increased maintenance expenses, and $83 thousand to continue replacing vehicles at the rate of $2 million per year. Smaller amounts were included for travel expenses, training expenses, fees from the Department of Information Technology, and insurance rates.

Increases from the general fund were requested to support the aviation program; however, state law requires GSD to charge fees for the use of the state aircraft and requires such fees to be "sufficient to offset the costs of operation, maintenance and depreciation of state aircraft." For this reason, the committee's recommendation does not include additional general fund revenue for this purpose.

The LFC recommendation includes additional revenue from other state funds to cover the costs of 27 currently filled positions. For contracts, the LFC recommendation includes the $70 thousand for contract pilots, but from other state funds rather than the general fund. Pursuant to state law, GSD should set travel charges sufficient to offset the costs of contract pilots. The recommendation includes $1.5 million for increases in the other costs category, fully funding the agency's requests for maintenance, leased vehicles, vehicle replacement, DoIT rates, and insurance expenses. Given the significant increase in other state funds revenue, the agency will need to monitor its revenue generation to ensure it raises sufficient funds to offset expenses. Should revenue come in lower than expected, the division could delay some purchases, such as vehicle replacement, to avoid dipping into reserves.

State Printing Services. The program, which does not receive an appropriation from the general fund, provides centralized printing and graphic design services to government agencies and nonprofit entities on a cost recovery basis. The program collected $3.05 million in revenue and spent $3.1 million in FY25, an operating loss of $50.5 thousand. The agency reports one-time costs drove the small loss, which is covered by fund balance, currently $724 thousand, or 19 percent of the agency's FY27 request. For FY27, the department requested a increase of $384.9 thousand, mostly in the other costs category for printing supplies. Sales are generally lower in even-numbered fiscal years due to the short legislative session. Additionally, the agency requested a small increase to personnel.

The LFC recommendation supports the agency's request for other costs, noting total expenses from this category largely increase only when orders, and the associated fee revenue, increases. LFC analysis of personnel costs indicate the division's current budget includes sufficient funds for the division's 6 FTE, even accounting for higher health insurance expenses. For this reason, the recommendation holds personnel costs flat with FY26.

Program Support. Program Support includes the Office of the Secretary and supports financial and human resource functions as well as IT systems for the agency. The program is funded with transfers from other programs within GSD, with the largest amount coming from risk management. For FY27, the agency requested an increase of $2 million, or 29.9 percent, mostly for personnel, and including 12 new positions. The program is currently over budget, with 39 positions filled. The program is up 10 FTE from two years ago, leading to a 38 percent increase in personnel costs. Most of the additional personnel have been human resources and information technology personnel. For contracts and other costs, the agency requested additional funds for audit services as well as for maintenance of agency-wide IT services.

The LFC recommendation includes an increase in the personnel category of $257.8 thousand, sufficient to fund the current 39 FTE. For contracts and other costs category, the recommendation includes $48.5 thousand for information technology systems, including rates paid to the Department of Information Technology.

PROCUREMENT SERVICES

The purpose of the procurement services program is to provide a procurement process for tangible property for government entities to ensure compliance with the Procurement Code so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	14.0	0.0	0.0	(100.0)
Other Revenues	4,062.6	5,079.1	6,508.8	6,298.5	24.0
TOTAL SOURCES	**$4,062.6**	**$5,093.1**	**$6,508.8**	**$6,298.5**	**23.7**
USES					
Personal services and employee benefits	2,860.1	3,358.0	3,893.4	3,563.0	6.1
Contractual services	18.6	20.5	120.0	20.5	0.0
Other	235.6	345.0	552.0	408.0	18.3
Other financing uses	704.0	1,369.6	1,943.4	2,307.0	68.4
TOTAL USES	**$3,818.3**	**$5,093.1**	**$6,508.8**	**$6,298.5**	**23.7**
FTE					
Permanent	24.0	25.0	28.0	25.0	0.0
TOTAL FTE	**24.0**	**25.0**	**28.0**	**25.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of executive branch agencies with certified procurement officers	98.7%	98.7%	98.0%	98.0%	98.0%
Efficiency	Percent of vendor payments received from sales, as reported as owed by vendors	92%	91%	90%	90%	90%
* Output	Average number of days for completion of contract review	2.0	1.0	5.0	5.0	5.0
Explanatory	Revenue generated through price list purchases	N/A	$1,300,000	N/A	N/A	N/A
Efficiency	Percent of procurements completed within targeted timeframes from assignment to award	81%	66%	80%	80%	80%

STATE PRINTING SERVICES

The purpose of the state printing services program is to provide cost-effective printing and publishing services for governmental agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	2.2	0.0	0.0	(100.0)
Other Revenues	3,050.6	3,452.8	3,839.9	3,776.7	9.4
TOTAL SOURCES	**$3,050.6**	**$3,455.0**	**$3,839.9**	**$3,776.7**	**9.3**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	644.6	635.5	648.7	635.5	0.0
Contractual services	77.8	100.0	125.0	125.0	25.0
Other	2,303.7	2,619.5	2,916.2	2,916.2	11.3
Other financing uses	75.0	100.0	150.0	100.0	0.0
TOTAL USES	**$3,101.1**	**$3,455.0**	**$3,839.9**	**$3,776.7**	**9.3**
FTE					
Permanent	5.0	6.0	6.0	6.0	0.0
TOTAL FTE	**5.0**	**6.0**	**6.0**	**6.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent growth in quarterly sales revenue compared with the previous thirty- or sixty-day legislative session	6%	23%	5%	10%	10%
Efficiency	Percent of printing jobs delivered on time	100%	100%	99%	99%	99%
* Output	Percent of state printing revenue exceeding expenditures	1%	-1%	5%	5%	5%
Explanatory	Number of targeted customers utilizing the printing digital storefront	30.0	30.0	N/A	N/A	N/A

RISK MANAGEMENT

The purpose of the risk management program is to protect the state's assets against property, public liability, workers' compensation, state unemployment compensation, local public bodies unemployment compensation and surety bond losses so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	12.4	0.0	0.0	(100.0)
Other Transfers	8,037.5	10,738.8	14,000.0	12,737.5	18.6
TOTAL SOURCES	**$8,037.5**	**$10,751.2**	**$14,000.0**	**$12,737.5**	**18.5**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	5,051.4	5,505.2	7,089.2	6,538.8	18.8
Contractual services	161.8	190.0	250.0	1,095.0	476.3
Other	298.6	495.0	565.3	575.3	16.2
Other financing uses	3,420.8	4,561.0	6,095.5	4,528.4	(0.7)
TOTAL USES	**$8,932.6**	**$10,751.2**	**$14,000.0**	**$12,737.5**	**18.5**
FTE					
Permanent	40.0	40.0	50.0	44.0	10.0
TOTAL FTE	**40.0**	**40.0**	**50.0**	**44.0**	**10.0**

Recommended Language

The internal service funds/interagency transfers appropriation to the risk management program of the general services department includes eight hundred forty-five thousand dollars ($845,000) in the contractual services category for modernization of the risk management division's information technology systems using modern software best practices, including agile development methodologies and open-source practices for the development and deployment of new and existing digital services.

Any unexpended balances in the risk management program of the general services department remaining at the end of fiscal year 2027 shall revert to the public liability fund, public property reserve fund, workers' compensation retention fund, state unemployment compensation fund and local public body unemployment compensation fund based on the proportion of each individual fund's assessment for the risk management program.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Amount of subrogated recoveries	NEW	$83,200	N/A	N/A	N/A
Explanatory	Average cost per workers' compensation claim	$680	$0	N/A	N/A	N/A
Explanatory	Amount of excess insurance recoveries for property claims, in thousands	$0.0	$0.0	N/A	N/A	N/A

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide employees and the public with effective property management so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	20,050.0	21,593.9	22,216.3	22,590.5	4.6
Other Transfers	319.5	0.0	0.0	363.6	0.0
Other Revenues	1,457.0	169.2	0.0	750.0	343.3
TOTAL SOURCES	**$21,826.5**	**$21,763.1**	**$22,216.3**	**$23,704.1**	**8.9**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	12,055.2	14,599.0	14,971.3	15,979.5	9.5
Contractual services	654.5	730.3	730.3	730.3	0.0
Other	7,229.6	6,433.8	6,514.7	6,994.3	8.7
TOTAL USES	**$19,939.3**	**$21,763.1**	**$22,216.3**	**$23,704.1**	**8.9**
FTE					
Permanent	155.0	148.0	189.0	152.0	2.7
TOTAL FTE	**155.0**	**148.0**	**189.0**	**152.0**	**2.7**

Recommended Language
The other state funds appropriation to the facilities management program of the general services department is from administrative fees collected pursuant to Section 15-3B-10 NMSA 1978 for the administration of capital outlay projects . The internal service funds/interagency transfer appropriation to the facilities management program of the general services department is from the purchasing division fees fund for costs related to procurement management.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of capital projects completed on schedule	94%	95%	90%	90%	90%
Output	Percent of scheduled preventive maintenance requirements completed on time	67%	78%	90%	90%	90%
* Outcome	Percent of new office space leases achieving adopted space standards	100%	100%	90%	90%	90%
Explanatory	Amount of utility savings as a result of green energy initiatives	$376,199	$582,923	N/A	N/A	N/A
Explanatory	Percent difference between state funding awarded and expended on completed capital projects	98.7%	98.8%	N/A	N/A	N/A
Output	Number of facility condition assessments conducted on an annual basis	0.0	261.0	10.0	10.0	10.0

TRANSPORTATION SERVICES

The purpose of the transportation services program is to provide centralized and effective administration of the state's motor pool and aircraft transportation services so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	957.0	981.5	1,541.5	957.0	(2.5)
Other Revenues	10,958.6	12,517.6	14,594.7	14,375.3	14.8
TOTAL SOURCES	**$11,915.6**	**$13,499.1**	**$16,136.2**	**$15,332.3**	**13.6**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	2,848.4	3,050.7	3,854.5	3,323.3	8.9
Contractual services	76.3	119.5	332.5	189.5	58.6
Other	8,645.6	9,828.9	11,349.2	11,319.5	15.2
Other financing uses	337.5	500.0	600.0	500.0	0.0
TOTAL USES	**$11,907.8**	**$13,499.1**	**$16,136.2**	**$15,332.3**	**13.6**
FTE					
Permanent	27.0	32.0	33.0	32.0	0.0
TOTAL FTE	**27.0**	**32.0**	**33.0**	**32.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of manufacturer's suggested retail price paid for new vehicles	NEW	0.0%	N/A	N/A	N/A
Outcome	Percent of new vehicle acquisitions that are zero-emission vehicles	NEW	NEW	NEW	50%	N/A
Efficiency	Average vehicle operation costs per mile	$0.68	$0.76	$0.70	$0.82	$0.70
* Outcome	Percent of leased vehicles used daily or seven hundred fifty miles per month	80%	93%	70%	70%	85%

RISK MANAGEMENT FUNDS PROGRAM

The purpose of the risk management funds program is to provide public liability, public property and workers' compensation coverage to state agencies and employees.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	95,294.0	128,093.8	166,684.0	162,242.5	26.7
Fund Balance	0.0	16,730.4	0.0	0.0	(100.0)
TOTAL SOURCES	**$95,294.0**	**$144,824.2**	**$166,684.0**	**$162,242.5**	**12.0**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Contractual services	31,633.6	46,085.4	32,684.0	0.0	(100.0)
Other	73,780.6	88,000.0	120,000.0	0.0	(100.0)
Other financing uses	8,037.5	10,738.8	14,000.0	0.0	(100.0)
Public liability	0.0	0.0	0.0	112,000.0	0.0
Surety bond	0.0	0.0	0.0	44.0	0.0
Public property reserve	0.0	0.0	0.0	16,859.4	0.0
Local public body unemployment compensation reserve	0.0	0.0	0.0	1,590.0	0.0
Workers' compensation retention	0.0	0.0	0.0	23,649.1	0.0
State unemployment compensation	0.0	0.0	0.0	8,100.0	0.0
TOTAL USES	**$113,451.7**	**$144,824.2**	**$166,684.0**	**$162,242.5**	**12.0**

Recommended Language
The internal service funds/interagency transfer appropriations to the public liability fund and the workers' compensation retention fund include sufficient funding to pay costs of providing liability and workers' compensation insurance coverage to members of the New Mexico mounted patrol.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Explanatory	Projected financial position of the public property fund	275%	270%	N/A	N/A	N/A
* Explanatory	Projected financial position of the workers' compensation fund	63%	278%	N/A	N/A	N/A
* Explanatory	Projected financial position of the public liability fund	16%	-22%	N/A	N/A	N/A
Efficiency	Annual loss ratio for the public liability fund	143%	121%	100%	100%	100%
Efficiency	Annual loss ratio for the workers' compensation fund	70%	1%	100%	100%	100%
Efficiency	Annual loss ratio for the public property fund	108%	142%	100%	100%	100%

PROGRAM SUPPORT

The purpose of program support is to provide leadership and policy direction, establish department procedures, manage program performance, oversee department human resources and finances and provide information technology business solutions.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	234.9	0.0	0.0	(100.0)
Other Transfers	4,537.3	6,530.6	8,788.9	7,071.8	8.3
TOTAL SOURCES	**$4,537.3**	**$6,765.5**	**$8,788.9**	**$7,071.8**	**4.5**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
USES					
Personal services and employee benefits	4,844.1	5,412.0	7,160.4	5,669.8	4.8
Contractual services	264.9	624.5	824.5	664.3	6.4
Other	576.4	729.0	804.0	737.7	1.2
TOTAL USES	**$5,685.4**	**$6,765.5**	**$8,788.9**	**$7,071.8**	**4.5**
FTE					
Permanent	35.0	38.0	50.0	38.0	0.0
TOTAL FTE	**35.0**	**38.0**	**50.0**	**38.0**	**0.0**

Recommended Language
Any unexpended balances in program support of the general services department remaining at the end of fiscal year 2027 shall revert to the procurement services, state printing, risk management and transportation services programs based on the proportion of each individual program's assessment for program support.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of audit findings resolved from prior fiscal year excluding findings related to fund solvency	50%	50%	100%	50%	100%

Statutory Authority
The Educational Retirement Board (ERB) is responsible for administration of the Educational Retirement Act, Sections 22-11-1 through 22-11-52 NMSA 1978. The board manages the retirement program for employees of public schools, public institutions of higher learning, and select state agencies. The agency is governed by a nine-member board composed of the secretary of public education, the secretary of higher education, and the state treasurer (ex officio), one member each elected by the New Mexico members of the Association of Educational Retirees, the National Education Association of New Mexico, the American Federation of Teachers, and the New Mexico members of the American Association of University Professors, and two additional members appointed by the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	22,236.6	31,925.6	33,024.1	33,024.1	3.4
TOTAL SOURCES	**$22,236.6**	**$31,925.6**	**$33,024.1**	**$33,024.1**	**3.4**
USES					
Personal services and employee benefits	10,096.6	11,670.9	12,656.3	12,656.3	8.4
Contractual services	10,094.1	18,000.0	18,000.0	18,000.0	0.0
Other	2,045.8	2,254.7	2,367.8	2,367.8	5.0
TOTAL USES	**$22,236.5**	**$31,925.6**	**$33,024.1**	**$33,024.1**	**3.4**
FTE					
Permanent	86.0	91.0	91.0	91.0	0.0
Term	0.0	0.0	2.0	2.0	0.0
TOTAL FTE	**86.0**	**91.0**	**93.0**	**93.0**	**2.2**

At A Glance
The operating budget of the Educational Retirement Board (ERB) is funded from retirement trust fund revenue. For FY27, ERB requested an increase of $1.1 million, or 3.4 percent. The agency requested a flat budget in the largest category, contractual services, with increases of $1 million, or 8.4 percent, for personnel costs and $113.1 thousand, or 5 percent, for other costs. The LFC recommendation supports the agency's request.

Budget Issues
ERB does not receive a general fund appropriation and all of its operations are funded through use of retirement trust fund dollars; all unexpended funds appropriated for ERB operations revert to the trust fund.

ERB requested $12.7 million for personnel costs in FY27, an increase of $1 million, or 8.4 percent, from FY26. The request includes $368.2 thousand for health insurance costs and risk management rates and $617.2 thousand for other payroll expenses, including two new term positions to support the agency's transition to a new pension administration system. The $30.5 million IT project was approved by the Legislature in 2023. ERB's requested 2 FTE as term positions because it does not anticipate retaining the positions once the project is fully implemented.

The agency requested $18 million in contractual services, flat with the FY26 operating budget. Typically, ERB pays fees and profit sharing out of the invested amount for funds where ERB holds a partial interest, whether a limited partnership or other commingled account structure. These amounts do not appear in the agency's operating budget. For separately managed accounts, where ERB is the sole participant in the fund, fees appear in the operating budget. Because fees are often based on investment returns, they can vary widely from year-to-year. In FY25, ERB spent $10 million on contracts, or half of the $20 million budgeted. ERB's request will be sufficient for the agency to pay these fees, but in the event of high investment returns, ERB typically receives budget adjustment authority to allow the agency to pay fees based on those high returns.

In the other category, the agency requested an increase of $113 thousand, or 5 percent. The request includes $50 thousand for additional travel and training expenses for board members and staff, with the remainder of the increase for basic administrative expenses, such as postage, telecommunications and fees from the Department of Information Technology, and costs related to ERB's facility.

For the agency's FY24 audit, the agency received an unmodified opinion with no findings.

Asset Management. For FY25, ERB returned 9.88 percent, above the fund's target rate of 7 percent and the fund's policy index performance of 8.97 percent. Generally, ERB's portfolio is risk averse and performs worse than other funds when markets are strong. However, over the long term, ERB performs above target and exceptionally well versus other public funds. The agency exceeded the long-term return target of 7 percent over the five-year, 10-year, and 20-year period. ERB had the best performance over the five-year period among the state's investment agencies, with a return of 10.4 percent, compared with 8.7 percent for the Public Employees Retirement Association and 9.5 percent for the land grant permanent fund and 7.7 percent for the severance tax permanent fund, both managed by the State Investment Council. Since FY19, ERB has ranked in the top half of investment funds valued at over $1 billion; for FY25, the agency's performance was in the top 20 percent of funds over the five-year and 10-year period, but the fund ranked lower over the short term. The fund finished FY25 with a balance of $18.5 billion, $1.4 billion more than the prior year.

Sustainability. In FY24, contributions from 63 thousand active members and their employers totaled $1.2 billion, while $1.4 billion was paid out to 55.7 thousand beneficiaries. ERB reported it had $17.2 billion, or 64.8 percent of the assets it needed to fund all benefits earned up to that point. The plan's actuaries estimate it would need $26.6 billion to be fully funded. Recently enacted employer contribution rate increases have helped stabilize the fund into the future. ERB's actuaries project the fund will be fully funded in 22 years. As recently as FY20, the ERB trust fund was projected to never be able to pay all promised benefits. The fund's actuarial position as of FY25 is not currently available.

Legislative changes since 2013 have addressed the long-term stability of the plan. The Legislature passed multiple pension solvency measures to improve the financial positions of the funds, including two recent laws to increase employer contribution rates to the fund by a total of 4 percentage points. Earlier laws reduced plan benefits and limited annual cost-of-living adjustments (COLAs) based on the plan's funded ratio. For 2025, disability retirees received a COLA of 2 percent, those with 25 years of service and an annual benefit of less than $21,576 received a COLA of 1.8 percent, and all other retirees received a COLA of 1.6 percent. The full COLA, before solvency adjustments, is capped at 4 percent, with a minimum of 2 percent, but retirees under age 65 are not eligible for COLAs. Reductions to the COLA will be halved when the plan reaches 90 percent funded and ended when the plan is fully funded.

EDUCATIONAL RETIREMENT

The purpose of the educational retirement program is to provide secure retirement benefits to active and retired members so they can have secure monthly benefits when their careers are finished.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Average rate of net return over the last five years	8.09%	10.40%	7.00%	7.00%	7.00%
* Outcome	Number of years to eliminate unfunded actuarial accrued liability	TBD	22.0	30.0	30.0	30.0
Outcome	Average rate of net return over the last ten years	7.41%	8.00%	7.00%	7.00%	7.00%
Explanatory	Number of basis points that five-year annualized investment return differs from board-approved reference portfolio benchmark	809.0	124.0	N/A	N/A	N/A
Explanatory	Number of basis points that ten-year annualized investment return differs from board-approved reference portfolio benchmark	741.0	36.0	N/A	N/A	N/A
* Explanatory	Ten-year performance ranking in a national peer survey of public plans	11%	13%	N/A	N/A	N/A
Explanatory	Five-year performance ranking in a national peer survey of public plans	18%	12%	N/A	N/A	N/A

Statutory Authority
The New Mexico Sentencing Commission operates under Section 9-3-10 NMSA 1978. Section 9-3-13 NMSA 1978 creates a Sex Offender Management Board within the commission. The commission is made up of 27 members and includes representatives from the executive and judicial branches; public members appointed by the executive, legislative, and judicial branches; the dean of the University of New Mexico School of Law; a county sheriff appointed by the executive director of New Mexico Counties; a public member who is Native American and a practicing attorney; and a public member who represents a victims' organization.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,514.3	1,514.3	1,958.3	1,514.3	0.0
Other Transfers	57.0	57.0	58.4	58.4	2.5
TOTAL SOURCES	**$1,571.3**	**$1,571.3**	**$2,016.7**	**$1,572.7**	**0.1**
USES					
Contractual services	1,237.1	1,235.2	1,681.1	1,236.6	0.1
Other	334.2	336.1	335.6	336.1	0.0
TOTAL USES	**$1,571.3**	**$1,571.3**	**$2,016.7**	**$1,572.7**	**0.1**

At A Glance
The Sentencing Commission (NMSC) requested an increase in general fund appropriations for FY27 of $444.4 thousand, or 29.3 percent, compared with its FY26 operating budget, for a total budget of about $2 million. The total $445.4 thousand increase is intended for additional staff and previously unfunded compensation increases, including a staff attorney, a senior grants administrator, and a research scientist. The LFC recommendation maintains the agency's funding at FY26 levels and does not include funding for any additional positions.

Budget Issues
NMSC has no FTE because its eight full- and part-time staff members are University of New Mexico (UNM) employees. The agency contracts with UNM for fiscal services, paying a 9 percent administrative fee on those services, and supplements staff research with help from students. Other NMSC expenses, including rate payments to the General Services Department and its grant program, are exempt from this fee. This structure limits transparency into the agency's budget, because almost all its operational funds are budgeted through its contract with UNM. This contract accounted for 78 percent of the commission's actual expenditures in FY25 and comprised 78 percent of its overall FY26 operating budget.

Criminal Justice Information. Data collection in New Mexico's criminal justice system occurs in silos, which limits efficiency and increases redundancy. Laws 2019, Chapter 192, aimed to address this by requiring the NMSC to create a criminal justice data-sharing network, establish coordinating councils in each judicial district, and implement the Crime Reduction Grant Act to improve program evaluation and performance management. Connecting this data would enhance information sharing and reduce errors across agencies. The commission has collaborated with a group at the New Mexico Institute of Mining and Technology to develop this information-sharing network. It aims to continue expanding the roster of participants to include more courts and county jails.

Crime Reduction Grants. The number of crime reduction grants funded under the Crime Reduction Grant Act has fluctuated from year to year, with the commission awarding 32 grants totaling over $2.2 million in FY23, 36 grants totaling nearly $3.9 million in FY24, and 21 grants totaling $3.1 million in FY25. To support the demand for grants, the NMSC conducted webinars and convened meetings of grantees to foster collaboration and innovation among grant recipients and criminal justice stakeholders. This changing workload and the need for additional oversight of the awarded funds were the primary drivers behind the additional positions requested in the commission's FY27 budget request. LFC has previously expressed concerns because many of these grants are awarded to courts and judicial districts for what are essentially recurring costs, running counter to the intention of the legislation. Additionally, the Crime Reduction Grant Act requires the development and collection of performance measures to evaluate program effectiveness, which has been lacking.

Legislative Initiatives. The Legislature appropriated $500 thousand in consumer settlement fund balances to NMSC for FY21 and FY22 to rewrite the state's Criminal Code and other criminal statutes. In 2021, the commission formed a Criminal Code Update Committee to begin this work, focusing on sentencing structure, mens rea (criminal intent), behavioral health issues as they impact the criminal justice system, race and ethnicity data, and child abuse, homicide, and criminal sexual penetration statutes. The 2024 General Appropriation Act extended this appropriation through FY25 to allow the commission time to complete its work. The commission indicated that it had planned to intro-duce legislation related to this update before the 2026 legislative session, however, because the agency has been unable to garner execu-tive and legislative leadership support, it is unlikely that any legislation is forthcoming.

NEW MEXICO SENTENCING COMMISSION

The purpose of the New Mexico sentencing commission program is to provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective to the three branches of government and interested New Mexicans so they have the resources they need to make policy decisions that benefit the criminal and juvenile justice systems.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of criminal justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
Output	Number of research projects completed	9.0	8.0	10.0	10.0	10.0
Explanatory	Number of crime reduction grants awarded	36.0	21.0	N/A	N/A	N/A
Explanatory	Total amount of funding awarded for crime reduction grants	$3,855,738	$3,122,256	N/A	N/A	N/A
Output	Number of presentations to the legislature on recommended criminal and juvenile justice system reforms the commission determines would improve those systems	7.0	6.0	2.0	2.0	2.0
Output	Number of commission and subcommittee meetings held	36.0	15.0	15.0	15.0	15.0
Output	Number of presentations to the legislature on proposed sentencing reforms	4.0	3.0	1.0	1.0	1.0
Output	Percent of statutorily mandated meetings of the sex offender management board held	0%	0%	100%	100%	100%
Output	Percent of statutorily mandated research projects completed	100%	100%	100%	100%	100%
Outcome	Percent of crime reduction grants that fully complete the scope of work outlined in the grant agreement	94%	95%	90%	90%	95%

Statutory Authority
The Office of the Governor is created under Article V, Section 1, of the New Mexico Constitution.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,359.8	7,020.4	7,559.9	7,135.9	1.6
Other Transfers	173.2	0.0	0.0	0.0	0.0
Other Revenues	0.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$6,533.1**	**$7,020.4**	**$7,559.9**	**$7,135.9**	**1.6**
USES					
Personal services and employee benefits	5,488.5	6,258.4	6,771.3	6,373.9	1.8
Contractual services	160.5	236.0	239.5	236.0	0.0
Other	680.0	526.0	549.1	526.0	0.0
TOTAL USES	**$6,329.0**	**$7,020.4**	**$7,559.9**	**$7,135.9**	**1.6**
FTE					
Permanent	31.0	35.0	35.0	35.0	0.0
TOTAL FTE	**31.0**	**35.0**	**35.0**	**35.0**	**0.0**

At A Glance
The Office of the Governor requested a FY27 general fund budget of $7.6 million, a $539.5 thousand, or 7.7 percent, increase over FY26. The request included an increase of $512.9 thousand, or 8.2 percent, in personnel to account for employee liability and health insurance premium rate increases. The office also requested a $3,500 increase, or 1.5 percent, in contractual services for audit rate increases and an increase of $23.1 thousand, or 4.4 percent, in the other category to fund Department of Information Technology rate increases.

The LFC recommendation increases the personal services and employee benefits category by $115.5 thousand, or 1.8 percent, to account for health insurance premium costs. Due to dramatic increases in employee liability insurance premiums in recent years, including most recently a $398.8 thousand, or 141 percent, increase from FY26 to FY27, the LFC recommendation includes the $398.8 thousand increase in employee liability insurance premiums as a nonrecurring special appropriation. The LFC recommendation holds the contractual services and other costs categories spending levels commensurate with FY26.

In FY25, the office received an increase of $265.6 thousand, or 4.9 percent, in personnel. The office gave out-of-cycle raises to numerous employees in FY25, with the highest raise consisting of over 21 percent. Based on the reported actual expenses, the office reverted $151.1 thousand from personnel funding in FY25 in addition to moving $200 thousand out of personnel to fulfill legal services for the office.

In FY25, the office spent a net total of $95.9 thousand from the governor's contingency fund. The offices' expenditures from the fund totaled $102.2 thousand, including approximately $82.5 thousand on food and beverages, $16.2 thousand on supplies, and $3,500 on miscellaneous items; however, the office received approximately $5,900 in reimbursements. The office has broad discretion over the use of the fund, but it is subject to the Audit Act, the Inspection of Public Records Act, and the Procurement Code. Senate Bill 52, which created the fund in 2018, requires the office to provide detailed monthly reports on expenditures to LFC and DFA.

The office met or exceeded all performance measure targets in FY25, including constituent service cases closed, days to post public meetings on the office's website, and days to post executive orders. The office did not have any findings in its FY24 audit.

EXECUTIVE MANAGEMENT AND LEADERSHIP

The purpose of the executive management and leadership program is to provide appropriate management and leadership to the executive branch of government to allow for a more efficient and effective operation of the agencies within that branch of government on behalf of the residents of the state.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of constituent service cases closed within thirty days of initial receipt	100%	100%	96%	97%	97%
Output	Number of business days to process extraditions	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post videos of public meetings recorded by the governor's office on www.governor.state.nm.us	2.0	1.0	2.0	1.0	1.0
Output	Number of business days to acknowledge receipt and determine eligibility for consideration of pardon request	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post executive orders to the governor's website after being signed by the governor and secretary of state	1.0	1.0	1.0	1.0	1.0

Statutory Authority
Article V, Section 1, of the New Mexico Constitution creates the Office of the Lieutenant Governor and establishes the person serving as lieutenant governor as president of the New Mexico Senate. Section 8-3-1 NMSA 1978 establishes the lieutenant governor as state ombudsman.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	818.6	864.8	933.0	891.3	3.1
Other Transfers	19.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$838.5**	**$864.8**	**$933.0**	**$891.3**	**3.1**
USES					
Personal services and employee benefits	677.0	735.6	796.7	755.0	2.6
Contractual services	43.9	36.9	38.7	38.7	4.9
Other	77.7	92.3	97.6	97.6	5.7
TOTAL USES	**$798.6**	**$864.8**	**$933.0**	**$891.3**	**3.1**
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE	**5.0**	**5.0**	**5.0**	**5.0**	**0.0**

At A Glance
The Office of the Lieutenant Governor requested a FY27 operating budget of $933 thousand, reflecting a $68.2 thousand, or 7.9 percent, general fund revenue increase compared to their FY26 operating budget. The office requested an increase of $61.1 thousand, or 8.3 percent, in the personal services and employee benefits category for employee liability and group insurance premium increases, as well as for staff raises. The office also requested an increase of $1,800, or 4.9 percent, in the contractual services category for the agency's annual financial audit, and an increase of $5,300, or 5.7 percent, in the other costs category to account for increased Department of Information Technology service rates. The LFC does not recommend funding staff salary increases but does recommend increasing the personal services and employee benefits category by $19.4 thousand, or 2.6 percent, to account for employee liability and group insurance premium increases. The LFC recommendation also supports the requested increases in the contractual services and other cost categories for an overall general fund increase of $26.5 thousand, or 3.1 percent.

The office met FY25 performance measure targets for constituent service files closed and townhall meetings and economic forums participated in but did not meet the 95 percent target for the percent of days in session and presided over, only reaching 77 percent. The office continues to provide constituent services and public outreach to New Mexicans, focusing on issues in rural communities. The office did not have any findings in its FY24 audit.

STATE OMBUDSMAN

The purpose of the state ombudsman program is to facilitate and promote cooperation and understanding between New Mexicans and the agencies of state government, refer any complaints or special problems residents may have to the proper entities, keep records of activities and submit an annual report to the governor.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of constituent service files closed within thirty days	99%	99%	98%	98%	98%
Output	Number of townhall meetings, economic forums or task forces the lieutenant governor has participated in	28.0	35.0	20.0	20.0	20.0
Output	Percent of days in session and presided over	96%	77%	95%	95%	95%

Statutory Authority
The Department of Information Technology (DoIT) is authorized pursuant to Section 9-27-1 through 9-27-10 NMSA 1978 (DoIT act) as a single, unified executive branch department intended to streamline and improve state information technology systems. DoIT administers all laws and exercises all functions pursuant to the Information Technology Management Act, as well as those formerly administered by the Communications Division, Information Systems Division, Radio Communications Bureau, and Telecommunications Bureau of the General Services Department. The department consists of three authorized programs: Program Support, Compliance and Project Management, and Enterprise Services. In addition, the department administers the equipment replacement fund, a program funded through internal transfers, which it uses to replace or upgrade equipment and software. The department was approved in 2021 to add a fifth authorized program, the Office of Broadband Access and Expansion, administratively attached to DoIT. Subsequently, a sixth authorized program, the Cybersecurity Office, was created as administratively attached to DoIT as of 2023.

The act establishes a rate committee consisting of seven executive agency members: five appointed by the governor and two designated by statute–the secretary of the Department of Finance and Administration, the statutorily designated chair, and the secretary of DoIT. The committee reviews the rate and fee schedule proposed by DoIT and submits a recommendation by July 15 of each year for the following fiscal year budget cycle.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,203.0	10,193.7	16,865.4	10,373.8	1.8
Other Transfers	17,414.8	11,773.2	9,256.9	9,157.7	(22.2)
Other Revenues	68,161.3	70,561.1	80,203.7	80,203.7	13.7
Fund Balance	2,663.1	7,258.8	7,479.4	7,479.4	3.0
TOTAL SOURCES	**$97,442.2**	**$99,786.8**	**$113,805.4**	**$107,214.6**	**7.4**
USES					
Personal services and employee benefits	21,689.3	23,051.3	25,495.5	24,307.7	5.5
Contractual services	9,258.9	9,029.0	9,035.6	9,035.6	0.1
Other	50,023.8	51,272.9	65,152.8	59,849.0	16.7
Other financing uses	15,820.2	16,433.6	14,121.5	14,022.3	(14.7)
TOTAL USES	**$96,792.2**	**$99,786.8**	**$113,805.4**	**$107,214.6**	**7.4**
FTE					
Permanent	157.9	206.0	211.0	206.0	0.0
TOTAL FTE	**157.9**	**206.0**	**211.0**	**206.0**	**0.0**

At A Glance
The Department of Information Technology (DoIT) requested a total budget of $113.8 million, a 14 percent increase above the FY26 operating budget. DoIT's general fund request totaled $16.9 million, a $6.7 million, or 65.4 percent increase above the FY26 operating budget. Of the general fund revenue increases at DoIT, $6.4 million is for the Cybersecurity Office, with the remainder for personnel costs increases because of health insurance rate increases and salary adjustments. The LFC recommendation supports a $357.3 thousand, or a 5.4 percent, general fund increase in FY27 for risk rates and for a web application firewall for the Cybersecurity Office but keeps all other general fund spending flat with FY26. The department requested a $9.6 million increase from other revenue from new rate increases for enterprise services, a 13.7 percent increase from FY26. Additionally, the department requested a decrease in the use of other transfer revenue of $2.5 million, or 21.4 percent. The committee recommendation supports the requested use of other transfers and revenues.

Budget Issues
DoIT has undergone major structural changes since 2021, including adding two new programs, the Cybersecurity Office and the Office of Broadband Access and Expansion. As part of its FY26 budget, the Legislature supported the transfer of the personnel related to the statewide human resources accounting and reporting system (SHARE) to the Department of Finance and Administration.

Office of Broadband Access and Expansion. In 2021, the Legislature established the Office of Broadband Access and Expansion (OBAE), administratively attached to DoIT, to better coordinate broadband efforts among different entities.

For FY27, OBAE is requesting a general fund increase of $427.7 thousand, or 23.7 percent. The request includes $373.8 thousand for authorization and salaries for a deputy director and a public information office, group insurance increases totaling $47.4 thousand, and $6,500 for longevity pay. As of October 2025, OBAE had estimated funded vacancy savings of $433.2 thousand, resulting from funding dedicated to positions that have not been filled. The LFC recommendation does not support the requested increases in personnel costs because the office can use funded vacancy savings to cover the two requested positions and insurance costs.

Cybersecurity Office. The Cybersecurity Office was created in 2023 as administratively attached to DoIT through the Cybersecurity Act. The office, funded with general fund revenue, requested a significant budget increase of $6.4 million, a 97.6 percent budget increase. The request includes $705.7 thousand in personnel primarily to adjust for vacancies and $5.6 million in the other costs category for a statewide risk assessment, an incident response retainer, a web application firewall, and funding to match a federal grant.

Since 2023, DoIT has received $41 million for cybersecurity initiatives in nonrecurring special appropriations alone and has spent $21.2 million, or 52 percent. Out of DoIT's four special nonrecurring appropriations for cybersecurity, three have been previously reauthorized due to the department not spending the money in the given timeframe. The office requested an additional $21 million special appropriation in FY27 for expenditure through FY28 for continued cybersecurity initiatives.

The LFC recommendation supports a 2.6 percent increase in personnel to cover new insurance premium costs and the requested $312.5 thousand for a web application firewall and keeps all other spending categories flat with FY26.

Compliance and Project Management. DoIT's Compliance and Project Management Program provides guidance and oversight to state agencies and supports the Project Certification Committee, the entity responsible for reviewing and approving phased funding for agency IT projects. The Compliance and Project Management Program also houses the Office of Geospatial Technology, which actively assists the state and supports broadband and other programs. The program requested a minimal increase to cover insurance premium costs, an additional $22.2 thousand, or 1.4 percent. The LFC recommendation supports this request.

Enterprise Services. The Enterprise Services Program is funded through service assessments, including depreciation costs in its equipment replacement fund (ERF). DoIT requested a $9.1 million increase, or 13.9 percent, for the program due to increased enterprise and SHARE rates. The requested increase includes $903.1 thousand in personnel to fill vacancies and $10.6 million in other cost spending. The significant requested increase in the other costs category is to cover the department's Microsoft Office 365 licensing for statewide users, an $8.2 million increase. The total license costs $15.8 million was previously spent from the ERF, but DoIT requested to pay for this subscription through the Enterprise Services Program in FY27 from its Enterprise Services Fund. DoIT increased its enterprise rates and SHARE rates for FY27, which contributes to the requested program increase from other revenue in the Enterprise Services Fund. The LFC recommendation supports the increase from other revenue.

The department also requested a $5 million nonrecurring special to subsidize monthly radio costs for federal and local governments as part of its P25 Radio Tower capital outlay project. At the end of FY25, the department reverted $600 thousand of its $2.8 million special that covered these subsidies, a 21.4 percent reversion.

Equipment Replacement Revolving Funds. DoIT's Equipment Replacement Revolving Fund (ERF) Program provides the department with a funding mechanism for replacing state IT infrastructure by including depreciation costs in the rates DoIT charges agencies. Infrastructure covered by the ERF includes devices for network and voice communication systems, including core routers, firewalls, and network switches. The program also purchases equipment for the digital trunk radio system project for public safety radio communications and supports SHARE access and maintenance throughout the state. The department records amounts due to the ERF each year based on calculated depreciation. Fund transfers are made from the operating funds each year equal to the recorded amounts due.

For FY27, DoIT requested a $2.4 million, or 13.4 percent, decrease from the fund. The request for ERF uses includes $4 million for information technology equipment, $3.5 million for other equipment and $7.9 million for hardware and software agreements. The LFC recommendation supports the requested use of the fund.

Program Support. DoIT's Program Support provides administrative support to the Cybersecurity Office and the Office of Broadband Access and Expansion, establishes DoIT's enterprise rates, and relies on other revenue for its budget. These administratively attached agencies pay fees to Program Support from their general fund operating budgets, which DoIT uses to cover program costs, which shows up as other transfers in the program's budget. DoIT requested a $99.2 thousand increase in this transfer from the Cybersecurity Office, a 20.6 percent increase. The LFC recommendation does not support this increase because it is not attributed to an increased workload for the program.

The program requested increases in other revenues from its SHARE and enterprise funds of $345.8 thousand, or 7.3 percent. The requested revenue increase would cover personnel increases to decrease the program's vacancy rate and slight increases in contractual services and the other category for cost of business increases. The LFC recommendation supports this.

BROADBAND ACCESS AND EXPANSION

The purpose of the broadband access and expansion program is to achieve enterprising, affordable broadband solutions for New Mexicans that honor the state's rich heritage and elevate the quality of life for all.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,709.2	1,801.8	2,229.5	1,801.8	0.0
Other Transfers	679.5	650.0	650.0	650.0	0.0
TOTAL SOURCES	**$2,388.7**	**$2,451.8**	**$2,879.5**	**$2,451.8**	**0.0**
USES					
Personal services and employee benefits	1,844.7	1,907.8	2,335.5	1,907.8	0.0
Contractual services	0.0	125.0	125.0	125.0	0.0
Other	544.0	419.0	419.0	419.0	0.0
TOTAL USES	**$2,388.7**	**$2,451.8**	**$2,879.5**	**$2,451.8**	**0.0**
FTE					
Permanent	10.9	15.0	18.0	15.0	0.0
TOTAL FTE	**10.9**	**15.0**	**18.0**	**15.0**	**0.0**

Recommended Language

The internal service funds/interagency transfer appropriation to the broadband access and expansion program of the department of information technology includes six hundred fifty thousand dollars ($650,000) from the public school capital outlay fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of partner organizations participating in agency workforce development programs, workshops or events	$0.0	$81.0	N/A	N/A	N/A
Explanatory	Number of students who can participate in distance learning, homework or other online learning statewide	$0.0	$95,000.0	N/A	N/A	N/A
Outcome	Percent of households and businesses with internet connection speeds below the federal communications commission speed benchmark now connected to broadband meeting the benchmark	0%	31%	0%	18%	18%
Output	Percent of eligible households participating in a federal affordability program	0%	0%	0%	100%	100%

CYBERSECURITY

The purpose of the cybersecurity program is to promote a safe and secure enterprise computing environment and protect the privacy and security of individuals and their information through the implementation of industry-accepted security policies, standards and procedures.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,492.9	6,578.8	13,000.0	6,936.1	5.4
Other Transfers	894.0	0.0	0.0	0.0	0.0
Other Revenues	1.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$7,388.1**	**$6,578.8**	**$13,000.0**	**$6,936.1**	**5.4**
USES					
Personal services and employee benefits	1,635.1	1,691.4	2,397.1	1,736.2	2.6
Contractual services	4,860.6	3,572.6	3,572.6	3,572.6	0.0
Other	832.8	832.8	6,449.1	1,145.3	37.5
Other financing uses	315.1	482.0	581.2	482.0	0.0
TOTAL USES	**$7,643.6**	**$6,578.8**	**$13,000.0**	**$6,936.1**	**5.4**
FTE					
Permanent	15.0	14.0	17.0	14.0	0.0
TOTAL FTE	**15.0**	**14.0**	**17.0**	**14.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of critical or high-risk vulnerabilities remediated from the previously identified scan	72%	72%	85%	85%	85%
Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	12.0	12.0	4.0	4.0	4.0

COMPLIANCE AND PROJECT MANAGEMENT

The purpose of the compliance and project management program is to provide information technology strategic planning, oversight and consulting services to New Mexico government agencies so they can improve services provided to New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,000.9	1,613.7	1,635.9	1,635.9	1.4
Other Transfers	21.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$1,022.0**	**$1,613.7**	**$1,635.9**	**$1,635.9**	**1.4**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	946.0	1,437.7	1,459.9	1,459.9	1.5
Contractual services	0.0	50.0	50.0	50.0	0.0
Other	76.0	126.0	126.0	126.0	0.0
TOTAL USES	**$1,022.0**	**$1,613.7**	**$1,635.9**	**$1,635.9**	**1.4**
FTE					
Permanent	8.0	14.0	13.0	14.0	0.0
TOTAL FTE	**8.0**	**14.0**	**13.0**	**14.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of information technology professional service contracts greater than one million dollars in value reviewed within seven business days	97%	91%	95%	95%	95%
* Outcome	Percent of information technology professional service contracts less than one million dollars in value reviewed within five business days	93%	95%	98%	98%	98%
Output	Number of workshops, trainings, events or whitepapers delivered to agencies on information technology best practices on department analysis of key information technology oversight areas	24.0	24.0	9.0	9.0	9.0

ENTERPRISE SERVICES

The purpose of the enterprise services program is to provide reliable and secure infrastructure for voice, radio, video and data communications through the state's enterprise data center and telecommunications network.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	152.4	0.0	0.0	(100.0)
Other Revenues	66,826.4	65,800.9	75,097.7	75,097.7	14.1
TOTAL SOURCES	**$66,826.4**	**$65,953.3**	**$75,097.7**	**$75,097.7**	**13.9**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	13,283.9	13,243.8	14,146.9	14,146.9	6.8
Contractual services	4,353.5	5,229.4	5,229.4	5,229.4	0.0
Other	32,270.8	31,528.5	42,181.1	42,181.1	33.8
Other financing uses	15,505.1	15,951.6	13,540.3	13,540.3	(15.1)
TOTAL USES	**$65,413.3**	**$65,953.3**	**$75,097.7**	**$75,097.7**	**13.9**
FTE					
Permanent	91.7	123.0	123.0	123.0	0.0
TOTAL FTE	**91.7**	**123.0**	**123.0**	**123.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of mobile system coverage by state geography to the digital trunk radio system	50.0%	0.0%	N/A	N/A	N/A
* Outcome	Percent of service desk incidents resolved within the timeframe specified for their priority levels	100%	100%	95%	95%	95%
Outcome	Number of perimeter department of information technology devices reporting security metrics and logs to the security incident and event management system	2,225.0	2,250.0	2,000.0	2,000.0	2,000.0
* Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	12.0	12.0	4.0	4.0	4.0
Outcome	Percent of uptime of email services other than scheduled maintenance	100%	100%	98%	98%	98%
Outcome	Percent of critical or high-risk vulnerabilities remediated from the previously identified scan	72%	72%	85%	0%	0%

EQUIPMENT REPLACEMENT REVOLVING FUNDS

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	15,505.1	10,641.2	8,025.7	8,025.7	(24.6)
Other Revenues	1,331.4	0.0	0.0	0.0	0.0
Fund Balance	2,663.1	7,258.8	7,479.4	7,479.4	3.0
TOTAL SOURCES	**$19,499.6**	**$17,900.0**	**$15,505.1**	**$15,505.1**	**(13.4)**
USES					
Other	16,016.1	17,900.0	15,505.1	15,505.1	(13.4)
TOTAL USES	**$16,016.1**	**$17,900.0**	**$15,505.1**	**$15,505.1**	**(13.4)**

PROGRAM SUPPORT

The purpose of program support is to provide management and ensure cost recovery and allocation services through leadership, policies, procedures and administrative support for the department.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	47.0	0.0	0.0	(100.0)
Other Transfers	315.1	482.0	581.2	482.0	0.0
Other Revenues	2.3	4,760.2	5,106.0	5,106.0	7.3
TOTAL SOURCES	**$317.4**	**$5,289.2**	**$5,687.2**	**$5,588.0**	**5.6**
USES					
Personal services and employee benefits	3,979.6	4,770.6	5,156.1	5,056.9	6.0
Contractual services	44.8	52.0	58.6	58.6	12.7
Other	284.1	466.6	472.5	472.5	1.3
TOTAL USES	**$4,308.5**	**$5,289.2**	**$5,687.2**	**$5,588.0**	**5.6**
FTE					
Permanent	32.3	40.0	40.0	40.0	0.0
TOTAL FTE	**32.3**	**40.0**	**40.0**	**40.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Percent difference between enterprise service revenues and expenditures for cost recovery of service delivery	9%	38%	10%	10%	10%
Outcome	Percent of enterprise services achieving a cost recovery rate within ten percent of breaking even	91%	30%	Discontinued	Discontinued	Discontinued
Output	Percent of timely, accurate billing issued on or before the tenth of every month for the prior billing period	86%	100%	100%	100%	100%
Quality	Percent of state agency customers satisfied with the department of information technology's services and support	84%	81%	85%	85%	85%
Output	Percent of accounts receivable balances collected within one hundred twenty days from the original invoice	90.00%	97.00%	95.00%	95.00%	95.00%

Statutory Authority
The Public Employees Retirement Association (PERA) is responsible for administering the Public Employees Retirement Act (Sections 10-11-1 through 10-11-141 NMSA 1978). In addition, the PERA board is responsible for administering the Volunteer Firefighters Retirement Act (Sections 10-11A-1 through Sections 10-11A-7 NMSA 1978), Judicial Retirement Act (Sections 10- 12B1 through 10-12B-19 NMSA 1978), Magistrate Retirement Act (Sections 10-12C-1 through 10-12C-18 NMSA 1978), Retirement Reciprocity Act (Sections 10-13A-1 through 10-13A-4 NMSA 1978), Deferred Compensation Act (Sections 10-17A1 through 10-7A12 NMSA 1978), and the U.S. Internal Revenue Code 457 regarding deferred compensation. PERA is governed by a 12-member board composed of the secretary of state and state treasurer (both ex officio), four members under a state coverage plan elected from state membership, four members under a municipal coverage plan elected from local government membership, and two retiree members elected by the retired members.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	55.7	163.4	70.0	59.2	(63.8)
Other Revenues	29,786.0	43,182.2	42,255.0	42,265.8	(2.1)
TOTAL SOURCES	**$29,841.7**	**$43,345.6**	**$42,325.0**	**$42,325.0**	**(2.4)**
USES					
Personal services and employee benefits	10,903.1	11,569.5	13,473.0	12,278.3	6.1
Contractual services	14,795.5	26,379.6	23,256.8	24,451.5	(7.3)
Other	4,143.1	5,396.5	5,595.2	5,595.2	3.7
TOTAL USES	**$29,841.7**	**$43,345.6**	**$42,325.0**	**$42,325.0**	**(2.4)**
FTE					
Permanent	87.0	88.0	87.0	87.0	(1.1)
TOTAL FTE	**87.0**	**88.0**	**87.0**	**87.0**	**(1.1)**

At A Glance
The Public Employees Retirement Association (PERA) requested an overall decrease of $1 million, or 2.4 percent, for FY27. The agency's core function of providing pension benefits to state and local government retirees is funded entirely through investment earnings on employee and employer contributions to the system's trust fund. The requested decrease was due to lower projected need in the contractual services category for investment management fees. Although the overall request was lower, the agency requested a $1.9 million increase, or 16.5 percent, for personnel costs, including $1.2 million to implement market-based pay increases for investment staff. The LFC recommendation includes additional funds in the personnel category to fund increases to health insurance premiums but does not include funds to implement targeted pay increases.

Budget Issues
The majority of PERA's budget is in the contractual services category and is used to pay fees for investment management. PERA consistently requests appropriations in excess of actual expenditures for this category; between FY21 and FY25, average annual spending in the contractual services category was $18 million, well below the current year operating budget of $26.4 million and PERA's FY27 request of $23.3 million. The surplus in contractual service funding allows PERA flexibility to enter new contracts with managers and also allows for higher fees to be paid, depending on asset performance. Unspent funds revert to the retirement fund. The agency typically has budget adjustment authority to increase the contractual services category to pay management fees.

For FY26, PERA anticipates submitting a budget adjustment request to lower the contractual services amount and increase its budget for personnel expenses. In August, PERA's board approved pay increase for investment staff to improve the competitiveness of its pay plan. In late FY25, the State Investment Council implemented pay increases for investment staff; PERA's adjustments will match those increases.

For FY27, PERA requested $13.5 million for personnel costs, an increase of $1.9 million, or 16.5 percent. However, the current year base does not include $305.9 thousand for increased health insurance costs, funded statewide with a transfer from the health care affordability fund, which will need to be funded from the PERA's funds in FY27. The bulk of the increase is to implement PERA's pay plan for investment staff, discussed above. The agency's request includes funding for 87 FTE, 1 FTE fewer than FY26. While in prior years the agency maintained a significant vacancy rate, the agency has been successful at filling positions. The LFC recommendation includes additional funds for health insurance cost increases but does not include additional funding to support the agency's pay plan for investment staff. The LFC recommendation transfers the funds back to the contractual services category, effectively reversing the budget adjustment request PERA will submit to fund the salary increases in FY26.

PERA requested an appropriation from the general fund to continue processing requests from employers to link employee information to the social security system. The request for FY25 was $70 thousand, significantly above FY25 actual general fund transfers of $55.7 thousand. Most of this request is in the personal services and employee benefits category, which means the agency receives additional funds from the statewide compensation package. For FY26, the Legislature included a $57 thousand appropriation and the agency received $2,200 from the statewide compensation package. The LFC recommendation includes $59.2 thousand from the general fund, level with the FY26 amount. The LFC recommendation includes additional revenue from the PERA trust fund to cover the difference requested by the agency.

For other costs, the agency requested an increase of $199 thousand, or 3.7 percent. The bulk of the request was for information technology agreements and for maintenance to the agency's facility. PERA owns and operates its own facility, rather than receiving space from the state General Services Department.

PERA's FY24 audit received an unmodified opinion with no significant deficiencies or material weaknesses. The audit included one finding related to the calculation of cost-of-living adjustments for two retirees from the judicial retirement system. PERA has since corrected the error.

Asset Management. For FY25, the fund earned 9.7 percent on investments, net of external asset management fees, and the market value of the fund increased by $1.16 billion, to a total value of $18.7 billion. Over the long term, PERA continues to lag behind its long-term investment return target of 7.25 percent, returning 6.6 percent over the last 10 years, although shorter term performance is better at 8.7 percent over five years and 7.5 percent over three years. The agency's five-year return was below both the performance of the Educational Retirement Board, at 10.4 percent, and the land grant permanent fund, at 9.5 percent, but above the performance of the severance tax permanent fund, at 7.7 percent. Compared with other large public funds, PERA's returns ranked in the bottom half of funds for long-term returns. In the five-year period, the fund had returns lower than 58 percent of other funds, while for the 10-year period the agency had lower returns than 83 percent of other public funds valued at more than $1 billion.

Consistently meeting the agency's targeted investment returns over the long term is critical for both the agency's long-term stability and the finances of retired members because PERA pays annual cost-of-living adjustments based on a risk-sharing model that increases annual adjustments with higher investment returns.

Sustainability. Pension funding improved greatly over the past decade because legislation reducing benefits and increasing contributions was enacted. In 2013, PERA benefits were reduced for new employees and cost-of-living adjustments (COLA) paid to retirees were reduced to better reflect actual price inflation. However, these changes were insufficient to cover costs and, in 2020, the Legislature increased contributions to the fund by 4 percentage points (2 percent from the employee and 2 percent from the employer) and changed the way the COLA is paid. Under the new law, annual COLAs are based on investment returns and funded status. At current funding levels, for example, retirees from the state general plan are eligible for a COLA of between 0.5 percent and 2.1 percent, depending on investment performance. Changes to the method for calculating annual cost-of-living adjustments have led to reduced COLAs for PERA retirees. Due to below-target returns and fund valuations, members saw a 0.5 percent annual adjustment in 2023 and 2024 and a 0.63 percent COLA in 2025. The reforms have helped improve the sustainability of the plan, decreasing the time it will take to eliminate the unfunded liability from infinite in 2019 and 106 years in 2020 to 52 years in 2024.

At the time of the 2024 valuation, the five retirement plans created by the Public Employees' Retirement Act—state employees, state police, municipal employees, municipal police, and municipal fire—were 67.2 percent funded collectively. However, funding of the individual plans varies significantly. The state employees plan, also called state general plan three, was 56.3 percent funded with an unfunded liability of $4.8 billion, while the state police and correctional officer plan was 124.3 percent funded with a surplus of $330 million. Other funds managed by PERA had similar differences. The judicial retirement fund was 56.1 percent funded with an unfunded liability of $94 million and the magistrate retirement fund was 52.4 percent funded with an unfunded liability of $31.1 million. However, the volunteer firefighter fund was 172 percent funded and the legislative retirement fund was 94.3 percent funded.

PENSION ADMINISTRATION

The purpose of the pension administration program is to provide information, retirement benefits and an actuarially sound fund to association members so they can receive the defined benefit they are entitled to when they retire from public service.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Number of years to eliminate actuarial accrued liability	53.0	52.0	30.0	30.0	30.0
Outcome	Number of basis points that ten-year annualized investment return differs from board-approved total fund benchmark	33.0	(70.0)	30.0	30.0	30.0
Outcome	Number of basis points that five-year annualized investment return differs from board-approved total fund benchmark	94.0	141.0	30.0	30.0	30.0
Explanatory	Average rate of net return over the last ten years	6.06%	6.60%	N/A	N/A	N/A
Outcome	Rate of the cost of investment comparable with an industry median cost of peers adjusted for differences in fund size and asset mix	49.0	46.0	85.0	85.0	85.0
* Explanatory	Average rate of net return over the last five years	6.68%	8.66%	N/A	N/A	N/A

Statutory Authority
The State Commission of Public Records was established by the Public Records Act, Sections 14-3-1 through 14-3-25 NMSA 1978. The commission governs the operations of the State Records Center and Archives, which administers the State Rules Act Sections 14-4-1 through 14-4-9 NMSA 1978. The act guides the development of style and format requirements for rules filed by executive agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,063.4	3,368.4	3,502.5	3,502.5	4.0
Other Transfers	86.2	0.0	0.0	0.0	0.0
Federal Revenues	32.3	40.0	40.0	40.0	0.0
Other Revenues	148.5	137.3	137.3	137.3	0.0
Fund Balance	0.0	122.5	122.5	122.5	0.0
TOTAL SOURCES	**$3,330.4**	**$3,668.2**	**$3,802.3**	**$3,802.3**	**3.7**
USES					
Personal services and employee benefits	2,681.1	3,146.6	3,250.1	3,250.1	3.3
Contractual services	128.3	116.6	128.9	128.9	10.5
Other	361.8	405.0	423.3	423.3	4.5
TOTAL USES	**$3,171.2**	**$3,668.2**	**$3,802.3**	**$3,802.3**	**3.7**
FTE					
Permanent	26.0	35.0	27.0	27.0	(22.9)
TOTAL FTE	**26.0**	**35.0**	**27.0**	**27.0**	**(22.9)**

At A Glance
For FY27, the State Commission of Public Records (CPR) requested an operating budget of approximately $3.8 million, reflecting a general fund increase of $134.1 thousand, or 4 percent, relative to the FY26 operating budget. The request holds other state funds, federal funds, and the use of fund balance in line with FY26 levels. The commission requested an increase of $103.5 thousand, or 3.3 percent, in personnel to account for group insurance and employee liability premium increases and an increase of $12.3 thousand, or 10.5 percent, in the contractual services category for human resources services from the State Personnel Office and records destruction. The commission also requested an increase of $18.3 thousand, or 4.5 percent, in the other costs category to account for Department of Information Technology rate increases and increased rent costs for its Albuquerque facility. The LFC recommendation supports the requested increases for an overall general fund operating budget increase of $134.1 thousand, or 4 percent.

The commission reports challenges in achieving full staffing and will revert approximately $243.6 thousand, or 8 percent, from its FY25 personnel operating budget. CPR received a general fund increase in personnel of $95 thousand, or 2.9 percent, in its FY26 operating budget to fill vacancies. The commission currently has a funded vacancy rate of 4.1 percent, equivalent to $127.9 thousand, due to challenges hiring a network administrator.

RECORDS, INFORMATION AND ARCHIVAL MANAGEMENT

The purpose of the records, information and archival management program is to develop, implement and provide tools, methodologies and services for use by, and for the benefit of, government agencies, historical record repositories and the public so the state can effectively create, preserve, protect and properly dispose of records, facilitate their use and understanding and protect the interests of New Mexicans.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of permanent records rehoused, described or reproduced to be made accessible to the public and other key stakeholders representing the judicial, legislative and executive branches of state government	14,213.0	13,681.0	8,000.0	8,000.0	8,000.0
Outcome	Number of trainings offered to state employees on the proper management of public records in compliance with the Public Records Act	33.0	33.0	24.0	24.0	24.0
Outcome	Number of state employee trainings on filing and publishing notices of rulemaking and rules in compliance with the State Rules Act	86.0	95.0	24.0	24.0	24.0
Outcome	Number of agency educational, research, preservation and community outreach activities that foster and facilitate an appreciation and understanding of New Mexico history and culture	61.0	60.0	50.0	50.0	50.0
Outcome	Number of days to compile and post all rules onto the New Mexico Administrative Code website from their effective date	5.0	30.0	30.0	30.0	30.0
Outcome	Number of records described and made available online via a descriptive finding aid to support law enforcement, attorneys, the courts and the public	Discontinued	0.0	Discontinued	Discontinued	0.0
Outcome	Percent of requests by records custodians to access public records stored in the records center within twenty-four business hours and percent of requests to access archival holdings within two hours of on-site request, adhering to any applicable laws	100%	100%	100%	100%	100%

Statutory Authority
Article V, Section 1, of the New Mexico Constitution creates the office of the Secretary of State. The secretary of state may be elected for two consecutive four-year terms and is second in line behind the lieutenant governor to assume the responsibilities of the governor. The secretary of state is the keeper of the Great Seal of the State of New Mexico and affixes the seal to all commissions issued in the name of the state and signed by the governor. Article V, Section 2, of the New Mexico Constitution requires the returns of every election for state officers be sealed and transmitted to the secretary of state who, with the governor and state Supreme Court chief justice, constitute the state canvassing board. The Bureau of Elections is responsible for administering the state Election Code.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	31,977.5	9,575.7	15,006.8	9,856.3	2.9
Other Transfers	194.7	0.0	0.0	0.0	0.0
Federal Revenues	0.0	1,369.3	780.0	780.0	(43.0)
Other Revenues	1,950.1	90.7	90.0	90.0	(0.8)
TOTAL SOURCES	**$34,122.3**	**$11,035.7**	**$15,876.8**	**$10,726.3**	**(2.8)**
USES					
Personal services and employee benefits	6,395.2	7,141.8	8,683.3	7,827.1	9.6
Contractual services	2,917.7	2,046.7	3,107.8	1,467.3	(28.3)
Other	17,354.1	1,847.2	4,085.7	1,431.9	(22.5)
TOTAL USES	**$26,667.0**	**$11,035.7**	**$15,876.8**	**$10,726.3**	**(2.8)**
FTE					
Permanent	61.0	65.0	68.0	65.0	0.0
Temporary	0.0	4.0	0.0	0.0	(100.0)
TOTAL FTE	**61.0**	**69.0**	**68.0**	**65.0**	**(5.8)**

At A Glance
For FY27, the Secretary of State (SOS) requested a general fund base budget of $14.4 million with 68 FTE, 12 percent higher than the FY26 request. When compared to the FY26 operating budget, the general fund request was 50 percent higher because SOS moved more election operations to the base, as opposed to the election fund. SOS also brought forward previously authorized federal funding from federal Help America Vote Act (HAVA) grants for county security initiatives and included fee revenue for some fixed costs. Due to uncertainty around future HAVA grants, SOS asked for a $615.2 thousand expansion from the general fund to replace federal funding for voter engagement positions and to complete local HAVA security-related projects. HAVA remains authorized, although Congress has not completed the FY26 appropriation process. In addition to several special and supplemental appropriation requests from the general fund to complete an election modernization project, update SOS's website and voter database, and refresh voting systems, SOS also asked for $15 million for the election fund and $1.4 million to address projected overspending this fiscal year. The LFC recommendation includes a general fund revenue increase of $280.6 thousand, or 2.9 percent, from FY26. For personnel, the recommendation reflects an increase of $685.3 thousand, or 9.6 percent, to backfill employee health insurance and other GSD rates and prior year spending in excess of budget.

Budget Issues
In New Mexico, counties are responsible for on site election administration, including how many polling places to open, poll workers to hire, and what local logistics to implement, which all contribute to rising election costs. The Secretary of State (SOS) provides coordinated support to counties and the state to ensure compliance with state and federal election laws, provides training on changes and risks that affect elections, secures and pays for most election system vendors and consultants, and limits by rule election expenses allowed at the county level for reimbursement. This division of duties is meant to address local implementation while the state maintains consistency across counties. There are now about 1.4 million eligible voters in New Mexico and almost half cast early voting ballots. About two-thirds of eligible voters in New Mexico turned out for the 2024 general election.

The LFC's Program Evaluation Unit's election costs report (June 2025) found that election administration costs for New Mexico have nearly tripled the last three fiscal years. Major cost drivers identified included poll worker and election judge salaries and staffing levels, the number of polling locations in excess of statutory minimums and their operating costs, and the rising costs for voting systems and vendor contracts (e.g., for ballot-on-demand systems). Although the state's share of election costs has grown, now up to 80 percent of county election expenses, data collection and cost estimation at the county level remains inconsistent, making cost forecasting difficult. Recommendations in the report included improving expense tracking and data collection, strengthening reimbursement guidelines, assessing polling-place networks for efficiency, and reexamining voting equipment and vendor contracts for standard systems across counties.

The Administration and Operations Program maintains government, business and commercial records in addition to providing administrative and election support for the office. For FY27, the SOS requested a total appropriation of $8.2 million, an increase of about $1.9 million, from the FY26 operating budget. The request included $800 thousand for increases for personnel, bank fees, and for IT agreements that support business transactions and campaign finance information systems. The LFC recommendation provides sufficient funding to cover the cost of filled positions and smaller increases than requested to enhance enterprise systems, such as for online business and commercial filings.

For the Elections Program, SOS requested a total appropriation of $7.7 million, an increase of about $2.9 million, from the FY26 operating budget. The request included $621 thousand for increases for personnel and $1.9 million from moving certain election operations to the base budget including over $1 million for voting infrastructure and $374 thousand for IT hardware and software agreements. The LFC recommendation includes funding to cover the cost of filled positions, IT usage- and subscription-based fee increases, election-related training, printing and other fixed costs. Despite the availability of services from the Department of Information Technology (DoIT), SOS manages most IT needs internally. SOS should partner with DoIT, which manages major statewide systems, and approves large IT projects, to evaluate potential savings in voting-technology procurement and support that does not adversely affect voter access.

The Local Election Act, adopted in 2018, established an election fund to cover local election costs. The fund was initially supported with annual assessments from local governments. But those assessments were never sufficient to keep up with the rising costs of election administration and infrastructure. Changes to the Election Code since that time removed provisions for the assessments, leaving the fund without a source of revenue. This was compounded at times by the lack of consistency with county reporting of election costs. Since then, as the state's share of election expenses increased, SOS has received special and supplemental funding from the Legislature with repeated cycles of one-time appropriations.

A legislative change enacted in Laws 2024, Chapter 24, included a new funding mechanism for the election fund outside the annual legislative request and approval processes, ensuring that money expended from the fund for statewide elections up to $15 million per election is reimbursed to SOS. SOS is responsible for following DFA guidelines for certifying election costs, and counties are responsible for adhering to agreements with SOS that detail approved expenditures and provide expense reports. But the election fund may at times operate with a negative cash balance because funds are released on a reimbursement basis. With the increases for election infrastructure and administration outpacing inflation, there is concern the cost of future elections may soon be more than the $15 million permissible in Chapter 24.

New Mexico improved from ninth place in 2018 to first place in 2022 in the latest national ranking for election administration according to the Massachusetts Institute of Technology's Elections Performance Index. The state received recognition for low ballot rejection rates, post-election audits, online voter resources, and modern election administration infrastructure.

Base Expansion

SOS requested an expansion to add an elections outreach coordinator, previously funded federally as a term position. LFC supports repurposing a vacant position. Additionally, the LFC recommendation does not include swapping irregular federal funding with general fund revenue for local HAVA funded and security-related infrastructure projects.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Replacement of Federal Funds (Help America Vote Act) Aimed at Election Security and Voter Engagement	P783	615.2	0.0
TOTAL			**$615.2**	**$0.0**

ADMINISTRATION AND OPERATIONS

The purpose of the administration and operations program is to provide operational services to commercial and business entities and individuals, including administration of notary public commissions, uniform commercial code filings, trademark registrations and partnerships and to provide administrative services needed to carry out elections.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,967.1	6,162.0	8,120.6	6,252.3	1.5
Other Transfers	194.7	0.0	0.0	0.0	0.0
Other Revenues	194.5	90.7	90.0	90.0	(0.8)
TOTAL SOURCES	**$5,356.3**	**$6,252.7**	**$8,210.6**	**$6,342.3**	**1.4**
USES					
Personal services and employee benefits	4,324.7	4,841.5	5,641.9	5,058.0	4.5
Contractual services	66.7	597.9	800.1	225.3	(62.3)
Other	765.7	813.3	1,768.6	1,059.0	30.2
TOTAL USES	**$5,157.1**	**$6,252.7**	**$8,210.6**	**$6,342.3**	**1.4**
FTE					
Permanent	40.0	44.0	45.0	45.0	2.3
Temporary	0.0	4.0	0.0	0.0	(100.0)
TOTAL FTE	**40.0**	**48.0**	**45.0**	**45.0**	**(6.3)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Average number of days to process corporate registration requests	TBD	15.0	15.0	5.0	5.0
Output	Average number of days to process partnership registration requests	TBD	2.0	2.0	1.0	1.0

ELECTIONS

The purpose of the elections program is to provide voter education and information on election law and government ethics to residents, public officials and candidates so they can comply with state law.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	27,010.4	3,413.7	6,886.2	3,604.0	5.6
Federal Revenues	0.0	1,369.3	780.0	780.0	(43.0)
Other Revenues	1,755.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$28,766.0**	**$4,783.0**	**$7,666.2**	**$4,384.0**	**(8.3)**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	2,070.4	2,300.3	3,041.4	2,769.1	20.4
Contractual services	2,851.0	1,448.8	2,307.7	1,242.0	(14.3)
Other	16,588.5	1,033.9	2,317.1	372.9	(63.9)
TOTAL USES	**$21,509.9**	**$4,783.0**	**$7,666.2**	**$4,384.0**	**(8.3)**
FTE					
Permanent	21.0	21.0	23.0	20.0	(4.8)
TOTAL FTE	**21.0**	**21.0**	**23.0**	**20.0**	**(4.8)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office	90%	0%	91%	80%	91%
Output	Number of training sessions provided to all county clerks on changes to the election code	4.0	16.0	2.0	5.0	5.0
* Outcome	Percent of eligible voters registered to vote	82%	82%	85%	85%	85%
Outcome	Percent of voting machines tested	100.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Number of counties meeting the Uniformed and Overseas Citizens Absentee Voting Act deadline of mailing overseas ballots not later than forty-five days before an election	33.0	33.0	N/A	N/A	N/A
* Outcome	Percent of reporting individuals in compliance with campaign finance reporting requirements	86%	85%	97%	90%	97%
Outcome	Percent of reporting individuals who have been issued a notice of final determination for non-compliance	100%	100%	100%	100%	100%
Explanatory	Number of campaign finance training sessions offered each fiscal year	7.0	8.0	N/A	N/A	N/A
Explanatory	Number of reporting individuals out of compliance with campaign finance reporting requirements	115.0	15.0	N/A	N/A	N/A
Explanatory	Percent of eligible voters who voted in the June statewide primary election in even fiscal years	22.83%	22.83%	N/A	N/A	N/A
Explanatory	Percent of eligible voters who voted in the November statewide general election in odd fiscal years	N/A	69.08%	N/A	N/A	N/A
Explanatory	Percent of eligible voters who voted in the November statewide local election in even fiscal years	20.54%	20.54%	N/A	N/A	N/A

Statutory Authority
The Personnel Act, Sections 10-9-1 through 10-9-25 NMSA 1978, creates the State Personnel Board and the State Personnel Office and requires the board to provide for a system of classified state employment based solely on qualifications and ability. The board has jurisdiction over issues related to employee classification and compensation, testing and qualifications for professionals, probationary periods, and disciplinary procedures. The director of the State Personnel Office supervises administrative and technical personnel activities and acts as secretary to the board.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,367.2	4,744.2	5,174.8	4,952.6	4.4
Other Transfers	399.3	216.4	240.0	240.0	10.9
TOTAL SOURCES	**$4,766.5**	**$4,960.6**	**$5,414.8**	**$5,192.6**	**4.7**
USES					
Personal services and employee benefits	4,340.9	4,561.0	4,803.2	4,793.0	5.1
Contractual services	93.9	81.0	288.0	103.0	27.2
Other	294.0	318.6	323.6	296.6	(6.9)
TOTAL USES	**$4,728.8**	**$4,960.6**	**$5,414.8**	**$5,192.6**	**4.7**
FTE					
Permanent	36.0	44.0	44.0	44.0	0.0
TOTAL FTE	**36.0**	**44.0**	**44.0**	**44.0**	**0.0**

At A Glance
The State Personnel Office (SPO) requested a $454.2 thousand, or 9.2 percent, increase for FY27, with most of the increases allocated to personnel costs to cover health insurance and a significant rise in employee liability premiums. Additionally, the agency requested funds to contract for an online portal for the processing of personnel request and for other information technology products provided by the Department of Information Technology.

The LFC recommendation includes an increase of $232 thousand to the personnel category to cover the costs of rate increases and to replace funds the agency received from the health care affordability fund in FY26. The LFC recommendation supports an increase in the contracts category to reflect a FY26 budget adjustment that moved funds from the other costs category to the contracts category to allow the agency to purchase job market data from a vendor. As a result, the recommendation includes a decrease to the other costs category equal to the increase in contractual services.

Budget Issues
SPO is responsible for the administration, oversight, and overall maintenance of the framework behind the state's classified service system. Currently, nearly 18 thousand executive branch employees are part of this system, accounting for more than $1.8 billion in agency spending on salaries and benefits. In addition to setting up the general framework, SPO acts as a resource for agency human resources staff, providing consultation, analysis, and support on compensation issues in order to ensure the needs of the state are met in response to market demands. Ultimately, individual agencies are responsible for developing and implementing specific compensation programs that comply with rules adopted by the Personnel Board.

More than 90 percent of the agency's budget is for personnel costs. SPO requested an increase of $242 thousand, which includes replacement of revenue received by the agency from the health care affordability fund to cover 80 percent of staff health insurance costs, as well as projected increases in health insurance for FY27. Additionally, the request included $68.6 thousand for increases to employee liability insurance offered by the General Services Department's Risk Management Division. The amount represents a 61 percent increase over the current year, larger than the average increase due to prior year losses that exceeded the agency's premiums.

For FY26, SPO received a $950 thousand appropriation from the government results and opportunity (GRO) fund for additional staffing to support the agency's adoption of a new classification and compensation system aligned with the recommendation of a study jointly conducted by LFC, the Department of Finance and Administration (DFA), and SPO. The GRO funds will continue for FY27, providing an additional funding source for the 6 FTE.

SPO receives a small amount of its budget from contracts with other state agencies that are too small to directly hire human resources staff and from mid-sized agencies that have lost staff and need temporary assistance to perform human resources functions. The agency requested $240 thousand from these fees, but the total amount the agency will receive is uncertain because it is unclear how long some mid-sized agencies will need to contract for HR services. In FY25, SPO collected $399 thousand in fees. In recent years, SPO has received budget adjustment language, allowing the agency to budget and spend additional revenue raised from temporary or other contract increases. The agency's request builds this additional revenue into salaries for agency staff.

Additionally, SPO requested $160 thousand in the contractual services category to create an online portal for the processing of personnel actions by agency staff. While increasing efficiency of the agency's internal system is a laudable goal, the agency should consider requesting funds through the Department of Information Technology's (DoIT) process for IT projects. For FY26, the agency received additional funds in the other costs category to pay for job market data from a private firm. For FY27, the agency requested these funds in the contracts category. Despite moving these funds out of the other costs category, the agency requested a small increase in other costs for rate increases, to purchase additional technology products from DoIT, and for additional advertising.

The LFC recommendation includes $232 thousand in the personnel category to fund increased health insurance costs and liability insurance rates requested by the agency. The recommendation uses the additional revenue the agency requested from HR services fees to offset the increased healthcare and liability insurance cost, resulting in a smaller increase from the general fund than the amount requested by the agency. The LFC recommendation also supports the shift in funds from the other costs category to the contracts category to fund the agency's contract for job market data. As a result, the recommendation removes $22 thousand from other costs to increase the contractual services category.

Personnel Study. SPO, LFC, and DFA recently oversaw a joint study of the state's system of classification and compensation. Based on recommendations from the study, the Personnel Board adopted a new job classification system that organizes the classified service into 14 job families, each with identifiable career tracks and job levels designed to provide a path for job growth as employees progress through their careers. Notably, SPO's updated system replaces several generalized job classifications into family-specific classifications, which can be better benchmarked to the broader job market. The state's revised pay structure consolidated 12 separate salary schedules with 110 individual pay bands down to one salary schedule with 20 pay bands.

Although the new classification system was implemented beginning in FY26, proper maintenance of the system will be an ongoing challenge for SPO. The agency will need to consistently review and update job classifications to reflect market realities, and the Legislature has provided the agency with additional resources to perform in-house reviews of job classifications.

State Workforce. The overall state workforce has continued to grow, with non-temporary workers rising from 22,223 in July 2024 to 23,120 in July 2025, an increase of 897 employees, or 4 percent. Despite the increases in headcount, data continues to show high vacancy rates across state agencies, largely because agencies continue to add new positions to their organizational charts rather than filling vacant positions or reclassifying existing positions to meet current needs. Agency operating budgets continue to list 28,508 positions, well above current headcounts. As a result, SPO reports an average vacancy rate in the classified service of 21.6 percent in FY25, below the 22.7 percent reported for FY24, but still significant in light of the increases in the number of employees.

SPO is responsible for making periodic adjustments to salary schedules and assigning pay ranges to individual jobs to keep state salaries competitive with the local and regional labor markets. While for many years, performance data indicated salaries offered by the state of New Mexico were falling behind the broader labor market, recent adjustments make salary schedules more competitive, especially at lower salary ranges. The state tracks salary using compa-ratios, which divide the salary an employee receives by the midpoint of the salary range. Ideally, a new employee would begin at a relatively low salary level and progress through the range with regular raises reflecting the increased experience of the employee.

HUMAN RESOURCE MANAGEMENT

The purpose of the human resource management program is to provide a merit-based system in partnership with state agencies, appropriate compensation, human resource accountability and employee development that meets the evolving needs of the agencies, employees, applicants and the public so economy and efficiency in the management of state affairs may be provided while protecting the interest of the public.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of hire actions requiring state personnel office approval	NEW	N/A	N/A	N/A	N/A
* Explanatory	Average number of days to fill a position from the date of posting	64.0	64.0	N/A	N/A	N/A
Explanatory	Percent of classified employees who successfully complete the probation period	66%	67%	N/A	N/A	N/A
Explanatory	Percent of classified employees voluntarily leaving state service	11%	3%	N/A	N/A	N/A
Explanatory	Percent of classified employees involuntarily leaving state service	2%	1%	N/A	N/A	N/A
* Explanatory	Classified service vacancy rate	22.18%	21.60%	N/A	N/A	N/A
Efficiency	Average classified employee compa-ratio	100.50%	102.20%	100.00%	100.00%	100.00%
Explanatory	Average classified employee new hire compa-ratio	96.90%	98.40%	N/A	N/A	N/A
Explanatory	Number of candidate hires external to state government	3,465.0	3,268.0	N/A	N/A	N/A
Outcome	Number of human resource trainings held annually in partnership with agencies	16.0	14.0	12.0	12.0	12.0
* Explanatory	Number of in-pay-band salary increases awarded	890.0	2,461.0	N/A	N/A	N/A
* Explanatory	Average total compensation of classified service employees	$109,121	$112,517	N/A	N/A	N/A
* Explanatory	Cost of overtime pay	$44,833,536	$45,731,488	N/A	N/A	N/A
Outcome	Number of human resource rule compliance audits conducted annually	817.0	5,073.0	1,000.0	1,000.0	1,000.0
Outcome	Number of state personnel office led trainings offered annually	174.0	213.0	100.0	100.0	100.0

Statutory Authority
The New Mexico Public Employee Bargaining Act (PEBA), Sections 10-7E-1 through 10-7E-26 NMSA 1978, creates the Public Employee Labor Relations Board (PELRB). The act authorizes collective bargaining for public employees, which had previously expired in 1999. The board consists of three members appointed by the governor; one of those members must be recommended by labor organizations and another member must be recommended by two other board members.

One of the state's smallest agencies, PELRB serves as the decision-maker of first resort for public employer and labor organization disputes under the Public Employee Bargaining Act (PEBA). The board also ensures local governments operating under a collective bargaining agreement are in compliance with PEBA by monitoring their decisions.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	297.9	324.8	324.8	324.8	0.0
Other Transfers	6.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$304.8**	**$324.8**	**$324.8**	**$324.8**	**0.0**
USES					
Personal services and employee benefits	207.5	227.5	247.9	247.9	9.0
Contractual services	18.3	31.5	27.5	27.5	(12.7)
Other	71.8	65.8	49.4	49.4	(24.9)
TOTAL USES	**$297.6**	**$324.8**	**$324.8**	**$324.8**	**0.0**
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	**2.0**	**2.0**	**2.0**	**2.0**	**0.0**

At A Glance
The agency requested an overall flat budget for FY27 but requested adjustments between budget categories to reflect current needs. The agency requested a $20.4 thousand, or 9 percent, increase in the personnel category, offset by a $4,000 reduction in contractual services and a $16.4 thousand reduction in the other costs category. In prior years the agency received appropriations in the other costs category to fund the purchase of new teleconferencing equipment. The LFC recommendation supports the agency's request.

In recent years, PELRB has relied heavily on contractual services for agency operations, contracting with the Administrative Office of the District Attorneys for chief financial officer services and for hearing officers, as needed. Since 2020 revisions to the Public Employee Bargaining Act, the average number of cases per year has ticked up. According to the agency's 2024 annual report, from 2013 to 2020 the agency averaged 35.6 cases filed per year, while from 2021 through 2024, an average of 59 cases were filed. In 2023, 70 cases were filed, and in 2024 60 cases were filed, more in line with the agency's average from 2004 through 2012, when an average of 78 cases were filed per year.

PUBLIC EMPLOYEES LABOR RELATIONS BOARD

The purpose of the public employee labor relations board program is to ensure all state and local public body employees have the option to organize and bargain collectively with their employer.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of decisions overturned on appeal	0%	20%	N/A	N/A	N/A
Outcome	Percent of determinations of approval of local labor relations boards, bargaining unit recognition petitions and prohibited practice complaints processed and completed within the applicable regulatory deadlines	94%	100%	100%	100%	100%

Statutory Authority
The Office of the State Treasurer (STO) is established within the executive branch of government by Article V of the New Mexico Constitution. The principal statutory provisions governing the Office of the State Treasurer are Sections 6-1-13, 6-8-6, 6-8-11, 6-10-10, 6-10-25 through 6-10-29, 6-10-37, 7-27-24 and 7-27-25, 8-6-1 through 8-6-7, 29-4-5, and 58-18-4 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,611.2	4,854.2	6,971.7	4,854.2	0.0
Other Transfers	92.1	0.0	0.0	0.0	0.0
Federal Revenues	3.1	2.6	3.1	3.1	19.2
Other Revenues	1,529.7	564.0	750.0	1,213.0	115.1
TOTAL SOURCES	**$6,236.1**	**$5,420.8**	**$7,724.8**	**$6,070.3**	**12.0**
USES					
Personal services and employee benefits	3,473.0	4,032.6	5,752.9	4,392.5	8.9
Contractual services	515.5	526.2	920.2	726.1	38.0
Other	1,289.6	862.0	1,051.7	951.7	10.4
TOTAL USES	**$5,278.1**	**$5,420.8**	**$7,724.8**	**$6,070.3**	**12.0**
FTE					
Permanent	23.0	35.0	39.0	36.0	2.9
TOTAL FTE	**23.0**	**35.0**	**39.0**	**36.0**	**2.9**

At A Glance
The Office of the State Treasurer (STO) requested an increase in revenue from the state general fund of $2.1 million, or 43.6 percent, from FY26. The request included an increase in other state funds of $186 thousand, or 33 percent, from fees earned administering the local government investment pool, for a total of $750 thousand. In FY25, the local government investment pool generated $1.52 million in administrative fees for STO. The investment policy allows fees collected from participants to be used by STO for administrative expenses and services. The request reflected an increase of $1.7 million to fund 31 authorized FTE and add four senior investment oversight and IT staff. Overall, the LFC recommendation keeps general fund revenue flat with the FY26 operating budget and includes a 9 percent increase in personnel to add another senior investment FTE.

STO's requests in recent years have sought to swap other state funds with more revenue from the general fund. The request to increase other state funds for contracts and other costs is primarily for overnight repurchase agreements services, ongoing technical support for the investment accounting system, and information technology. The LFC recommendation includes smaller inflationary increases than requested for contractual services and IT equipment refreshing and provides an increase of 16 percent, or $629 thousand, from actual spending for personnel to meet investment goals.

Budget Issues
STO serves as the state's "banker"–managing cash flows, deposits, and investments of the state general fund investment pool, local government investment pool, and other funds. In recent years, investment returns under STO have become a material source of general fund revenue, although volatile. Oversight by the State Board of Finance (BOF) is a key control mechanism to ensure the integrity of state cash management and investment practices. STO reports to the BOF monthly, and the BOF and STO jointly approve the investment policy. Depending on the timing and volume of agency cash receipts, idle cash is pooled and placed into short-term investments managed by STO. As of a 2019 amendment, the Educational Retirement Board, the Public Employee Retirement Association, and State Investment Council were allowed to join the local pool, on a voluntary basis, to safely invest their idle cash with STO along with other local governmental entities at relatively low cost.

The priorities for STO's investment strategy, overseen by BOF, are (1) safety of principal, (2) maintenance of liquidity, and (3) maximum return on investments. At the end of August, the state general fund investment pool stood at $10.3 billion, with 32 percent of the portfolio invested in securities that mature in one year; 24 percent that mature in one-two years; 35 percent in two-four years; and 9 percent within five years. For the prior year, the general fund pool outperformed its benchmark; returns were 4.68 percent versus 4.46 percent. Over this same time period, the local government investment pool earned $16.6 million. Local pool earnings are retained by the participants after a fee of 5 percent is paid. In total, STO reports managed assets for FY25 were $19.4 billion, and earnings were $722 million.

STO's FY25 audit is under review. The FY24 audit, however, noted a significant deficiency in internal controls for the rebate of arbitrage earnings to the federal government on certain bonds. The lack of controls in place led to a missed arbitrage liability being recorded at year end (arbitrage payments are rebates to the U.S. Treasury when tax-exempt bonds earn more than allowed.) The auditor recommended STO work closely with the BOF to change the process to ensure STO receives monthly statements from the arbitrage consultant. Once those monthly statements are received, STO would ensure the arbitrage estimate is properly recorded. STO agreed to comply with the auditor's recommendation by July 2025.

In June 2025, as a staff item at a monthly board meeting, the BOF accepted a report of a review it had authorized to assess STO's internal controls and adherence to the investment policy. Reviewers looked at 60 trades. Findings included the need for BOF and STO to reconcile their approved broker-dealer lists more frequently to ensure they only include those authorized parties. The review also found some trades are not receiving the required second review (or third for a trade over $25 thousand) and some trade packets are not complete and are missing information, such as security bond ratings, to verify compliance with investment policy. The review confirmed the need for a senior investment officer or manager, independent of trading, to oversee investment activities. Meantime, BOF agreed to be the responsible party and work with STO to establish and maintain internal controls, including monitoring of ongoing investment-related activities. Presumably, BOF will incur costs related to its expanded oversight role.

STATE TREASURER

The purpose of the state treasurer program is to provide a financial environment that maintains maximum accountability for receipt, investment and disbursement of public funds to protect the financial interests of New Mexico residents.

Recommended Language

The other state funds appropriation to the state treasurer program includes one million two hundred thirteen thousand dollars ($1,213,000) from local government investment pool funds from fees, administrative charges or similar revenues earned by the state treasurer from the operation of the local government investment pool, established pursuant to Section 6-10-10.1 NMSA 1978. Any unexpended balances in the state treasurer program remaining at the end of fiscal year 2027 from the other state funds appropriation shall revert to the general fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of basis points that one-year annualized investment return on local government investment pool differs from internal benchmark	5.0	15.0	5.0	5.0	5.0
* Outcome	Number of basis points that one-year annualized investment return on general fund core portfolio differs from internal benchmark	32.0	18.0	10.0	10.0	10.0
Outcome	Maximum number of audit findings	0.0	2.0	2.0	0.0	0.0
Outcome	Percent of reconciling items cleared within thirty days of posting of accounting lines, completion and budget check by the agency	99%	99%	99%	99%	99%
Explanatory	Amount of forfeiture sale proceeds deposited to the general fund	$0	$22,795	N/A	N/A	N/A
Explanatory	Percent of liquidity pool to total state general fund investment pool	40.89%	42.60%	N/A	N/A	N/A

Commerce and Industry

Statutory Authority
The seven-member Board of Examiners for Architects is authorized by Sections 61-15-1 through 61-15-13 NMSA 1978. The board is charged with ensuring any person practicing architecture complies with the provisions of the Architecture Act. The agency regulates the professional conduct of architects by registering only qualified individuals, investigating complaints and violations, monitoring compliance with continuing education requirements, and working with other regulatory entities concerned with the built environment.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	437.1	352.1	373.1	361.8	2.8
Fund Balance	30.7	251.5	255.6	255.6	1.6
TOTAL SOURCES	**$467.8**	**$603.6**	**$628.7**	**$617.4**	**2.3**
USES					
Personal services and employee benefits	356.1	472.8	483.4	472.1	(0.1)
Contractual services	34.2	47.5	60.9	60.9	28.2
Other	77.5	83.3	84.4	84.4	1.3
TOTAL USES	**$467.8**	**$603.6**	**$628.7**	**$617.4**	**2.3**
FTE					
Permanent	2.0	4.0	4.0	4.0	0.0
TOTAL FTE	**2.0**	**4.0**	**4.0**	**4.0**	**0.0**

At A Glance
The Board of Examiners for Architects (BEA) requested a $25.8 thousand increase in its FY27 operating budget, a 4.3 percent increase above its FY26 operating budget. The agency requested to increase its use of other revenues by $21 thousand, or 6 percent, and its use of fund balance by $4,800, or 1.9 percent. The agency's requested increase for its personnel category was $11.3 thousand for premium increases, and its request for contractual services was a $13.5 thousand increase to support compliance fieldwork.

The LFC recommendation increases the agency's FY27 operating budget by $13.5 thousand, or 2.4 percent, to help support the agency's compliance fieldwork. The requested increase in personnel was not supported by the committee because the agency has an estimated $129 thousand in savings from funded but unfilled positions.

ARCHITECTURAL REGISTRATION

The purpose of the architectural registration program is to regulate, through enforcement and licensing, the professional conduct of architects to protect the health, safety and welfare of the general public of the state.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of audited registrants who successfully meet the continuing education requirements	91%	96%	95%	95%	95%
Output	Number of days from the receipt of a complaint to delivery to the enforcement committee	2.0	4.0	5.0	5.0	5.0
Outcome	Percent of reciprocity applicants who successfully complete the application process	90%	95%	90%	90%	90%
Efficiency	Percent of cases resolved prior to issuance of a notice of contemplated action	90%	90%	90%	90%	90%
Efficiency	Percent of cases where a notice of contemplated action has been issued but is resolved prior to hearing	50%	80%	50%	50%	50%

Statutory Authority
Article V, Section 17, of the New Mexico Constitution, establishes the State Ethics Commission and was approved by the state's voters in the 2018 general election. The commission consists of seven commissioners–five appointed by the governor and House and Senate leadership and two appointed by the first five commissioners. The commission began operations on January 1, 2020.

Sections 10-16G-1 through 10-16G-16 NMSA 1978, the State Ethics Commission Act, establishes the primary functions and authority of the State Ethics Commission. This authority includes receiving, investigating, and adjudicating complaints against public officials, public employees, candidates, persons subject to the Campaign Reporting Act, government contractors, lobbyists, and lobbyists' employers. The commission also drafts a proposed code of ethics for public officials and public employees and issues advisory opinions on ethics issues.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,676.4	1,867.2	2,044.7	1,903.1	1.9
Other Transfers	36.5	0.0	0.0	0.0	0.0
Other Revenues	4.9	5.0	5.0	5.0	0.0
TOTAL SOURCES	**$1,717.8**	**$1,872.2**	**$2,049.7**	**$1,908.1**	**1.9**
USES					
Personal services and employee benefits	1,388.8	1,575.9	1,707.2	1,597.5	1.4
Contractual services	111.4	151.9	151.9	120.0	(21.0)
Other	183.4	144.4	190.6	190.6	32.0
TOTAL USES	**$1,683.6**	**$1,872.2**	**$2,049.7**	**$1,908.1**	**1.9**
FTE					
Permanent	10.0	10.0	11.0	10.0	0.0
TOTAL FTE	**10.0**	**10.0**	**11.0**	**10.0**	**0.0**

At A Glance
The State Ethics Commission requested a little more than $2 million from the general fund for FY27, an increase of $177.5 thousand, or 9.5 percent, over the FY26 operating budget. The request included an increase of 8 percent for personnel and an increase of 32 percent for other costs. The commission request of $1.7 million for the personal services and employee benefits category, up from $1.57 million, included $131.3 thousand for an additional FTE. The LFC recommendation supports a modest general fund increase, while also taking funds out of contractual services to supplement the increase in the other category. Additionally, the LFC recommendation does not support the increase in FTE but funds all 10 authorized positions.

Budget Issues
During the commission's first operating year, 2020, the commission was allocated $947.7 thousand. In FY25, the commission received an 11 percent increase, which resulted in a budget of $1.7 million, of almost 77 percent increase since the commission's inception. Additionally, the commission started with 6 FTE and now has 10 FTE. Out-of-cycle raises were given in FY24, ranging from 6 percent to 20.2 percent.

The commission requested an additional FTE to handle administrative matters related to notary publics. On average, per case, ministerial matters take seven to 10 hours, while probate cases take 30 to 40 hours. Currently, an attorney at the commission manages administrative matters part-time.

The LFC recommendation supports adding an additional $46.2 thousand into the other category, while also reducing contractual services by $31.9 thousand to bring contractual services closer to actual spending.

In FY25, the commission received, investigated, and adjudicated 73 administrative complaints. The commission also issued six formal advisory opinions and 29 informal advisory opinions. During FY25, the commission received 20 administrative matters related to notaries public. The commission delivered 22 separate trainings to state agencies, state boards and commissions, legislative committees, affiliate and professional organizations, and bar associations within New Mexico.

Performance. The State Ethics Commission FY25 audit had no findings. The commission met its performance measure that is not explanatory. The commission should consider adding a performance measure examining effectiveness, e.g. the percentage of cases adjudicated compared to the percent of administrative complaints received.

STATE ETHICS COMMISSION

The purpose of the state ethics commission program is to receive, investigate and adjudicate complaints against public officials, public employees, candidates, those subject to the Campaign Reporting Act, government contractors, lobbyists and lobbyists' employers and to ensure that public ethics laws are clear, comprehensive and effective.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of advisory opinions issued within sixty days of receipt	100%	100%	93%	90%	93%
Explanatory	Percent of ethics complaints within the agency's jurisdiction that are either disposed or set for public hearing within one hundred eighty days after a complaint is received	79%	98%	N/A	N/A	N/A

Statutory Authority
The Border Authority was created pursuant to the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, and is administratively attached to the Economic Development Department. The Border Authority is legislatively established as an independent executive branch agency at the international border with Mexico. The Border Authority is mandated to provide leadership in the development of infrastructure on both sides of the border that will support and foster an increase in trade activity at federal ports of entry.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	522.2	555.7	575.8	572.7	3.1
Other Transfers	8.8	0.0	0.0	0.0	0.0
Other Revenues	112.7	81.5	109.0	109.0	33.7
TOTAL SOURCES	**$643.7**	**$637.2**	**$684.8**	**$681.7**	**7.0**
USES					
Personal services and employee benefits	433.3	477.8	492.4	489.3	2.4
Contractual services	36.3	44.5	57.2	57.2	28.5
Other	76.8	114.9	135.2	135.2	17.7
TOTAL USES	**$546.4**	**$637.2**	**$684.8**	**$681.7**	**7.0**
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	**4.0**	**4.0**	**4.0**	**4.0**	**0.0**

At A Glance
The Border Authority requested a general fund increase of $20.1 thousand, or 3.6 percent, compared to FY26, primarily for increases in employee health benefits and telecommunications costs. The agency also requested to increase revenue from its enterprise fund by $27.5 thousand, or 33.7 percent, compared to FY26 for contractual services, employee travel, training, water utilities, and promotional items for the agency's recently renovated fee-for-use parking lot.

The agency's other revenue consists of lease, rental, and toll payments collected by the authority. The funds are nonreverting and can be used on construction, infrastructure, and operational costs. As of September 2025, the fund had a balance of $204.2 thousand.

LFC recommends a general fund increase of $17 thousand, or 3.1 percent, to partially fund increases in personnel costs and for telecommunication, IT, and audit increases. LFC supports the agency's request to increase revenue from its enterprise fund. Overall, the LFC recommendation increases the agency's budget by $44.5 thousand, or 7 percent.

Budget Issues
The Border Authority encourages development in the southern region of New Mexico by developing port facilities at the international border. The authority promotes and assists the public and private sectors in infrastructure development to attract new industry and businesses and create new employment opportunities in the area. The Border Authority's goal is to improve the flow, safety, and number of vehicles passing through the state's international ports of entry at Santa Teresa, Columbus, and Antelope Wells.

Enterprise Funding. The agency requested to increase funding from its enterprise funding by $27.5 thousand, or 33.7 percent, compared to FY26. The agency requested to increase contractual costs by $11 thousand, or 32.3 percent, for parking lot attendant services, cleaning services, construction consultants, and administrative support. The agency also requested to increase the other costs category by $16.5 thousand, or 34.7 percent, for employee travel, training, water utility, and promotional items for the agency's fee-for-use parking lot.

Capital Outlay. Between 2021 and 2025, the Legislature appropriated $24.1 million to the Border Authority for capital outlay projects, including $13.6 million in reauthorized appropriations. At the end of FY25, $15.9 million, or 66.3 percent, of total funds remained unspent. Major capital projects include renovations to a parking lot in Santa Teresa, a Columbus wastewater project, an elevated 1-million-gallon water storage tank, and a roadway corridor connecting state highways 136 and 273.

BORDER DEVELOPMENT

The purpose of the border development program is to encourage and foster trade development in the state by developing port facilities and infrastructure at international ports of entry to attract new industries and businesses to the New Mexico border and to assist industries, businesses and the traveling public in their efficient and effective use of ports and related facilities.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	35%	21%	35%	35%	35%
Output	Number of coordination meetings with border community leaders, congressional offices, Mexican federal agencies, federal and state agencies or international funding resources to maintain integrity of the international border in New Mexico	175.0	400.0	350.0	400.0	400.0
* Outcome	Number of commercial and noncommercial vehicles passing through New Mexico ports	2,310,016.0	1,291,300.0	1,250,000.0	1,250,000.0	1,250,000.0
Outcome	Number of New Mexico-Chihuahua and New Mexico-Sonora commission meetings	0.0	0.0	2.0	2.0	2.0

Statutory Authority
The Tourism Department was created in 1991 by the Tourism Department Act, codified as Sections 9-15A-1 through 9-15A-9 NMSA 1978. The act separated the Travel and Tourism Division from the former Economic Development and Tourism Department to form a new cabinet agency. The purpose of the act was to create a cabinet-level department to coordinate statewide tourism activities; provide a database for local and regional tourism groups; serve as a comprehensive source of information and assistance to tourism-related businesses wishing to relocate, expand, or do business in New Mexico; monitor the progress of state-supported tourism activities; and prepare annual reports of such activities, their status, and their impact.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	25,495.0	26,235.3	26,529.9	26,529.9	1.1
Other Transfers	117.7	0.0	0.0	0.0	0.0
Federal Revenues	465.2	0.0	0.0	0.0	0.0
Other Revenues	7,011.4	4,466.5	4,518.3	4,518.3	1.2
Fund Balance	0.0	400.0	250.0	250.0	(37.5)
TOTAL SOURCES	**$33,089.3**	**$31,101.8**	**$31,298.2**	**$31,298.2**	**0.6**
USES					
Personal services and employee benefits	6,010.4	6,214.9	6,622.9	6,622.9	6.6
Contractual services	2,382.9	2,255.1	2,255.3	2,255.3	0.0
Other	24,036.5	22,631.8	22,420.0	22,420.0	(0.9)
TOTAL USES	**$32,429.8**	**$31,101.8**	**$31,298.2**	**$31,298.2**	**0.6**
FTE					
Permanent	56.0	53.0	55.0	54.0	1.9
Term	0.0	7.0	9.0	9.0	28.6
Temporary	0.0	1.0	(1.0)	(1.0)	(200.0)
TOTAL FTE	**56.0**	**61.0**	**63.0**	**62.0**	**1.6**

At A Glance
The Tourism Department requested a general fund revenue increase of $294.6 thousand, or 1.1 percent, over FY26, primarily for personnel costs. The agency also requested to increase other revenue by $51.8 thousand, or 1.2 percent, and to decrease the use of fund balance from the litter control and beautification fund by $150 thousand, or 37.5 percent, compared to FY26. Overall, the agency requested a total budget increase of $196.4 thousand, or 0.6 percent, compared to FY26. LFC supports the agency's request due to the current unfunded vacancy rate and increases to employee benefits. The recommendation supports the agency's requests for other revenue and fund balance. The agency's request includes $18.6 million in its base budget for advertising. As in recent years, the committee may consider additional one-time funding for advertising.

Budget Issues
Marketing and Promotion. The agency's request increased general fund revenue by $26.7 thousand, or 0.1 percent, compared to FY26, including a $36.8 thousand increase in personnel costs, a $22.4 thousand reduction in contractual services, and $12.3 thousand increase in the other costs category.

The agency's other revenue consists of the tourism enterprise fund—primarily the repository for money going in and out of the department but also for very small amounts of revenue from the agency's penny press machines at visitor information centers. The agency uses the fund to collect partners' matches in the 2-to-1 cooperative marketing program for use in the partner's advertising campaign, which causes the fund balance to fluctuate throughout the year. The agency also moves funds for local and regional tourism development into the enterprise fund.

The Marketing Excellence Bureau was launched on July 1, 2024, to provide marketing-focused expertise and resources to executive branch agencies. The agency was appropriated $2 million during the 2024 legislative session to establish the bureau and an additional $2 million during the most recent session. The agency has used a large portion of the funding to create the digital and technical infrastructure to support the bureau.

The agency request to increase personnel costs by $36.8 thousand, or 2.6 percent, included a decrease of $46.5 thousand for compensation and an increase of $83.3 thousand for employee benefits and liability rates.

The agency's request decreased contractual services by $22.4 thousand, or 1.6 percent, due to a reduction in professional services. The agency also requested to increase the other costs category by $12.3 thousand for increases in supplies, Department of Information and Technology rates, and rent. For FY26, the Legislature's increase in the other costs category included $200 thousand for advertising for the New Mexico Bowl, which historically also receives one-time funding.

LFC supports the agency's request for the Marketing and Promotion Program. As in recent years, the committee may consider additional one-time funding for national marketing and advertising.

Tourism Development. The agency requested to increase general fund revenue by $135.2 thousand, or 8.1 percent, primarily for personnel costs. The agency requested to decrease other revenue from the litter control and beautification fund by $98.2 thousand, including reducing fund balance. The Tourism Development Program collects 50 cents per vehicle registration collected by the Taxation and Revenue Department for the litter control and beautification fund.

In FY25, the agency supported local tourism and beautification efforts by awarding $1 million to 67 communities through the New Mexico Clean and Beautiful program, $2.1 million to 11 infrastructure projects through the Destination Forward grant program, and $490.6 thousand to 32 events through the Tourism Event Growth and Sustainability program. The department continued its cooperative marketing and advertising grant program, which provides a 2-to-1 matching fund for tourism-related entities. The department awarded $3.8 million to 48 partners through the cooperative program to support marketing and advertising initiatives that align with the New Mexico True brand.

The agency request increased personnel costs by $133.1 thousand, or 9.7 percent, including $129.7 thousand more from the general fund, a 10.9 percent increase, and $3,400 from the litter control and beautification fund, a 1.9 percent increase over FY26. The general fund request includes $50.6 thousand for salary adjustments and $79.1 thousand for employee benefits and liability rates. The agency requested to decrease the other costs category by $139.2 thousand, or 6.9 percent, including a general fund increase of $5,500 for IT and employee training and other revenue decrease of $144.7 thousand for a reduction in Clean and Beautiful marketing. LFC supports the agency's request for the Tourism Development Program.

New Mexico Magazine. *New Mexico Magazine*, the longest tenured state publication in the country, publishes 11 issues per year and has a paid circulation of nearly 40 thousand, of which two-thirds are from outside the state. The magazine reaches a total of 238 thousand viewers through its social media platforms. In FY25, the magazine generated a total revenue of $476 thousand—approximately $43.3 thousand per issue.

New Mexico Magazine operates as an enterprise fund division and receives no general fund appropriations. The program generates revenue related to advertising sales, print and digital advertisements, and on digital platforms. The agency requested a budget increase of $24.4 thousand, or 0.8 percent, over FY26, including an increase in personnel costs partly balanced by a decrease in the other costs category. The request decreased other costs by $97.2 thousand, or 8.8 percent, including cuts in office supplies, printing and photo services, and subscription fees, and increased personnel costs by $121.6 thousand, or 10.4 percent, including $88.4 thousand for employee liability and insurance costs and $33.2 thousand for salary adjustments. LFC supports the agency's request for New Mexico Magazine Program.

Program Support. The agency's request increased general fund revenue by $151.2 thousand, or 6.3 percent, for liability rates and employee health benefit premiums, audit services, IT, and telecommunication rates. The agency requested to increase personnel costs by $116.5 thousand, or 5.2 percent, for employee health benefits and liability rates. The agency requested to increase contractual services by $22.4 thousand, or 68.9 percent, due to contractual cost reductions in other program codes to combine audit costs within Program Support, and increased the other costs category by $12.3 thousand, or 8.6 percent, for IT, telecommunications, and transportation costs. LFC supports the agency's request for Program Support.

NEW MEXICO MAGAZINE

The purpose of the New Mexico magazine program is to produce a monthly magazine and ancillary products for a state and global audience so the audience can learn about New Mexico from a cultural, historical and educational perspective.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	18.5	0.0	0.0	(100.0)
Other Revenues	2,910.1	3,090.8	3,133.7	3,133.7	1.4
TOTAL SOURCES	**$2,910.1**	**$3,109.3**	**$3,133.7**	**$3,133.7**	**0.8**
USES					
Personal services and employee benefits	1,012.9	1,169.9	1,291.5	1,291.5	10.4
Contractual services	706.0	830.0	830.0	830.0	0.0
Other	901.3	1,109.4	1,012.2	1,012.2	(8.8)
TOTAL USES	**$2,620.2**	**$3,109.3**	**$3,133.7**	**$3,133.7**	**0.8**
FTE					
Permanent	10.0	3.0	3.0	3.0	0.0
Term	0.0	7.0	9.0	9.0	28.6
TOTAL FTE	**10.0**	**10.0**	**12.0**	**12.0**	**20.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Average number of monthly website views on newmexicomagazine.org	NEW	NEW	NEW	$144,500.0	$144,500.0
Outcome	Number of New Mexico magazine newsletter subscribers	NEW	NEW	NEW	$37,500.0	$37,500.0
Output	Percent of advertising revenue from digital placements	NEW	NEW	NEW	12%	12%
* Output	Amount of true adventure guide advertising revenue	$673,292	$656,000	$545,000	$700,000	$650,000
* Output	Amount of advertising revenue per issue, in thousands	$86	$119	$85	$95	$95
Output	Collection rate for advertisements sold in current fiscal year	97.0	100.0	95.0	97.0	97.0

TOURISM DEVELOPMENT

The purpose of the tourism development program is to provide constituent services for communities, regions and other entities so they may identify their needs and assistance can be provided to locate resources to fill those needs, whether internal or external to the organization.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,398.3	1,659.7	1,794.9	1,794.9	8.1
Other Transfers	117.7	0.0	0.0	0.0	0.0
Other Revenues	1,087.3	1,345.7	1,354.6	1,354.6	0.7
Fund Balance	0.0	400.0	250.0	250.0	(37.5)
TOTAL SOURCES	**$2,603.3**	**$3,405.4**	**$3,399.5**	**$3,399.5**	**(0.2)**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	1,262.5	1,376.2	1,509.3	1,509.3	9.7
Contractual services	14.0	5.4	5.6	5.6	3.7
Other	1,676.0	2,023.8	1,884.6	1,884.6	(6.9)
TOTAL USES	**$2,952.5**	**$3,405.4**	**$3,399.5**	**$3,399.5**	**(0.2)**
FTE					
Permanent	15.0	17.0	18.0	17.0	0.0
TOTAL FTE	**15.0**	**17.0**	**18.0**	**17.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Total amount of media value generated for participants in all cooperative grant programs	0.0	NEW	NEW	3,500,000.0	3,500,000.0
* Outcome	Number of entities participating in collaborative applications for the cooperative marketing grant program	69.0	69.0	40.0	Discontinued	65.0
Output	Number of participants in New Mexico true certified programs	475.0	488.0	410.0	500.0	500.0
Output	Number of meetings or events conducted by the tourism department with Native American entities	72.0	214.0	75.0	Discontinued	Discontinued
Output	Dollar amount of earned media value generated	$23,718,988	$46,100,000	$15,000,000	$20,000,000	$30,000,000

MARKETING AND PROMOTION

The purpose of the marketing and promotion program is to produce and provide collateral and editorial products and special events for the consumer and trade industry so it may increase its awareness of New Mexico as a premier tourist destination.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	21,870.3	22,154.3	22,181.0	22,181.0	0.1
Federal Revenues	465.2	0.0	0.0	0.0	0.0
Other Revenues	3,014.0	30.0	30.0	30.0	0.0
TOTAL SOURCES	**$25,349.5**	**$22,184.3**	**$22,211.0**	**$22,211.0**	**0.1**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	1,735.0	1,441.0	1,477.8	1,477.8	2.6
Contractual services	1,630.4	1,387.2	1,364.8	1,364.8	(1.6)
Other	21,316.4	19,356.1	19,368.4	19,368.4	0.1
TOTAL USES	**$24,681.8**	**$22,184.3**	**$22,211.0**	**$22,211.0**	**0.1**
FTE					
Permanent	16.0	14.0	15.0	15.0	7.1
Temporary	0.0	1.0	(1.0)	(1.0)	(200.0)
TOTAL FTE	**16.0**	**15.0**	**14.0**	**14.0**	**(6.7)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of New Mexico state agencies engaged by the marketing excellence bureau	NEW	NEW	NEW	$20.0	$20.0
* Outcome	Percent change in New Mexico leisure and hospitality employment	3%	1%	2%	1%	2%
Outcome	Domestic overnight visitation growth compared to national average	35.0	(5.0)	2.0	1.0	5.0
* Output	Percent change in year-over-year visitor spending	4%	3%	3%	2%	4%
Outcome	Percent of those receiving New Mexico true newsletter who opened it	26%	29%	18%	18%	25%
Outcome	Percent change in domestic marketable overnight visitation	4%	3%	2%	2%	3%

PROGRAM SUPPORT

The purpose of program support is to provide administrative assistance to support the department's programs and personnel so they may be successful in implementing and reaching their strategic initiatives and maintaining full compliance with state rules and regulations.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,226.4	2,402.8	2,554.0	2,554.0	6.3
TOTAL SOURCES	**$2,226.4**	**$2,402.8**	**$2,554.0**	**$2,554.0**	**6.3**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	2,000.0	2,227.8	2,344.3	2,344.3	5.2
Contractual services	32.5	32.5	54.9	54.9	68.9
Other	142.8	142.5	154.8	154.8	8.6
TOTAL USES	**$2,175.3**	**$2,402.8**	**$2,554.0**	**$2,554.0**	**6.3**
FTE					
Permanent	15.0	19.0	19.0	19.0	0.0
TOTAL FTE	**15.0**	**19.0**	**19.0**	**19.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of general fund appropriations contracted in-state	85%	81%	70%	70%	80%

Statutory Authority
The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-51 NMSA 1978. EDD promotes economic development and diversification, as well as business recruitment, expansion, and retention in New Mexico. The agency provides a coordinated statewide perspective on economic development activities, maintains a database for local and regional economic development groups, and serves as the comprehensive source of information for businesses wishing to locate or expand in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	26,066.8	28,300.1	28,840.8	28,840.8	1.9
Other Transfers	2,179.1	2,697.4	2,896.0	0.0	(100.0)
Federal Revenues	26,629.8	2,243.9	339.1	339.1	(84.9)
Other Revenues	6,539.6	0.0	0.0	2,896.0	0.0
Fund Balance	2,195.6	0.0	110.0	110.0	0.0
TOTAL SOURCES	**$63,610.9**	**$33,241.4**	**$32,185.9**	**$32,185.9**	**(3.2)**
USES					
Personal services and employee benefits	7,386.6	9,675.1	10,393.6	10,393.6	7.4
Contractual services	7,983.1	4,928.1	4,401.5	4,401.5	(10.7)
Other	15,684.2	18,638.2	17,390.8	17,390.8	(6.7)
TOTAL USES	**$31,053.9**	**$33,241.4**	**$32,185.9**	**$32,185.9**	**(3.2)**
FTE					
Permanent	60.0	76.0	74.0	74.0	(2.6)
Term	0.0	5.0	7.0	7.0	40.0
TOTAL FTE	**60.0**	**81.0**	**81.0**	**81.0**	**0.0**

At A Glance
The Economic Development Department (EDD) requested a general fund revenue increase of $540.7 thousand, or 1.9 percent, over the FY26 budget. The general fund revenue request included $910.1 thousand for employee health and insurance costs and salary realignments, offset by requested decreases in contractual services and in the other costs category. The request realigned the agency's operating budget with actual expenditures to reduce budget adjustment requests in FY27. The agency also projected a decrease of $1.9 million, or 84.9 percent, in federal revenue due to an expired U.S. Economic Development Administration grant and the agency waiting to receive final grant amounts from the U.S. Small Business Administration. EDD will adjust its operating budget with federal revenues upon submitting its final budget for FY27. LFC supports the agency's request for FY27. The committee recommendation includes funding from the land of enchantment legacy fund in other revenue, as opposed to in other transfers as requested by the agency.

Budget Issues
The Legislature has made significant recurring and nonrecurring investments to EDD—increasing general fund recurring funding by $14.7 million, or 108.7 percent, between FY22 and FY26. In the 2025 legislative session, the Legislature appropriated $196.6 million in one-time funding for a quantum venture studio; the research, development, and deployment fund; site readiness; and trade ports.

Economic Development Program. The Economic Development Division is responsible for creating and retaining jobs that grow and provide a stable tax base. The division consists of five programs, including the New Mexico MainStreet program; Community, Business and Rural Development team; Job Training Incentive Program (JTIP); Food and Hunger Agriculture program; and the Office of International Trade. EDD requested a general fund increase of $244.1 thousand, or 1.8 percent, and decreased federal funding by $84.9 thousand, or 84.9 percent, for a program-wide decrease of $10.3 thousand, primarily due to the agency not budgeting federal funding for FY27.

The agency's general fund request increased personnel costs by $200.1 thousand for employee health and other insurance costs. The request also realigned $390 thousand from the other costs category into contractual services to reduce budget adjustment requests in FY27. The requested increase in contractual services would support various contractors for MainStreet, JTIP, the Office of International Trade, and the agency's offices in Taiwan and Mexico. The agency also requested to increase the other costs category by $44 thousand for transportation costs. LFC supports the agency's request for the Economic Development Program.

Infrastructure and Site Readiness. The Legislature has focused on strengthening and facilitating infrastructure development to support economic growth. These efforts include increasing funding for existing programs, like the Local Economic Development Act (LEDA) and Trails+ program, and launching new initiatives, such as the site readiness program and the Trade Ports Act.

The Local Economic Development Act (LEDA), one of the state's more well-known infrastructure programs, passes state funding through local governments to new and expanding businesses for land, building, and lease costs—effectively acting as the state's closing fund. The Legislature has appropriated significant funding to LEDA, totaling $215.7 million since FY20. In FY25, EDD committed a total of $20 million in LEDA funding to seven projects, including $5 million for the NMexus Center, a business accelerator and commercialization center. If successful, awarded projects could result in 2,712 jobs with an average wage of $95 thousand. The average cost per job for LEDA in FY25 was $7,300. LEDA had a fund balance of $80.8 million at the start of FY26. The agency requested a special appropriation of $20 million for LEDA.

During the 2025 session, the Legislature enacted the Strategic Economic Development Site Readiness Act, which creates a mechanism for EDD to identify, assess, and prepare sites for business development. The Legislature appropriated $24 million of one-time funding to the site readiness fund for expenditure over the following three fiscal years. The agency requested a special appropriation of $20 million for the site readiness fund. The Legislature also enacted the Trade Ports Development Act, which enables public-private partnership agreements to help develop and finance trade port projects, and appropriated $50 million of one-time funding to the trade ports development fund, creating one of the largest state economic development subsidies. EDD did not request any additional funding for the trade ports development fund.

Technology and Innovation Division. During the 2025 session, the Legislature created the Technology and Innovation Division, which absorbed the Office of Strategy, Science, and Technology (OSST). The new division connects New Mexico's innovation to the commercial market and fosters the growth of science- and technology-based industries, with a focus on advanced computing, advanced energy, aerospace, and bioscience. The division administers a variety of grant programs to support entrepreneurs, commercialization efforts, start-up companies, innovation hubs, and quantum technologies. The division also administers the newly created research, development, and deployment fund.

In 2025, the Legislature increased OSST's operating budget by $1.4 million, primarily for personnel costs to hire industry experts and specialists. In 2024, the Legislature also increased EDD's operating budget by $5.5 million to support the agency's efforts in its target industries.

The agency requested a flat budget for the Technology Commercialization Program. The agency requested to realign $1 million from the other costs category into contractual services for business assistance contracts and expert assistance to avoid budget adjustment requests in early FY27. LFC supports the agency's request for the Technology Commercialization Program.

Job Training. The Job Training Incentive Program (JTIP) funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to six months. The program reimburses 50 percent to 90 percent of employee wages, and reimbursements may also be issued for custom training at a New Mexico public higher education institution. In FY25, the JTIP board approved $17.3 million to train 1,487 employees. The Legislature appropriates $6.7 million to JTIP through the agency's operating budget. JTIP had a fund balance of $33 million at the start of FY26. The agency requested a special appropriation of $5 million for JTIP.

Film Office. The Film Office's primary purpose is to market the state to film industries and promote job and business opportunities for New Mexico residents. This includes consulting with production and companies regarding the financial aspects of their projects and guiding them through incentives, such as the 25 percent to 30 percent refundable film production tax credit and the Film Crew Advancement Program.

The agency requested a general fund increase of $67.2 thousand, or 3.6 percent, for the Film Office. The request increased personnel costs by $124.7 thousand, or 11.9 percent, including $64.7 thousand for employee health and other insurance costs and $60 thousand to backfill nonrecurring funding for an existing FTE position. The agency requested to decrease contractual services by $603.4 thousand, reallocating $60 thousand for personnel costs and $543.4 thousand into the other costs category. The request increased the other costs category by $655.9 thousand, including $545.4 thousand in general fund revenue and $110 thousand from the film training fund balance to allow for immediate access at the beginning of FY27. The general fund request in the other cost category included $488.4 thousand for advertising, $30 thousand for employee travel, and $18.3 thousand for IT. LFC supports the agency's recommendation for the Film Program.

Outdoor Recreation. The Outdoor Recreation Program is responsible for increasing outdoor-based economic development and tourism in the state. The program also manages the outdoor equity fund, a grant fund for youth outdoor experiences, and the Trails+ grant program, which helps build and improve local outdoor infrastructure. During the 2025 session, the Legislature appropriated $10 million to the Trails+ grant program for expenditure in FY26 and FY27 and $3 million to the outdoor equity program for FY26.

The agency requested a general fund increase of $39.8 thousand, or 3.2 percent, and increased other transfers by $198.6 thousand, or 7.4 percent, in anticipation of a $2.8 million distribution from the land of enchantment legacy fund. The fund's distribution is split, with 75 percent supporting outdoor recreation infrastructure fund and 25 percent supporting the outdoor equity grant program.

The agency requested to increase personnel costs by $184.6 thousand, or 48 percent, including $42.6 thousand employee health and other insurance costs and $142 thousand to backfill funding for an FTE that was previously supported by expired federal funds. The agency requested to increase contractual services by $50 thousand for media relations and website development. To adjust for additional personnel costs and contractual services, the agency requested to reallocate budget from the other cost category, reducing general fund revenue in that category by $194.8 thousand. LFC supports the agency's recommendation for the Outdoor Program. The committee recommendation includes funding from the land of enchantment legacy fund in other revenue, as opposed to in other transfers as requested by the agency.

Creative Industries. The Creative Industries Division was established in 2023 to support the state's creative industries. The agency received $4 million in nonrecurring funding during the 2025 legislative session for creative industry grants. The agency requested to increase general fund revenue for the program by $18.1 thousand, or 3.8 percent, over FY26. The request increased personnel costs by $16.3 thousand for employee health and insurance premiums. The request also reallocated $50 thousand from the other costs category to contractual services to fund technical assistance, business support, and media support. LFC supports the agency's recommendation for the Creative Industries Division Program.

MainStreet. The New Mexico MainStreet Program, enacted by the Legislature in 1985, focuses on the revitalization of central business districts in New Mexico communities based on the preservation and rehabilitation of existing structures and development of management techniques. Since FY21, EDD has received $34.2 million in MainStreet capital funding. In FY25, MainStreet facilitated the rehabilitation of 259 buildings and private sector investment of approximately $72 million into real estate in MainStreet districts. For FY25, the Legislature increased the agency's budget to support the MainStreet Program by $80 thousand for technical contracts and $110.5 thousand in personnel costs for 1 FTE. The agency did not request, and the LFC did not recommend, any additional recurring funding for MainStreet for FY27.

New Mexico Partnership. New Mexico Partnership was created as a mechanism to entice and entertain companies considering relocating to New Mexico. In FY25, New Mexico Partnership reported creating 1,016 new jobs, a 49 percent decrease from the reported 1,995 jobs from FY24. During the 2025 session, the Legislature appropriated $2 million in one-time funding to EDD for marketing and trade shows with New Mexico Partnership, in addition to the agency's recurring funding. For FY26, the agency's contract with New Mexico Partnership totaled $2.5 million, an increase from the $1 million contract in FY25. The agency did not request, and LFC did not recommend, any additional recurring funding for New Mexico Partnership for FY27. The agency requested a $2 million special appropriation for New Mexico Partnership.

Program Support. The agency requested to increase general fund revenue for Program Support by $171.5, or 3.8 percent, over FY26. The request increased personnel costs by $384.4 thousand, or 14.1 percent, including $180.9 thousand for employee health and other insurance and $203.5 thousand for an existing FTE position that was previously funded through another program code. The agency requested to decrease budget in contractual services by $100 thousand and the other costs category by $112.9 thousand to adjust for the increased personnel costs. The request reduced spending on professional contracts and on supplies, rent, subscriptions, employee training, and IT equipment in the other cost category. The LFC recommendation supports the agency's request for Program Support.

CREATIVE INDUSTRIES

The purpose of the creative industries program is to strengthen and advance creative industry economic development in New Mexico by supporting entrepreneurs, facilitating education and training and serving as a resource and liaison for stakeholders.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	476.1	476.9	495.0	495.0	3.8
TOTAL SOURCES	**$476.1**	**$476.9**	**$495.0**	**$495.0**	**3.8**
USES					
Personal services and employee benefits	209.6	276.9	293.2	293.2	5.9
Contractual services	99.8	0.0	50.0	50.0	0.0
Other	140.1	200.0	151.8	151.8	(24.1)
TOTAL USES	**$449.5**	**$476.9**	**$495.0**	**$495.0**	**3.8**
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	**2.0**	**2.0**	**2.0**	**2.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of creative industry programs assisted by the division	34.0	40.0	N/A	N/A	N/A
Explanatory	Number of entrepreneurs and small businesses assisted by the creative industries division	1,158.0	865.0	N/A	N/A	N/A
Explanatory	Number of partnerships with other agencies, educational institutions, industry associations and community organizations	82.0	32.0	N/A	N/A	N/A

TECHNOLOGY AND INNOVATION

The purpose of the technology and innovation program is to coordinate, promote and support New Mexico's target sectors and innovation ecosystem through collaboration, strategy and resource development.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	6,289.0	6,289.0	6,289.0	0.0
TOTAL SOURCES	**$0.0**	**$6,289.0**	**$6,289.0**	**$6,289.0**	**0.0**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	0.0	1,289.0	1,289.0	1,289.0	0.0
Contractual services	0.0	0.0	1,000.0	1,000.0	0.0
Other	0.0	5,000.0	4,000.0	4,000.0	(20.0)
TOTAL USES	**$0.0**	**$6,289.0**	**$6,289.0**	**$6,289.0**	**0.0**
FTE					
Permanent	3.0	9.0	8.0	8.0	(11.1)
Term	0.0	0.0	1.0	1.0	0.0
TOTAL FTE	**3.0**	**9.0**	**9.0**	**9.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Amount of federal grant dollars awarded as a result of technology and innovation office efforts	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of businesses assisted by the technology and innovation office	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of grants awarded by the technology and innovation office	NEW	NEW	N/A	N/A	N/A
Output	Amount of follow-on investment in companies that have received support from technology and innovation office programs	NEW	NEW	NEW	$2,000,000.0	$2,000,000.0

ECONOMIC DEVELOPMENT

The purpose of the economic development program is to assist communities in preparing for their role in the new economy, focusing on high-quality job creation and improved infrastructure, so New Mexicans can increase their wealth and improve their quality of life.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	18,378.9	13,935.0	14,179.1	14,179.1	1.8
Other Transfers	177.8	0.0	0.0	0.0	0.0
Federal Revenues	26,585.3	2,243.9	339.1	339.1	(84.9)
Other Revenues	6,484.6	0.0	0.0	0.0	0.0
Fund Balance	2,004.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$53,631.3**	**$16,178.9**	**$14,518.2**	**$14,518.2**	**(10.3)**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	3,747.2	3,951.5	3,960.0	3,960.0	0.2
Contractual services	6,096.0	3,024.2	2,101.0	2,101.0	(30.5)
Other	11,834.0	9,203.2	8,457.2	8,457.2	(8.1)
TOTAL USES	**$21,677.2**	**$16,178.9**	**$14,518.2**	**$14,518.2**	**(10.3)**
FTE					
Permanent	25.0	28.0	27.0	27.0	(3.6)
Term	0.0	1.0	2.0	2.0	100.0
TOTAL FTE	**25.0**	**29.0**	**29.0**	**29.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Number of workers trained by the job training incentive program	2,359.0	1,487.0	2,000.0	2,000.0	2,000.0
Outcome	Number of jobs created due to economic development department efforts	3,523.0	3,499.0	4,000.0	4,000.0	4,000.0
* Outcome	Number of rural jobs created	871.0	537.0	1,320.0	1,320.0	1,320.0
Output	Dollar amount of private sector investment in mainstreet districts, in millions	$52	$56	$30	$30	$50
Explanatory	Average hourly wage of jobs funded by the job training incentive program	$30.74	$25.28	N/A	N/A	N/A
Output	Number of private sector dollars leveraged by each dollar through the Local Economic Development Act	91.0	72.0	25.0	25.0	70.0
Output	Number of potential recruitment opportunities submitted by the New Mexico economic development partnership	59.0	65.0	60.0	60.0	60.0
Output	Number of building rehabilitations assisted by mainstreet program	241.0	259.0	200.0	200.0	230.0
Outcome	Dollar amount of new investment in technology-based companies as a result of the office of science and technology's programs	$116,000,000	$174,150,000	$2,000,000	$2,000,000	$100,000,000
* Output	Number of jobs created through the use of Local Economic Development Act funds	2,356.0	2,712.0	3,000.0	3,000.0	3,000.0
* Outcome	Number of jobs created through business relocations facilitated by the New Mexico economic development partnership	1,995.0	1,016.0	2,250.0	2,250.0	2,250.0
Outcome	Average wage of jobs created due to economic development department efforts	113,368.0	87,838.0	100,000.0	100,000.0	100,000.0
Outcome	Wages for jobs created in excess of prevailing local wages	$12,002	$31,522	$15,000	$15,000	$15,000
Outcome	Number of company visits to New Mexico for projects managed by the New Mexico economic development partnership	32.0	24.0	30.0	30.0	30.0
Outcome	Average wages in excess of cost per job for projects funded through the Local Economic Development Act	73,636.0	95,996.0	60,000.0	60,000.0	70,000.0

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Amount of annual taxable gross receipts for active projects funded through the Local Economic Development Act, in millions	$256	$97,482	N/A	N/A	N/A
Explanatory	Amount of total projected private capital investment for projects funded through the Local Economic Development Act, in millions	$2,298	$1,446	N/A	N/A	N/A
Outcome	Average wages in excess of cost per job for projects funded through the job training incentive program	50,638.0	39,725.0	35,000.0	35,000.0	40,000.0
Outcome	Amount of foreign direct investment in New Mexico as a result of office of international trade efforts, in millions	2,500.0	1,024.0	50.0	50.0	1,500.0
Outcome	Amount of federal grant dollars awarded as a result of economic development department efforts	$450,000	$64,400,000	$250,000	$250,000	$1,000,000

FILM

The purpose of the film program is to maintain the core business for the film location services and stimulate growth in digital film media to maintain the economic vitality of New Mexico's film industry.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,808.7	1,889.1	1,956.3	1,956.3	3.6
Other Transfers	31.6	0.0	0.0	0.0	0.0
Other Revenues	55.0	0.0	0.0	0.0	0.0
Fund Balance	190.9	0.0	110.0	110.0	0.0
TOTAL SOURCES	**$2,086.2**	**$1,889.1**	**$2,066.3**	**$2,066.3**	**9.4**
USES					
Personal services and employee benefits	866.3	1,051.1	1,175.8	1,175.8	11.9
Contractual services	540.1	753.4	150.0	150.0	(80.1)
Other	345.3	84.6	740.5	740.5	775.3
TOTAL USES	**$1,751.7**	**$1,889.1**	**$2,066.3**	**$2,066.3**	**9.4**
FTE					
Permanent	7.0	10.0	10.0	10.0	0.0
TOTAL FTE	**7.0**	**10.0**	**10.0**	**10.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of film and media worker days	339,267.0	211,640.0	350,000.0	350,000.0	350,000.0
Outcome	Amount of total wages paid by film industry productions to New Mexico residents, in millions	$99	$58	$100	$100	$100
Outcome	Amount of median wages paid by film industry productions to New Mexico residents	$76,449	$70,822	$70,000	$70,000	$70,000
Outcome	Amount of total gross receipts taxes paid by film industry productions, in millions	$37	$18	$30	$30	$30
* Outcome	Amount of direct spending by film industry productions, in millions	$740	$323	$600	$600	$600

OUTDOOR RECREATION

The purpose of the outdoor recreation program is to support economic and community development centered on outdoor recreation, promote tourism and enhance access to New Mexico's natural landscapes.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,175.1	1,234.9	1,274.7	1,274.7	3.2
Other Transfers	1,886.5	2,697.4	2,896.0	0.0	(100.0)
Federal Revenues	44.5	0.0	0.0	0.0	0.0
Other Revenues	0.0	0.0	0.0	2,896.0	0.0
TOTAL SOURCES	**$3,106.1**	**$3,932.3**	**$4,170.7**	**$4,170.7**	**6.1**
USES					
Personal services and employee benefits	376.9	384.2	568.8	568.8	48.0
Contractual services	185.9	125.0	175.0	175.0	40.0
Other	2,441.5	3,423.1	3,426.9	3,426.9	0.1
TOTAL USES	**$3,004.3**	**$3,932.3**	**$4,170.7**	**$4,170.7**	**6.1**
FTE					
Permanent	3.0	4.0	4.0	4.0	0.0
TOTAL FTE	**3.0**	**4.0**	**4.0**	**4.0**	**0.0**

Recommended Language

The other state funds appropriation to the outdoor recreation program of the economic development department includes two million eight hundred ninety-six thousand dollars ($2,896,000) from the land of enchantment legacy fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of youth to benefit from outdoor education programs, including outdoor equity fund grant	36,269.0	10,987.0	N/A	N/A	N/A
Explanatory	Dollar value of earned and owned media impressions for the outdoor recreation division and New Mexico outdoor recreation	42,494.0	105,445.0	N/A	N/A	N/A
Explanatory	Number of outdoor recreation conservation and access projects funded or led by the outdoor recreation division, including via the special projects and infrastructure fund grant	104.0	79.0	N/A	N/A	N/A
Explanatory	Number of new outdoor recreation jobs created by the outdoor recreation division	667.0	1,123.0	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to provide central direction to agency management processes and fiscal support to agency programs to ensure consistency, continuity and legal compliance.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,228.0	4,475.2	4,646.7	4,646.7	3.8
Other Transfers	83.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$4,311.2**	**$4,475.2**	**$4,646.7**	**$4,646.7**	**3.8**
USES					
Personal services and employee benefits	2,186.6	2,722.4	3,106.8	3,106.8	14.1
Contractual services	1,061.3	1,025.5	925.5	925.5	(9.8)
Other	923.3	727.3	614.4	614.4	(15.5)
TOTAL USES	**$4,171.2**	**$4,475.2**	**$4,646.7**	**$4,646.7**	**3.8**
FTE					
Permanent	20.0	23.0	23.0	23.0	0.0
Term	0.0	4.0	4.0	4.0	0.0
TOTAL FTE	**20.0**	**27.0**	**27.0**	**27.0**	**0.0**

Statutory Authority
The Regulation and Licensing Department (RLD) was created pursuant to Sections 9-16-1 through 9-16-14, 60-13-1 through 60-15-14, 60-3A-1 through 60-8A-19, and 26-2C-1 through 26-2C-42 NMSA 1978 as an executive agency. RLD was created as a unified agency vested with responsibility to enforce and administer laws, rules, regulations, and codes relative to licensure and regulation of construction and manufactured housing, financial institutions, securities, alcohol, and cannabis. Through executive orders and legislative mandates, the department is responsible for licensing and enforcement for 30 professional boards and commissions. By statute, the department has a minimum of seven divisions: Administrative Services, Construction Industries (CID), Manufactured Housing (MHD), Financial Institutions (FID), Securities Industries (SID), Alcohol and Gaming (AGD), and Cannabis Control (CCD). The Construction Industries and Manufactured Housing divisions are combined into one program and the remaining programs are classified in the same manner as the department's divisions.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	19,344.5	20,981.7	31,969.1	22,118.2	5.4
Other Transfers	13,285.9	13,408.9	9,088.6	12,154.7	(9.4)
Federal Revenues	30.1	25.0	25.0	25.0	0.0
Other Revenues	22,267.7	20,795.1	16,919.4	19,931.7	(4.2)
Fund Balance	7,429.0	6,054.5	5,419.0	6,864.9	13.4
TOTAL SOURCES	**$62,357.2**	**$61,265.2**	**$63,421.1**	**$61,094.5**	**(0.3)**
USES					
Personal services and employee benefits	31,576.3	36,911.1	39,140.4	36,898.9	0.0
Contractual services	2,402.2	3,657.7	3,662.7	3,662.7	0.1
Other	6,581.6	9,641.4	11,564.4	10,973.1	13.8
Other financing uses	15,368.9	11,055.0	9,053.6	9,559.8	(13.5)
TOTAL USES	**$55,929.0**	**$61,265.2**	**$63,421.1**	**$61,094.5**	**(0.3)**
FTE					
Permanent	308.0	355.6	355.6	355.6	0.0
Term	0.0	49.0	49.0	49.0	0.0
TOTAL FTE	**308.0**	**404.6**	**404.6**	**404.6**	**0.0**

At A Glance
For FY27, the Regulation and Licensing Department (RLD) requested a $2.2 million, or 3.5 percent, increase over its FY26 operating budget. The agency requested to increase its use of general fund revenue by $11 million, or 52.4 percent. RLD also requested to decrease its use of other transfers by $4.3 million, or 32.2 percent, its use of other revenue sources by $3.9 million, or 18.6 percent, and its use of fund balance by $635.5 thousand, or 10.5 percent.

The committee recommends increasing general fund revenue by $1.2 million, or 5.4 percent, over the FY26 operating budget. Within the recommendation, $538.2 thousand is for increased healthcare premiums for the Construction Industries Program, Program Support, Securities, and Cannabis Control, and the remaining $616.3 is to remove the use of the mortgage regulatory fund from the Manufactured Housing Program and the Construction Industries Program. The committee recommends keeping the revenue distribution used in FY26 for the FY27 operating budget and backfilling depleted funds the agency relies on for its operations through a fund transfer.

Budget Issues
RLD's revenue is derived from several funding sources, including the general fund, professional licenses, other fees, and funds managed by RLD, such as the mortgage regulatory fund. For FY27, the agency requested an overall increase of $11 million, or 52.4 percent, in general fund revenue that included $984 thousand, or 7.3 percent, for the Constructions Industries Program, $2.8 million, or 2,613.8 percent, for the Financial Institutions Program, $4 million, or 276 percent, for the Program Support Program, $1.5 million, or 646.2 percent, for the Manufactured Housing Program, $137.5 thousand, or 28.2 percent, for the Boards and Commission Program, $1.2 million, or 354.5 percent, for the Securities Program and $348.9 thousand, or 9.6 percent, for the Cannabis Control Program.

FY24 Audit. RLD's FY24 audit uncovered that the agency's net position decreased by $14.1 million at the end of FY24. The auditor explained that interagency transfers are outpacing revenue during the fiscal year and that expenses increased by $7.8 million. The major funds that were flagged by the audit and the agency are the RLD general fund, Boards and Commissions flow-through fund, the mortgage regulatory fund, and the securities education and training fund. Based on the audit results, the agency received a supplemental appropriation of $7.8 million during the first special legislative session of 2025 for its FY26 operating budget and will request $7.5 million to fill a deficiency for FY25.

Maintaining Funds. RLD's major funds have all either been depleted or will be close to being depleted by the end of FY25. To maintain the health of these funds, the committee is recommending backfilling each fund, so there is sufficient funding to support two years of RLD's operations in FY27 and FY28.

Constructions Industries Program. The Construction Industries Program requested a general fund revenue increase of $644.2 thousand, or 5.8 percent, for personnel for increased healthcare premium costs and to increase retirement contributions. The agency also requested to increase its other costs category by $287 thousand, or 15.8 percent, for more IT equipment. The committee recommends increasing the program's general fund revenue by $350.3 thousand, or 2.6 percent, for increased healthcare premium costs and to substitute funding from the mortgage regulatory fund.

Financial Institutions. The Financial Institutions Program requested a decrease of $222 thousand, or 3.2 percent, under the program's FY26 operating budget. Within this request, RLD asked to increase general fund revenue by $2.8 million, or 2,613.8 percent, and to increase its use of revenue from trade and professional licenses by $1.3 million, or 60 percent, to cover the program request to decrease its use of fund balance by $4.4 million, or 94.4 percent. The program heavily relies on funding by the mortgage regulatory fund, which will be depleted unless it is supplemented with additional funds. The committee recommends keeping the FY27 budget flat with the original FY26 operating budget.

Alcohol Beverage Control. The Alcohol Beverage Control Program requested a $22 thousand, or 0.9 percent, increase over its FY26 operating budget. The request is entirely in the other costs category for employee travel, training, and other related costs and was requested to be funded through the program's fund balance. The committee recommendation supports this request.

Program Support. Program Support requested a $794.5 thousand, or 16.9 percent, increase over its FY26 operating budget for increased healthcare premium costs and for more temporary employees. RLD requested to increase its use of general fund revenue by $4 million, or 276 percent, and to reduce its use of intra-agency transfers by $3.2 million, or 99.7 percent. RLD requested to backfill its use of intra-agency transfers with general fund revenue because the securities education, Boards and Commissions flow-through, and mortgage regulatory funds have all been depleted. Of further note, the program received its requested FY26 operating budget but had a $576.5 intra-agency transfer that did not have a respective fund to be transferred from. As a result, the committee recommends increasing general fund revenues by $114 thousand, or 7.8 percent, for increased healthcare premium costs. The committee also recommends keeping intra-agency transfers flat relative to the FY26 operating budget, and for the intra-agency transfers be solely done through the depleted funds, all expected to be backfilled.

Boards and Commissions Program. The Boards and Commissions Program requested a $252.9 thousand, or 1.1 percent, increase over the FY26 operating budget. RLD requested to increase general fund revenue by $137.5, or 28.2 percent, its use of other transfers by $500 thousand, or 5.8 percent, and its use of fund balance by $3.9 million. In addition, it requested to decrease its use of other revenues generated from fees by $4.3 million, or 31.4 percent. RLD requested to increase its personal services category and employee benefits by $471.6 thousand, or 5.5 percent, for increased healthcare premiums and for classified permanent positions to increase its other costs category by $1.1 million, or 37 percent, for more IT equipment, and to decrease its other financing uses category by $1.3 million, or 13 percent. The committee recommends keeping general fund revenue flat for BCD's FY27 operating budget and recommends increasing other revenues by $253.8 thousand for increase healthcare premium costs. The committee also recommends keeping the FY27 operating budget consistent with the FY26 operating budget due to the projected backfilling of the Boards and Commissions flow-through fund.

Securities. The Securities Program requested a $83.1, or 3.3 percent, increase over the FY26 operating budget for increased healthcare premiums and more IT equipment. RLD requested to increase general fund revenue by $1.2 million, or 354.5 percent, to decrease its use of other revenues by $104.5 thousand, or 9 percent, and to decrease its use of fund balance by $942.4 thousand, or 100 percent. The agency's request assumed the securities education and training fund has been depleted and would not be able to support the Securities Program's operating budget without an influx of outside funds. The committee recommends increasing general fund revenue by $41.6 thousand, or 12.2 percent, for increased healthcare premiums, and to keep the use of other revenues and fund balance consistent with the FY26 operating budget.

Manufactured Housing. The Manufactured Housing Program requested a $29.5 thousand, or 1.6 percent, increase over the FY26 operating budget. RLD requested to increase its use of general fund revenue by $1.5 million. or 646.2 percent, and to decrease its use of other transfers by $1.5 million, or 100 percent. This program is primarily funded by the mortgage regulatory fund, which currently cannot support the program's operating budget. The committee recommends increasing general fund revenue by $563.5 thousand, or 242.2 percent, to fund the program's operations. The committee recommendation supports the programs request to decrease the use of other transfers. The recommendation was created based on the program's FY25 actual expenditures, where the program only spent $521.9 thousand.

Cannabis Control Program. The Cannabis Control Program requested a $411.9 thousand, or 6.5 percent, increase over the FY26 operating budget. Within this request, RLD asked to increase its use of general fund revenue by $348.9 thousand, or 9.6 percent, and to increase its use of other revenues by $63 thousand, or 2.3 percent. The agency requested to increase its personnel category by $348.9 thousand, or 12.1 percent, for increased healthcare premiums and for additional funding for classified employees and to increase its other costs category by $63 thousand, or 3.1 percent, for more IT equipment. The committee recommends increasing general fund revenue by $85.1 thousand, or 2.3 percent, for increased healthcare premiums and supports the agency's request for using other revenues to fund the increase in the other costs category.

Maintaining Funds. RLD's major funds have all either been depleted or will be close to being depleted by the end of FY25. To maintain the health of these funds, the committee is recommending backfilling each fund, so there is sufficient funding to support two years of RLD's operations in FY27 and FY28.

MANUFACTURED HOUSING

The purpose of the manufactured housing program is to provide code compliance oversight; issue licenses, permits and citations; perform inspections; administer exams; process complaints; and enforce laws, rules and regulations relating to manufactured housing standards.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	224.0	228.5	1,705.0	782.0	242.2
Other Transfers	1,400.0	1,455.0	0.0	0.0	(100.0)
Federal Revenues	30.1	25.0	25.0	25.0	0.0
Other Revenues	262.5	175.5	183.5	175.5	0.0
TOTAL SOURCES	**$1,916.6**	**$1,884.0**	**$1,913.5**	**$982.5**	**(47.9)**
USES					
Personal services and employee benefits	380.1	1,507.1	1,502.6	766.8	(49.1)
Contractual services	16.8	90.7	90.7	90.7	0.0
Other	125.0	286.2	320.2	125.0	(56.3)
TOTAL USES	**$521.9**	**$1,884.0**	**$1,913.5**	**$982.5**	**(47.9)**
FTE					
Permanent	11.0	16.0	16.0	16.0	0.0
TOTAL FTE	**11.0**	**16.0**	**16.0**	**16.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of all installation of manufactured home inspections performed within seven days of request	NEW	89%	90%	90%	90%
Outcome	Number of inspections for manufactured homes on permanent foundations	NEW	1,928.0	1,850.0	1,900.0	1,900.0

CANNABIS CONTROL

The purpose of the cannabis control program is to regulate and license cannabis producers, manufacturers, retailers, couriers, testing facilities and research laboratories operating in the medical and adult-use markets to ensure public health and safety.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,593.0	3,643.9	3,992.8	3,729.0	2.3
Other Transfers	46.4	0.0	0.0	0.0	0.0
Other Revenues	4,737.3	2,722.7	2,785.7	2,785.7	2.3
TOTAL SOURCES	**$8,376.7**	**$6,366.6**	**$6,778.5**	**$6,514.7**	**2.3**
USES					
Personal services and employee benefits	3,078.3	2,885.1	3,234.0	2,970.2	2.9
Contractual services	1,055.2	1,455.2	1,455.2	1,455.2	0.0
Other	1,000.0	2,026.3	2,089.3	2,089.3	3.1
Other financing uses	2,516.5	0.0	0.0	0.0	0.0
TOTAL USES	**$7,650.0**	**$6,366.6**	**$6,778.5**	**$6,514.7**	**2.3**
FTE					
Permanent	26.0	10.0	10.0	10.0	0.0
Term	0.0	46.0	46.0	46.0	0.0
TOTAL FTE	**26.0**	**56.0**	**56.0**	**56.0**	**0.0**

Recommended Language
The other state funds appropriations to the cannabis control program of the regulation and licensing department include one million four hundred ninety-four thousand seven hundred dollars ($1,494,700) from cannabis licensing fees for general operations of the cannabis control program.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of fines and revocations by each license type	4,250,925.0	31.0	50,000.0	30.0	30.0
Outcome	Percent of operational manufacturer licenses inspected per quarter	9.8%	40.3%	10.0%	25.0%	25.0%
Outcome	Percent of operational producer licenses inspected per quarter	16.5%	37.5%	18.0%	25.0%	25.0%
Outcome	Percent of operational retailer locations inspected per quarter	21.8%	31.1%	24.0%	25.0%	25.0%
Output	Number of days to process a manufacturer license on receipt of a completed application	3.0	3.0	15.0	30.0	30.0
Output	Number of days to process a producer license on receipt of a completed application	3.0	3.0	15.0	30.0	30.0
Output	Number of days to process a retailer license on receipt of a completed application	3.0	0.0	15.0	3.0	0.0

CONSTRUCTION INDUSTRIES

The purpose of the construction industries program is to provide code compliance oversight; issue licenses, permits and citations; perform inspections; administer exams; process complaints; and enforce laws, rules and regulations relating to general construction standards to industry professionals.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,831.4	13,532.2	14,516.2	13,882.5	2.6
Other Transfers	317.9	0.0	0.0	0.0	0.0
Fund Balance	0.0	200.0	0.0	0.0	(100.0)
TOTAL SOURCES	**$13,149.3**	**$13,732.2**	**$14,516.2**	**$13,882.5**	**1.1**
USES					
Personal services and employee benefits	10,837.8	11,202.4	11,846.6	11,500.0	2.7
Contractual services	439.0	567.0	567.0	567.0	0.0
Other	1,828.4	1,815.6	2,102.6	1,815.5	0.0
Other financing uses	147.2	147.2	0.0	0.0	(100.0)
TOTAL USES	**$13,252.4**	**$13,732.2**	**$14,516.2**	**$13,882.5**	**1.1**
FTE					
Permanent	94.3	121.0	121.0	121.0	0.0
TOTAL FTE	**94.3**	**121.0**	**121.0**	**121.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of months to final criminal action, referral or dismissal of complaint	NEW	7.0	7.0	7.0	7.0
Output	Time to final action for criminal complaints	NEW	7.0	7.0	7.0	7.0
* Outcome	Percent of commercial plans reviewed within ten working days	86%	88%	90%	90%	90%
* Outcome	Percent of residential plans reviewed within five working days	96%	94%	97%	95%	95%
Efficiency	Percent of all construction inspections performed within three days of inspection request	0%	82%	85%	85%	85%
* Output	Number of months to final civil action, referral or dismissal of complaint	NEW	6.0	7.0	7.0	7.0

FINANCIAL INSTITUTIONS

The purpose of the financial institutions program is to issue charters and licenses; perform examinations; investigate complaints; enforce laws, rules and regulations; and promote investor protection and confidence so capital formation is maximized and a secure financial infrastructure is available to support economic development.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	93.4	107.7	2,922.8	107.7	0.0
Other Transfers	2.8	0.0	0.0	0.0	0.0
Other Revenues	5,497.5	2,238.8	3,582.0	2,238.8	0.0
Fund Balance	2,614.7	4,638.8	258.5	4,638.8	0.0
TOTAL SOURCES	**$8,208.4**	**$6,985.3**	**$6,763.3**	**$6,985.3**	**0.0**
USES					
Personal services and employee benefits	4,627.5	5,711.0	5,699.5	5,711.0	0.0
Contractual services	51.0	269.1	269.1	269.1	0.0
Other	433.5	743.7	794.7	743.7	0.0
Other financing uses	1,661.5	261.5	0.0	261.5	0.0
TOTAL USES	**$6,773.5**	**$6,985.3**	**$6,763.3**	**$6,985.3**	**0.0**
FTE					
Permanent	36.0	55.0	55.0	55.0	0.0
TOTAL FTE	**36.0**	**55.0**	**55.0**	**55.0**	**0.0**

Recommended Language
The other state funds appropriations to the financial institutions program of the regulation and licensing department include four million four hundred seventy-one thousand one hundred dollars ($4,471,100) from the mortgage regulatory fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of completed applications processed within ninety days by type of application	99%	99%	100%	100%	100%
Efficiency	Percent of state-chartered banks, state-chartered credit unions, independent trust companies, small loan companies, mortgage loan companies, mortgage loan branches and escrow companies examined	83%	83%	96%	95%	95%
Outcome	Number of financial literacy outreach sessions conducted on a quarterly basis, targeting vulnerable populations	8.0	12.0	10.0	8.0	8.0

ALCOHOL BEVERAGE CONTROL

The purpose of the alcohol beverage control program is to issue, deny, suspend or revoke licenses allowed under the Liquor Control Act to protect the health, safety and welfare of the residents of and visitors to New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,141.8	1,181.9	1,173.9	1,173.9	(0.7)
Other Transfers	32.0	54.0	0.0	0.0	(100.0)
Other Revenues	882.0	926.4	0.0	0.0	(100.0)
Fund Balance	4.6	273.3	1,283.7	1,283.7	369.7
TOTAL SOURCES	**$2,060.4**	**$2,435.6**	**$2,457.6**	**$2,457.6**	**0.9**
USES					
Personal services and employee benefits	1,554.3	1,812.5	1,804.5	1,804.5	(0.4)
Contractual services	13.3	13.3	13.3	13.3	0.0
Other	484.3	609.8	639.8	639.8	4.9
TOTAL USES	**$2,051.9**	**$2,435.6**	**$2,457.6**	**$2,457.6**	**0.9**
FTE					
Permanent	16.0	17.0	17.0	17.0	0.0
TOTAL FTE	**16.0**	**17.0**	**17.0**	**17.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Average number of days to process a dispenser license	124.0	162.0	116.0	130.0	130.0
* Output	Average number of days to resolve an administrative citation that does not require a hearing	77.0	127.0	75.0	160.0	160.0
* Outcome	Average number of days to issue a restaurant beer and wine liquor license	136.0	160.0	100.0	130.0	130.0
Output	Average number of days to process a craft distiller's license	137.0	150.0	116.0	130.0	130.0

BOARDS AND COMMISSIONS

The purpose of the boards and commissions program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring licensing professionals are qualified to practice.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	33.1	488.3	625.8	488.3	0.0
Other Transfers	9,851.8	8,581.0	9,078.6	8,835.8	3.0
Other Revenues	9,700.5	13,569.2	9,310.2	13,569.2	0.0
Fund Balance	4,392.9	0.0	3,876.8	0.0	0.0
TOTAL SOURCES	**$23,978.3**	**$22,638.5**	**$22,891.4**	**$22,893.3**	**1.1**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	7,482.9	8,582.0	9,053.6	8,835.8	3.0
Contractual services	538.5	647.7	652.7	652.7	0.8
Other	2,144.1	3,014.7	4,131.5	4,106.5	36.2
Other financing uses	10,791.5	10,394.1	9,053.6	9,298.3	(10.5)
TOTAL USES	**$20,957.0**	**$22,638.5**	**$22,891.4**	**$22,893.3**	**1.1**
FTE					
Permanent	83.0	91.4	91.4	91.4	0.0
TOTAL FTE	**83.0**	**91.4**	**91.4**	**91.4**	**0.0**

Recommended Language
The general fund appropriations to the boards and commissions program of the regulation and licensing department include four hundred fifty thousand dollars ($450,000) for the substitute care advisory council.

The internal services funds/interagency transfers appropriations to the boards and commissions program of the regulation and licensing department include one hundred thousand dollars ($100,000) from federal Title IV-E revenue for the substitute care advisory council. The regulation and licensing department shall establish a memorandum of understanding with the children, youth and families department to reimburse federal Title IV-E eligible expenses associated with the substitute care advisory council.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of barber and cosmetology establishments inspected for infection control and safety standards	NEW	79%	85%	75%	75%
Efficiency	Percent of body art establishments inspected for infection control and safety standards	NEW	61%	90%	90%	90%
Output	Number of landscape architects complaints	NEW	0.0	575.0	550.0	0.0
Output	Number of nursing home administrator complaints	NEW	0.0	575.0	550.0	0.0
Output	Number of speech and hearing complaints	NEW	0.0	575.0	550.0	0.0
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application	95%	83%	97%	95%	95%
Output	Percent of pharmacy-board-licensed facilities inspected annually	50%	47%	60%	50%	50%
Outcome	Number of noncompliant body art establishments brought into compliance within ninety days	50.0	0.0	75.0	75.0	75.0

SECURITIES

The purpose of the securities program is to protect the integrity of the capital markets in New Mexico by setting standards for licensed professionals, investigating complaints, educating the public and enforcing the law.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	318.4	340.5	1,547.5	382.1	12.2
Other Transfers	89.1	77.0	0.0	77.0	0.0
Other Revenues	1,170.7	1,162.5	1,058.0	1,162.5	0.0
Fund Balance	416.7	942.4	0.0	942.4	0.0
TOTAL SOURCES	**$1,994.9**	**$2,522.4**	**$2,605.5**	**$2,564.0**	**1.6**
USES					
Personal services and employee benefits	1,418.2	1,735.7	1,762.8	1,721.3	(0.8)
Contractual services	23.0	74.0	74.0	74.0	0.0
Other	377.9	460.5	768.7	768.7	66.9
Other financing uses	252.2	252.2	0.0	0.0	(100.0)
TOTAL USES	**$2,071.3**	**$2,522.4**	**$2,605.5**	**$2,564.0**	**1.6**
FTE					
Permanent	12.0	21.0	21.0	21.0	0.0
TOTAL FTE	**12.0**	**21.0**	**21.0**	**21.0**	**0.0**

Recommended Language
The internal services fund/interagency transfers appropriations to the securities program of the regulation and licensing department include seventy-seven thousand dollars ($77,000) from the securities enforcement and investor education fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of complaints logged and assigned within two days of receipt	NEW	97%	99%	95%	95%
Outcome	Percent of investment adviser registrants examined annually	36%	0%	95%	95%	95%
Outcome	Percent of complaints logged and assigned within two days of receipt of written complaint, then investigated and a course of action determined no later than four months from receipt of complaint	93%	0%	100%	Discontinued	100%
Outcome	Amount of revenue collected from licensing, in millions	$24,576,930.62	$23.75	$25.00	$23.60	$23.60
Output	Number of investor education events focused on fraud protection	5.0	15.0	14.0	14.0	14.0
Output	Amount of monies awarded or recovered through criminal or administrative prosecutions or settlements	$612,430.62	$385.25	$500.00	$250.00	$250.00

PROGRAM SUPPORT

The purpose of program support is to provide leadership and centralized direction, financial management, information systems support and human resources support for all agency organizations in compliance with governing regulations, statutes and procedures so they can license qualified applicants, verify compliance with statutes and resolve or mediate consumer complaints.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,109.4	1,458.7	5,485.1	1,572.7	7.8
Other Transfers	1,545.9	3,241.9	10.0	3,241.9	0.0
Other Revenues	17.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$2,672.5**	**$4,700.6**	**$5,495.1**	**$4,814.6**	**2.4**
USES					
Personal services and employee benefits	2,197.0	3,475.3	4,236.8	3,589.3	3.3
Contractual services	265.4	540.7	540.7	540.7	0.0
Other	188.5	684.6	717.6	684.6	0.0
TOTAL USES	**$2,650.9**	**$4,700.6**	**$5,495.1**	**$4,814.6**	**2.4**
FTE					
Permanent	29.8	24.2	24.2	24.2	0.0
Term	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	**29.8**	**27.2**	**27.2**	**27.2**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of prior-year audit findings resolved	100%	90%	100%	90%	90%

Statutory Authority
Article XI, Section 1, of the New Mexico Constitution creates the Public Regulation Commission (PRC) in a merger of the former State Corporation and Public Utility commissions. As of 2023, three commissioners are appointed by the governor, with the consent of the Senate. The governor nominates members from a qualified list of nominees compiled by the Public Regulation Commission nominating committee established by law. No more than two commissioners will be members of the same party, and members will serve six-year staggered terms and be limited to two terms.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,561.0	15,887.3	16,698.1	16,426.5	3.4
Other Transfers	2,306.2	2,355.0	2,479.1	2,479.1	5.3
Federal Revenues	1,367.2	1,584.8	1,708.3	1,708.3	7.8
Other Revenues	1,681.5	2,355.0	2,479.1	2,479.1	5.3
TOTAL SOURCES	**$17,915.9**	**$22,182.1**	**$23,364.6**	**$23,093.0**	**4.1**
USES					
Personal services and employee benefits	12,966.7	16,903.3	17,502.8	17,237.8	2.0
Contractual services	381.2	829.4	836.5	829.9	0.1
Other	1,574.5	2,094.4	2,546.2	2,546.2	21.6
Other financing uses	2,189.6	2,355.0	2,479.1	2,479.1	5.3
TOTAL USES	**$17,112.0**	**$22,182.1**	**$23,364.6**	**$23,093.0**	**4.1**
FTE					
Permanent	104.0	124.0	129.0	124.0	0.0
TOTAL FTE	**104.0**	**124.0**	**129.0**	**124.0**	**0.0**

At A Glance
The Public Regulation Commission (PRC) requested a general fund increase of $810.8 thousand, or 5.1 percent, over FY26, primarily for employee health benefit and liability insurance increases and IT subscription costs related to the agency's recently implemented electronic filing and docket management system. The agency also requested to increase revenue from the pipeline safety fund by $124.1 thousand, or 5.3 percent, and federal revenues by $123.5 thousand, or 7.8 percent, over FY26. Overall, the agency requested to increase its operating budget by $1.2 million, or 5.3 percent, over FY26.

The LFC recommendation increases general fund revenue by $539.2 thousand, or 3.4 percent, over FY26, including $135.4 thousand for personnel costs to cover increased liability and health insurance and $403.8 thousand in the other costs category for IT subscriptions and management. The recommendation supports the agency's projections for federal and other revenue. Overall, the LFC recommendation increases the agency's operating budget by $910.9 thousand, or 4.1 percent, over FY26. As of November 2025, PRC had a 13 percent funded vacancy, equivalent to 15 positions. Many of those positions were added in the two most recent sessions, such as pipeline utility inspectors and attorneys.

Budget Issues
During the 2025 legislative session, PRC requested, and the Legislature granted, a program structure change to consolidate its two programs into one. The restructuring is better aligned with the agency's quasi-judicial processes and allows the agency to provide more support and resources across divisions.

Laws 2025, Chapter 84, increased inspection and supervision fees on public utility and telephone companies to 0.59 percent of gross receipts. Chapter 84 also allows PRC to annually adjust inspection and supervision fees by no more than the prior year's increase in the employment cost index for state and local governments as published by the federal Bureau of Labor Statistics until July 1, 2031. LFC projects fees will increase from $16.1 million in FY25 to $19.7 million in FY29.

Staffing. Most of PRC's staff are split into advisory staff and advocacy staff. Advisory staff work with the commissioners on case determination and policy and include the office of general counsel and hearing examiners. PRC's advocacy staff represent the public interest in utility matters and are not permitted to work with the commissioners on matters that appear in adjudicated proceedings. Advocacy staff includes the Utilities Division, Pipeline Safety Division, and Legal Division.

PRC requested to increase personnel costs by $599.5 thousand, or 3.5 percent, including a $440.4 thousand increase from general fund revenue, $100 thousand increase in other revenue, and $99.1 thousand increase in federal revenue. The requested increases included $35.7 thousand for salary adjustments, $418.6 thousand for employee health benefits, and $145.4 thousand for liability insurance rates and other employee benefits.

The LFC recommendation increases personnel costs by a total of $334.5 thousand, or 2 percent, over the FY26 budget, including $135.4 thousand, or 1 percent, increase from general fund revenue and the agency's requested increases from other transfers and federal revenue. In total, the recommendation includes funding for employee health benefits and other insurance and benefits. The LFC recommendation does not fund requested targeted compensation requests in line with LFC budget guidelines and also considers the agency's funded vacancy rate.

Pipeline Safety. The Pipeline Safety Bureau carries out the provisions of the New Mexico Pipeline Safety Act to enforce pipeline safety regulations. PRC collects annual pipeline safety fees on inspections of intrastate gas pipelines and has the authority to adjust annual fees to carry out the act's provisions. PRC also receives reimbursements from the U.S. Department of Transportation based on the costs of the program and results from an annual program evaluation.

Pipeline safety fees are first accounted for in the Special Revenues Program and then transferred into the agency operating fund for expenditure. The funding associated with the Special Revenues Program does not increase the overall expenditure authority; instead, it budgets revenue to show transfers in and transfers out, resulting in total revenue being "double counted."

The agency requested to increase revenue from the pipeline safety fund by $124.1 thousand, or 5.3 percent, and federal revenues by $123.5 thousand, or 7.8 percent, over FY26 to support personnel costs and for additional transportation costs and lodging for new staff to oversee an additional 30 thousand miles of pipeline. The request accounts for anticipated fluctuations in federal reimbursements. The LFC's recommendation supports the agency's request for the Pipeline Safety Bureau.

Community Solar. PRC is responsible for implementing and overseeing the Community Solar program, which enables eligible residents to tap into a shared solar facility and offset their monthly energy consumption. The program has an annual statewide capacity limit of 300 megawatts and must allocate at least 30 percent of that capacity to low-income customers as required by statute. Split between New Mexico's three investor-owned utilities, 48 projects were selected and are expected to be operational by the end of 2026. PRC notes the first project for community solar went live in September 2025 and anticipates most going live by the end of 2026.

PRC collected application fees to contract with InClime to administer the program, whose contract expires at the end of FY26. The current application fee structure did not generate sufficient revenue to cover the program's ongoing administrative costs, as additional fees may only be collected when new capacity is added. As such, during the 2025 legislative session, the Legislature appropriated $700 thousand in one-time funding to the agency to support program administration in FY26.

PRC request included $732 thousand per year from the government results and opportunity fund to establish a new Community Solar division. The division would oversee the program directly and eliminate the need for PRC to outsource it to a third-party administrator. The request included $679.9 thousand in personnel costs for 5 new FTE, including a project manager, attorney supervisor or division director, public utilities economist, engineer, and a management analyst, and $34.1 thousand for additional operating costs, such as equipment, subscriptions, training, and travel, for the new division.

Program Support. PRC's administrative staff oversees the operations of the agency and includes IT, human resources, financial services, the Consumer Relations Division, and the Chief of Staff's office. PRC requested to increase operational costs by $451.8 thousand, or 21.6 percent, over FY26, including $403.8 thousand from the general fund, $23.6 thousand from other revenue, and $24.4 thousand from federal revenue.

PRC requested to increase general fund revenue for the other costs category by $403.8 thousand, or 25.3 percent, over FY26. The agency requested to increase telecommunication rates by $3,800 and IT subscription costs by $400 thousand related to the agency's recently implemented electronic filing and docket management system, including $257.7 thousand for licensing costs and $142.3 thousand for maintenance and support. LFC supports the agency's request to increase telecommunication rates and IT subscriptions. PRC also requested to increase contractual services by $7,100, or 0.9 percent, including $6,600 from general fund revenue for an increase in audit services and $500 from other revenue sources for employee drug testing. LFC maintains a flat general fund budget for contractual services, following a 25.8 percent increase in this line item approved in the previous legislative session.

PUBLIC REGULATION COMMISSION

The purpose of the public regulation commission program is to fulfill the constitutional and legislative mandates regarding regulated industries through rulemaking, adjudications and policy initiatives to ensure the provision of adequate and reliable services at fair, just and reasonable rates so the interests of the consumers and regulated industries are balanced to promote and protect the public interest.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,765.9	15,887.3	16,698.1	16,426.5	3.4
Other Transfers	1,623.2	2,355.0	2,479.1	2,479.1	5.3
Federal Revenues	1,367.2	1,584.8	1,708.3	1,708.3	7.8
Other Revenues	1,607.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$13,363.3**	**$19,827.1**	**$20,885.5**	**$20,613.9**	**4.0**
USES					
Personal services and employee benefits	12,966.7	16,903.3	17,502.8	17,237.8	2.0
Contractual services	381.2	829.4	836.5	829.9	0.1
Other	1,574.5	2,094.4	2,546.2	2,546.2	21.6
Other financing uses	225.4	0.0	0.0	0.0	0.0
TOTAL USES	**$15,147.8**	**$19,827.1**	**$20,885.5**	**$20,613.9**	**4.0**
FTE					
Permanent	104.0	124.0	129.0	124.0	0.0
TOTAL FTE	**104.0**	**124.0**	**129.0**	**124.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of customers provided new service with download speeds of at least ten megabits per second and upload speeds of at least one megabit per second in areas unserved by broadband in award year	NEW	26,637.0	N/A	N/A	N/A
Explanatory	Percent difference of final rate decision on rate cases versus regulated utility's original rate request amount	66%	40%	N/A	N/A	N/A
Explanatory	Percent of overall capacity of community solar projects subscribed	NEW	0%	N/A	N/A	N/A
Outcome	Number of town halls or public comment hearings held outside of Santa Fe	NEW	6.0	10.0	10.0	10.0
Outcome	Percent of energy megawatt hours of community solar project attributed to low income customers	NEW	0%	30%	30%	30%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of vacant positions filled within twelve weeks of posting	NEW	94%	75%	75%	75%
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	$52	$51	$50	$50	$50
Explanatory	Percent of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities	20%	20%	N/A	N/A	N/A
Output	Number of inspection of public record act responses fulfilled in fiscal year	63.0	62.0	40.0	40.0	60.0
Outcome	Percent of written testimonies, reports, rulemaking comments and affidavits filed by staff to the total number of docketed cases in a fiscal year	119%	144%	105%	105%	120%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency mission.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,795.1	0.0	0.0	0.0	0.0
Other Transfers	683.0	0.0	0.0	0.0	0.0
Other Revenues	74.4	0.0	0.0	0.0	0.0

SPECIAL REVENUES

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	0.0	2,355.0	2,479.1	2,479.1	5.3
TOTAL SOURCES	**$0.0**	**$2,355.0**	**$2,479.1**	**$2,479.1**	**5.3**
USES					
Other financing uses	1,964.2	2,355.0	2,479.1	2,479.1	5.3
TOTAL USES	**$1,964.2**	**$2,355.0**	**$2,479.1**	**$2,479.1**	**5.3**

Statutory Authority
Article XI, Section 20, of the New Mexico Constitution, enacted in 2012, separates the Insurance Division from the Public Regulation Commission and creates the Office of Superintendent of Insurance. The superintendent is appointed by an insurance nominating committee made up of four members chosen by the Legislature, four by the governor, and a ninth selected by the eight appointed members. The four members appointed by the Legislative Council and the governor can include no more than two from the same political party, two from the insurance industry, and two representing insurance consumers. The ninth member must be either a former New Mexico superintendent of insurance or another person with extensive knowledge of insurance regulation in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	15,434.9	16,637.8	19,593.7	17,204.5	3.4
Federal Revenues	6.7	614.3	614.3	614.3	0.0
Other Revenues	142,343.3	50,696.0	129,481.0	126,076.9	148.7
Fund Balance	802.6	751.9	864.6	864.6	15.0
TOTAL SOURCES	**$158,587.5**	**$68,700.0**	**$150,553.6**	**$144,760.3**	**110.7**
USES					
Personal services and employee benefits	13,263.8	14,538.4	17,752.9	15,582.1	7.2
Contractual services	6,256.5	6,807.8	7,890.0	6,982.5	2.6
Other	123,639.1	30,806.2	105,317.0	104,991.2	240.8
Other financing uses	15,434.9	16,547.6	19,593.7	17,204.5	4.0
TOTAL USES	**$158,594.3**	**$68,700.0**	**$150,553.6**	**$144,760.3**	**110.7**
FTE					
Permanent	102.0	117.0	131.0	119.0	1.7
TOTAL FTE	**102.0**	**117.0**	**131.0**	**119.0**	**1.7**

At A Glance
The Office of Superintendent of Insurance (OSI), which receives no general fund revenue, requested a total revenue increase of $81.9 million, or 119.1 percent, over FY26. A majority of the requested increase, $74.1 million, is attributable to the patient's compensation fund (PCF) to budget anticipated settlements and judgments based on a three-year average. In prior years, OSI would use its budget adjustment authority to increase budget into the Patient's Compensation Fund Program to cover claims and settlements. Not including the request for PCF, OSI requested an increase of $7 million, or 9.2 percent, from other revenue sources.

The agency requested to increase its personnel budget by $3.2 million, or 22.1 percent, including $1.9 million for 12 new FTE, funding for employee health benefit premiums, and adjustments for liability and other employee insurances and benefits. The agency requested to increase contractual services by $1.1 million, or 15.9 percent, including $500 thousand for financial analysis and examination services, $250 thousand for a variety of subject matter experts, and $100 thousand for the Vaccine Purchasing Act. Finally, OSI requested to increase the other costs category by $74.5 million, or 241.9 percent, mostly attributable to requested increase for the Patient's Compensation Fund Program.

The LFC recommendation increases personnel costs by $1 million, or 7.2 percent, for employee health benefits, insurance rates, 2 new FTE for the Patient's Compensation Fund Program, and to lower the agency's unfunded positions. The recommendation increases contractual services by $174.7 thousand, or 2.6 percent, for technical expertise and audit rates. The LFC recommendation increases contractual services by $74.2 million, including $74.1 million attributable to rectifying the budget for anticipated PCF settlements.

Budget Issues

The OSI budget is primarily composed of other revenues from various insurance fees, doctor and hospital surcharges, fraud assessments, title insurance assessments, and annual licensing fees levied on insurance agents, carriers, and licensees. Other state funds not passed through to other agencies or used for the operating budget throughout the fiscal year transfer to the general fund. In FY25, OSI collected approximately $35.6 million from its fees, licenses, and assessments and transferred approximately 42.4 percent of its producer and company licensing fees to the state general fund, the fire and law enforcement protection fund, and the Carrie Tingley fund.

Special Revenues. Special Revenues is a dual-accounting mechanism used to account for deposits that are transferred into the insurance policy fund for the operations of OSI. The funding associated with the Special Revenues Program does not increase the overall expenditure authority; instead, it budgets revenue to show transfers in and transfers out, resulting in revenue being "double counted." Agency requests for the Insurance Policy Program dictate changes in Special Revenues.

The agency request included an increase of $2.9 million, or 18 percent, over FY26. For FY27, the LFC recommendation increases Special Revenues by $506.9 thousand, or 3.2 percent, for OSI operations.

Insurance Policy. The Insurance Policy Program provides oversight and regulation of insurance, reviews premium rates and other plan details to ensure insurance is reliable and reasonable, and oversees producers that sell insurance. The agency requested a $3.3 million, or 17.1 percent, increase over FY26 for the Insurance Policy Program.

OSI requested to increase personnel costs by $1.9 million, or 15.4 percent, over FY26, including $946.9 thousand for salary adjustments and 5 new FTE, $309.6 thousand for employee health benefits, $399.2 thousand for various employee insurances and benefits, and $246.2 thousand for employee liability insurance. OSI requested to increase personnel in the Insurance Policy Program by 5 FTE, including 4 FTE for the Consumer Assistance Division to support additional industry oversight through market analysis and conduct and 1 FTE for the Informational Technology Bureau.

OSI requested to increase contractual costs by $1 million, or 23.2 percent, over FY26, including $500 thousand for financial analysis and examination services to ensure compliance with the National Association of Insurance Commissioners, $100 thousand to implement the Vaccine Purchasing Act, $250 thousand for a variety of subject matter expertise contracts to support agency statutory compliance and regulation, $73 thousand for a contractor to audit the continuing education fund, $114 thousand for various consulting, and $5,300 for increased audit rates.

The agency requested to increase the other costs category by $321 thousand, or 16.3 percent, over FY26, including $125.4 thousand for IT equipment and subscriptions, $90 thousand for two additional cars, $75.2 thousand for Department of Information and Technology rates, and $30.4 thousand for employee travel, training, and office supplies.

The LFC recommendation increases personnel spending in the Insurance Policy Program by $666 thousand, or 5.4 percent, over FY26, for increases in employee health premiums, liability risk insurance, and to lower the program's unfunded vacancy rate. The recommendation increases contractual services by $134.7 thousand, or 3 percent, to partially fund the agency's request for the Vaccine Purchasing Act, technical assistance contracts, and audit rates. The recommendation considers previous increases in contractual services—increasing by 20.6 percent since FY24. The LFC recommendation increases the other costs category by $75.2 thousand for IT and telecommunication rates. Overall, LFC recommends a $875.9 thousand, or 4.6 percent, increase for the Insurance Policy Program.

Insurance Fraud and Auto Theft. The New Mexico Insurance Fraud and Law Enforcement Division oversees the New Mexico Auto Theft Prevent Authority, which helps reduce the overall incidence of insurance fraud and consumer abuse through law enforcement training, community outreach, and investigation and prosecution. The Insurance Fraud and Auto Theft Program is funded by an annual assessment set by the Superintendent on authorized insurers pursuant to the Insurance Fraud Act. The agency requested to increase revenue from the insurance fraud fund by $821.3 thousand, or 26.3 percent, over FY26.

The agency requested to increase personnel spending by $663.7 thousand, or 30.7 percent, including $255 thousand for 2 FTE, $225 thousand for salary adjustments related to a previous special appropriation, $145.8 thousand for health insurance and other employee insurance rates, and $37.9 thousand Department of Information and Technology rates. The requested 2 FTE include a special agent to increase OSI's investigative capacity and a financial analyst to help manage the division's budget and financial operations.

The agency requested to increase contractual services by $40 thousand, or 166 percent, to realign budget between the other costs category and contractual services for a contract with the Department of Public Safety for emergency dispatch services. Additionally, the agency requested to decrease the other costs category by $32.4 thousand, or 4.8 percent, due to the requested budget realignment and a $7,600 increase for Department of Information and Technology rates.

The LFC recommendation increases personnel by $118.1 thousand, or 5.5 percent, for employee health premiums, liability risk insurance, and to lower the program's unfunded vacancy rate. LFC supports the agency's request for contractual services and the other costs category.

Patient's Compensation Fund. The Patient's Compensation Fund (PCF) Program is a flow-through expenditure program that pays malpractice settlements for member physicians and hospitals. Established under the New Mexico Medical Malpractice Act, the program seeks to provide affordable malpractice coverage and caps the amount of certain damages awarded against member healthcare providers. The program is funded by surcharges on member providers who obtain a second layer of medical malpractice coverage from the PCF. As of August 2025, 14 hospitals, 417 independent provider groups, and 5,013 individual providers were participating in the program. As of June 30, 2025, the annual unaudited surcharges were $138.8 million. OSI is responsible for approving surcharge increases—in 2026, OSI approved a 10 percent assessment increase for independent providers and 25.6 percent assesment increase for hospitals.

The fund's solvency had been a concern in recent years. Since FY23, the Legislature has appropriated $106.5 million in one-time funding to the fund: $30 million in FY23, $32.5 million in 2024, and $44 million in FY25 to address the deficit. The fund's deficit attributed to independent physicians and surgeons has been eliminated, in large part because of the Legislature's one-time appropriations, which has significantly reduced the pressure on independent providers and the need for extensive surcharges. However, the hospitals still have a remaining deficit of approximately $34 million, which will be eliminated with a deficit charge to hospitals.

The Legislature has made significant changes to the PCF in recent years. In 2021, the Legislature revised the underlying coverage requirements, the amount of primary insurance a provider must carry before the PCF covers excess claims. The underlying coverage requirement increased from $200 thousand to $250 thousand per occurrence for independent healthcare providers and from $200 thousand to $750 thousand for hospitals and hospital-controlled outpatient facilities. The Legislature also approved changes to caps on liability. Prior to 2022, the cap on nonmedical, nonpunitive damages was $600 thousand. After 2022, the limit was raised to $750 thousand plus medical expenses with a cost-of-living adjustment starting in 2023 for independent providers. For hospital-owned or hospital-controlled facilities, the cap was increased to $4 million in 2022 with an increase to $6 million in 2026 and indexed by inflation thereafter. In 2023, the Legislature also approved changes to the Medical Malpractice Act to differentiate between independent outpatient healthcare facilities and those owned and controlled by hospitals. The amendment established a different underlying coverage limit of $500 thousand and set the liability limit to $1 million for independent outpatient healthcare facilities. The Legislature amended the act to require the fund's projected actuarial deficit be eliminated by December 31, 2026.

Additionally, the Legislature amended statute to clarify that hospitals and hospital-controlled outpatient healthcare facilities can no longer participate in the PCF beginning January 1, 2027. Claims filed by a hospital while it was participating in the PCF will be held to the statutory caps. OSI notes it takes fives years to seven years for the majority of malpractice claims to be resolved by settlement or judgment. Surcharge payments attributable to hospitals and hospital employees make up a large part of the total amount collected—approximately 86 percent, or $119.8 million, of the 2025 surcharge payments to the PCF were attributable to hospitals and hospital employees.

OSI will have to address the administration of the PCF in 2026. In 2021, an amendment to the Medical Malpractice Act required OSI to contract with a third-party administrator. Integrion undertook the administration and operation of the fund in 2022. However, Integrion has notified OSI that it will not participate in the RFP process for a third-party administrator for FY27, and OSI will be required to find a replacement.

OSI requested to increase revenue for the PCF Program by $74.9 million, or 245.8 percent, over FY26. A majority of the requested increase, $74.1 million, is to align the budget with actual settlement costs based on a three-year average. In prior years, OSI would use its budget adjustment authority to increase budget into the PCF Program to cover settlements. Aside from aligning the budget with anticipated settlement costs, the agency also requested to increase personnel costs by $648.9 thousand for 5 FTE to keep the PCF operational while the agency finds a new third-party administrator. OSI also expects the new contractor will not assume all the responsibilities of the previous administrator. Finally, OSI also requested to increase the other costs category by $100 thousand for travel, rent, subscriptions, and training for the requested 5 FTE.

The LFC recommendation increases personnel costs for the PCF Program by $259.6 thousand for 2 new FTE to facilitate the transition of the program from one vendor to another and handle responsibilities that will no longer be handled by the third-party administrator. The LFC supports the agency's request to keep contractual services flat. The recommendation increases the other costs category by $74.5 thousand, including $74.1 million for PCF settlements and $40 thousand for travel, subscriptions, and training for the 2 new FTE.

Property Insurance. OSI regulates and oversees property insurance in New Mexico by ensuring companies are financially sound, protecting consumer protections, handling consumer complaints, and overseeing licensing. The Legislature enacted New Mexico Fair Access to Insurance Requirements (FAIR) Plan Act in 1969 to provide property insurance for residential and commercial property to applicants unable to secure insurance in the normal market, essentially acting as a property insurance of last resort. The underwriting association of the FAIR Plan, the New Mexico Property Insurance Program, consists of all insurers that write property insurance in New Mexico. Both are subject to approval and regulation by OSI. In 2025, the FAIR plan increased coverage for residential properties from $350 thousand to $750 thousand and coverage for commercial properties from $1 million to $2 million.

SPECIAL REVENUES

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	14,818.3	16,081.0	18,977.1	16,587.9	3.2
TOTAL SOURCES	**$14,818.3**	**$16,081.0**	**$18,977.1**	**$16,587.9**	**3.2**
USES					
Other financing uses	14,818.3	16,081.0	18,977.1	16,587.9	3.2
TOTAL USES	**$14,818.3**	**$16,081.0**	**$18,977.1**	**$16,587.9**	**3.2**

INSURANCE POLICY

The purpose of the insurance policy program is to ensure easy public access to reliable insurance products that meet consumers' needs and are underwritten by dependable, reputable, financially sound companies that charge fair rates and are represented by trustworthy, qualified agents, while promoting a positive competitive business climate.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	15,434.9	16,637.8	19,593.7	17,204.5	3.4
Federal Revenues	6.7	614.3	614.3	614.3	0.0
Other Revenues	1,671.1	1,789.5	1,498.7	1,498.7	(16.3)
Fund Balance	0.0	0.0	600.0	600.0	0.0
TOTAL SOURCES	**$17,112.7**	**$19,041.6**	**$22,306.7**	**$19,917.5**	**4.6**
USES					
Personal services and employee benefits	11,242.2	12,376.3	14,278.2	13,042.3	5.4
Contractual services	3,990.6	4,491.0	5,533.2	4,625.7	3.0
Other	1,681.0	1,968.7	2,289.7	2,043.9	3.8
Other financing uses	205.6	205.6	205.6	205.6	0.0
TOTAL USES	**$17,119.4**	**$19,041.6**	**$22,306.7**	**$19,917.5**	**4.6**
FTE					
Permanent	87.5	101.2	110.0	101.2	0.0
TOTAL FTE	**87.5**	**101.2**	**110.0**	**101.2**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of filings processed within ninety days within the life and health division	NEW	0%	97%	97%	97%
Explanatory	Average number of objection letters issued per filing	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of form-only filings, including informational and reporting, reviewed by the life and health product filing bureau	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of rate-related filings, including informational and reporting, reviewed by the life and health product bureau	NEW	NEW	N/A	N/A	N/A
Explanatory	Total number of filings reviewed by the life and health division	NEW	NEW	N/A	N/A	N/A
Output	Number of consumer assistance outreach activities conducted annually	NEW	NEW	20.0	20.0	20.0
Output	Percent of internal and external insurance-related grievances closed within two hundred forty days of filing by the managed healthcare bureau	97%	99%	95%	95%	95%
Efficiency	Percent of form and rate filings processed within ninety days within the property and casualty bureau	99%	100%	99%	99%	99%
Output	Number of managed healthcare outreach activities conducted annually	50.0	20.0	20.0	20.0	20.0
Efficiency	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	100%	100%	100%	100%	100%
Explanatory	Number of cases accepted for prosecution by the insurance fraud law enforcement division	140.0	193.0	N/A	N/A	N/A
Explanatory	Dollars saved or recovered for consumers by the consumer assistance bureau	$2,001,438	$9,530,694	N/A	N/A	N/A
Output	Number of examinations conducted	5.0	10.0	8.0	8.0	9.0
Output	Number of inspections performed by the title insurance bureau	117.0	107.0	100.0	100.0	103.0
Explanatory	Number of inquiries received by the investigations bureau for which enforcement action is taken	40.0	87.0	N/A	N/A	N/A
Explanatory	Number of property and casualty rate and form filings reviewed	742.0	2,540.0	N/A	N/A	N/A
Explanatory	Amount of dollars saved or recovered for consumers by the managed health care bureau	$1,297,052	$3,912,207	N/A	N/A	N/A
Output	Number of consumer complaints received by the consumer assistance bureau	1,171.0	1,314.0	700.0	700.0	900.0
Explanatory	Number of grievances received by the managed healthcare bureau	453.0	601.0	N/A	N/A	N/A
Explanatory	Number of inquiries received by the investigations bureau	274.0	539.0	N/A	N/A	N/A
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period	100%	100%	100%	100%	100%

PATIENT'S COMPENSATION FUND

The purpose of the patient's compensation fund program is to ensure the availability and affordability of medical liability insurance for healthcare providers in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	123,458.5	30,460.4	105,331.5	104,862.2	244.3
TOTAL SOURCES	**$123,458.5**	**$30,460.4**	**$105,331.5**	**$104,862.2**	**244.3**
USES					
Personal services and employee benefits	0.0	0.0	648.9	259.6	0.0
Contractual services	2,128.2	2,292.7	2,292.7	2,292.7	0.0
Other	121,330.3	28,167.7	102,389.9	102,309.9	263.2
TOTAL USES	**$123,458.5**	**$30,460.4**	**$105,331.5**	**$104,862.2**	**244.3**
FTE					
Permanent	0.0	0.0	5.0	2.0	0.0
TOTAL FTE	**0.0**	**0.0**	**5.0**	**2.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Amount of settlements reached	NEW	$73,892,125.0	N/A	N/A	N/A
Explanatory	Number of claims reported to the patient compensation fund	NEW	$209.0	N/A	N/A	N/A
Explanatory	Number of participating providers enrolled into the patients' compensation fund	NEW	$5,013.0	N/A	N/A	N/A
Explanatory	Amount of patients' compensation fund actuarial deficit, in millions	(17.0)	(8.0)	N/A	N/A	N/A
Explanatory	Audit of all uploaded transactions within twenty-four hours	100.0	506.0	N/A	N/A	N/A

INSURANCE FRAUD AND AUTO THEFT PROGRAM

The purpose of the insurance fraud and auto theft program is to reduce the overall incidence of insurance fraud, arson and auto theft related transactions through community outreach, training and anti-fraud programs.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	2,395.5	2,365.1	3,673.7	3,128.1	32.3
Fund Balance	802.6	751.9	264.6	264.6	(64.8)
TOTAL SOURCES	**$3,198.1**	**$3,117.0**	**$3,938.3**	**$3,392.7**	**8.8**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	2,021.6	2,162.1	2,825.8	2,280.2	5.5
Contractual services	137.6	24.1	64.1	64.1	166.0
Other	627.9	669.8	637.4	637.4	(4.8)
Other financing uses	411.0	261.0	411.0	411.0	57.5
TOTAL USES	**$3,198.1**	**$3,117.0**	**$3,938.3**	**$3,392.7**	**8.8**
FTE					
Permanent	14.5	15.8	16.0	15.8	0.0
TOTAL FTE	**14.5**	**15.8**	**16.0**	**15.8**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of insurance fraud or auto theft investigations coordinated with other law enforcement agencies	NEW	$0.0	N/A	N/A	N/A
Explanatory	Number of proactive special operations to reduce insurance fraud, auto theft, and related crimes	NEW	0.0	N/A	N/A	N/A
Output	Number of criminal investigations conducted by certified law enforcement personnel	NEW	0.0	48.0	48.0	48.0
Output	Number of insurance fraud reports reviewed by the insurance fraud law enforcement division	NEW	0.0	1,000.0	1,000.0	1,000.0

Statutory Authority
The Medical Practice Act, Sections 61-6-1 through 61-6-29 NMSA 1978, establishes the Medical Board. The state agency is responsible for regulating and licensing physicians, physician assistants, anesthesiologist assistants, genetic counselors, polysomnographic technologists, and naprapaths. The nine-member board is appointed by the governor to staggered four-year terms. The board consists of nine governor-appointed members – six physicians, two members of the public, and one physician's assistant – and holds four regular meetings per year.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	3,352.2	3,315.6	3,395.1	3,400.2	2.6
Fund Balance	0.0	250.0	695.6	581.4	132.6
TOTAL SOURCES	**$3,352.2**	**$3,565.6**	**$4,090.7**	**$3,981.6**	**11.7**
USES					
Personal services and employee benefits	1,395.1	1,884.3	2,125.6	2,016.5	7.0
Contractual services	1,098.6	1,064.0	1,290.8	1,290.8	21.3
Other	487.0	617.3	674.3	674.3	9.2
TOTAL USES	**$2,980.7**	**$3,565.6**	**$4,090.7**	**$3,981.6**	**11.7**
FTE					
Permanent	14.0	22.0	22.0	16.0	(27.3)
TOTAL FTE	**14.0**	**22.0**	**22.0**	**16.0**	**(27.3)**

At A Glance
The Medical Board requested an increase of $525 thousand, or 14.7 percent, above the FY26 operating budget. The board's request increased licensing fee revenues and increased the use of fund balance. The board requested an increase in contractual services, primarily for the impaired physician program and legal services. Much of the requested increase in personnel and the other category was for 3 existing but unfilled FTE (public information officer, director of operations, and additional attorney).

The LFC recommendation supports the board request for a classified staff attorney but does not recommend funding for the other FTE. The committee recommendation supports the use of fund balance for contractual services and other financing uses but at a reduced level from the agency request. Revenues exceeded expenditures by $371 thousand in FY25. The balance at the close of FY26 is projected at slightly above $2.8 million. The agency issued 6,231 physician licenses and renewals in FY25, 5 percent below the previous fiscal year.

In FY19, the board opened 356 investigations, including 114 board-initiated complaints; in FY20, of the 296 total complaints, 102 were initiated by the board. In FY21, of the 326 total complaints, 72 were initiated by the board. In FY22, the board received 305 complaints, 93 of which were initiated by the board. In FY23, the board received 312 complaints, 66 of which were initiated by the board. In FY24, the board received 416 complaints, 73 of which were initiated by the board. In FY25, the board received 543 complaints, 45 of which were initiated by the board. As of September 2025, the board had 261 pending cases. The board previously reported the complexity of the type of cases being investigated has increased, with cases taking from three months to a year to be completed. Board complaints have included gross negligence in medical treatment, sexual misconduct, injudicious prescribing, injudicious prescribing leading to death or nonfatal overdose, substance abuse, and other significant patient harm.

The board's FY24 audit report was unmodified with no findings indicated.

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulation and licensure to healthcare providers regulated by the New Mexico medical board and to ensure competent and ethical medical care to consumers.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of entities provided with information through written license verification and website access	3,157.0	86,783.0	1,000,000.0	3,200.0	100,000.0
Output	Number of triennial physician licenses issued or renewed	6,569.0	6,240.0	6,570.0	6,300.0	6,570.0
* Output	Number of biennial physician assistant licenses issued or renewed	732.0	696.0	730.0	700.0	730.0
Output	Number of complaints closed within the fiscal year	236.0	257.0	240.0	260.0	240.0
Output	Number of participants in monitored treatment programs	62.0	67.0	60.0	70.0	60.0
* Outcome	Number of days to issue a physician license	54.0	51.0	21.0	51.0	21.0
Explanatory	Number of licensees contacted regarding high-risk prescribing and prescribing monitoring program compliance, based on the board of pharmacy prescription monitoring program reports	248.0	0.0	N/A	N/A	N/A

Statutory Authority
The Nursing Practice Act, Sections 61-3-1 through 61-3-31 NMSA 1978, establishes the seven-member Board of Nursing to regulate schools and practice.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1.4	150.0	202.2	202.2	34.8
Other Revenues	3,284.9	4,044.9	4,252.8	4,026.0	(0.5)
TOTAL SOURCES	**$3,286.3**	**$4,194.9**	**$4,455.0**	**$4,228.2**	**0.8**
USES					
Personal services and employee benefits	2,581.1	3,043.3	3,270.1	3,043.3	0.0
Contractual services	109.0	160.0	155.0	155.0	(3.1)
Other	602.2	801.6	784.9	784.9	(2.1)
Other financing uses	38.0	190.0	245.0	245.0	28.9
TOTAL USES	**$3,330.3**	**$4,194.9**	**$4,455.0**	**$4,228.2**	**0.8**
FTE					
Permanent	25.0	27.0	27.0	25.0	(7.4)
TOTAL FTE	**25.0**	**27.0**	**27.0**	**25.0**	**(7.4)**

At A Glance
The Board of Nursing, funded through licensing fees, requested a $260 thousand (6.2 percent) increase over the FY26 operating budget. The request increased personnel funding by $226.8 thousand (7.5 percent). The committee recommendation for the personnel budget is flat with the FY26 budget which is 17.9 percent above FY25 actuals. The board requested and the committee recommends a 3.1 percent decrease in contractual services and a 2.1 percent decrease in other financing uses. The decrease requested by the board was still well above FY25 actual expenditures. As of September 2025, 25 of the board's 27 FTE were filled. Initiatives for FY25 and FY26 included initial graduate nurse licensure fee waivers ($200 thousand) and drug testing costs for the alternative to discipline program ($30 thousand).The Board of Nursing provides grants to higher education institutions and other organizations to enhance recruitment, retention, employment, and educational opportunities for professional nurses. In FY27, the Center for Nursing Excellence will grant funding for 20 $1,000 scholarships. According to the Board of Nursing, Native Americans represent 11 percent of New Mexico's population and 5 percent of licensed nurses. The board also grants an award to the New Mexico Native American Indian Nurses Association that should fund eight to 10 scholarships to higher education institutions.The board met all but one performance target in FY25 (percent of complaints logged and investigations logged and initiated within two days, target 75 percent, actual 58 percent). The board's FY24 audit report was unmodified with no findings indicated.

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulations to nurses, hemodialysis technicians, medication aides and their education and training programs so they provide competent and professional healthcare services to consumers.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of complaints logged and investigations initiated within two business days of receipt of written complaint	46%	58%	75%	75%	75%
Output	Percent of low- and medium-priority complaints investigated and presented to the board of nursing within six months	87%	86%	75%	75%	75%
Efficiency	Percent of unlicensed assistive personnel and nursing education program reviews completed within forty-five days of the program review requirements	100%	100%	100%	100%	100%
Explanatory	Number of licensed practical nurse licenses active on June 30	2,254.0	2,456.0	N/A	N/A	N/A
Explanatory	Number of registered nurse licenses active on June 30	30,242.0	34,417.0	N/A	N/A	N/A
Explanatory	Number of certified nurse practitioner licenses active on June 30	5,717.0	6,914.0	N/A	N/A	N/A
Explanatory	Number of clinical nurse specialist licenses active on June 30	80.0	80.0	N/A	N/A	N/A
* Explanatory	Number of certified registered nurse anesthetist licenses active on June 30	649.0	674.0	N/A	N/A	N/A
Explanatory	Number of certified hemodialysis technicians one and two licenses active on June 30	591.0	542.0	N/A	N/A	N/A
Explanatory	Number of certified medication aide one and two licenses active on June 30	400.0	903.0	N/A	N/A	N/A
Explanatory	Number of lactation care providers licenses active on June 30	13.0	52.0	N/A	N/A	N/A
* Output	Number of advanced practice nurses contacted regarding high-risk prescribing and prescription monitoring program compliance, based on the pharmacy board's prescription monitoring program reports	250.0	357.0	250.0	250.0	250.0
Explanatory	Number of nursing education site visits completed	4.0	8.0	N/A	N/A	N/A

Statutory Authority
The State Fair and State Fair Commission are established in, and governed by, Section 16-16-1 through 16-6-31 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	375.0	375.0	375.0	375.0	0.0
Other Transfers	250.0	0.0	0.0	0.0	0.0
Other Revenues	16,039.4	15,433.0	16,624.6	16,142.8	4.6
TOTAL SOURCES	**$16,664.4**	**$15,808.0**	**$16,999.6**	**$16,517.8**	**4.5**
USES					
Personal services and employee benefits	7,518.4	8,390.0	9,271.3	8,814.5	5.1
Contractual services	3,987.6	3,218.9	3,553.6	3,553.6	10.4
Other	3,625.6	4,199.1	4,174.7	4,149.7	(1.2)
TOTAL USES	**$15,131.6**	**$15,808.0**	**$16,999.6**	**$16,517.8**	**4.5**
FTE					
Permanent	32.0	35.0	35.0	35.0	0.0
TOTAL FTE	**32.0**	**35.0**	**35.0**	**35.0**	**0.0**

At A Glance
The New Mexico State Fair requested a $1.2 million, or 7.6 percent, increase. Within the enterprise revenue generated for events hosted by the State Fair, the request increased revenues by $1.2 million, almost entirely from admissions. The increased revenues would primarily cover increased insurance costs.

The agency request included $375 thousand from the general fund for operations, maintenance, and programming at the African American Performing Arts Center (AAPAC). The requested funding was flat relative to the FY26 operating budget.

The committee recommendation reflects a total operating budget for the State Fair of $16.5 million, a $721.8 thousand, or 4.5 percent, increase. The committee recommendation also increases enterprise revenue by $721.8 thousand. The committee recommendation maintains a flat $375 thousand in general fund revenue for operations, maintenance, and programming at AAPAC.

Budget Issues
After experiencing revenue shortfalls and budgetary difficulty during the pandemic and early post-pandemic period, State Fair attendance and revenue have remained at or above prepandemic levels for the past three years. In FY25, attendance at the State Fair exceeded 520 thousand people and admissions generated over $5 million in enterprise revenue. The FY27 State Fair request increased enterprise revenue generated by admissions to $5.1 million from the FY26 budgeted revenue of $3.7 million. Due to variability in admissions-generated revenue over the past three years, the committee recommendation reflects increased enterprise revenue of $4.6 million.

In 2025, legislation (House Bill 519) was passed by both the House and Senate to administratively attach AAPAC to the Cultural Affairs Department beginning in FY26. However, the legislation was vetoed. Consequently, funding for operations, maintenance, and programming for AAPAC continues to flow through the State Fair. The FY27 committee recommendation maintains a flat budget of $375 thousand in general fund revenue for AAPAC.

The recommended performance targets for State Fair attendance maintain the targets set in FY26. Although overall State Fair attendance exceeded the target in FY25, paid attendance fell short.

NEW MEXICO STATE FAIR

The purpose of the state fair program is to promote the New Mexico state fair as a year-round operation with venues, events and facilities that provide for greater use of the assets of the agency.

Recommended Language

The general fund appropriations to the New Mexico state fair include three hundred seventy-five thousand dollars ($375,000) for the African American performing arts center operations.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	87%	90%	95%	95%	95%
Output	Percent of counties represented through exhibits at the annual state fair	100%	100%	100%	100%	100%
* Output	Number of paid attendees at annual state fair event	370,023.0	411,791.0	430,000.0	430,000.0	430,000.0
Output	Number of total attendees at annual state fair event	467,543.0	521,053.0	500,000.0	500,000.0	500,000.0

Statutory Authority
The Engineering and Surveying Practice Act, Sections 61-23-1 through 61-23-32 NMSA 1978, establishes a 10-member State Board of Licensure for Professional Engineers and Professional Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. The 10 members, appointed by the governor to staggered five-year terms, meet regularly every other month.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.6	0.0	0.0	0.0	0.0
Other Revenues	1,272.5	1,210.1	1,528.5	1,528.5	26.3
Fund Balance	81.5	261.7	28.1	28.1	(89.3)
TOTAL SOURCES	**$1,354.6**	**$1,471.8**	**$1,556.6**	**$1,556.6**	**5.8**
USES					
Personal services and employee benefits	748.1	806.5	982.2	982.2	21.8
Contractual services	264.1	296.5	192.4	192.4	(35.1)
Other	342.3	368.8	382.0	382.0	3.6
TOTAL USES	**$1,354.5**	**$1,471.8**	**$1,556.6**	**$1,556.6**	**5.8**
FTE					
Permanent	7.0	8.0	8.0	8.0	0.0
TOTAL FTE	**7.0**	**8.0**	**8.0**	**8.0**	**0.0**

At A Glance
The board requested a budget increase of $87.9 thousand, or 5.8 percent, for FY27. The board requested $1.53 million in licensure fee revenue and $28.1 thousand from balances in its fund. The majority of the agency's request was for personnel costs related to General Services Department risk premium increases, health insurance premium rate increases, and board-approved raises, resulting in an $178.8 thousand, or 22.2 percent, increase. The board is budgeted for 8 FTE and has no vacant positions. This large personnel increase was partially offset by a request for a decrease of $104.1 thousand, or 35.1 percent, in its contracts budget. The items the board defunded to accommodate the personnel increases were travel expenses, such as meals, mileage, lodging, and training. The remainder of the requested increase is for $13.2 thousand to cover IT and property insurance rate increases budgeted by the Department of Information Technology and General Services Department. The agency requested a reduction of $230.5 thousand in the use of fund balance and will use the funds for the agency's transition to a new licensure certification application system.

As of September 2025, the balance in the board's fund was $1.29 million.

The committee supports the agency's requested budget increase, for FY27.

The board maintained the amount of scholarship funding provided to engineering and surveying students at participating New Mexico universities. The board distributed $249.5 thousand in scholarship funding in FY25, with $153.3 thousand to New Mexico State University, $23.3 thousand to the University of New Mexico, and $72.8 thousand to New Mexico Institute of Mining and Technology. The board also is issuing a temporary biannual license renewal fee increase from $155 to $220, with the board citing growing demand for processing of professional licensure and long-term financial sustainability for the agency. The increase will be reevaluated in FY28 depending on the transition to a new licensure certification application system and if future funding needs are attained.

The board reports there are 11,520 active licensed surveyors and engineers in New Mexico, and there is an average yearly increase of 1,100 licenses.

STATE BOARD OF LICENSURE FOR ENGINEERS AND SURVEYORS

The purpose of the regulation and licensing program is to regulate the practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health and property and to provide consumers with licensed professional engineers and licensed professional surveyors.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of consumers requesting information who are provided with information	100%	100%	100%	100%	100%
Output	Number of licenses or certifications issued within one year	1,032.0	1,164.0	700.0	700.0	1,100.0
Efficiency	Percent of cases resolved through compliance or legal action within one year	43%	64%	50%	50%	64%
Efficiency	Number of days from receipt of a complaint to delivery to the respective professional committee of the board	96.0	94.0	90.0	90.0	94.0

Statutory Authority
Sections 60-2E-1 through 60-2E-62 NMSA 1978, the Gaming Control Act, establishes the primary functions and authority of the Gaming Control Board (GCB). This authority includes licensing, regulation, and enforcement of the provisions of the act. GCB also monitors all activity authorized in the Indian gaming compacts (Section 11-13-1 NMSA 1978) and designates the tribal gaming representative. An executive director leads six divisions: Enforcement, Audit and Compliance, Information Systems, Administrative Services, Licensing, and Legal. The board consists of five members–a law enforcement representative, a certified public accountant member, an attorney, a public member, and the chairman of the State Racing Commission, who serves as an ex officio member.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,964.4	7,636.0	8,772.3	7,995.3	4.7
Other Transfers	124.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$7,088.6**	**$7,636.0**	**$8,772.3**	**$7,995.3**	**4.7**
USES					
Personal services and employee benefits	5,095.4	5,705.1	6,574.6	6,064.4	6.3
Contractual services	747.4	820.7	906.9	820.7	0.0
Other	1,227.3	1,110.2	1,290.8	1,110.2	0.0
TOTAL USES	**$7,070.1**	**$7,636.0**	**$8,772.3**	**$7,995.3**	**4.7**
FTE					
Permanent	45.0	52.0	52.0	52.0	0.0
TOTAL FTE	**45.0**	**52.0**	**52.0**	**52.0**	**0.0**

At A Glance
For FY27, the Gaming Control Board (GCB) requested an increase of $1.1 million in general fund revenues, or 14.9 percent over the FY26 operating budget. The request included an increase of $869.5 thousand, or 15.2 percent, in the personnel category for increased healthcare premiums and for classified positions; an $86.2 thousand, or 10.5 percent increase, in contractual services for annual maintenance of the agency's licensing platform, and a $180.6 thousand increase, or 16.3 percent, in the other services category for travel, IT costs, and training.

The committee recommends increasing general fund appropriations by $356.3 thousand, or 4.7 percent, for increased healthcare premium costs. The agency's personnel category is 76.7 percent of the total operating budget, which in turn leads to a higher amount needed to cover the increase in healthcare premiums.

GAMING CONTROL

The purpose of the gaming control program is to provide strictly regulated gaming activities and to promote responsible gaming to New Mexicans so they can attain a strong level of confidence in the board's administration of gambling laws and assurance the state has competitive gaming free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Quality	Percent of incidents reported to the central monitoring system help desk closed within three calendar days	100%	100%	98%	98%	98%
Outcome	Percent of work permit and work permit renewals processed within forty-five business days	99%	99%	98%	97%	97%
Output	Percent of all tribal gaming operation inspections and reviews completed in one fiscal year	100%	100%	100%	100%	100%
Output	Percent of audit reports completed and mailed within thirty business days of completion of field work or desk compliance review	99%	100%	99%	99%	99%
Output	Average annual number of inspections conducted by each agent at assigned non-tribal venues	26.0	24.0	25.0	24.0	24.0
Output	Percent of transported gaming software and devices inspected by agents	93%	99%	93%	90%	90%
Outcome	Percent of key and business license applications completed and presented to the board within ninety days of receipt of application	97%	100%	95%	92%	92%
Outcome	Percent of staff permit license applications with complete information submitted by applicants and presented to the executive director	99%	100%	95%	93%	93%

Statutory Authority
The primary functions of the State Racing Commission, as defined in Sections 60-1A-1 through 6-1A-30 NMSA 1978, are to license horseracing industry participants, make rules and regulations surrounding the operations of race meets, and set race dates.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,987.4	3,417.1	3,764.7	3,648.5	6.8
Other Transfers	74.7	0.0	0.0	0.0	0.0
Other Revenues	4,034.3	4,000.0	4,300.0	4,300.0	7.5
TOTAL SOURCES	**$7,096.4**	**$7,417.1**	**$8,064.7**	**$7,948.5**	**7.2**
USES					
Personal services and employee benefits	2,023.2	2,636.5	2,957.8	2,867.9	8.8
Contractual services	2,008.5	2,941.6	3,145.6	3,141.6	6.8
Other	1,456.2	1,839.0	1,961.3	1,939.0	5.4
TOTAL USES	**$5,487.9**	**$7,417.1**	**$8,064.7**	**$7,948.5**	**7.2**
FTE					
Permanent	19.0	21.9	22.9	21.9	0.0
TOTAL FTE	**19.0**	**21.9**	**22.9**	**21.9**	**0.0**

At A Glance
The State Racing Commission (SRC) requested a $347.6 thousand increase in general fund revenues, a 10.2 percent increase above the FY26 operating budget. The agency also requested a $300 thousand increase, or 7.5 percent, use of its purse revenues. The agency requested a $321.3 thousand, or 12.2 percent, increase in general fund revenue for personnel costs for increased group healthcare premiums and increases in classified employee pay. The agency requested a $4,000, or 0.1 percent, increase in the contractual services category for increased audit service costs and $22.3 thousand, or 1.2 percent, increase in the other costs category for increased information technology and risk insurance costs.

The committee recommends increasing general fund revenue by $231.4 thousand, or 6.8 percent, for group healthcare premiums in the personal services and employee benefits category. The committee supports the agency's request to increase its use of purse revenues by $300 thousand, or 7.5 percent.

The auditor issued an unmodified opinion on the agency's FY24 annual financial audit that included one finding, including no significant deficiency findings and one of other noncompliance findings. The other noncompliance finding was in the area of reversions of HISA and jockey insurance fund. A 2023 finding of inspection of public records requests was resolved.

HORSE RACING REGULATION

The purpose of the horse racing regulation program is to provide regulation in an equitable manner to New Mexico's pari-mutuel horse racing industry and to protect the interest of wagering patrons and the state of New Mexico in a manner that promotes a climate of economic prosperity for horsemen, horse owners and racetrack management.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of breathalyzer tests administered per race meet	82.0	194.0	85.0	200.0	200.0
Outcome	Percent of cases won at the district court level	96%	100%	100%	100%	100%
Outcome	Percent of horses inspected before a race	65%	99%	100%	100%	100%
Outcome	Percent of out-of-competition samples testing positive for illegal substances	11%	11%	3%	5%	5%
Outcome	Percent of penalty fees collected annually from licensee to the school fund	49.3%	42.0%	80.0%	80.0%	80.0%
* Outcome	Percent of equine samples testing positive for illegal substances	1%	1%	0%	1%	1%
* Explanatory	Amount collected from pari-mutuel revenues and license fees to the general fund, in millions	$672	$626	N/A	N/A	N/A
Explanatory	Average regulatory cost per live race day at each racetrack	$7,000.0	$7,000.0	N/A	N/A	N/A
Explanatory	Number of days to collect penalty fees from licensees and deposit in the school fund	20.0	14.0	N/A	N/A	N/A
Outcome	Number of equine tests per live race	4.0	4.0	5.0	5.0	5.0
Explanatory	Average number of days to bring case to prosecution	50.0	120.0	N/A	N/A	N/A
Outcome	Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	4.0	4.0	4.0	4.0	4.0
Efficiency	Average number of days from report of suspicious activity to referral of investigation case for prosecution before the board of stewards	10.0	10.0	10.0	10.0	10.0
Outcome	Number of out-of-competition samples tested	947.0	804.0	950.0	750.0	750.0
Outcome	Number of race tracks audited	0.0	0.0	1.0	1.0	1.0
* Explanatory	Number of horse fatalities per one thousand starts	2.0	2.0	N/A	N/A	N/A

Statutory Authority
The seven-member Board of Veterinary Medicine was established under the Veterinary Practice Act, Sections 61-14-1 through 61-14-20 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.0	6.1	0.0	0.0	(100.0)
Other Revenues	1,904.6	1,475.0	486.0	486.0	(67.1)
Fund Balance	0.0	13.8	1,800.0	1,800.0	12,943.5
TOTAL SOURCES	**$1,904.6**	**$1,494.9**	**$2,286.0**	**$2,286.0**	**52.9**
USES					
Personal services and employee benefits	192.1	294.9	264.4	264.4	(10.3)
Contractual services	109.2	128.4	118.1	118.1	(8.0)
Other	95.5	1,071.6	1,903.5	1,903.5	77.6
TOTAL USES	**$396.8**	**$1,494.9**	**$2,286.0**	**$2,286.0**	**52.9**
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	**3.0**	**3.0**	**3.0**	**3.0**	**0.0**

At A Glance
For FY27, the Board of Veterinary Medicine (BVM) requested an operating budget of $2.3 million, a $791.1 thousand increase, or 52.9 percent, over the board's FY26 operating budget. The board requested to increase its use of the animal care and facility fund by $1.8 million, or 12,943.5 percent, and decrease its use of other revenues by $989 thousand, or 67.1 percent. BVM requested to lower its personnel spending by $30.5 thousand, or 10.3 percent, and its contractual services by $10.3 thousand, or 8 percent. The board requested to increase its other costs category by $831.9 thousand, or 77.6 percent, to administer grants to entities that apply for grants through the New Mexico Spay and Neuter Program.

The committee's recommendation fully supports the agency's request.

Budget Issues
The Board of Veterinary Medicine (BVM) does not receive general fund revenue and relies on fee revenue and its animal care and facility fund to fund the board's budget. The fee structure for BVM had not been revised or increased since 2013, and the board gave the executive director permission to raise fees by 25 percent. The increase took effect in January 2025, and BVM is expecting this increase will help cover operating costs and any IT equipment required for the board to be in compliance with the Department of Information Technology.

VETERINARY LICENSING AND REGULATORY

The purpose of the veterinary licensing and regulatory program is to regulate the profession of veterinary medicine in accordance with the Veterinary Practice Act and to promote continuous improvement in veterinary practices and management to protect the public.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of facility licenses issued annually	313.0	329.0	315.0	335.0	335.0
Output	Number of facilities inspected annually	0.0	70.0	150.0	150.0	150.0
Outcome	Percent of inspected facilities meeting minimum standards	0%	98%	98%	98%	98%
Output	Number of registered veterinary technician licenses issued annually	258.0	259.0	260.0	260.0	260.0

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of veterinarian licenses issued annually	1,139.0	1,135.0	1,160.0	1,140.0	1,140.0
Output	Number of bovine artificial insemination or bovine pregnancy diagnosis permits issued annually	23.0	23.0	25.0	25.0	25.0
Output	Number of months to resolution of disciplinary matter	8.0	10.0	7.0	7.0	7.0
Output	Number of licenses issued to shelters	32.0	32.0	32.0	33.0	33.0
Outcome	Number of inspected shelters meeting minimum standards	0.0	0.0	45.0	33.0	33.0

Statutory Authority
The Cumbres and Toltec Scenic Railroad was purchased by New Mexico and Colorado in 1970 and the compact was ratified by the New Mexico and Colorado legislatures and given the consent of Congress in 1974. Ratification of the compact and statutory authorization of the commission appears in Sections 16-5-1 through 16-5-13 NMSA 1978 (the Cumbres and Toltec Scenic Railroad Act) and Sections 24-60-1901 through 24-60-1908 of the Colorado Revised Statutes. The commission, established in 1977, comprises four members, two from New Mexico and two from Colorado, appointed by the governors of each state.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	380.0	394.0	413.7	394.0	0.0
Other Revenues	5,198.0	5,459.0	5,459.0	5,459.0	0.0
TOTAL SOURCES	**$5,578.0**	**$5,853.0**	**$5,872.7**	**$5,853.0**	**0.0**
USES					
Personal services and employee benefits	111.3	122.3	122.3	122.3	0.0
Contractual services	5,340.0	5,597.6	5,592.6	5,592.6	(0.1)
Other	4.5	133.1	157.8	138.1	3.8
TOTAL USES	**$5,455.8**	**$5,853.0**	**$5,872.7**	**$5,853.0**	**0.0**
FTE					
Permanent	0.0	1.8	1.8	1.8	0.0
TOTAL FTE	**0.0**	**1.8**	**1.8**	**1.8**	**0.0**

At A Glance
The Cumbres and Toltec Scenic Railroad Commission requested a general fund increase of $19.7 thousand, or 5 percent, over the FY26 operating budget for increased property insurance premiums. The agency anticipates a flat budget from other revenues, which are predominantly from ticket sales. The LFC recommends a flat budget for the commission due to adequate capacity in their operating budget.

Budget Issues
As an enterprise agency, most of the commission's operating budget is supported by ticket sales. Ridership fell significantly during the Covid-19 pandemic—dropping by 75 percent in 2020 compared to 2019—and was negatively impacted again in 2021 due to wildfire delays. However, since FY22, ridership has steadily increased, from 31.2 thousand to 37.8 thousand in FY25. In FY25, the railroad reported generating $5 million in revenue from ticket sales and anticipates generating $5.4 million in FY26. According to the most recent audit, Cumbres and Toltec Scenic Railroad maintains a stable financial position and can absorb an increase in property insurance.

Fleet. The railroad has five operational locomotives. Although the Cumbres and Toltec Scenic Railroad remains one of the few railroads in America to use coal-burning steam engines, the agency has converted two engines from coal-fueled to oil-fueled. The oil-fueled engines can support continuous riding in the event of increased wildfire risk. Though the commission holds that coal is still safe to burn throughout most of the year, during extremely dry conditions, oil burns "cleaner," expelling fewer embers and is, therefore, less likely to cause a fire. The commission also maintains an additional historic locomotive on loan from the Durango Locomotive Historical Society.

Capital Outlay. Both New Mexico and Colorado appropriate funding to the railroad for capital expenditures. Between 2021 and 2025, the Cumbres and Toltec Railroad Commission received $6.6 million for railroad track improvements, locomotive restoration, wheelsets, and water upgrades. As of August 2024, the commission had expended $3.6 million, or 54.5 percent, of total capital appropriations.

During the 2025 legislative session, the commission received an additional capital appropriation of $1 million for railroad and locomotive improvements.

CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION

The purpose of the Cumbres and Toltec scenic railroad commission program is to provide railroad excursions through, into and over the scenic San Juan mountains.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Number of passengers	32,264.0	37,800.0	35,500.0	35,500.0	36,500.0
Output	Amount of revenue generated from ticket sales, in millions	$5.15	$5.02	$6.00	$6.00	$6.00

Statutory Authority
The Office of Military Base Planning and Support was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Section 9-15-48 NMSA 1978, and is administratively attached to the Economic Development Department. The director of the office is appointed by the governor. The membership of the commission consists of 12 members, including 11 appointed by the governor with the advice and consent of the Senate. Members include the lieutenant governor and nine appropriate representatives from the counties, or adjoining counties, in which military bases are located. Two additional members are appointed at large from other counties.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	304.5	415.0	417.2	415.0	0.0
Other Transfers	4.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$309.4**	**$415.0**	**$417.2**	**$415.0**	**0.0**
USES					
Personal services and employee benefits	169.9	205.4	205.6	205.6	0.1
Contractual services	49.5	179.2	130.1	129.2	(27.9)
Other	16.1	30.4	81.5	80.2	163.8
TOTAL USES	**$235.5**	**$415.0**	**$417.2**	**$415.0**	**0.0**
FTE					
Permanent	2.0	0.0	0.0	0.0	0.0
Term	0.0	1.5	1.5	1.5	0.0
TOTAL FTE	**2.0**	**1.5**	**1.5**	**1.5**	**0.0**

At A Glance
The Office of Military Base Planning and Support (OMBPS) requested a general fund increase of $2,200, or 0.5 percent, compared to FY26, primarily for increases in employee benefits, audit services, and telecommunications. The commission requested to realign funding between budget categories, and decreased contractual services by $49.1 thousand and increased the other costs category by $51.1 thousand. The adjustment would allow commissioners and staff to attend quarterly meetings in person and cover out-of-state travel. LFC recommends a flat budget for FY26, based on actual FY24 expenses, projected FY25 expenses, and the agency's 32.3 percent operating budget increase in FY26. The recommendation supports the commission's request to realign budget categories.

In 2025, the Legislature increased the commission's operating budget by $100 thousand, or 32.3 percent, to support quality-of-life improvement projects. The Legislature also enacted the Military Base Planning and Impact Act, which created the military base impact fund to support infrastructure projects, planning and design, and land purchases for new or renovated facilities in communities near U.S. military bases and defense facilities. However, the fund did not receive any funding in 2025. The commission had not previously supported military installations in this way. Even with the requested budget realignment, sufficient funds would remain in contractual services to administer the military base impact fund if it received future appropriations.

OFFICE OF MILITARY BASE PLANNING AND SUPPORT

The purpose of the office of military base planning and support program is to provide advice to the governor and lieutenant governor on New Mexico's four military installations, to work with community support groups, to ensure state initiatives are complementary of community actions and to identify and address appropriate state-level issues that will contribute to the long-term viability of New Mexico military installations.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of military units impacted by the activities of the commission and the office	10.0	10.0	10.0	10.0	10.0
Outcome	Number of community support organizations that have benefited from the activities of the commission and the office	10.0	10.0	10.0	10.0	10.0
Output	Number of communities assisted by the office of military base planning and support	10.0	12.0	10.0	10.0	10.0

Statutory Authority
The Spaceport Authority was created pursuant to the Spaceport Development Act, Sections 58-31-1 through 58-31-7 NMSA 1978.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,046.7	4,279.8	5,403.1	4,368.5	2.1
Other Transfers	92.6	0.0	0.0	0.0	0.0
Other Revenues	6,237.6	8,161.7	8,997.2	8,161.7	0.0
Fund Balance	1,420.1	500.0	1,092.6	1,092.6	118.5
TOTAL SOURCES	**$11,797.0**	**$12,941.5**	**$15,492.9**	**$13,622.8**	**5.3**
USES					
Personal services and employee benefits	3,767.5	3,910.0	5,292.4	4,257.8	8.9
Contractual services	5,525.0	6,352.3	7,321.8	6,632.2	4.4
Other	2,504.5	2,679.2	2,878.7	2,732.8	2.0
TOTAL USES	**$11,797.0**	**$12,941.5**	**$15,492.9**	**$13,622.8**	**5.3**
FTE					
Permanent	30.0	31.0	10.0	31.0	0.0
TOTAL FTE	**30.0**	**31.0**	**10.0**	**31.0**	**0.0**

At A Glance
The Spaceport Authority requested a general fund increase of $1.1 million, or 26.2 percent, over FY26, primarily for expansion requests for 5 additional FTE. The agency projected an increase in other revenues, or its enterprise revenues, of $835.5 thousand, or 10.2 percent, due to the expected resumption of Virgin Galactic's flights in FY27, and requested to increase use of fund balance by $592.6 thousand, or 118.5 percent. Overall, the agency requested to increase its total budget by $2.6 million, or 19.7 percent, over the FY26 operating budget, including the expansion requests.

The LFC recommendation increases general fund revenue by $89 thousand, or 2.1 percent, compared to FY26. The recommendation increases personnel costs by $347.8 thousand, including $205.8 thousand for liability and health insurance costs and $142 thousand to address the agency's unfunded vacancy rate. As currently recommended, the agency would be able to hire 1.5 additional FTE. The LFC recommendation does not include funding for the expansion requests. The recommendation also decreases contractual services by $259.1 thousand, supporting the agency's request. The LFC recommendation maintains other revenue flat with FY26 based on revenues collected by the agency in the past five years. Because the agency could struggle to generate sufficient revenues to fully sustain the requested budget expenses, expenditures should be monitored closely in FY27. In alignment with projected lower-than-expected enterprise revenues, the LFC recommendation increases contractual services by $279.9 thousand, or 4.4 percent, and the other costs category by $53.6 thousand, or 2 percent, compared to FY26. The LFC recommendation supports the agency's request for the use of fund balance. Overall, the LFC recommendation increases the agency's budget by 5.3 percent.

Budget Issues
Spaceport Authority's enterprise revenue consists of lease, utility, and fuel revenue; user fees from tenants and customers; and interest on investments. As reported by the agency, Spaceport Authority has collected $38.1 million in enterprise revenue between FY21 and FY25, for a five-year average of $7.6 million. The agency's enterprise revenues fell significantly in FY24 when Virgin Galactic, the Spaceport's anchor tenant, announced it would temporarily pause spaceflights while the company develops a new spacecraft in Arizona. Virgin Galactic did not execute any launches in FY25 and has none planned in FY26. Due to the suspension of launches, Virgin Galactic reduced their lease agreement with Spaceport from $188.8 thousand to $50 thousand per month and, as a result, the agency experienced a decrease in user fee revenue in FY25 and FY26.

Virgin Galactic expects to restart flights in FY27, which the Spaceport Authority projects will increase user fee revenues by $711 thousand, or 8.5 percent. The LFC recommendation takes into account FY25 actuals for other revenues of $6.2 million and the five-year average of $7.6 million. The recommendation maintains a flat other revenue for FY27, balancing realistic expenditure limits with potential revenue growth.

Staffing. The agency requested to increase personnel costs by $1.3 million, or 35.4 percent, compared to FY26, including a base increase of $242.8 thousand and expansion requests totaling $1.1 million. The requested base increase includes $70.2 thousand for salary costs, $84.2 thousand for liability insurance premiums, and $91.6 thousand for health insurance costs. The LFC recommendation increases personnel spending by $175.8 thousand for liability and health insurance costs and by $142.2 thousand to address the agency's unfunded vacancy rate for a total increase of $347.8 thousand, or 8.9 percent over FY26. The LFC recommendation does not include funding for the expansion requests.

Contractual Services. The agency requested to increase contractual services by a total of $969.5 thousand, or 15.3 percent, including a general fund decrease of $259.1 thousand, or 70.1 percent, and other revenue increase of $1.2 million, or 20.5 percent, compared to FY26. The agency requested to increase other revenue for professional services by $181.9 thousand for cultural and archaeological services, public relations, and aerospace consulting to find new market opportunities; audit services by $5,000; and attorney services by $80 thousand. The agency requested to increase other services contracts, which include electric, water, and firefighter and security services, funded by both general fund revenue and other revenue, by $703.8 thousand, including a decrease in general fund of $273.5 thousand and increase in other revenue of $977.3 thousand. Firefighter and security costs to provide emergency and security services make up a large share of the agency's contractual costs. The contract provides 24/7 security, protection, fire, and emergency medical services for Spaceport America and cost $4.5 million in FY26. The LFC recommendation increases contractual services by $279.9 thousand, or 4.4 percent, over FY26 to partially fund the agency's request for archaeological services, consulting, and audit and attorney services, taking into account FY25 actuals.

Other Costs. The agency requested to increase other revenue for the other cost category by $199.5 thousand, or 7.4 percent, compared to FY26. The agency requested to increase spending for building maintenance, IT, supplies, rent, and communications. Notably, the agency requested to increase rent by $301 thousand. In FY25, the Spaceport Authority and State Land Office reached an agreement regarding its lease agreement. The agencies agreed to increase the annual base rent from $44 thousand to $200 thousand with a 3 percent escalation clause and incremental clause equal to 2 percent of Spaceport Authority's gross commercial revenue. For its lease agreement, the Spaceport Authority will pay the State Land Office $44 thousand in FY25, $200 thousand in FY26, and $206 thousand plus 2 percent of the audited gross commercial revenue in FY27. The agency also requested decreases in transportation fuel and supplies, property insurance, utilities, IT equipment, and lease interest. The LFC recommendation increases the other costs category by $53.6 thousand, or 2 percent, over FY26, to partially fund the agency's request for building maintenance and rent. Based on FY25's actual expenditures in the other cost categories, the agency will have sufficient funds to cover the increased lease costs.

Spaceport America Cup. At the end of FY25, the agency announced that the Intercollegiate Rocket Engineering Competition (IREC), also known as the Spaceport America Cup, would be held in Texas during summer 2025. The competition had been held at Spaceport America since 2017. The competition allowed the agency to reach its goals of workforce development and engaging in STEM-related outreach for public school students. In 2024, the event brought to New Mexico 6,000 students from 21 countries. The organizers of the competition noted wanting more convention center space and the ability to host higher launches and more two-stage rocket launches. According to the agency, the economic impact of the competition was approximately $1.2 million and earned media valued at $800 thousand.

Capital Outlay. Between 2022 and 2025, the Legislature appropriated $48.9 million to Spaceport Authority for multiple capital outlay projects, including construction for the Spaceport Technology and Reception Center (STARC), roof repairs, taxiway maintenance, equipment upgrades, and water utilities. In FY25, the Legislature appropriated $4 million for runways and facilities infrastructure improvements. At the end of FY25, the agency had expended $20.5 million, or 41.9 percent, of total capital appropriations for multiple projects.

Base Expansion

Spaceport Authority requested a budget expansion totaling $1.1 million in general fund revenue to support 5 FTE. The requested FTE included a science, technology, engineering, and math (STEM) and workforce coordinator, facilities technician, deputy director, capital construction projects leader, and contracts officer. The LFC recommendation does not support the expansion requests but does increase the base budget for personnel costs by $347.8 thousand to address the agency's unfunded vacancy rate and increased health and liability premiums.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	STEM and Workforce Coordinator FTE Request	P770	212.8	0.0
2	Contracts Officer	P770	168.1	0.0

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
3	Deputy Director	P770	369.8	0.0
4	Capital Construction Projects Leader	P770	219.6	0.0
5	Facilities Technician	P770	169.3	0.0
TOTAL			**$1,139.6**	**$0.0**

SPACEPORT AUTHORITY

The purpose of the spaceport authority program is to finance, design, develop, construct, equip and safely operate spaceport America and thereby generate significant high technology economic development throughout the state.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Number of aerospace customers and tenants	39.0	35.0	45.0	50.0	50.0
Output	Number of events held	94.0	53.0	110.0	125.0	125.0
Output	Number of visitors to spaceport	49,608.0	31,605.0	60,000.0	60,000.0	60,000.0
Outcome	Annual number of jobs due to New Mexico spaceport authority efforts	650.0	790.0	675.0	995.0	995.0

Agriculture, Energy and Natural Resources

Statutory Authority

The Cultural Affairs Department (DCA) was created in 2004 by the Cultural Affairs Department Act (Sections 9-4A-1 through 9-4A-10 and 9-4A-12 and 18-3-12 through 18-3-17 NMSA 1978). In addition to the Cultural Affairs Department Act, divisions within DCA are authorized by the following statutes: Sections 18-2-1 through 18-2-23 NMSA 1978 (creating the Library Division); Sections 18-3-1 through 18-3-8 NMSA 1978 (establishing the Museum of New Mexico); Sections 18-3A-1 through 18-3A-9.1 NMSA 1978 (the Natural History and Science Museum Act); Section 18-5-1 through 18-5-7 NMSA 1978 (creating the Arts Division); Sections 18-6-1 through 18-6-23 NMSA 1978 (the Cultural Properties Act); Sections 18-7-1 through 18- 7-4 NMSA 1978 (creating the Museum of Space History); Sections 18-8-1 through 18-8-8 NMSA 1978 (New Mexico Prehistoric and Historic Sites Preservation Act); Sections 18-11-1 through 18-11-9 NMSA 1978 (Farm and Ranch Heritage Museum Act); Sections 18-12-1 through 18-12-8 NMSA 1978 (National Hispanic Cultural Center Act); Sections 13-4A-1 through 13-4A-11 NMSA 1978 (Art in Public Places Act) and 13-4B-1 through 13-4B-3 NMSA 1978 (Fine Art in Public Buildings Act); and Sections 47-12A1 through 47-12A-6 NMSA 1978 (Cultural Properties Preservation Easement Act).

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	43,380.6	47,712.6	49,684.4	49,625.5	4.0
Other Transfers	3,192.4	3,287.7	2,650.0	1,105.0	(66.4)
Federal Revenues	4,496.3	5,972.3	4,121.5	4,121.5	(31.0)
Other Revenues	6,328.9	7,430.7	6,389.9	7,934.9	6.8
Fund Balance	129.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$57,527.5**	**$64,403.3**	**$62,845.8**	**$62,786.9**	**(2.5)**
USES					
Personal services and employee benefits	40,556.9	43,576.0	44,979.8	44,961.6	3.2
Contractual services	1,741.2	3,274.3	2,020.5	2,020.5	(38.3)
Other	13,743.5	17,553.0	15,845.5	15,804.8	(10.0)
TOTAL USES	**$56,041.6**	**$64,403.3**	**$62,845.8**	**$62,786.9**	**(2.5)**
FTE					
Permanent	466.0	430.5	429.5	429.5	(0.2)
Term	0.0	108.0	91.5	91.5	(15.3)
Temporary	0.0	22.0	20.0	20.0	(9.1)
TOTAL FTE	**466.0**	**560.5**	**541.0**	**541.0**	**(3.5)**

At A Glance

The Cultural Affairs Department (DCA) requested to increase general fund revenue by $2 million, or 4.1 percent, over FY26. The majority of the agency's general fund request, $1.7 million, was for personnel costs for health benefit premiums and other types of employee insurance rates and benefits. The agency also projected a decrease of $637.7 thousand, or 19.4 percent, in other transfers; a decrease of $1 million, or 14 percent, in other revenue; and a decrease of $1.9 million, or 31 percent, in federal revenues. The agency noted the decreased projections in other types of revenue reflect the agency's attempt to realign its budget with lower-than-expected museum attendance and client revenues, as well as to match federal revenues to actual grant awards. Overall, the agency requested a total decrease of $1.6 million, or 2.4 percent, compared to FY26. For spending, DCA requested to decrease contractual services by $1.3 million, or 38.3 percent—reducing a variety of technical assistance and programmatic contracts. The agency also requested to decrease the other costs category by $1.7 million, or 9.7 percent, for reductions in travel, supplies, and grants. The LFC recommendation increases general fund revenue by $1.9 million, or 4 percent, for increases in employee health premiums, employee insurance rates, and other types of benefits. The LFC recommendation includes the $1.5 million distribution from the land of enchantment legacy fund in other revenue, as opposed to the other transfer line item as requested by the agency.

Budget Issues

Museums and Historic Sites. The Museum and Historic Sites Program oversees eight museums and eight historic sites and includes the Museums Resource Division that assists museums with marketing promotions, exhibit design, and exhibit set up and the Facilities Management Division. The agency requested a general fund increase of $1.4 million, or 4.1 percent, of which a large part is for personnel costs. The agency also projected a $60 thousand, or 18.3 percent decrease in federal revenue from the National Archives and Records Administration and Bureau of Indian Affairs for the Museum of Indian Arts and Culture (MIAC) and a $976.4 thousand, or 16.5 percent, decrease in other revenue due to lower-than-expected museum attendance. Overall, the agency requested a budget increase of $366.5 thousand, or 0.9 percent, over FY26 for the Museums and Historic Sites Program.

The agency requested to increase personnel costs by $935.2 thousand, or 3.1 percent, including $1.3 million for employee health benefits, $215.3 thousand for liability insurance, and a decrease in salary due to a reduction in term positions. The agency eliminated 10.5 FTE from its total FTE count for this program. As of November 2025, 17 percent of positions in the Museum and Historic Sites Program were vacant but unfunded.

The agency also requested a decrease in contractual services by $217.3 thousand, or 18.2 percent, for a reduction in all types of contracts. The agency also requested a decrease in the other costs category by $351.4 thousand, or 4.2 percent, including a $188.3 thousand reduction in advertising costs, $169 thousand for library and museum acquisitions, and $104.5 thousand in printing and photo services. LFC supports the agency's request for the Museums and Historic Site Program.

Preservation. The Preservation Program consists of the Historic Preservation Division (HPD) and the Office of Archaeological Studies (OAS). The program serves as the state's principal historic compliance office, maintains registered historic sites, and conducts archaeological fieldwork as requested by clients or mandated by state and federal historic regulations. The Office of Archaeological Studies is primarily a client-funded enterprise.

The agency requested a general fund increase of $134.9 thousand, or 9 percent, over FY26. The agency projected an increase of $162.3 thousand, or 10.3 percent, in other transfers due to the anticipated distribution from the land of enchantment legacy fund for grants to projects eligible under the Cultural Properties Protection Act. The agency projected a decrease of $1.8 million, or 60.4 percent, in federal revenues from the National Park Service and a decrease of $65.1 thousand, or 4.6 percent, in other revenue. The agency noted the request realigns its budget with anticipated federal funding and a reduction in revenue from clients.

The agency requested to increase personnel costs by $118.6 thousand, or 3.6 percent, for employee health benefits and liability risk insurance, as well as a decrease in term positions. The agency requested to decrease contractual services by $945.3 thousand, or 81.2 percent, for a reduction in various types of contracts, such as archaeological investigations, contracts related to New Mexico Cultural Resource Information System, and service contracts to support work with the National Park Service. The agency requested to decrease the other costs category by $782 thousand, or 25.9 percent, for reductions in travel, printing, and available grants. The agency noted the request realigns its budget with anticipated funding from the land of enchantment legacy fund, which was previously budgeted at a higher amount. LFC supports the agency request for the Preservation Program. However, the LFC recommendation includes the $1.5 million distribution from the land of enchantment legacy fund in other revenue, as opposed to the other transfer line item as requested by the agency.

Music Commission. The New Mexico Music Commission promotes the state's musical heritage. The commission provides funding for musicians and bands to perform at free venues, training opportunities for musicians, and funding for music events and festivals. The Music Commission requested a flat general fund budget. The request realigned $35 thousand from contractual services to the other cost category to support grants and the promotion of music events. LFC supports the agency's request for the Music Commission.

New Mexico State Library. The Library Services Program provides services that support public and tribal libraries. The program consists of four bureaus—Public Services, Development, Technical Services, and Operations. The Development Bureau administers four funding programs for public and tribal libraries: state grants-in-aid (SGIA), tribal library program grants, rural library endowment fund, and general obligation (GO) bonds. In FY25, SGIA allocated $1 .1 million to 95 libraries, the tribal library program allocated $96 thousand to 20 tribal libraries, and the rural library endowment program allocated $891.1 thousand to 58 libraries. GO bonds support 101 public libraries, including 22 tribal libraries. The 2022 GO bonds include $6 million for public libraries and $1 million for tribal public libraries and will be available until April 2026. As of August 2025, public libraries have requested $1.2 million in reimbursements and tribal libraries have requested $132 thousand in reimbursements. The 2024 GO bonds will include the same amounts as the 2022 bonds and will be available for use until April 2029.

The agency requested a general fund increase of $166.1 thousand, or 3.4 percent, over FY26. The agency also projected a decrease of $800 thousand, or 47.1 percent, in transfers from the rural libraries development fund. The agency requested to increase personnel costs by $144.7 thousand for employee health benefits and liability insurance. DCA requested to decrease contractual costs by $19.7 thousand for reduction in an IT contract and summer literacy program. The agency also requested to decrease the other costs category by $758.9 thousand for reductions in office supplies, printing services, subscriptions, and reduction in grants associated with the Rural Library Grant Program. The LFC's recommendation supports the agency's request for the Library Services Program.

Program Support. The agency requested a general fund increase of $211.6 thousand, or 3.8 percent, over FY26 and projected a decrease in other revenue of $700, or 1.9 percent. The agency requested to increase personnel costs by $160.1 thousand, or 3.4 percent, for employee health benefits and liability insurance rates. Personnel costs are offset by a request to decrease salary costs by $54.4 thousand due to a reduction in FTE. The agency requested a decrease in contractual services by $11.5 thousand, or 2.5 percent, for a reduction in special event marketing and event planning services. The agency requested to increase the other costs category by $63.7 thousand, or 18.8 percent, including $20.9 thousand for employee travel, $64.2 thousand for IT equipment and rates, and decreasing in printing and photo services and other fixed costs. The recommendation increases personnel costs by $141.9 thousand, or 3 percent, and takes into consideration funding available from budgeted but unfilled positions. The LFC increases the other costs category by $23 thousand, 6.8 percent, to partially fund the agency's request for IT equipment and employee travel.

Arts. The Arts Program awards grants to nonprofits and governmental organizations for art activities and apprenticeships, manages the Art in Public Places program, and hosts programs to support the art sector. In FY25, the program awarded $1.2 million—57 percent from the general fund and 43 percent from the federal National Endowment for the Arts fund—to 200 nonprofits and government organizations and three apprenticeships. The program also manages the Art in Public Places program, which uses funding set aside from all eligible capital outlay projects to fund art in public buildings. The program supported the acquisition of 335 public artworks in FY24.

The agency requested a general fund increase of $56.3 thousand, or 3.2 percent, and projected an increase in federal revenue of $50 thousand. The agency requested to increase personnel costs by $45.2 thousand for employee health benefits and liability insurance rates. The request also realigns budget from contractual services into the other cost category for additional grant-making capacity. LFC supports the agency's request for the Arts Program.

MUSIC COMMISSION

The purpose of the music commission program is to protect, promote and preserve the musical traditions of New Mexico, to foster appreciation of the value of music and to encourage the educational, creative and professional musical activities of the residents of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	175.0	196.5	196.5	196.5	0.0
Other Transfers	1.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$176.5**	**$196.5**	**$196.5**	**$196.5**	**0.0**
USES					
Personal services and employee benefits	51.5	51.5	51.5	51.5	0.0
Contractual services	30.0	35.0	0.0	0.0	(100.0)
Other	95.0	110.0	145.0	145.0	31.8
TOTAL USES	**$176.5**	**$196.5**	**$196.5**	**$196.5**	**0.0**
FTE					
Permanent	1.0	0.5	0.5	0.5	0.0
TOTAL FTE	**1.0**	**0.5**	**0.5**	**0.5**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of audience members at events	N/A	14,379.0	75.0	15,000.0	15,000.0
Output	Number of musicians served	N/A	342.0	75.0	350.0	350.0

MUSEUMS AND HISTORIC SITES

The purpose of the museums and historic sites program is to develop and enhance the quality of state museums and monuments by providing the highest standards in exhibitions, performances and programs showcasing the arts, history and science of New Mexico and cultural traditions worldwide.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	30,360.6	33,885.0	35,287.9	35,287.9	4.1
Other Transfers	918.8	0.0	0.0	0.0	0.0
Federal Revenues	284.8	327.5	267.5	267.5	(18.3)
Other Revenues	4,953.4	5,902.9	4,926.5	4,926.5	(16.5)
TOTAL SOURCES	**$36,517.6**	**$40,115.4**	**$40,481.9**	**$40,481.9**	**0.9**
USES					
Personal services and employee benefits	28,316.3	30,528.7	31,463.9	31,463.9	3.1
Contractual services	695.0	1,190.8	973.5	973.5	(18.2)
Other	6,537.8	8,395.9	8,044.5	8,044.5	(4.2)
TOTAL USES	**$35,549.1**	**$40,115.4**	**$40,481.9**	**$40,481.9**	**0.9**
FTE					
Permanent	351.0	333.0	332.0	332.0	(0.3)
Term	0.0	64.0	54.5	54.5	(14.8)
Temporary	0.0	20.0	20.0	20.0	0.0
TOTAL FTE	**351.0**	**417.0**	**406.5**	**406.5**	**(2.5)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of full-time-equivalent volunteer hours	52.0	14.6	N/A	N/A	N/A
Explanatory	Amount contributed by or administered by private sector foundations to department education programs and exhibitions	$0	$0	N/A	N/A	N/A
* Outcome	Number of people served through programs and services offered by museums and historic sites	2,007,593.0	1,377,933.0	1,600,000.0	1,600,000.0	1,600,000.0
Outcome	Number of children reached through museum and historic sites programs	685,253.0	329,575.0	450,000.0	450,000.0	450,000.0
* Outcome	Amount of earned revenue from admissions, rentals and other activity	$3,890,965.00	$4,615,695.00	$4,000,000.00	$4,000,000.00	$4,250,000.00
Outcome	Number of ticketed attendance to museum and historic site exhibitions, performances and other presenting programs	707,388.0	713,166.0	825,000.0	825,000.0	825,000.0

PRESERVATION

The purpose of the preservation program is to identify, study and protect New Mexico's unique cultural resources, including its archaeological sites, architectural and engineering achievements, cultural landscapes and diverse heritage.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,270.0	1,491.7	1,626.6	1,626.6	9.0
Other Transfers	1,252.2	1,572.7	1,735.0	190.0	(87.9)
Federal Revenues	1,089.8	3,046.8	1,206.0	1,206.0	(60.4)
Other Revenues	1,289.7	1,415.1	1,350.0	2,895.0	104.6
TOTAL SOURCES	**$4,901.7**	**$7,526.3**	**$5,917.6**	**$5,917.6**	**(21.4)**
USES					
Personal services and employee benefits	2,968.9	3,340.1	3,458.7	3,458.7	3.6
Contractual services	248.1	1,164.0	218.7	218.7	(81.2)
Other	1,242.6	3,022.2	2,240.2	2,240.2	(25.9)
TOTAL USES	**$4,459.6**	**$7,526.3**	**$5,917.6**	**$5,917.6**	**(21.4)**
FTE					
Permanent	29.0	14.0	14.0	14.0	0.0
Term	0.0	24.0	20.0	20.0	(16.7)
Temporary	0.0	2.0	0.0	0.0	(100.0)
TOTAL FTE	**29.0**	**40.0**	**34.0**	**34.0**	**(15.0)**

Recommended Language
The other state funds appropriations to the preservation program of cultural affairs department include one million five hundred forty-five thousand dollars ($1,545,000) from the land of enchantment legacy fund.

The other state funds appropriations to the preservation program of the cultural affairs department include one million dollars ($1,000,000) from the department of transportation for archaeological studies as needed for highway projects.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of people participating in services provided through the preservation program	21,689.0	13,535.0	10,000.0	10,000.0	11,500.0
Explanatory	Number of historic structures preservation projects completed annually using preservation tax credits	37.0	35.0	N/A	N/A	N/A
Explanatory	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	$31.30	$773,650.00	N/A	N/A	N/A
Outcome	Percent of reviews of development projects completed within the standard thirty-day period, excluding incomplete submittals or reviews when the parties have mutually agreed to extend the review	97.70%	98.00%	97.00%	97.00%	97.00%

LIBRARY SERVICES

The purpose of the library services program is to empower libraries to support the educational, economic and health goals of their communities and to deliver direct library and information services to those who need them.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,727.1	4,908.8	5,074.9	5,074.9	3.4
Other Transfers	848.9	1,700.0	900.0	900.0	(47.1)
Federal Revenues	2,118.2	1,798.0	1,798.0	1,798.0	0.0
Other Revenues	44.8	75.0	75.0	75.0	0.0
Fund Balance	129.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$7,868.3**	**$8,481.8**	**$7,847.9**	**$7,847.9**	**(7.5)**
USES					
Personal services and employee benefits	3,511.0	3,712.9	3,857.6	3,857.6	3.9
Contractual services	293.2	288.6	268.9	268.9	(6.8)
Other	4,037.8	4,480.3	3,721.4	3,721.4	(16.9)
TOTAL USES	**$7,842.0**	**$8,481.8**	**$7,847.9**	**$7,847.9**	**(7.5)**
FTE					
Permanent	38.0	29.0	29.0	29.0	0.0
Term	0.0	14.0	12.0	12.0	(14.3)
TOTAL FTE	**38.0**	**43.0**	**41.0**	**41.0**	**(4.7)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of visits to New Mexico public and tribal libraries	4,727,871.0	4,817,176.0	N/A	N/A	N/A
Output	Number of library transactions through direct services provided by the New Mexico state library	174,500.0	179,483.0	160,000.0	160,000.0	175,000.0
* Output	Number of library transactions using electronic resources funded by the New Mexico state library	4,664,722.0	3,315,660.0	3,500,000.0	3,500,000.0	3,500,000.0
Explanatory	Number of children participating in statewide summer reading programs at public and tribal libraries	32,347.0	29,981.0	N/A	N/A	N/A

ARTS

The purpose of the arts program is to preserve, enhance and develop the arts in New Mexico through partnerships, public awareness and education.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,669.8	1,734.1	1,790.4	1,790.4	3.2
Other Transfers	40.1	15.0	15.0	15.0	0.0
Federal Revenues	1,003.5	800.0	850.0	850.0	6.3
TOTAL SOURCES	**$2,713.4**	**$2,549.1**	**$2,655.4**	**$2,655.4**	**4.2**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	1,166.7	1,212.9	1,258.1	1,258.1	3.7
Contractual services	179.5	130.0	105.0	105.0	(19.2)
Other	1,349.9	1,206.2	1,292.3	1,292.3	7.1
TOTAL USES	**$2,696.1**	**$2,549.1**	**$2,655.4**	**$2,655.4**	**4.2**
FTE					
Permanent	14.0	10.0	10.0	10.0	0.0
Term	0.0	4.0	4.0	4.0	0.0
TOTAL FTE	**14.0**	**14.0**	**14.0**	**14.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	34.00%	34.00%	34.00%	0.00%	34.00%
Explanatory	Number of attendees at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	3,600,000.0	4,106,770.0	N/A	N/A	N/A
Output	Number of people provided direct services through New Mexico arts programs	16,108.0	24,117.0	17,000.0	17,000.0	20,000.0
Explanatory	Number of children reached through New Mexico arts programs and grants	670,000.0	784,849.0	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,178.1	5,496.5	5,708.1	5,649.2	2.8
Other Transfers	131.0	0.0	0.0	0.0	0.0
Other Revenues	41.0	37.7	38.4	38.4	1.9
TOTAL SOURCES	**$5,350.1**	**$5,534.2**	**$5,746.5**	**$5,687.6**	**2.8**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	4,542.5	4,729.9	4,890.0	4,871.8	3.0
Contractual services	295.4	465.9	454.4	454.4	(2.5)
Other	480.4	338.4	402.1	361.4	6.8
TOTAL USES	**$5,318.3**	**$5,534.2**	**$5,746.5**	**$5,687.6**	**2.8**
FTE					
Permanent	33.0	44.0	44.0	44.0	0.0
Term	0.0	2.0	1.0	1.0	(50.0)
TOTAL FTE	**33.0**	**46.0**	**45.0**	**45.0**	**(2.2)**

Statutory Authority
The New Mexico Livestock Board was created by Sections 77-2-1 through 77-2-29 NMSA 1978. The board is responsible for controlling disease, preventing theft or illegal movement of livestock, and promoting greater economy, service, and efficiency in the administration of laws related to the livestock industry of New Mexico. The board is composed of nine members appointed by the governor to staggered six-year terms. Seven members of the board must raise and own cattle and sheep in the state and be residents of New Mexico. An executive director manages the agency under the direction of the board.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,993.0	6,282.6	8,710.8	6,439.1	2.5
Other Transfers	81.4	0.0	0.0	0.0	0.0
Federal Revenues	145.0	0.0	0.0	0.0	0.0
Other Revenues	5,036.0	5,080.2	5,411.3	5,411.3	6.5
Fund Balance	0.0	760.0	0.0	428.9	(43.6)
TOTAL SOURCES	**$10,255.4**	**$12,122.8**	**$14,122.1**	**$12,279.3**	**1.3**
USES					
Personal services and employee benefits	7,058.9	9,186.7	10,997.5	9,154.7	(0.3)
Contractual services	295.5	338.4	386.5	386.5	14.2
Other	2,124.9	2,597.7	2,738.1	2,738.1	5.4
TOTAL USES	**$9,479.3**	**$12,122.8**	**$14,122.1**	**$12,279.3**	**1.3**
FTE					
Permanent	76.0	88.0	88.0	88.0	0.0
TOTAL FTE	**76.0**	**88.0**	**88.0**	**88.0**	**0.0**

At A Glance
The New Mexico Livestock Board's (NMLB) FY27 appropriation request of $14.1 million was approximately $2 million, or 16.5 percent, more than the agency's FY26 operating budget. The request did not budget any of the agency's fund balance, increased other revenues derived from taxes and fees by $331.1 thousand, and increased general fund revenue by approximately $2.4 million, or 38.7 percent. Most of the requested general fund increase in the Livestock Inspection Program (LIP) would have supported salary increases for existing staff ($2 million), with the remaining increases covering fuel, equipment, and vehicle replacement costs ($140 thousand), as well as contractual services for IT, auditing, and inspection services ($16.5 thousand).

LFC projects the agency will have $1.4 million in savings from vacant but funded positions in FY27, at least until the meat inspection program ramps up hiring. Additionally, the agency has reverted an average of $100 thousand in each of the last three fiscal years. The LFC recommendation includes a general fund increase of $156.5 thousand, or 2.5 percent, for contractual services and other operating costs. The committee recommendation fully funds the requested increase in revenues from inspection fees and other services, while also reducing the use of the agency's fund balance by an identical amount. Overall, the LFC recommendation increases the agency's budget by $156.5 thousand, or 1.3 percent, while refraining from adding targeted salary increases in line with the LFC budget guidelines.

Budget Issues

Livestock Inspection. NMLB's operating budget has historically been funded by revenue from inspection fees, brand recording fees, a tax on livestock value, and other licenses and permits, as well as accumulated fund balance from these sources. Special levies on livestock are the agency's largest source of revenue (excluding general fund appropriations), accounting for approximately $1.9 million in FY25. Other notable revenue sources include inspection fees ($1.5 million) and brand recording fees ($957.2 thousand) generated through the Livestock Inspection Program. These funding sources are subject to changes in the local economy, weather, and national and global market conditions. In FY25, agency-generated revenues totaled approximately $5 million, and the agency requested roughly $5.4 million in other revenues in FY27, which the LFC recommendation endorses. However, because this is the first year in the last five with positive growth in agency revenue, rather than eliminating the use of agency fund balance altogether, as requested, the recommendation keeps fund balance usage at FY26 levels, with a reduction commensurate with the increase in other revenue. This will serve as a backstop in case the agency is unable to realize the expected increase in revenue in FY27.

Meat Inspection. In 2021, the General Appropriation Act included a nonrecurring special appropriation of $500 thousand for NMLB to implement a state-led meat inspection program. Once fully operational, this program will allow the state to conduct its own meat inspections, reducing reliance on the U.S. Department of Agriculture (USDA). The federal government typically reimburses states for up to half of the program's cost once it is certified as meeting USDA Food Safety Inspection Service (FSIS) standards. The special appropriation was intended to fund program development and start-up costs. In FY23, the program received another $964.9 thousand in general fund appropriations, followed by an additional $80 thousand in FY24.

Notably, the program received statutory authority to conduct meat inspections on behalf of the state during the 2024 regular session. The agency reports it is currently working with the FSIS on the application process to operate the state-led inspection program. NMLB is in the process of entering into a cooperative agreement with USDA and is sending staff for federally mandated trainings in early 2026. The agency is hopeful it will begin hiring more staff and get the program rolling before the end of FY26.

The Livestock Board has seen general fund appropriations grow from $646.1 thousand in FY22 to approximately $6.3 million in FY26. An increase of approximately $5.6 million, or 872 percent. This reflects decisions in past sessions to expand the agency's responsibilities to include a meat inspection program and a decision to reduce the use of the agency's fund balance and other agency generated revenue. Because the agency predicts a second straight year of revenue growth from inspections and special levies on livestock, and the nascent meat inspection program still projects to have significant vacancy savings for FY27, the committee recommendation includes an increase of $156.5 thousand, or 2.5 percent, in general fund revenue and keeps the net usage of fund balance and other revenue flat compared to FY26. The recommendation supports an increase of $16.5 thousand for increases in contractual costs for IT, audit, and inspector services and $140 thousand for other operational costs.

LIVESTOCK INSPECTION

The purpose of the livestock inspection program is to protect the livestock industry from loss of livestock by theft or straying and to help control the spread of dangerous livestock diseases.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,947.4	4,506.7	7,131.3	4,663.2	3.5
Other Transfers	76.1	0.0	0.0	0.0	0.0
Federal Revenues	145.0	0.0	0.0	0.0	0.0
Other Revenues	5,036.0	5,080.2	5,411.3	5,411.3	6.5
Fund Balance	0.0	760.0	0.0	428.9	(43.6)
TOTAL SOURCES	**$9,204.5**	**$10,346.9**	**$12,542.6**	**$10,503.4**	**1.5**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	6,668.5	7,660.9	9,700.6	7,661.4	0.0
Contractual services	288.2	330.0	346.5	346.5	5.0
Other	1,952.2	2,356.0	2,495.5	2,495.5	5.9
TOTAL USES	**$8,908.9**	**$10,346.9**	**$12,542.6**	**$10,503.4**	**1.5**
FTE					
Permanent	72.2	79.0	79.0	79.0	0.0
TOTAL FTE	**72.2**	**79.0**	**79.0**	**79.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of law enforcement road stops per month	47.0	89.0	100.0	100.0	100.0
Outcome	Number of disease cases per one thousand head inspected	0.3	0.0	0.2	0.0	0.0
Outcome	Number of stolen or missing livestock recovered	1,537.0	1,183.0	850.0	850.0	850.0
Output	Number of individual animals inspected for verification of animal health, disease control and movement	3,053,453.0	2,639,567.0	2,375,000.0	2,375,000.0	2,375,000.0
Output	Number of estrays determined per one thousand head inspected	0.7	0.3	0.8	0.2	0.2
Efficiency	Average percent of larceny investigations where action is implemented within one month	100%	98%	92%	92%	92%
Efficiency	Average percent of cruelty investigations where action is implemented within one month	100%	98%	95%	92%	92%

MEAT INSPECTION

The purpose of the meat inspection program is to ensure the safety, quality and integrity of meat products for human consumption by enforcing rigorous inspection standards that meet or exceed federal requirements and, through thorough inspections, protect public health, promote consumer confidence and support the state's livestock industry.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,045.6	1,775.9	1,579.5	1,775.9	0.0
Other Transfers	5.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$1,050.9**	**$1,775.9**	**$1,579.5**	**$1,775.9**	**0.0**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	390.4	1,525.8	1,296.9	1,493.3	(2.1)
Contractual services	7.2	8.4	40.0	40.0	376.2
Other	172.7	241.7	242.6	242.6	0.4
TOTAL USES	**$570.3**	**$1,775.9**	**$1,579.5**	**$1,775.9**	**0.0**
FTE					
Permanent	3.4	9.0	9.0	9.0	0.0
TOTAL FTE	**3.4**	**9.0**	**9.0**	**9.0**	**0.0**

Statutory Authority

Sections 17-1-1 through 17-7-3 NMSA 1978 charge the Department of Game and Fish (DGF) with protecting game and fish and providing these resources for public recreation. The department operates under the direction of a seven-member State Game Commission appointed by the governor with the advice and consent of the Senate. The department is divided into four programs: Field Operations, which regulates all hunting and fishing activities statewide; Conservation Services, responsible for habitat management, biological support, and land acquisition; Wildlife Depredation and Nuisance Abatement, which oversee depredation complaints and the implementation of intervention options for dealing with animals causing property damage; and Program Support, which provides agencywide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for the administration of the department. The agency is administratively attached to the Energy, Minerals and Natural Resources Department.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	2,840.5	3,956.4	3,315.6	4,248.3	7.4
Federal Revenues	22,997.5	17,303.4	17,303.4	17,303.4	0.0
Other Revenues	39,180.9	36,881.4	39,350.4	39,350.4	6.7
TOTAL SOURCES	**$65,018.9**	**$58,141.2**	**$59,969.4**	**$60,902.1**	**4.7**
USES					
Personal services and employee benefits	29,189.9	32,439.3	33,342.2	33,480.8	3.2
Contractual services	4,034.9	5,028.1	5,078.1	5,309.0	5.6
Other	21,846.7	20,491.5	21,366.8	21,930.0	7.0
Other financing uses	182.3	182.3	182.3	182.3	0.0
TOTAL USES	**$55,253.8**	**$58,141.2**	**$59,969.4**	**$60,902.1**	**4.7**
FTE					
Permanent	271.0	318.0	318.0	318.0	0.0
Temporary	0.0	2.0	2.0	2.0	0.0
TOTAL FTE	**271.0**	**320.0**	**320.0**	**320.0**	**0.0**

At A Glance

The Department of Game and Fish (DGF) requested a $1.83 million, or 3.1 percent, increase for FY27. The agency, supported primarily through hunting and fishing fees and federal matching dollars, receives no recurring funds from the general fund. The committee recommendation is above the agency's requested increase due to a higher estimate of legacy fund distribution to DGF of $4.25 million; the agency accounted for an estimated distribution of $3.3 million, leaving a $932.4 thousand gap. The committee recommendation, accounting for the FY27 projected legacy fund distribution and the agency's requested budget increase, recommends a $2.76 million, or 4.7 percent, increase for FY27.

Budget Issues

DGF requested total revenue of $59.9 million, a 3.1 percent increase over the current year. Including the land of enchantment legacy fund distribution of $4.25 million, total revenue in the committee's recommendation is $60.9 million. The requested increases are predominantly housed within the agency's Field Operations, Conservation Services, and Program Support programs. These increases were to accommodate group health insurance increases, General Services Department increases, and field operation costs increases—such as fuel, car repair and replacement, utilities, and supplies. The increased revenue from the land of enchantment legacy fund distribution, which all go to the agency's Conservation Services program, will be used for existing operations within the program's Wildlife and Fisheries management divisions and the program's Information and Education division. These divisions manage the state's wildlife populations, increase and stabilize the state's species of greatest conservation need, and distribute and grow education surrounding sustainable hunting and interaction with New Mexico's wildlife. In the Wildlife Depredation and Nuisance Abatement Program, the agency requested a $10 thousand, or less than a 1 percent, increase for group health insurance premium increases. The agency reports an overall 13.3 percent vacancy rate, with 268 of the agency's 309 FTE filled. Most of the vacancies are within the Field Operations and Conservation Services programs, the agency's two largest programs. The agency has $1.3 million for positions that are funded but vacant, though nearly all of these funds are within Conservations Services. The Program Support program projects it will overspend its personnel budget for FY26 by $104.7 thousand, indicating it is utilizing vacancy funds to increase the pay of filled FTE.

DGF—along with the departments of Agriculture, Environment, Economic Development, Cultural Affairs, and Energy, Minerals and Natural Resources—is a beneficiary of the conservation legacy permanent fund, an investment fund created in 2023 to generate ongoing income for specific natural resources programs. Annual income from the investment of the fund in excess of $5 million is deposited into the land of enchantment legacy fund (a program fund), and a certain amount of that fund is distributed to the beneficiaries. DGF is expected to receive at least $4.25 million for FY27, with the amount slated to grow as the fund continues to grow. The distribution is projected to double by FY35.

Unlike the other beneficiaries, DGF has broad authority in the use of its allocation and reports it focuses spending on research, monitoring, and habitat restoration for species of greatest conservation need identified in the State Wildlife Action Plan. The department has more than doubled the number of species of greatest conservation need in the State Wildlife Action Plan, from 235 in the 2017 plan, adopted in 2017, to 499 in the 2025 plan. The plan has been adopted by the State Game Commission and is awaiting federal approval. The draft includes insects for the first time and greatly increases the number of bird species, which have declined significantly worldwide. Species are considered for the designation of greatest conservation because their populations are declining, vulnerable, limited to New Mexico, geographically isolated, or crucial to their ecosystems. The department must have an updated plan to receive certain federal funds.

Among the department's plans for use of the land of enchantment funds are surveys of the populations and habitat ranges and implementation of recovery plans. The agency conducts this work with both its own biologists and with collaborators and contractors.

Senate Bill 5. Passed in the 2025 legislative session, Session law Chapter 6 revises the mission and renames the Game and Fish Department to the Department of Wildlife. SB5 changes the way commission members are selected, amends the conditions of their terms, and raises over two-thirds of the hunting and fishing fees in the state. The agency estimates the increased fees could raise revenues by $8 million-$10 million.

Name and Mission. Session law Chapter 6 amends Chapter 17 of state law to rename the Department of Game and Fish to the Department of Wildlife and broaden its purpose from the protection of game and fish for recreation and food supply to the "protection and management of the state's wildlife as a public trust resource with ecological, economic and intrinsic value, as well as for the benefit, use, food supply and nonconsumptive enjoyment of all." The bill specifies the expansion to wildlife does not also automatically expand the number of species covered by the nuisance abatement law, which allows private landowner to kill certain animals if the animal poses an immediate threat to humans or property and requires the department to respond and provide interventions for certain animals that pose a threat.

Commission Reorganization. Session law Chapter 6 renames the State Game Commission as the State Wildlife Commission and changes the way commissioners are appointed by creating a nominating committee that will provide a list of candidates to the governor, who appoint the members with the consent of the Senate. Currently, all seven members are appointed by the governor with the consent of the Senate, with five members representing regions of the state and two serving at large.

Under Session law Chapter 6, the commission will consist of three at-large members, with each member from a different county and no more than two members affiliated with the same political party. One at-large member must be a New Mexico member of a Native American nation, tribe, or pueblo. The remaining members are a rancher or farmer, a conservationist with at least four years' experience as an employee or member of a wildlife organization not focused on a game species, a hunter or angler who has held a New Mexico license for at least the previous four years, and a scientist with at least a master's degree in wildlife biology, conservation biology, fisheries science or management, wildlife management, or a similar field. The commissioners must be from different counties and no more than two could be from the same political party. The law specifically excludes candidates who change political party just to qualify for appointment. The commissioners will serve staggered six-year terms, compared with the current four-year terms, and are limited to two terms.

Hunting and License Fees. Session law Chapter 6 will raise the fees on 36 of 53 hunting and fishing licenses and create a mechanism, using the consumer price index, for raising the fees in subsequent years without the need to amend statute. It also creates a 25 percent discount on license fees for residents who participate in the Supplemental Nutrition Assistance (food stamp) Program.

The fee increases will be implemented on April 1, 2026; the reorganization of the commission will become effective January 1, 2027; and the name and mission change of the agency will become effective July 1, 2026.

Fund Balance. Revenue from hunting and fishing fees generated more than $39 million in FY25. The department argues it needs a $10 million balance in the game protection fund as a cushion for operations and projects the balance in the game protection fund will be $18.7 million at the end of FY25 and $16.5 million at the end of FY26. For FY27, when the fee increases will have been in effect for nearly three months, the agency is projecting a fund balance of $20.6 million. In addition, while the annual transfer from the game protection fund has generally represented close to 95 percent of the department's appropriation, that share should shrink with the availability of enchantment fund dollars. The department is also supported to a much lesser degree by seven other funds, including some earmarked for certain purposes and by federal funds, which for FY25 made up 35 percent of the agency's total actual budget.

DGF has routinely used its fund balances for capital outlay, an approach the agency says allows it to rebuild balances between projects. Its capital outlay requests for 2026-2030 include $4 million from accounts within the game protection fund in both 2025 and 2026 for a total of $8 million in projects statewide.

Performance. The department met 13 of its 16 performance targets in FY25 and showed notable improvement in the number of special field operations to deter and detect off-road vehicle and game and fish violators. On that measure, the department exceeded the target of 300 with 503 operations after conducting a total of just 100 in FY22, 150 in FY23, and 434 in FY24. Further, the agency only slightly missed the targets for the three performance measures on which it fell short. Overall, department performance is improving; the agency missed nine targets in FY22, six targets in FY23, and four in FY24.

The LFC Program Evaluation Unit in a 2020 report concluded the Department of Game and Fish should consider revising its performance measures to report on the population levels of big game species; the distribution of all hunting licenses to residents and nonresidents, including those initially provided to private landowners under the EPLUS system; and the effectiveness of its efforts with threatened and endangered species. The agency has declined repeated requests to change or add performance measures. Given the department's reluctance to report on licenses issued to nonresidents through the EPLUS system, a continuing concern of New Mexico hunting and fishing advocates, the committee recommends maintaining the target for the share of licenses distributed to residents through the public draw at 90 percent, not the agency requested 84 percent.

FIELD OPERATIONS

The purpose of the field operations program is to promote and assist the implementation of law enforcement, habitat and public outreach programs throughout the state.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	90.5	0.0	0.0	0.0	0.0
Federal Revenues	374.8	331.1	331.1	331.1	0.0
Other Revenues	10,705.1	12,278.3	12,912.7	12,912.7	5.2
TOTAL SOURCES	**$11,170.4**	**$12,609.4**	**$13,243.8**	**$13,243.8**	**5.0**
USES					
Personal services and employee benefits	9,432.7	10,087.8	10,337.8	10,337.8	2.5
Contractual services	67.6	98.7	98.7	98.7	0.0
Other	2,314.8	2,422.9	2,807.3	2,807.3	15.9
TOTAL USES	**$11,815.1**	**$12,609.4**	**$13,243.8**	**$13,243.8**	**5.0**
FTE					
Permanent	83.0	99.0	99.0	99.0	0.0
TOTAL FTE	**83.0**	**99.0**	**99.0**	**99.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Number of conservation officer hours spent in the field checking for compliance	56,998.0	57,973.0	56,000.0	56,000.0	58,000.0
Output	Number of hunter and conservation education programs delivered by field staff	827.0	802.0	800.0	800.0	800.0
Output	Number of special field operations to deter, detect and apprehend off-highway vehicle and game and fish violators	434.0	503.0	300.0	300.0	300.0
Explanatory	Number of citations issued per one hundred contacts	4.7	6.1	N/A	N/A	N/A

CONSERVATION SERVICES

The purpose of the conservation services program is to provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	2,750.0	3,956.4	3,315.6	4,248.3	7.4
Federal Revenues	21,873.0	16,471.4	16,471.4	16,471.4	0.0
Other Revenues	15,707.9	13,496.6	14,966.6	14,966.6	10.9
TOTAL SOURCES	**$40,330.9**	**$33,924.4**	**$34,753.6**	**$35,686.3**	**5.2**
USES					
Personal services and employee benefits	14,025.5	15,624.4	16,222.9	16,361.5	4.7
Contractual services	3,440.8	4,290.7	4,340.7	4,571.6	6.5
Other	16,146.7	13,827.0	14,007.7	14,570.9	5.4
Other financing uses	182.3	182.3	182.3	182.3	0.0
TOTAL USES	**$33,795.3**	**$33,924.4**	**$34,753.6**	**$35,686.3**	**5.2**
FTE					
Permanent	136.0	162.0	162.0	162.0	0.0
Temporary	0.0	2.0	2.0	2.0	0.0
TOTAL FTE	**136.0**	**164.0**	**164.0**	**164.0**	**0.0**

Recommended Language

The other state funds appropriations to the conservation services program of the department of game and fish in the other financing uses category includes one hundred thousand dollars ($100,000) from the game protection fund for Ute Dam operations and eighty-two thousand three hundred dollars ($82,300) from the game protection fund for Eagle Nest dam operations for the interstate stream compact compliance and water development program for the state engineer. Any unexpended balances remaining at the end of fiscal year 2027 from these appropriations shall revert to the game protection fund.

The other state fund appropriation to the conservation services program of the department of game and fish includes four million two hundred forty-eight thousand three hundred forty dollars ($4,348,340) from the land of enchantment legacy fund. The other state fund appropriation from the land of enchantment legacy fund to the conservation services program of the department of game and fish includes nine hundred thirty-two thousand four hundred dollars ($932,400) of the appropriation for the purpose of capital improvements to the department's Red River fishery.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Number of elk licenses offered on an annual basis in New Mexico	38,584.0	38,250.0	35,000.0	35,000.0	35,000.0
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	84%	84%	90%	84%	90%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Number of pounds of annual output of fish from the department's hatchery system	637,000.0	706,568.0	600,000.0	600,000.0	600,000.0
Outcome	Percent of anglers satisfied with opportunity and success	90%	91%	90%	90%	90%
Output	Number of acres of accessible sportsperson opportunity through the open gate program	195,200.0	197,000.0	210,000.0	210,000.0	210,000.0
Output	Percent of state-threatened, endangered species or candidate species studied and conserved through the state wildlife action plan and other state programs	85%	97%	48%	48%	85%
Output	Percent of New Mexico youth who participate annually through education and outreach programs	16%	13%	13%	13%	13%

WILDLIFE DEPREDATION AND NUISANCE ABATEMENT

The purpose of the wildlife depredation and nuisance abatement program is to provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of, and precluded from, property damage and annoyances or risks to public safety caused by protected wildlife.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	38.2	0.0	0.0	0.0	0.0
Other Revenues	1,539.5	1,287.5	1,297.5	1,297.5	0.8
TOTAL SOURCES	**$1,577.7**	**$1,287.5**	**$1,297.5**	**$1,297.5**	**0.8**
USES					
Personal services and employee benefits	288.6	448.7	458.7	458.7	2.2
Contractual services	135.4	226.7	226.7	226.7	0.0
Other	122.2	612.1	612.1	612.1	0.0
TOTAL USES	**$546.2**	**$1,287.5**	**$1,297.5**	**$1,297.5**	**0.8**
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	**4.0**	**4.0**	**4.0**	**4.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	98%	98%	96%	96%	96%
Output	Number of educational publications viewed or distributed with a message about minimizing potentially dangerous encounters with wildlife	1,167,468.0	766,468.0	1,000,000.0	850,000.0	850,000.0
Outcome	Percent of wildlife complaints responded to	100%	100%	99%	99%	99%

PROGRAM SUPPORT

The purpose of program support is to provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	711.4	500.9	500.9	500.9	0.0
Other Revenues	11,228.3	9,819.0	10,173.6	10,173.6	3.6
TOTAL SOURCES	**$11,939.7**	**$10,319.9**	**$10,674.5**	**$10,674.5**	**3.4**
USES					
Personal services and employee benefits	5,443.0	6,278.4	6,322.8	6,322.8	0.7
Contractual services	391.2	412.0	412.0	412.0	0.0
Other	3,263.0	3,629.5	3,939.7	3,939.7	8.5
TOTAL USES	**$9,097.2**	**$10,319.9**	**$10,674.5**	**$10,674.5**	**3.4**
FTE					
Permanent	48.0	53.0	53.0	53.0	0.0
TOTAL FTE	**48.0**	**53.0**	**53.0**	**53.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury from the close of the accounting period	3.0	3.0	10.0	9.0	9.0
Outcome	Average department-wide vacancy rate for the fiscal year	13.19%	11.85%	9.00%	9.00%	9.00%

Statutory Authority
The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	39,854.2	44,956.9	49,331.6	47,048.7	4.7
Other Transfers	6,604.5	8,193.7	8,691.3	8,691.3	6.1
Federal Revenues	41,565.6	139,695.2	149,957.6	149,957.6	7.3
Other Revenues	45,129.4	34,492.6	36,903.3	36,903.3	7.0
Fund Balance	0.0	16,720.2	12,277.2	12,277.2	(26.6)
TOTAL SOURCES	**$133,153.7**	**$244,058.6**	**$257,161.0**	**$254,878.1**	**4.4**
USES					
Personal services and employee benefits	48,688.3	64,639.0	68,839.4	67,235.0	4.0
Contractual services	45,695.7	123,314.6	128,255.3	128,255.3	4.0
Other	28,420.8	55,089.8	58,851.1	58,172.6	5.6
Other financing uses	98.8	1,015.2	1,215.2	1,215.2	19.7
TOTAL USES	**$122,903.6**	**$244,058.6**	**$257,161.0**	**$254,878.1**	**4.4**
FTE					
Permanent	513.0	475.0	483.0	479.0	0.8
Term	0.0	94.5	97.0	97.0	2.6
Temporary	0.0	45.7	45.7	45.7	0.0
TOTAL FTE	**513.0**	**615.2**	**625.7**	**621.7**	**1.1**

At A Glance
The Energy, Minerals and Natural Resources Department (EMNRD) requested a total FY27 budget of $257.2 million, an increase of $13.8 million, or 5.4 percent, above the FY26 operating budget. The request included a general fund increase of $4.4 million, or 9.7 percent, primarily in the Healthy Forests and State Parks programs. The requested general fund increase was mainly for risk and health insurance premium increases, Department of Information Technology (DOIT) increases, and implementation of the Wildfire Prepared Act and the Timber Grading Act. The agency's budget request also included a $10.3 million, or 7.3 percent, increase in federal funds, most of which were for infrastructure funding to support work in the Energy Conservation and Management program. Other federal dollars continued to be allocated to programs and operations in Healthy Forests, Mine Reclamation, Oil and Gas Conservation, and State Parks. The agency also requested a $2.4 million increase in other state revenues and an increase of $497.6 thousand, or 6.1 percent, in transfers. The agency also requested a $4.4 million, or 26.6 percent, decrease in the use of funds from agency cash balances, due to utilization of the community energy efficiency development fund, the Oil Conservation Division's OCD's systems and hearings fund, and the oil reclamation fund. Currently, 19 percent of the agency's funded positions are vacant.

The LFC recommendation supports the increases from federal and other state sources. It includes a general fund increase of $2.1 million, or 4.7 percent, for increased risk and health insurance premiums across the agency, DOIT rate increases, and for implementation of the Wildfire Prepared and Timber Grading acts.

Budget Issues
In addition to the $1.5 million requested for risk, health insurance premiums, and DOIT rate increases, the agency also requested $1.4 million for implementation of the Wildfire Prepared and Timber Grading acts. Both acts were passed in the 2025 legislative session, with the Wildfire Prepared Act creating a wildfire preparedness program within EMNRD to provide technical assistance and training for property and structure owners in high wildfire risk areas. The act also allows EMNRD and the new program to issue grants to political subdivisions and qualifying entities to aid in making structures and residences more resilient to wildfires. The Timber Grading Act creates in-state structural timber grading system and allows for residential and commercial buildings and construction to build with local timber. The act also tasks EMNRD with the creation of the timber grading program.

The agency also will receive an increased distribution from the land of enchantment legacy fund, totaling $4.3 million. This is a $298.6 thousand or 7.3 percent increase from FY26. The funding goes to EMNRD's Forestry Division and to programs related to the National Heritage Conservation Act.

Energy Conservation and Management. The FY27 budget request for the Energy Conservation and Management Division (ECMD) included an overall increase of 4.6 million, or 12.4 percent, which included a general fund increase of $164.1 thousand, or 4.9 percent, for increased risk and health insurance premiums and for DIT rate increases. ECMD also requested a $9.9 million, or 38.1 percent, increase in federal funds due to increased federal home efficiency rebate and home energy efficiency rebate grant funding. The LFC recommendation supports the request for premium and rate request increases and the $9.9 million increase in federal revenue.

Healthy Forests. The Healthy Forest Program requested an overall increase of $7.7 million, or 12 percent, for FY27. This included a $2.7 million, or 26 percent, general fund increase for risk and health insurance premium increases and $1.4 million for implementation of the Wildfire Prepared and Timber Grading acts. The implementation funding was for 10 new positions and for contracts. The program also requested $500 thousand to fund its transition to a digital trunk radio system and a $4.2 million, or 180.3 percent, increase in its fund balance due to increased use of its forest land protection fund for implementation of the two acts.

The program did not request emergency executive orders to fund agency response and recovery efforts, a practice it had consistently used for previous wildfire seasons. For instance, the agency had previously received $51 million in FY24 for fire response, but did not receive or request any funding in FY25 or FY26. A finding in the agency's FY24 audit noted issues with the agency not correctly reconciling fire liability payments, a repeat finding for the program. The audit recommended the agency implement new processes for the monitoring and reviewing of these payments, a finding mirrored by national studies which note state's disaster response agencies should look to modernize their reporting, tracking, and use of disaster funds.

The committee recommendation supports the requested increases for risk and health insurance premium increases and partially supports the requested implementation funds for the two acts. The committee's recommendation supports the requested increased use of fund balance and the more marginal increases in other transfers and revenues. The recommendations increases the program's general fund revenue by $1.3 million, or 12.8 percent.

State Parks. Roughly 5.2 million people visited the state's parks in FY25, a decrease of roughly 200 thousand from FY24. However, the decline in visitation did not result in less self-generated revenue, with revenue per visitor increasing from $0.93 cents in FY24 to $1.13 in FY25, or 21.5 percent. These numbers come after newly increased park fees were instituted in January 2025. Fiscal year 2026 will be the first opportunity for the agency and the Legislature to see how much new revenue the fees will generate and if they have an impact on visitation numbers. The agency predicted the new fees could generate between $4 million to $5 million in new revenue for State Parks. Twenty-six percent of the program's total budget is funded through fees, but the agency requested an increase of $12.6 thousand, or 0.1 percent, in fee revenue over FY26.

The program requested an overall budget increase of $941.1 thousand, or 2 percent. The program requested a $12.6 thousand, or 0.1 percent, increase in other revenues and a $12.6 thousand, or 0.1 percent, decrease in federal revenues, resulting in all of the program's request being housed in its general fund request. The requested general fund increase was for conversion of 45 of the program's temporary positions to permanent due to these positions being converted to exempt. Due to this, the program requested converting the temporary EXOT positions to permanent so they could be used to expand the design and development program. The total cost to convert the 45 positions is $713 thousand. The program also requested $228.1 thousand for service fees related to its new online reservation and revenue system.

The LFC recommendation supports the requested changes to federal and other revenues and the requests for use of flat fund balance and other state funds. The committee does not recommend the requested general fund increases due to projected increases in revenue from the program's updated fees.

Mine Reclamation. The FY27 request for the Mine Reclamation Program increased general fund revenue by $117.1 thousand, or 5.4 percent, for increased risk and health insurance premiums and DOIT rate increases. The request kept federal funds and other transfers flat with FY26 operating levels and mirrored decreases and increases in the programs other revenues and fund balance, respectively. The LFC recommendation supports the programs requested budget for FY27.

Oil and Gas Conservation. The Oil and Gas Conservation program requested a total budget decrease of $347.4 thousand, or 0.5 percent, for FY27. The decrease was due to the utilization of a collective $3.3 million from the program's systems and hearings fund and its oil reclamation fund. The request kept other transfers and federal revenues flat with FY26 operating levels, while it increased other revenues by $2.5 million or 11.9 percent. The program also requested a general fund increase of $380.6 thousand, or 3.5 percent, for risk and health insurance premium and DIT rate increases.

The program reported the balance of the system and hearing fund was $6.1 million at the close of FY25, and the fund is projected to receive $1.7 million in revenue in FY26. The oil reclamation funds fund balance was $72.2 million at the close of FY25 and is projected to receive up to $25.2 million in FY26.

The committee recommendation supports the program's requested budget for FY27.

Program Leadership and Support. EMNRD's budget request for Program Leadership and Support increased general fund revenue by $122.1 thousand, or 2.5 percent, increased other transfers by $200 thousand and reduced federal revenues by $200 thousand, resulting in a total budget increase of $122.1 thousand, or 1.6 percent. The requested general fund increase was for risk and health insurance premium increases and DIT rate increases. The committee recommends the program's requested budget for FY27.

ENERGY CONSERVATION AND MANAGEMENT

The purpose of the energy conservation and management program is to develop and implement clean energy programs to decrease per capita energy consumption; use New Mexico's substantial renewable energy resources; minimize local, regional and global air emissions; lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,713.5	3,341.6	3,505.7	3,505.7	4.9
Other Transfers	351.7	0.0	0.0	0.0	0.0
Federal Revenues	10,504.0	25,931.3	35,817.9	35,817.9	38.1
Other Revenues	375.3	247.9	247.9	247.9	0.0
Fund Balance	0.0	7,602.0	2,143.9	2,143.9	(71.8)
TOTAL SOURCES	**$13,944.5**	**$37,122.8**	**$41,715.4**	**$41,715.4**	**12.4**
USES					
Personal services and employee benefits	4,363.7	7,180.1	7,413.3	7,413.3	3.2
Contractual services	8,196.5	28,002.4	32,311.9	32,311.9	15.4
Other	1,154.1	1,940.3	1,990.2	1,990.2	2.6
TOTAL USES	**$13,714.3**	**$37,122.8**	**$41,715.4**	**$41,715.4**	**12.4**
FTE					
Permanent	31.6	30.0	30.0	30.0	0.0
Term	0.0	16.0	16.0	16.0	0.0
TOTAL FTE	**31.6**	**46.0**	**46.0**	**46.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	16.0	0.0	N/A	N/A	N/A
Outcome	Percent of completed tax credit applications reviewed within thirty days of receipt	100%	100%	95%	95%	95%

HEALTHY FORESTS

The purpose of the healthy forests program is to promote the health of New Mexico's forest lands by managing wildfires, mitigating urban-interface fire threats and providing stewardship of private and state forest lands and associated watersheds.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,375.2	10,201.6	12,851.3	11,509.5	12.8
Other Transfers	5,018.2	6,046.4	6,344.0	6,344.0	4.9
Federal Revenues	15,024.6	45,081.5	45,669.9	45,669.9	1.3
Other Revenues	1,288.0	381.9	310.0	310.0	(18.8)
Fund Balance	0.0	2,352.1	6,592.5	6,592.5	180.3
TOTAL SOURCES	**$29,706.0**	**$64,063.5**	**$71,767.7**	**$70,425.9**	**9.9**
USES					
Personal services and employee benefits	11,297.9	15,520.9	18,246.6	17,404.8	12.1
Contractual services	13,228.9	23,700.2	25,063.8	25,063.8	5.8
Other	8,876.0	24,786.2	28,201.1	27,701.1	11.8
Other financing uses	2.5	56.2	256.2	256.2	355.9
TOTAL USES	**$33,405.3**	**$64,063.5**	**$71,767.7**	**$70,425.9**	**9.9**
FTE					
Permanent	86.7	103.0	110.0	106.0	2.9
Term	0.0	41.5	44.0	44.0	6.0
TOTAL FTE	**86.7**	**144.5**	**154.0**	**150.0**	**3.8**

Recommended Language
The other state funds appropriation to the state forestry program of the energy, minerals and natural resources department includes four million three hundred forty-four thousand eight hundred eighty dollars ($4,344,880) from the land of enchantment legacy fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	3,012.0	2,149.0	1,500.0	1,500.0	1,500.0
* Output	Number of acres treated in New Mexico's forests and watersheds	13,954.0	19,931.0	14,500.0	14,500.0	14,500.0
Output	Percent of forest and watershed restoration projects with total funding leveraged from federal, local, tribal, private and other state funding	96%	95%	75%	50%	50%
Output	Percent of wildland firefighting equipment and training provided to local communities and fire departments in medium- or high-threat response areas	75%	100%	50%	50%	50%
Output	Percent of communities with medium- or high-impervious surface cover that receive technical assistance	66%	84%	50%	50%	50%

STATE PARKS

The purpose of the state parks program is to create the best recreational opportunities possible in state parks by preserving cultural and natural resources, continuously improving facilities and providing quality, fun activities and to do it all efficiently.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,519.4	13,432.2	14,373.3	13,432.2	0.0
Other Transfers	469.6	500.0	500.0	500.0	0.0
Federal Revenues	5,362.8	17,939.2	17,926.6	17,926.6	(0.1)
Other Revenues	15,668.3	12,334.8	12,347.4	12,347.4	0.1
Fund Balance	0.0	2,438.3	2,438.3	2,438.3	0.0
TOTAL SOURCES	**$34,020.1**	**$46,644.5**	**$47,585.6**	**$46,644.5**	**0.0**
USES					
Personal services and employee benefits	14,760.4	18,476.1	19,238.7	18,476.1	0.0
Contractual services	2,342.5	4,340.8	4,340.8	4,340.8	0.0
Other	15,801.5	23,216.5	23,395.0	23,216.5	0.0
Other financing uses	28.8	611.1	611.1	611.1	0.0
TOTAL USES	**$32,933.2**	**$46,644.5**	**$47,585.6**	**$46,644.5**	**0.0**
FTE					
Permanent	242.2	192.0	192.0	192.0	0.0
Term	0.0	5.0	5.0	5.0	0.0
Temporary	0.0	45.7	45.7	45.7	0.0
TOTAL FTE	**242.2**	**242.7**	**242.7**	**242.7**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Explanatory	Number of visitors to state parks	5,383,730.0	5,214,926.0	N/A	N/A	N/A
* Explanatory	Amount of self-generated revenue per visitor, in dollars	$0.93	$1.13	N/A	N/A	N/A

MINE RECLAMATION

The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,670.2	2,171.8	2,288.9	2,288.9	5.4
Other Transfers	313.8	507.1	507.1	507.1	0.0
Federal Revenues	5,473.2	17,092.8	17,092.8	17,092.8	0.0
Other Revenues	866.7	659.4	639.4	639.4	(3.0)
Fund Balance	0.0	0.0	20.0	20.0	0.0
TOTAL SOURCES	**$8,323.9**	**$20,431.1**	**$20,548.2**	**$20,548.2**	**0.6**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	4,053.0	5,202.5	5,306.8	5,306.8	2.0
Contractual services	2,922.9	14,069.6	14,069.6	14,069.6	0.0
Other	559.9	1,110.8	1,123.6	1,123.6	1.2
Other financing uses	5.0	48.2	48.2	48.2	0.0
TOTAL USES	**$7,540.8**	**$20,431.1**	**$20,548.2**	**$20,548.2**	**0.6**
FTE					
Permanent	30.6	17.0	17.0	17.0	0.0
Term	0.0	19.0	19.0	19.0	0.0
TOTAL FTE	**30.6**	**36.0**	**36.0**	**36.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	99%	99%	98%	98%	98%
Outcome	Percent of inspections of active mining operations showing compliance with approved permits and regulations	100%	98%	98%	98%	98%

OIL AND GAS CONSERVATION

The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional, dynamic regulation.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,220.1	10,850.0	11,230.6	11,230.6	3.5
Other Transfers	54.8	0.0	0.0	0.0	0.0
Federal Revenues	3,613.5	32,141.3	32,141.3	32,141.3	0.0
Other Revenues	26,931.0	20,868.6	23,358.6	23,358.6	11.9
Fund Balance	0.0	4,327.8	1,082.5	1,082.5	(75.0)
TOTAL SOURCES	**$40,819.4**	**$68,187.7**	**$67,813.0**	**$67,813.0**	**(0.5)**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	8,190.6	11,320.6	11,614.3	11,614.3	2.6
Contractual services	18,842.1	52,983.9	52,228.6	52,228.6	(1.4)
Other	1,723.8	3,583.5	3,670.4	3,670.4	2.4
Other financing uses	62.5	299.7	299.7	299.7	0.0
TOTAL USES	**$28,819.0**	**$68,187.7**	**$67,813.0**	**$67,813.0**	**(0.5)**
FTE					
Permanent	77.2	87.0	86.0	86.0	(1.1)
Term	0.0	13.0	13.0	13.0	0.0
TOTAL FTE	**77.2**	**100.0**	**99.0**	**99.0**	**(1.0)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Number of inspections of oil and gas wells and associated facilities	39,640.0	34,554.0	30,000.0	30,000.0	30,000.0
Output	Average number of days to process application drill permits	10.0	24.0	92.0	92.0	92.0
Outcome	Volume of flared gas	17,946,316.0	14,453,330.0	15,990,000.0	0.0	0.0
Explanatory	Volume of produced water injected	958,195,760.0	1,099,603,909.0	N/A	N/A	N/A
Explanatory	Number of requested hearing and continuances	3,447.0	7,602.0	N/A	N/A	N/A
Explanatory	Volume of produced water recycled	185,158,893.0	233,305,792.0	N/A	N/A	N/A
Outcome	Volume of vented gas	1,480,766.0	1,281,743.0	15,500,000.0	0.0	0.0
* Output	Number of abandoned wells properly plugged	105.0	42.0	70.0	70.0	70.0
Explanatory	Number of violations issued	5,138.0	6,070.0	N/A	N/A	N/A

PROGRAM LEADERSHIP AND SUPPORT

The purpose of the program leadership and support program is to provide leadership, set policy and provide support for every division in achieving their goals.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,355.8	4,959.7	5,081.8	5,081.8	2.5
Other Transfers	396.4	1,140.2	1,340.2	1,340.2	17.5
Federal Revenues	1,587.5	1,509.1	1,309.1	1,309.1	(13.3)
Other Revenues	0.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$6,339.8**	**$7,609.0**	**$7,731.1**	**$7,731.1**	**1.6**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	6,022.7	6,938.8	7,019.7	7,019.7	1.2
Contractual services	162.9	217.7	240.6	240.6	10.5
Other	305.6	452.5	470.8	470.8	4.0
TOTAL USES	**$6,491.2**	**$7,609.0**	**$7,731.1**	**$7,731.1**	**1.6**
FTE					
Permanent	44.7	46.0	48.0	48.0	4.3
TOTAL FTE	**44.7**	**46.0**	**48.0**	**48.0**	**4.3**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of prior-year financial audit findings resolved	100.0	100.0	100.0	100.0	100.0
Output	Number of working days after the final grant that expenditures are available and the federal funds are allowed to be drawn	90.0	90.0	90.0	90.0	90.0

Statutory Authority
Sections 9-5B-1 through 9-5B-11 NMSA 1978 establish the New Mexico Youth Conservation Corps Act. The purpose of the act is to provide employment for youth in public projects that conserve New Mexico's natural resources and provide community benefits of lasting value. The corps is administratively attached to the Energy, Minerals and Natural Resources Department.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	5,462.3	5,442.9	5,442.9	5,422.3	(0.4)
Fund Balance	0.0	702.6	916.1	916.1	30.4
TOTAL SOURCES	**$5,462.3**	**$6,145.5**	**$6,359.0**	**$6,338.4**	**3.1**
USES					
Personal services and employee benefits	233.3	315.8	376.5	355.9	12.7
Contractual services	4,694.5	5,545.0	5,700.0	5,700.0	2.8
Other	70.4	159.7	157.5	157.5	(1.4)
Other financing uses	125.0	125.0	125.0	125.0	0.0
TOTAL USES	**$5,123.2**	**$6,145.5**	**$6,359.0**	**$6,338.4**	**3.1**
FTE					
Permanent	2.0	3.0	3.0	3.0	0.0
TOTAL FTE	**2.0**	**3.0**	**3.0**	**3.0**	**0.0**

At A Glance
The Youth Conservation Corps (YCC) is funded with governmental gross receipts tax (GGRT) revenues. GGRT revenue received does not revert and is held in the agency's fund balance. YCC had a fund balance of $11.3 million at the close of FY25, down roughly $600 thousand, or 5.3 percent, compared to FY24. The agency's FY27 appropriation request represents a $214.8 thousand, or 3.5 percent, increase over FY26. The increase is predominantly due to higher utilization of YCC fund balance. The requested increase is for expanded contracts and for small personnel increases for agency's two employees. The LFC recommendation partially funds the request, funding the agency's requested increases for contracts and for General Services Department risk insurance premium increases but does not recommend the agency's requested personnel increases.

The agency met one of its four performance measures for FY25 exceeding its newly created performance measure that tracks the percent of youth employed annually as a percent of the number proposed to be hired in approved projects. The agency requested to maintain the FY25 performance measure targets for FY27, which the committee recommends.

YCC managed 39 projects throughout the state in FY25, and has maintained cooperative agreements with the Energy, Minerals and Natural Resources Department and the State Land Office.

YOUTH CONSERVATION CORPS

The purpose of the youth conservation corps program is to provide funding for the employment of New Mexicans between the ages of fourteen and twenty-five to work on projects that will improve New Mexico's natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of youth employed annually as a proportion of the number proposed to be hired in approved projects	0.00%	113.00%	90.00%	90.00%	90.00%
* Output	Number of youth employed annually	534.0	726.0	840.0	840.0	840.0
Outcome	Percent of all grant award monies used for corps member wages	78%	76%	77%	77%	77%
Outcome	Percent of eligible corps members receiving tuition reimbursement	75%	75%	85%	85%	85%

Statutory Authority
The Commissioner of Public Lands is an elective office created in the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 through 19-1-24 NMSA 1978 and consist of the management, care, custody, and control of state trust lands allocated to specific beneficiaries by the federal Ferguson Act. State trust lands include 8.9 million land surface acres and 13.4 million subsurface, or mineral, acres administered by the commissioner through the State Land Office (SLO). Each acre is designated to a specific beneficiary, with educational institutions the beneficiary of 90 percent of the acreage.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	58,949.9	29,646.7	32,104.8	30,553.0	3.1
TOTAL SOURCES	**$58,949.9**	**$29,646.7**	**$32,104.8**	**$30,553.0**	**3.1**
USES					
Personal services and employee benefits	20,907.0	23,334.7	25,477.0	24,054.7	3.1
Contractual services	2,917.7	3,017.7	3,105.2	3,105.2	2.9
Other	2,979.5	3,294.3	3,522.6	3,393.1	3.0
Other financing uses	30,395.8	0.0	0.0	0.0	0.0
TOTAL USES	**$57,200.0**	**$29,646.7**	**$32,104.8**	**$30,553.0**	**3.1**
FTE					
Permanent	178.0	193.5	196.5	193.5	0.0
TOTAL FTE	**178.0**	**193.5**	**196.5**	**193.5**	**0.0**

At A Glance
The State Land Office (SLO), supported by revenue earned on sustainable activities on state trust land, asked for an overall increase of 8.3 percent for FY27, primarily to cover growing benefit costs for personnel, three new positions, and higher pay for existing employees. Given fluctuations in income in the land maintenance fund that supports the agency—which relies heavily on the volatile oil and gas industry—the committee recommends a more sustainable overall increase of 3.1 percent that allows the agency to cover benefits costs and add a position. Increased spending on contractual services and other expenses, budgeted in FY26 flat with FY25 budgeted levels, is recommended at about 3 percent.

Budget Issues
The agency is funded by the land maintenance fund, which derives its revenue from bonuses paid by oil and gas producers for the right to lease trust land and other activities that do not permanently deplete a resource, such as grazing, rights-of-way, and renewable energy leases. Revenue in the land maintenance fund that is not used to support SLO operations is distributed to the state entities that are beneficiaries of the trust, offsetting spending from the general fund. Higher spending on State Land Office operations reduces the amount available to beneficiaries and increases the beneficiaries' need for general fund revenue.

SLO's request for a total of $32.1 million in FY27 was a $2.5 million increase over FY26 and included more than $2.1 million more for personnel, a 9.2 percent increase. The agency's request for personnel included $788 thousand it said it needs to cover the growing employer costs of health insurance and other payroll deductions, about $300 thousand for employee recruitment and retention, and $415 thousand for three new positions—a forester, a petroleum specialist, and an economic development specialist. The agency requested an additional $87.5 thousand for contractual services, a 2.9 percent increase, and $228.3 thousand more for other expenses, a 6.9 percent increase. However, of note, because the agency transferred funds out of those categories in FY25 to cover personnel costs, making FY25 actual expenses less than budgeted, the request reflects a two-year increase over FY25 actual spending of 6.4 percent for contractual services and 18.2 percent for other expenses.

The committee recommends moderate overall growth of 3.1 percent for FY27, or about $906.3 thousand more than in FY26 for a total of about $30.6 million. The recommendation includes an increase of $720 thousand for personnel, sufficient for one additional position requested and, based on a lower estimate of need, the increasing costs of health insurance and the employer share of other payroll deductions. Under the recommendation, funding for other expenses would increase by $98.8 thousand, or 3 percent. The committee supports the agency's request to increase spending on contractual services by 2.9 percent, or $87.5 thousand.

The agency's budget has grown 52 percent since FY22 and has more than doubled in the last decade. While strong oil and gas activity and a growing portfolio of commercial leases have preserved the amounts distributed to beneficiaries, more restrained budget growth would have resulted in higher distributions to beneficiaries. Further, volatility in the oil and gas industry means land maintenance fund revenue is highly variable. The year-to-year change in the fund over the last 10 years has ranged from a drop of 48 percent to growth of 60 percent. Land maintenance fund revenue is expected to hit a record high in FY26 due to bonuses paid on oil leases in the high-production Permian Basin, which had been off the market for a year, but revenue is likely to decline again in FY27 once the pent-up demand for those parcels is vented.

Workload. SLO contends it needs the three new positions to address workload issues. A senior forester—the agency currently has one—would be responsible for managing forest thinning projects and working with federal, state, local, and nonprofit partners. An economic development projects manager would work on the growing number of development leases in the Commercial Resources Division, and an additional petroleum engineer would focus on "commingling" agreements in which production from several tracts can be combined into a single system to reduce emissions and land damage and save costs. The committee recommendation supports the request for a second forester, important to reduce wildland fire risk, and assumes SLO can use funding for existing but vacant positions to address other personnel issues. Although the agency typically has less flexibility on personnel spending than other agencies because it has a very low number of vacancies compared with statewide averages—just two funded positions were unfilled when the budget recommendation was being developed in October—an estimated $272 thousand in "funded vacancy savings" is available.

The agency's substantial growth in spending since FY22 has been overwhelmingly driven by increased spending on personnel. Although state-government-wide salary increases have contributed, SLO has also added nine positions between FY22 and FY25 and provided salary increases above those appropriated by the Legislature.

Based on performance data, the increase in staff has resulted in increased agency productivity. Specifically, since FY22, revenue generated through audits has tripled, income from commercial and leasing activities is up 45 percent, and both the number of acres treated for sustainability and total revenue generated have increased. According to the agency, staff in FY25 processed a record number of rights-of-way, 6 percent more recreational access permits than in FY24, 68 percent more document requests, and 50 percent more environmental reviews. In addition, the number of dollars processed each year has increased five-fold in the last 10 years and the number of wells monitored has increased 425 percent in the last 20 years. While the additional personnel appear to have allowed SLO to increase productivity even as workload increased, the requested positions would only be active for the last six months of this land commissioner's administration—a new land commissioner will be elected in 2026—and an investment in additional personnel might be contrary to the priorities of a new administration.

Revenue and Distributions. Land maintenance fund revenue in FY25 was $160.7 million and is projected at about $560 million in FY26, more than twice that of the $215 million earnings record set in FY24. The extraordinary increase is primarily the result of oil and gas tracts in the Permian Basin becoming available again after being off the market since March 2024. SLO temporarily pulled the high-value tracts off the market after legislation to increase the maximum oil and gas royalty rate charged on production from 20 percent to 25 percent failed to pass the Legislature. The agency argued holding the newly available tracts until the enactment of the rate increase would generate more income over the life of the lease. Oil leases, and royalty rates, stay in effect until production on the tract ends or the producer relinquishes the lease. The Legislature approved the royalty rate increase during the 2025 session, and the tracts were included in lease auctions after the higher rate went into effect in July 2025.

Even though almost all Permian Basin tracts are already leased, LFC staff estimate the higher royalty rate could generate $50 million to $75 million a year for the land grant permanent fund, and the State Investment Council estimates the higher contributions could result in $1.5 billion to $2.5 billion in growth in the permanent fund by 2050. This growth, in turn, could mean an additional $750 million to $1.3 billion, cumulatively, for the public schools and other beneficiaries of the permanent fund.

While the revenue and spending assumptions built into the recommendation suggest distributions to trust land beneficiaries from the maintenance fund will total close to $530 million in FY26, those distributions will be dwarfed by distributions from the $34 billion land grant permanent fund. The permanent fund, made up of oil and gas royalty payments and earnings on other activities on state trust land that deplete the resource and invested by the State Investment Council, typically distributes more than a billion dollars a year to beneficiaries, with the figure nearly reaching $1.5 billion in FY25. SLO generated $2.5 billion in revenue for the permanent fund in FY25.

Performance. The agency met or exceeded the FY25 targets on eight of 10 performance measures and missed the targets on two measures. Of note, the agency generated earnings significantly above the targets on all but one income measure, including generating $500 million more than the target for all trust revenue and twice the $4 million target for income from renewable energy. The agency missed the targets for revenue from trespassing cases, which the agency says has declined because of the chilling effect of enforcement, and the number of acres treated for sustainability.

The agency reports the total of 18,167 acres treated for sustainability fell short of the 26 thousand acres in the target because of weather conditions and the lack of specialized personnel. This is the second year in a row the agency missed the target, although the FY25 total exceeds the 11.8 thousand acres treated in FY24.

Notably, targets for almost every measure were increased for FY25—more than doubled for some measures. The agency proposed, and the committee recommends, raising some targets again for FY27.

SLO received unmodified (clean) audits in 2021, 2022, 2023, and 2024.

LAND TRUST STEWARDSHIP

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

Recommended Language

The state land office is authorized to hold in suspense amounts eligible, because of the sale of state royalty interests, for tax credits under Section 29 of the Internal Revenue Code above those amounts required by law to be transferred to the land grant permanent fund. The state land office may expend as much of the money so held in suspense, as well as additional money held in escrow accounts resulting from the sales and money held in fund balances, as is necessary to repurchase the royalty interests pursuant to the agreements.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of wells plugged and sites reclaimed through compliance and enforcement efforts	248.0	201.0	75.0	100.0	100.0
* Output	Amount of trust revenue generated, in millions	$2,564.68	$2,500.00	$2,100.00	$2,200.00	$2,200.00
Outcome	Amount of bonus income per acre leased for oil and gas activities, in dollars	$3,999.00	$1,503.00	$1,000.00	$1,000.00	$1,200.00
* Outcome	Amount of revenue generated through oil and natural gas audit activities, in millions	9.4	6.8	4.5	4.5	5.0
* Output	Average amount of income per acre from oil, natural gas and mining activities, in dollars	$1,356	$1,410	$800	$800	$1,200
Output	Percent of total trust revenue allocated to beneficiaries	99%	99%	98%	98%	98%
* Output	Number of acres treated to achieve desired conditions for future sustainability	11,771.0	18,167.0	25,000.0	20,000.0	22,000.0
Output	Amount of income from renewable energy	$4,500,516	$8,252,394	$4,500,000	$5,000,000	$5,000,000
Output	Amount of income from commercial and leasing activities	$15,336,978	$17,637,217	$11,000,000	$13,000,000	$13,000,000
Output	Amount of revenue distributed related to trespass cases	$2,363,530	$867,198	$1,000,000	$750,000	$750,000

Statutory Authority
The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are companion agencies. Pursuant to Section 72-2-1 through 72-2-18 NMSA 1978, the state engineer, appointed by the governor and confirmed by the Senate, is responsible for supervision of New Mexico's water resources, including the measurement, appropriation, and distribution of the resources.

ISC consists of nine members. Eight are appointed by the governor and the ninth member is the state engineer, who serves as the commission secretary. Pursuant to Section 72-14-1 through 72-14-44 NMSA 1978, ISC negotiates compacts with other states, settles interstate water controversies, and is responsible for fostering equitable distribution and division of water in interstate stream systems. New Mexico is currently party to eight interstate stream compacts. ISC also operates and maintains the Ute Dam. ISC has an administrative director who also serves as the deputy state engineer.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	33,382.3	38,441.4	40,776.1	39,614.0	3.1
Other Transfers	13,235.5	12,561.5	12,561.5	12,977.7	3.3
Federal Revenues	604.8	0.0	0.0	0.0	0.0
Other Revenues	3,689.0	3,998.2	4,038.9	4,038.9	1.0
Fund Balance	751.2	751.2	751.2	751.2	0.0
TOTAL SOURCES	**$51,662.8**	**$55,752.3**	**$58,127.7**	**$57,381.8**	**2.9**
USES					
Personal services and employee benefits	35,138.9	41,813.6	43,905.0	43,309.1	3.6
Contractual services	3,741.1	7,745.7	7,745.7	7,745.7	0.0
Other	6,806.3	6,113.0	6,397.0	6,247.0	2.2
Other financing uses	80.0	80.0	80.0	80.0	0.0
TOTAL USES	**$45,766.3**	**$55,752.3**	**$58,127.7**	**$57,381.8**	**2.9**
FTE					
Permanent	320.0	368.0	375.0	368.0	0.0
Term	0.0	15.0	13.0	13.0	(13.3)
Temporary	0.0	28.0	33.0	33.0	17.9
TOTAL FTE	**320.0**	**411.0**	**421.0**	**414.0**	**0.7**

At A Glance
The Office of the State Engineer (OSE) requested a total budget of $58.1 million for FY27, $2.4 million, or 4.3 percent, more than the FY26 operating budget. The agency's request held use of fund balance and other transfers flat with FY26 operating levels, increased other revenues by $40.7 thousand, and increased its general fund appropriations by $2.3 million, or 6.1 percent. The increase is predominantly for increases related to mandated insurance premium increases. The agency also requested expansions for seven new positions, four for Indian Water rights settlements and three for middle Rio Grande settlement management, and $150 thousand for new district office leases. As of October 2025, 3.9 percent of funded positions were vacant.

The LFC recommendation provides a $1.2 million, or 3.1 percent, general fund increase. The committee recommendation also funds two of the requested expansion positions within the Water Resource Allocation Program for management of the Middle Rio Grande and settlement implementation resulting from the *Texas v. New Mexico* court case, doing so through increased usage of the agency's irrigation works construction fund (IWCF) and funding the positions through the agency's base budget. The recommendation also funds the liability and health insurance premium increases of the Litigation and Adjudication program through increased use of the IWCF. Including the increased usage of IWCF funds, the committee recommends a $1.6 million, or 2.9 percent, total increase. The committee does not recommend funding the other requested positions for the Interstate Stream Commission or the Litigation and Adjudication Program, due to existing vacancy funds within the program that can cover requested positions.

Budget Issues

Revenues. In addition to general fund appropriations, OSE receives revenue from the irrigation works construction fund (IWCF), the improvement of the Rio Grande income fund (IRGIF), the emergency drought water agreement fund, the New Mexico unit fund, and the New Mexico Finance Authority water project fund. The IWCF and the IRGIF receive annual distributions from the land grant permanent fund and the land maintenance fund; the office also earns interest on long-term investments of the income funds managed by the State Investment Council. At the end of FY25, the IWCF and IRGIF had balances of $24.8 million and $3.8 million, respectively.

The committee recommends increasing the agency's utilization of the IWCF by $416.2 thousand, to accommodate for the increased liability and health insurance premium increases within the Litigation and Adjudication Program and for two new Middle Rio Grande settlement personnel. The committee's recurring recommendation is paired with a fund transfer into the IWCF to accommodate for the increased utilization to ensure a stable fund balance.

Water Resource Allocation Program. The Rio Grande Compact Compliance lawsuit, *Texas v. New Mexico*, is reaching its final stage, with state and the other parties filing documents to end the litigation. The settlement will result in the state needing to reduce groundwater usage by 18,200 acre-feet over a 10-year span. This will mostly be accomplished through water right purchases. The LFC recommendation for the Water Resource Allocation Program (WRAP) increases general fund revenue by $783.1 thousand, or 3.7 percent, and other revenues by $40.7 thousand, or 4.2 percent. The recommendation funds two of the requested Middle Rio Grande settlement staff to aid in implementation of the new settlement, funding these positions with IWCF funds and not from the general fund.

As of the agency's budget request submission in September 2025, WRAP had 36 vacant positions, three of which can be filled with current funding, and 16.6 percent of its positions unfilled and unfunded. This translates to the agency having positions it cannot fill due to prioritizing funding with other personnel. OSE received $1.5 million in the 2025 legislative session for agency-wide salary increases, in addition to the 4 percent increase for state employees.

Interstate Stream Compact Compliance Program. The Interstate Stream Commission (ISC) program staff is tasked with ensuring New Mexico's compliance with interstate stream compacts, resolving conflicts under those compacts, and planning for the state's future water use.

ISC requested a $201.1 thousand, or 6.2 percent, general fund increase, requested an additional expansion position for $104.1 thousand, $150 thousand for expanded district office lease space, and kept all other budget categories flat with FY26 spending. The requested increases were to cover risk and health insurance benefits premium increases. ISC also requested $254.1 thousand in expansion funding for a district office lease and one Indian water rights settlement position. The Legislature has appropriated $45 million in nonrecurring funding since 2024 for Indian water rights settlements, though use of the funds is contingent on movement at the federal level.

The LFC recommendation supports the requested general fund increases but does not recommend the expansion of district office space, reflecting a $201.1 thousand, or 3.2 percent, increase for FY27.

Litigation and Adjudication Program. The Litigation and Adjudication Program (LAP) provides legal and technical representation for the state in the multiple ongoing water rights adjudications in state and federal courts.

LAP requested an overall budget increase of $159.9 thousand, or 3.6 percent, from the general fund and an additional $104.1 thousand as a program expansion for an Indian water rights settlement position. The requested increase is for risk and health insurance premium increases. The committee recommendation supports the requested general fund increase for risk and health insurance premiums, though funds the request through increased use of IWCF funds. Due to existing vacancies within LAP, a funded vacancy rate of 5.5 percent, equal to 17 vacant positions, and $416.2 thousand in funded vacancy dollars, the committee does not recommend the requested expansion

Program Support. In Program Support, the agency requested a general fund increase of $188.4 thousand, or 2.9 percent, for risk and health insurance premium increases. The committee supports the program's requested increase.

Base Expansion

The committee recommendation funds two of the requested expansion positions within the agency's base budget, doing so through the increased utilization of the agency's internal funds.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Critical Office Space Needs for Staff in Albuquerque and Las Cruces	P552	150.0	0.0
0	Indian Water Rights Settlement Staffing--Immediate Implementation Critical Due to Drought	P551	259.6	0.0
0	Indian Water Rights Settlement Staffing--Immediate Implementation Critical Due to Drought	P552	104.1	0.0
0	Indian Water Rights Settlement Staffing--Immediate Implementation Critical Due to Drought	P553	104.1	0.0
0	Middle Rio Grande Water Management Staffing to Deliver Water to Elephant Butte Reservoir	P551	384.4	0.0
TOTAL			**$1,002.2**	**$0.0**

WATER RESOURCE ALLOCATION

The purpose of the water resource allocation program is to provide for the efficient use of the available surface and underground waters of the state so any person can maintain their quality of life and to provide safety inspections of all nonfederal dams within the state so owners and operators of such dams can operate the dams safely.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	18,693.7	21,316.0	22,743.1	22,099.1	3.7
Other Transfers	1,111.6	723.9	723.9	980.2	35.4
Federal Revenues	238.8	0.0	0.0	0.0	0.0
Other Revenues	929.4	961.5	1,002.2	1,002.2	4.2
TOTAL SOURCES	**$20,973.5**	**$23,001.4**	**$24,469.2**	**$24,081.5**	**4.7**
USES					
Personal services and employee benefits	17,809.9	20,412.0	21,789.8	21,402.1	4.9
Contractual services	468.1	626.5	626.5	626.5	0.0
Other	2,146.3	1,962.9	2,052.9	2,052.9	4.6
TOTAL USES	**$20,424.3**	**$23,001.4**	**$24,469.2**	**$24,081.5**	**4.7**
FTE					
Permanent	176.0	192.0	197.0	192.0	0.0
Term	0.0	5.0	3.0	3.0	(40.0)
Temporary	0.0	18.0	16.0	16.0	(11.1)
TOTAL FTE	**176.0**	**215.0**	**216.0**	**211.0**	**(1.9)**

Recommended Language

The internal service funds/interagency transfers appropriations to the water resource allocation program of the state engineer include seven hundred twenty-three thousand nine hundred dollars ($723,900) from the improvement of the Rio Grande income fund and two hundred fifty-six thousand three hundred dollars ($256,300) from the irrigation works construction fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Average number of unprotested new and pending applications processed per month	32.0	31.0	35.0	35.0	35.0
Explanatory	Number of unprotested and unaggrieved water right applications backlogged	395.0	296.0	N/A	N/A	N/A
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	13,501.0	25,015.0	15,000.0	15,000.0	15,000.0
Outcome	Number of notices issued to owners of publicly owned dams notifying them of deficiencies or potential issues	113.0	54.0	45.0	45.0	45.0

INTERSTATE STREAM COMPACT COMPLIANCE AND WATER DEVELOPMENT

The purpose of the interstate stream compact compliance and water development program is to provide resolution of federal and interstate water issues and to develop water resources and stream systems for the people of New Mexico so they can have maximum sustained beneficial use of available water resources.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,918.2	6,234.4	6,689.6	6,435.5	3.2
Other Transfers	9,259.8	9,268.3	9,268.3	9,268.3	0.0
Federal Revenues	366.0	0.0	0.0	0.0	0.0
Other Revenues	147.6	167.6	167.6	167.6	0.0
Fund Balance	751.2	751.2	751.2	751.2	0.0
TOTAL SOURCES	**$15,442.8**	**$16,421.5**	**$16,876.7**	**$16,622.6**	**1.2**
USES					
Personal services and employee benefits	6,275.0	8,381.2	8,672.4	8,568.3	2.2
Contractual services	1,996.5	5,263.7	5,263.7	5,263.7	0.0
Other	3,508.0	2,776.6	2,940.6	2,790.6	0.5
TOTAL USES	**$11,779.5**	**$16,421.5**	**$16,876.7**	**$16,622.6**	**1.2**
FTE					
Permanent	55.0	61.0	62.0	61.0	0.0
Term	0.0	10.0	10.0	10.0	0.0
Temporary	0.0	2.0	7.0	7.0	250.0
TOTAL FTE	**55.0**	**73.0**	**79.0**	**78.0**	**6.8**

Recommended Language

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include seven million seven hundred twenty thousand six hundred dollars ($7,720,600) from the New Mexico irrigation works construction fund, seven hundred thirteen thousand two hundred dollars ($713,200) from the improvement of the Rio Grande income fund, six hundred fifty two thousand two hundred dollars ($652,200) from the New Mexico unit fund, one hundred thousand dollars ($100,000) from the game protection fund for Ute dam operations, and eighty-two thousand three hundred dollars ($82,300) from the game protection fund for Eagle Nest dam operations. Any unexpended balances remaining at the end of fiscal year 2027 from these appropriations shall revert to the appropriate fund.

Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement and from contractual reimbursements associated with the interstate stream compact compliance and water development program is appropriated to the interstate stream compact compliance and water development program to be used per the agreement with the United States bureau of reclamation.

The interstate stream commission's authority to make loans for irrigation improvements includes five hundred thousand dollars ($500,000) for loans to irrigation districts, conservancy districts and soil and water conservation districts for re-loan to farmers for implementation of water conservation improvements.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Number of acre-feet of cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of the calendar year	148,200.0	126,000.0	161,600.0	0.0	161,000.0
* Outcome	Number of acre-feet of cumulative state-line delivery credit per the Rio Grande compact at the end of the calendar year	(121,500.0)	(124,000.0)	(150,000.0)	(150,000.0)	(150,000.0)
Explanatory	Amount of cumulative New Mexico unit fund expenditures	22,600,000.0	23,060,000.0	N/A	N/A	N/A

LITIGATION AND ADJUDICATION

The purpose of the litigation and adjudication program is to obtain a judicial determination and definition of water rights within each stream system and underground basin to effectively perform water rights administration and meet interstate stream obligations.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,920.6	4,458.8	4,722.8	4,458.8	0.0
Other Transfers	2,626.3	2,569.3	2,569.3	2,729.2	6.2
Other Revenues	2,612.0	2,869.1	2,869.1	2,869.1	0.0
TOTAL SOURCES	**$9,158.9**	**$9,897.2**	**$10,161.2**	**$10,057.1**	**1.6**
USES					
Personal services and employee benefits	6,529.2	7,625.3	7,859.3	7,755.2	1.7
Contractual services	1,124.4	1,635.8	1,635.8	1,635.8	0.0
Other	426.5	556.1	586.1	586.1	5.4
Other financing uses	80.0	80.0	80.0	80.0	0.0
TOTAL USES	**$8,160.1**	**$9,897.2**	**$10,161.2**	**$10,057.1**	**1.6**
FTE					
Permanent	55.0	68.0	69.0	68.0	0.0
Temporary	0.0	8.0	10.0	10.0	25.0
TOTAL FTE	**55.0**	**76.0**	**79.0**	**78.0**	**2.6**

Recommended Language

The internal service funds/interagency transfers appropriations to the litigation and adjudication program include one million five hundred one thousand eight hundred dollars ($1,501,800) from the irrigation works construction fund and one million sixty-seven thousand five hundred dollars ($1,067,500) from the improvement of the Rio Grande income fund.

The other state funds appropriations to the litigation and adjudication program of the state engineer include two million eight hundred sixty-nine thousand one hundred dollars ($2,869,100) from the water project fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of cases docketed in the state engineer's hearing unit	62.0	58.0	N/A	N/A	N/A
Outcome	Percent of sections within each adjudication for which partial final judgment and decrees have been entered	0.0%	33.0%	25.0%	25.0%	25.0%
* Outcome	Number of offers to defendants in adjudications	406.0	328.0	300.0	300.0	300.0
* Outcome	Percent of all water rights claims with judicial determinations	77%	67%	76%	0%	76%

PROGRAM SUPPORT

The purpose of program support is to provide necessary administrative support to the agency programs so they may be successful in reaching their goals and objectives.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,849.8	6,432.2	6,620.6	6,620.6	2.9
Other Transfers	237.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$6,087.6**	**$6,432.2**	**$6,620.6**	**$6,620.6**	**2.9**
USES					
Personal services and employee benefits	4,524.8	5,395.1	5,583.5	5,583.5	3.5
Contractual services	152.1	219.7	219.7	219.7	0.0
Other	725.5	817.4	817.4	817.4	0.0
TOTAL USES	**$5,402.4**	**$6,432.2**	**$6,620.6**	**$6,620.6**	**2.9**
FTE					
Permanent	34.0	47.0	47.0	47.0	0.0
TOTAL FTE	**34.0**	**47.0**	**47.0**	**47.0**	**0.0**

Health, Hospitals and Human Services

Statutory Authority
The Commission on the Status of Women, created by Sections 28-3-1 through 28-3-11 NMSA 1978, consists of 15 members appointed by the governor, including one member of the Human Rights Commission.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	413.8	429.0	547.9	429.0	0.0
Other Transfers	5.6	0.0	0.0	0.0	0.0
Other Revenues	2.6	0.0	0.0	0.0	0.0
Fund Balance	54.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$476.1**	**$429.0**	**$547.9**	**$429.0**	**0.0**
USES					
Personal services and employee benefits	262.9	261.2	304.0	280.5	7.4
Contractual services	92.7	84.5	125.5	84.5	0.0
Other	117.9	83.3	118.4	64.0	(23.2)
TOTAL USES	**$473.5**	**$429.0**	**$547.9**	**$429.0**	**0.0**
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	**2.0**	**2.0**	**2.0**	**2.0**	**0.0**

At A Glance
For FY27, the commission requested a $118.9 thousand increase from the general fund, or a 27.7 percent increase from FY26. The request accounted for increased costs in the personal services and employee benefits category due for an out-of-cycle increase for an employee in FY26. Additionally, the request included $41 thousand to hire a contractor to assist with financial services for the commission. Finally, the commission requested a $35.1 thousand, or 42 percent, increase in other uses, which is primarily driven by an increase in miscellaneous expenses.

LFC does not recommend an increase in general fund revenue for the commission. The commission saw a 38.5 percent increase in FY25. The recommendation allows for the increased costs in personnel but does not include funds for hiring an additional contractor or increases to the other category. The commission issued a budget adjustment request (BAR) amounting to $2,500. The BAR was for an out-of-cycle raise for one of their two employees. The commission stated it was unable to continue their rental lease due to financial strain but is continuing to fund out-of-cycle raises—the second in two years.

Finally, the commission received its fifth unmodified, clean audit in FY24.

STATUS OF WOMEN

The purpose of the status of women program is to provide information, public events, leadership, support services and career development to individuals, agencies and women's organizations so they can improve the economic, health and social status of women in New Mexico.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Dollar amount of grants obtained to support programs at the commission on the status of women	$0	$2,655	$50,000	$50,000	$50,000
Output	Annual number of regional event attendees for all commission on the status of women public events	0.0	1,540.0	1,300.0	800.0	1,500.0
Output	Number of individuals contacted about state programs and resources through information campaigns sponsored by the commission on the status of women	0.0	72,000.0	780,000.0	72,000.0	78,000.0

Statutory Authority
The Office on African American Affairs is authorized under Section 28-21-1 through 28- 21-4 NMSA 1978. The agency is attached administratively to the Health Care Authority.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,272.6	1,339.4	1,339.4	1,374.6	2.6
Other Transfers	40.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$1,312.6**	**$1,339.4**	**$1,339.4**	**$1,374.6**	**2.6**
USES					
Personal services and employee benefits	594.0	919.4	919.4	954.6	3.8
Contractual services	108.4	268.6	268.6	268.6	0.0
Other	185.4	151.4	151.4	151.4	0.0
TOTAL USES	**$887.8**	**$1,339.4**	**$1,339.4**	**$1,374.6**	**2.6**
FTE					
Permanent	10.0	9.0	9.0	9.0	0.0
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**10.0**	**10.0**	**10.0**	**10.0**	**0.0**

At A Glance
The Office on African American Affairs (OAAA) requested a budget flat with FY26, at a total of $1.3 million, stating it can maintain its outreach and engagement with communities statewide within its current budget. The committee recommendation supports the agency request of a flat budget for contractual services and other expenses, while also providing slight budget increases to accommodate rate increases in personnel spending.

The office experienced staff turnover in FY25, resulting in difficulty for OAAA to implement statewide programming. The agency reverted $402.2 thousand, or 31 percent, of its FY25 budget, primarily due to vacancies, which total $306.1 thousand, or 76 percent, of the agency's reversions. As of September 2025, OAAA had seven of its nine total positions filled and $34.8 thousand in savings from vacant funded positions. The agency was actively in the hiring process for a program supervisor and a new coordinator at the beginning of FY26.

For FY25, the agency did not meet all the targets for its performance measures, citing miscommunication related to the targets as the reason for underperforming: however, the measures performance on the office did meet were well above the targets.

PUBLIC AWARENESS

The purpose of the public awareness program is to provide information and advocacy services to all New Mexicans and to empower African Americans of New Mexico to improve their quality of life.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of participants in the capacity-building programs who rate the programs as satisfactory or above	NEW	75%	75%	75%	75%
Output	Number of reviews summarizing and highlighting the research, programs and policies and evidence-based solutions for issues impacting African Americans in New Mexico	2.0	10.0	5.0	5.0	5.0
Output	Number of resources produced related to economic, education and health disparities of African Americans, including data-based tools, documents and publications	45.0	53.0	45.0	45.0	45.0
Output	Number of educational conferences, town hall meetings, workshops and forums to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico's African American residents	16.0	33.0	20.0	20.0	20.0
Outcome	Number of individuals who participated in agency initiatives or programs as indicated by sign-in sheets, passport cards, head count and registrations	1,500.0	1,810.0	1,750.0	1,750.0	1,750.0

Statutory Authority
Sections 28-11B-1 through 28-11B-4 and Sections 63-9F-1 through 63-9F-13 NMSA 1978 create the Commission for Deaf and Hard-of-Hearing Persons. The commission consists of seven members, a majority of whom are deaf or hard-of-hearing. Three members are ex officio and four are appointed by the governor without regard for party affiliation.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,651.7	1,996.1	2,081.2	1,996.1	0.0
Other Transfers	19.7	1,065.7	1,118.1	1,118.1	4.9
Other Revenues	975.3	0.0	0.0	0.0	0.0
Fund Balance	0.0	550.0	412.5	497.6	(9.5)
TOTAL SOURCES	**$2,646.7**	**$3,611.8**	**$3,611.8**	**$3,611.8**	**0.0**
USES					
Personal services and employee benefits	1,356.6	1,587.2	1,593.5	1,593.5	0.4
Contractual services	730.1	1,627.3	1,621.7	1,621.7	(0.3)
Other	239.6	280.8	280.1	280.1	(0.2)
Other financing uses	116.5	116.5	116.5	116.5	0.0
TOTAL USES	**$2,442.8**	**$3,611.8**	**$3,611.8**	**$3,611.8**	**0.0**
FTE					
Permanent	14.0	16.0	16.0	16.0	0.0
TOTAL FTE	**14.0**	**16.0**	**16.0**	**16.0**	**0.0**

At A Glance
The Commission for Deaf and Hard-of-Hearing Persons requested just over $2 million in general fund revenue, a 4.3 percent increase over FY26, to offset a continued projected decline in telecommunications relay service (TRS) revenue. The agency's expenditure request maintained FY26 funding levels, fully funded FTE, and continued the increased contractual funding allocated in FY25 and FY26 for deaf and deaf-and-blind support service provider programs.

The LFC recommends maintaining general fund revenue flat with FY26. For years, the agency received increased general fund revenue to offset TRS revenue collections that were below projected levels. In FY26, the agency received $100 thousand in a special appropriation for a contract audit of TRS revenue collection in collaboration with the Taxation and Revenue Department. The audit is in process and should provide recommendations on how to increase the agency's TRS revenue.

Additionally, agency spending over the past few years has been less than appropriated, resulting in growing fund balances of almost $2.9 million. Therefore, LFC recommends appropriating $497.6 thousand from the fund balance, $85.1 thousand over the agency request but $52.4 thousand below FY26 operating levels. LFC recommends the request to fund total expenditures for FY27 at the FY26 operating level.

The LFC recommendation also supports the request for the continued transfer of $91.5 thousand from the commission to the Vocational Rehabilitation Division to leverage federal funds to provide services to deaf and hard-of-hearing people and a transfer of $25 thousand to the Signed Language Interpreting Practices Board at the Regulation and Licensing Department.

The agency met five of its six FY25 performance targets, including conducting outreach and training and distributing telecommunications assistance equipment. There were no findings in the agency's FY23 and FY24 financial audits.

DEAF AND HARD-OF-HEARING

The purpose of the deaf and hard-of-hearing program is to serve as a dynamic resource that will enhance the quality of life for deaf and hard-of-hearing residents of New Mexico by being the recognized advocate on important issues impacting the deaf and hard-of-hearing community, the proactive provider of innovative programs and services and the statewide umbrella and information clearinghouse for interested individuals, organizations, agencies and institutions.

Recommended Language

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes ninety-one thousand five hundred dollars ($91,500) to transfer to the rehabilitation services program of the vocational rehabilitation division to match with federal funds to provide deaf and hard-of-hearing rehabilitation services and twenty-five thousand dollars ($25,000) to transfer to the signed language interpreting practices board of the regulation and licensing department for interpreter licensure services.

The general fund appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the contractual services category includes four hundred fifty-six thousand four hundred dollars ($456,400) for deaf and deaf-blind support service provider programs.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of hours of professional development sponsored by the commission for deaf and hard-of-hearing persons	NEW	0.0	NEW	150.0	150.0
Output	Number of workshops and training sessions conducted	133.0	155.0	140.0	140.0	145.0
Output	Number of outreach events coordinated	111.0	140.0	150.0	150.0	150.0
Output	Average number of relay minutes per month	4,269.0	2,852.0	9,000.0	9,000.0	9,000.0
* Output	Number of accessible technology equipment distributions	1,349.0	1,279.0	1,350.0	1,350.0	1,350.0
Output	Number of sign language interpreters who participated in professional development sponsored by the New Mexico commission for deaf and hard-of-hearing persons, including in-house mentoring programs and events provided in collaboration with other organizations	120.0	88.0	150.0	Discontinued	0.0
Output	Number of communication barriers addressed	21,482.0	22,928.0	21,500.0	21,500.0	21,600.0

Statutory Authority
The Martin Luther King Jr. Commission is authorized under Section 28-19-1 through 28-19-4 NMSA 1978. The commission consists of 13 board members, with four members appointed by the governor, four appointed by the Senate and House majority and minority leadership, and five designees from the office of the State Treasurer, Secretary of State, Indian Affairs Department, Human Rights Division, and Public Regulation Commission.

The commission plans and coordinates statewide events to commemorate the Martin Luther King Jr. holiday and promote King's nonviolent principles and philosophy. The commission also hosts an annual youth conference to teach King's philosophy, supports education programs for elementary school students and at-risk youth, and coordinates activities with statewide violence prevention projects.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	386.7	597.6	687.8	615.1	2.9
Other Transfers	3.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$390.6**	**$597.6**	**$687.8**	**$615.1**	**2.9**
USES					
Personal services and employee benefits	194.8	254.3	293.0	263.8	3.7
Contractual services	23.2	141.5	162.7	148.0	4.6
Other	143.6	201.8	232.1	203.3	0.7
TOTAL USES	**$361.6**	**$597.6**	**$687.8**	**$615.1**	**2.9**
FTE					
Permanent	1.0	2.0	2.0	2.0	0.0
TOTAL FTE	**1.0**	**2.0**	**2.0**	**2.0**	**0.0**

At A Glance
The Martin Luther King Jr. Commission requested a total operating budget of $687.8 thousand for FY27, a $90.2 thousand, or 15 percent, increase over the FY26 operating budget. The commission's request included a $38.7 thousand personnel increase for raises and rate increases, $21.2 thousand increase in contractual services for additional program marketing and outreach, and $30.3 thousand increase in the other costs category for additional traveling and miscellaneous expenses.

The commission reverted $32.7 thousand, 14.3 percent, of its FY25 personnel funding, in addition to moving $32 thousand out of personnel costs into the other costs category. As of September 2025, the commission has one of two positions filled, with an estimated funded vacancy savings of $122.6 thousand.

The LFC recommendation supports slight increases in personnel to cover risk rate increases from the General Services Department and for covering insurance costs. The recommendation does not fund targeted raises. The committee also recommends slight increases for audit costs and for statewide programming, bringing the total recommended increase to $17 thousand, or 2.9 percent, for FY27.

The commission's financial FY24 audit had one significant deficiency and one noncompliance finding. The deficiency finding was related to the commission not reverting unexpended general funds by statewide deadlines, a repeat finding. The noncompliance finding was due to late submission of annual audited financial statements. Both findings corresponded with a change of leadership and have since been addressed by the commission.

MARTIN LUTHER KING, JR. COMMISSION

The purpose of the Martin Luther King, Jr. commission program is to promote Martin Luther King, Jr.'s nonviolent principles and philosophy to the people of New Mexico through remembrance, celebration and action so that everyone gets involved in making a difference toward the improvement of interracial cooperation and reduction of youth violence in our communities.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of counties receiving direct communication from the commission on upcoming events and opportunities to engage	NEW	NEW	NEW	15.0	15.0
Output	Number of counties served via statewide youth conferences using Dr. King's principles of nonviolence and other themes	NEW	NEW	NEW	15.0	15.0
Output	Number of holiday commemorative programs supported statewide	12.0	12.0	14.0	16.0	16.0
Output	Number of nonviolence trainings completed or statewide youth anti-violence workshops conducted	0.0	4.0	20.0	35.0	35.0
Outcome	Number of student ambassadors who worked with state agencies to explore the historical, social, political and cultural themes associated with the life and works of Dr. King	45.0	36.0	55.0	60.0	60.0
Outcome	Number of commission visits to schools, tribes, nonprofit providers and communities to teach Dr. King's principles of nonviolence	5.0	10.0	8.0	33.0	33.0
Output	Number of youth attending statewide youth conferences using Dr. King's principles of nonviolence	0.0	36.0	150.0	300.0	300.0

Statutory Authority
The Commission for the Blind, created by Sections 28-7-15 through 28-7-23 NMSA 1978, consists of three members appointed by the governor for staggered three-year terms. The agency provides a variety of services enabling the blind and visually impaired to become fully participating members of society.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,743.1	3,131.7	3,148.6	3,148.6	0.5
Other Transfers	276.0	232.5	209.6	209.6	(9.8)
Federal Revenues	7,046.8	7,126.5	6,565.0	6,565.0	(7.9)
Other Revenues	10,271.0	9,487.2	10,264.7	10,264.7	8.2
TOTAL SOURCES	**$20,336.9**	**$19,977.9**	**$20,187.9**	**$20,187.9**	**1.1**
USES					
Personal services and employee benefits	6,047.4	6,780.2	6,650.5	6,650.5	(1.9)
Contractual services	236.9	222.2	255.0	255.0	14.8
Other	13,899.5	12,868.0	13,181.3	13,181.3	2.4
Other financing uses	107.0	107.5	101.1	101.1	(6.0)
TOTAL USES	**$20,290.8**	**$19,977.9**	**$20,187.9**	**$20,187.9**	**1.1**
FTE					
Permanent	80.0	92.0	93.0	92.0	0.0
TOTAL FTE	**80.0**	**92.0**	**93.0**	**92.0**	**0.0**

At A Glance
The Commission for the Blind requested $3.1 million in general fund revenue, a 0.5 percent increase over the FY26 operating budget. The requested general fund increase was for independent living services. The commission's federal revenue request aligned with a projected revenue reduction. The agency's other revenues are generated from contracts to provide food services at the federal Law Enforcement Training Center (FLETC) in Artesia and at Kirtland Air Force Base in Albuquerque. The commission's request for personnel costs included savings from funded but vacant positions and was 1.9 percent below FY26. The other category spending request represented an increase of 2.4 percent primarily to fund care and support services. The requested funding for the other financing uses category aligned with reductions in transfers for independent living services from the Vocational Rehabilitation Division.

LFC recommends fully funding the agency request and supports independent living and other services funded with federal funds leveraged with the recommended levels of general fund and other revenue support. The recommendation also supports the $101.1 thousand transfer to the Vocational Rehabilitation Division to leverage federal funds.

The agency met three out of four of its performance targets, including exceeding the target for the number of people who avoided or delayed moving into a nursing home or assisted living facility as a result of receiving independent living services. There were no findings in the agency's FY23 and FY24 financial audits.

BLIND SERVICES

The purpose of the blind services program is to assist blind or visually impaired New Mexicans to achieve economic and social equality so they can have independence based on their personal interests and abilities.

Recommended Language
The general fund appropriation to the blind services program of the commission for the blind in the other financing uses category includes up to one hundred thousand dollars ($100,000) to transfer to the rehabilitation services program of the vocational rehabilitation division to match with federal funds to provide rehabilitation services to blind or visually impaired New Mexicans.

The general fund appropriation to the blind services program of the commission for the blind in the other financing uses category includes one thousand one hundred dollars ($1,100) to transfer to the independent living services program of the vocational rehabilitation division to match with federal funds to provide independent living services to blind or visually impaired New Mexicans.

The internal service funds/interagency transfers appropriation to the blind services program of the commission for the blind includes two hundred nine thousand six hundred dollars ($209,600) from the vocational rehabilitation division to provide services to blind or visually impaired New Mexicans.

Any unexpended balances in the commission for the blind remaining at the end of fiscal year 2027 from appropriations made from the general fund shall not revert.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of quality employment opportunities obtained for agency's blind or visually impaired clients	21.0	27.0	27.0	28.0	28.0
Output	Number of blind or visually impaired clients trained in the skills of blindness to enable them to live independently in their homes and communities	402.0	438.0	500.0	500.0	500.0
* Outcome	Amount of average hourly wage for the blind or visually impaired person	$25.83	$38.57	$25.83	$22.50	$22.50
* Outcome	Number of people who avoided or delayed moving into a nursing home or assisted living facility as a result of receiving independent living services	114.0	129.0	134.0	135.0	135.0

Statutory Authority
Sections 9-21-1 through 9-21-24 NMSA 1978 creates the Indian Affairs Department and the advisory Indian Affairs Commission. The department serves as the coordinating agency for intergovernmental and interagency programs involving tribal governments and the state. The commission consists of 10 members appointed by the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,718.6	4,875.1	4,898.8	4,875.1	0.0
Other Transfers	303.3	249.3	249.3	249.3	0.0
TOTAL SOURCES	**$5,021.9**	**$5,124.4**	**$5,148.1**	**$5,124.4**	**0.0**
USES					
Personal services and employee benefits	2,320.2	2,997.3	2,997.3	2,997.3	0.0
Contractual services	518.3	630.1	633.9	630.1	0.0
Other	1,353.9	1,497.0	1,516.9	1,497.0	0.0
TOTAL USES	**$4,192.4**	**$5,124.4**	**$5,148.1**	**$5,124.4**	**0.0**
FTE					
Permanent	18.0	25.0	25.0	25.0	0.0
TOTAL FTE	**18.0**	**25.0**	**25.0**	**25.0**	**0.0**

At A Glance
The department's FY27 budget request was $5.2 million, a 0.5 percent increase over the FY26 operating budget. The requested increase included $3,800 in the contractual services category to cover increased costs for the department's annual financial audit and human resources services. Additionally, the department requested $19.9 thousand in the other category to cover increased costs for Department of Information Technology services per the General Services Department published FY27 rates.

The department has seen significant reversions in recent years. Between FY24 and FY25, the department received a 3.6 percent budget increase but reverted $2.5 million to the general fund from its FY24 budget. In FY25, the agency's operating budget was $5 million, but spending was $4.2 million. In FY26, the agency's operating budget increased 2 percent over FY25.

Given the department's historic spending, staffing levels, and reversions, LFC recommends a flat budget of $5.1 million because the department has unused resources.

Budget Issues
The department's budget was increased by 13.6 percent between FY23 and FY26, and the agency has had significant reversions. The approved FTE in the department's budget has increased by 8.7 percent since FY23, from 23 to 25. However, the agency has not increased its headcount, maintaining around 17 filled positions. In September 2025, the department's vacancy rate was 32 percent. The department could fill 4.6 additional positions within its FY26 personnel budget.

Given recent reversions and projected vacancy savings, the LFC recommendation supports the agency's request for a flat personnel budget.

One of the department's primary responsibilities is to oversee capital outlay project appropriations from the general fund and severance tax bond proceeds to Native American tribes and pueblos and to administer some of these funds through the Tribal Infrastructure Act. As of August 2025, the department was overseeing 127 projects, dating back to 2020, worth a total value of approximately $295.1 million, of which $216.9 million was unspent.

Significant outstanding projects include a $5 million appropriation in 2022 for the Mescalero Apache Tribe Eagle Creek service route 21 and route 90 reconstruction project, $6.8 million in 2023 for the Jemez Pueblo community services complex construction project, and $9 million for the Yaweh Wowatsi Kay Hakan (intergenerational center) construction project.

The department also coordinates operations across state executive agencies and the state's 23 pueblos and tribes to improve the outcomes of Native American populations while recognizing tribal sovereignty. This includes hosting the annual state-tribal leadership summit, maintaining agency plans and policies related to the State-Tribal Collaboration Act, ensuring all state agencies consult and collaborate with tribes, and making sure agency tribal liaisons are trained and culturally competent.

INDIAN AFFAIRS

The purpose of the Indian affairs program is to coordinate intergovernmental and interagency programs concerning tribal governments and the state.

Recommended Language

The internal service funds/interagency transfers appropriation to the Indian Affairs Department includes two hundred forty-nine thousand three hundred dollars ($249,300) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of infrastructure capital improvement plans top five capital outlay projects funded by the legislature	119.0	34.0	N/A	N/A	N/A
Explanatory	Number of Native American citizens served by tobacco cessation prevention projects	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of times department leadership met with tribal government leadership	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of tobacco cessation prevention projects engagements	NEW	NEW	N/A	N/A	N/A
Outcome	Number of new, relevant direct connections made that resulted in increased collaboration between state agency partners and tribal governments	NEW	NEW	NEW	23.0	23.0
Outcome	Percent of capital outlay projects obligated with a notice of obligation issued within the first six months after an intergovernmental agreement is executed during the awarded fiscal year	NEW	NEW	NEW	65%	65%
Outcome	Percent of tribal infrastructure fund obligated with a notice of obligation issued within the first six months after an intergovernmental agreement is executed during the awarded fiscal year	NEW	NEW	NEW	65%	65%
Explanatory	Number of capital outlay, tribal infrastructure fund, grant trainings or technical assistance sessions conducted	15.0	6.0	N/A	N/A	N/A
Outcome	Percent of capital projects closed on schedule	100%	66%	100%	Discontinued	Discontinued
Outcome	Percent of tribal infrastructure fund projects closed on schedule	100%	50%	100%	Discontinued	Discontinued
Explanatory	Number of outreach meetings held in tribal communities	25.0	25.0	N/A	N/A	N/A
Explanatory	Number of tribal consultation meetings conducted or facilitated by the Indian affairs department	1.0	3.0	N/A	N/A	N/A
Output	Number of tobacco cessation or special grant awards successfully awarded to tribal governments or tribal serving organizations	18.0	1.0	8.0	8.0	8.0
Explanatory	Number of state employees attending cultural competency trainings provided by the Indian affairs department and the state personnel office throughout the fiscal year	466.0	1,039.0	N/A	N/A	N/A

Statutory Authority
The Early Childhood Education and Care Department established in Sections 9-29-1 to 9-29-12 NMSA 1978 is a cabinet department consisting of (1) Administrative Services, (2) Office of the Secretary, (3) Childcare Licensing and Services, (4) Early Childhood Education, and (5) Early Intervention Services, which consists of the (a) Home Visitation Bureau and (b) Family, Infant, Toddler program.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	347,719.7	301,887.9	457,449.9	315,599.1	4.5
Other Transfers	284,866.1	525,423.5	536,484.7	550,723.9	4.8
Federal Revenues	160,520.4	152,623.8	168,071.1	168,071.1	10.1
Other Revenues	5,335.0	7,559.6	2,554.7	2,554.7	(66.2)
TOTAL SOURCES	**$798,441.2**	**$987,494.8**	**$1,164,560.4**	**$1,036,948.8**	**5.0**
USES					
Personal services and employee benefits	32,185.1	36,519.8	45,797.9	42,486.5	16.3
Contractual services	90,152.6	122,788.1	124,667.5	116,267.6	(5.3)
Other	629,548.4	772,285.3	938,193.4	821,293.1	6.3
Other financing uses	32,081.7	55,901.6	55,901.6	56,901.6	1.8
TOTAL USES	**$783,967.8**	**$987,494.8**	**$1,164,560.4**	**$1,036,948.8**	**5.0**
FTE					
Permanent	280.3	200.0	218.0	200.0	0.0
Term	0.0	160.0	165.0	160.0	0.0
Temporary	0.0	3.0	0.0	3.0	0.0
TOTAL FTE	**280.3**	**363.0**	**383.0**	**363.0**	**0.0**

At A Glance
The Early Childhood Education and Care Department (ECECD) requested an increase of $155.6 million from the general fund for FY27, representing a 51.5 percent increase over the FY26 operating budget. The primary focus of this request was expansions for universal childcare assistance, prekindergarten, home visiting supports for new families, and higher provider rates for the Family, Infant, Toddler (FIT) program for certain high needs children.

In FY26, ECECD received $490.7 million from the early childhood trust fund (ECTF) and, for FY27, requested an additional $9.3 million, bringing the total trust fund revenue request to $500 million. The department also received $178.3 million from the land grant permanent fund in FY26 and requested an increase of $3.8 million for FY27. Overall, ECECD requested $1.16 billion from all revenue sources.

In fall 2025, the department announced it would be providing universal free childcare, which began in November 2025. This announcement will create additional demand for Childcare Assistance without the necessary revenues to implement this policy decision should more people apply and qualify for subsidies. ECECD requested a significant increased general fund revenue request of $120 million in FY27 for universal childcare and likely will need significant additional revenue in following fiscal years. Additional large increases included in the request were $15 million to expand prekindergarten, $3 million for FIT rates and services, $8 million for home visiting, and $9.5 million for department operational costs and IT.

The Legislative Finance Committee (LFC) recommends an increase in general fund revenue of $13.7 million, or 4.5 percent. This includes $3.9 million for home visiting, $7 million for prekindergarten expansion and quality support, and $3 million for FIT services and rate increases. Additionally, the LFC recommends an increase of $5 million from the early childhood trust fund and $5 million from federal Temporary Assistance for Needy Families (TANF) for Childcare Assistance. Finally, the recommendation includes $4.3 million in department operational costs. In total, LFC recommendation including all revenues is an increase of 5 percent. The additional Childcare Assistance funding prioritizes affordable childcare for infants and toddlers, and low-income or at-risk families.

Budget Issues

New Mexico continues to demonstrate leadership in early childhood care and education funding. Since FY12, appropriations for early childhood programs have more than doubled. Although the department sets standards and goals for early childhood programs, delivery, models, and standards vary. Providing services through both public and private entities enables an agile system in which rural and metropolitan communities can expand offerings based on infrastructure capacity and family preferences.

Early Learning. New Mexico prekindergarten is an early education program for 3- and 4-year-olds implemented by private providers and public schools. Originally a half-day program, most prekindergarten programs cover a full day of care with extended school years. In FY26, the state contracted for over 18 thousand children to receive prekindergarten services. Prior to FY21, New Mexico prekindergarten was administered by the Children, Youth and Families Department (CYFD), which contracted with private providers, and the Public Education Department (PED), which oversaw programs in public schools. ECECD began administration of the program in FY21. New Mexico continues to compare favorably with other states for funding prekindergarten. New Mexico ranks fifth in spending on prekindergarten, sixth for providing access to 3-year-olds, and 12th in access for 4-year-olds, according to the National Institute for Early Education Research (NIEER).

Prekindergarten Outcomes. LFC has consistently found prekindergarten programs improve math and reading proficiency for low-income 4-year-olds and lower special education rates, lower retention rates, and lessen the negative effects of mobility. A 2025 LFC progress report analyzed the quality and effectiveness of New Mexico's prekindergarten program, updating and extending the findings of a prior 2020 program evaluation on this topic. The report found, even in the wake of the Covid-19 pandemic and rapid program expansion, children who attend prekindergarten still score higher on measures of academic outcomes in kindergarten than those who do not. Consistent with other state and national studies, New Mexico students who qualify for free and reduced lunch see the biggest and most long-lasting benefits from prekindergarten—suggesting that the state's substantial investments in early childhood education are paying off, especially for students who need the most support.

Initial analysis linking classroom quality measures to student outcomes suggests quality matters in prekindergarten. But despite efforts to standardize operations across New Mexico's prekindergarten classrooms, significant disparities between provider types, in student performance, teacher preparation, and instructional quality remain, as flagged in the 2020 evaluation. Additionally, the program has not made meaningful progress toward crucial recommendations from the 2020 evaluation regarding the tracking and sharing of student assessment data. Prekindergarten programs still lack the ability to communicate information about incoming students with kindergarten providers. Foundational to these data-related recommendations, the state still lacks a statutory definition of kindergarten readiness, which could guide both ECECD's choice of assessments and the data the agency tracks. Overall, the progress report urged a renewed commitment to setting consistent statewide goals around kindergarten readiness, investing in the right tools to assess progress toward those goals, and creating effective data infrastructure to make that information widely available and useful.

Head Start. Head Start programs, completely federally funded and not administered by the state, serve children from birth to age 5 and provide early education, health, and parental support services. A 2019 LFC evaluation of Childcare Assistance noted that a lack of coordination among Head Start programs and childcare hurt access to programming in some counties. This lack of coordination continues, with the number of Head Start slots remaining flat as the number of other early childhood program slots increase, signaling prekindergarten may be crowding out Head Start programs. In effect, state funds are supplanting federally funded programs, and the state needs to help providers of federally funded Head Start coordinate effectively with state-funded prekindergarten and childcare. The number of Early Head Start slots continues to increase as Head Start slots decrease, and Early Head Start enrollment is its highest in eight years.

A recent LFC evaluation noted teacher qualification is a component of federal high-quality standards for Head Start programs. New Mexico continues to lag the nation on Head Start teacher qualifications. Nationally, 70 percent of teachers have a bachelor's degree or higher, but in 2022, 35.5 percent of New Mexico Head Start teachers meet this requirement. In 2025, New Mexico Head Start and Early Head Start received $90.4 million in federal direct revenue for 5,688 slots, flat with the previous fiscal year.

Childcare Outcomes. Previous LFC evaluations have shown Childcare Assistance improves some economic and health outcomes for children and families but has not shown increased educational outcomes for children, unlike the prekindergarten program. Created as an economic support program for families in 1990 when Congress enacted the childcare and development block grant, the program helps families participate in the workforce while reducing the cost burden for childcare. Despite continued investment by the state in funding for childcare to improve quality, LFC evaluations have continued to find Childcare Assistance are primarily subsidizes family finances. As policymakers invest in expanding the early childhood system, consideration of program outcomes is essential. Each program in the early childhood system has successful outcome focuses, such as early neglect prevention from Home Visiting, educational outcomes from prekindergarten, and family income support from Childcare Assistance. Prioritizing investments in the outcomes policymakers want to improve should change the investment strategy in these programs.

Childcare Assistance Increased Income Eligibility. Historically childcare assistance provided an opportunity for low-income families to work or go to school by paying a voucher to childcare providers. However, because the department removed income eligibility requirements in fall 2025, the program now supports high income families as well. In FY25, New Mexico was funded to serve over 32 thousand children up to age 14.

New Mexico continues to have higher maximum reimbursement rates than the majority of states. A 2019 LFC evaluation found New Mexico was paying more for care than the federally recommended 75 percent of the market rate and had rates higher than 80 percent of states. At the close of FY25, the average annual cost per child rose to $10,813, or 4 percent above the previous fiscal year, resulting in an estimated cost of approximately $10.8 million annually for every additional 1,000 children enrolled.

ECECD requested a significant funding increase in FY27 to remove income eligibility and cover the increasing costs per child. The department requested an additional $120 million to expand childcare assistance to an additional 7,000 children. However, by removing income requirements. the program opened eligibility to about 30 thousand other children whose families privately paid for care.

Childcare Assistance Funding. Most of these significant childcare assistance policy changes were funded through nonrecurring federal pandemic response dollars and had not been contemplated in the Legislature's development of the FY24 appropriation. In FY25, the department received significant revenue increases to continue funding these policy changes, with a focus on increasing capacity for infants and toddlers. For FY27, the department requested funding for free universal childcare; the LFC recommendation provides $10 million for childcare assistance services focused on expansion for the youngest children below 400 percent of the federal poverty level.

Early Support and Intervention. The Support and Intervention Program administers New Mexico Home Visiting and the Family, Infant, Toddler Program (FIT). FIT is focused on providing early intervention services for children from birth to age 3 diagnosed with developmental delays, disabilities, and serious medical conditions. The department requested and the LFC recommendation supports $3 million for provider rates and capacity support.

Home Visiting Services. Certain home visiting programs, comprehensive parent education programs, have demonstrated effectiveness in reducing child abuse and enhancing the well-being of both children and parents. In FY26, ECECD has contracts to support over 5,500 families, which rep resents only a fraction of the families with young children in New Mexico. The state sees over 21 thousand births each year, and this program caters to families with children up to 3 years old. According to 2023 birth data from the Department of Health, New Mexico has approximately 86 thousand children under the age of 4 and, as reported by the Health Care Authority, over 70 percent of infants in the state are born to Medicaid recipients. This underscores the significant potential for utilizing Medicaid funding to expand the program's reach, thereby maximizing federal resources and serving more new families.

Home Visiting Outcomes. Home visiting stands as a key preventive investment the Legislature has prioritized to improve long-term outcomes for children and families. However, the challenges of implementing, recruiting, and retaining high-quality home visiting programs are significant hurdles that ECECD must tackle to realize the expected improvements in outcomes.

Medicaid-Matched Home Visiting. Maximizing Medicaid revenues would enable the state to expand access to home-visiting services for numerous families within the current budget. However, efforts to maximize federal Medicaid revenues, and thereby broaden service availability, have lagged. A recent evaluation by LFC revealed Medicaid-funded home visiting remains underutilized despite an increase in revenue sources, which could serve as matching state funds to bolster federal Medicaid support. Notably, not only has funding for Medicaid-funded home visiting fallen behind, but the evaluation also found overall enrollment lagged increased appropriations. However, in FY26, the department made significant progress to enroll over 2,000 families.

While the state works on program implementation for expanding Medicaid-Funded Home Visiting and other quality initiatives in FY26, the LFC recommendation for FY27 includes an additional $3.9 million for expanded services.

FAMILY SUPPORT AND EARLY INTERVENTION

The purpose of the family support and early intervention program is to provide a culturally sensitive early childhood comprehensive system of supports for families and young children, including home visiting, early intervention services and perinatal case management services.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	59,581.7	62,758.9	74,259.9	68,506.5	9.2
Other Transfers	7,634.3	33,643.1	32,752.9	33,530.1	(0.3)
Federal Revenues	5,944.4	8,370.2	8,153.6	8,153.6	(2.6)
Other Revenues	2,327.2	2,517.1	1,204.7	1,204.7	(52.1)
TOTAL SOURCES	**$75,487.6**	**$107,289.3**	**$116,371.1**	**$111,394.9**	**3.8**
USES					
Personal services and employee benefits	5,021.9	6,511.9	9,502.0	8,349.0	28.2
Contractual services	35,300.6	51,228.5	56,273.5	52,173.5	1.8
Other	22,219.9	33,647.3	34,694.0	33,970.8	1.0
Other financing uses	7,681.7	15,901.6	15,901.6	16,901.6	6.3
TOTAL USES	**$70,224.1**	**$107,289.3**	**$116,371.1**	**$111,394.9**	**3.8**
FTE					
Permanent	49.8	17.0	23.0	17.0	0.0
Term	0.0	44.0	44.0	44.0	0.0
TOTAL FTE	**49.8**	**61.0**	**67.0**	**61.0**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriations to the family support and early intervention program of the early childhood education and care department include seven hundred seventy-seven thousand two hundred dollars ($777,200) from the early childhood education and care program fund for employee benefits and other administrative rate increases.

The general fund appropriations to the family support and early intervention program of the early childhood education and care department shall be reduced by three million dollars ($3,000,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Section 7 of Article 12 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof in the family, infant, toddler program for rate increases and services and state Medicaid matching rates.

The general fund appropriations to the family support and early intervention program of the early childhood education and care department shall be reduced by three million nine hundred thousand dollars ($3,900,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Section 7 of Article 12 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof for home visiting services.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Average annual number of home visits per family	22.0	23.0	22.0	22.0	24.0
Explanatory	Percent of home visiting families with face-to-face visits, monthly	91.0%	94.0%	N/A	N/A	N/A
Outcome	Percent of children enrolled in home visiting for longer than six months who receive regular well child exams as recommended by the American academy of pediatrics	91.0%	91.0%	93.0%	93.0%	93.0%
Outcome	Percent of children making significant improvement annually in social emotional skills, knowledge and skills and appropriate behavior	75.0%	0.0%	80.0%	0.0%	0.0%
Outcome	Percent of children performing at categorical age expectations annually, to include positive social and emotional skills, knowledge and skills and appropriate behavior	TBD	78.0%	75.0%	75.0%	80.0%
Outcome	Percent of families enrolled in families first prenatally	65.0%	62.0%	80.0%	78.0%	78.0%
Outcome	Percent of families with an infant enrolled in home visiting who received safe sleep education and supporting materials and follow the recommended safe sleep practices	82.0%	79.0%	83.0%	83.0%	85.0%
Outcome	Percent of women who are pregnant when they enroll in families first and access postpartum care	100.0%	47.0%	95.0%	75.0%	90.0%
Outcome	Percent of women who enrolled prenatally in home visiting who are eligible for medicaid and access prenatal care by the twenty-eighth week of pregnancy	93.0%	92.0%	94.0%	94.0%	94.0%
Outcome	Percent of parents participating in the New Mexico home visiting program for at least eight months who demonstrate progress in practicing positive parent-child interactions as demonstrated by the state-approved, evidence-based screening tool	82.00%	83.00%	82.00%	82.00%	85.00%
Outcome	Percent of women who enrolled prenatally in families first who are eligible for medicaid and access prenatal care by the twenty-eighth week of pregnancy	90.00%	86.00%	93.00%	93.00%	93.00%
Outcome	Percent of children participating in the family, infant, toddler program for at least six months who demonstrate a substantial increase in their development as measured by the early childhood outcomes tool in social relationships and other social-emotional skills, acquisition and use of early language, communication and other knowledge and skills and use of appropriate behaviors to meet their needs	TBD	78.00%	78.00%	78.00%	80.00%
Outcome	Number of families enrolled in medicaid-funded home visiting	402.0	1,467.0	1,250.0	1,500.0	1,600.0
Outcome	Percent of women who are pregnant when they enroll in home visiting and access postpartum care	81.00%	80.00%	90.00%	85.00%	90.00%
Outcome	Percent of eligible infants and toddlers with an individual family service plan for whom an initial evaluation and initial assessment and an initial individual family service plan meeting were conducted within the forty-five day timeline	94.00%	97.00%	100.00%	100.00%	100.00%

EARLY CARE AND EDUCATION

The purpose of the early care and education program is to ensure New Mexicans have access to high-quality, healthy, safe and supportive early childhood education environments for children and their families, as well as access to healthy meals.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	40,473.8	5,120.0	127,871.2	5,120.0	0.0
Other Transfers	210,414.5	349,562.5	358,814.5	371,209.6	6.2
Federal Revenues	141,290.2	125,273.3	153,273.3	153,273.3	22.4
Other Revenues	841.7	1,100.0	1,100.0	1,100.0	0.0
TOTAL SOURCES	**$393,020.2**	**$481,055.8**	**$641,059.0**	**$530,702.9**	**10.3**
USES					
Personal services and employee benefits	11,810.5	13,113.7	15,060.2	14,704.1	12.1
Contractual services	3,372.6	3,599.4	5,599.4	3,599.4	0.0
Other	376,565.6	464,342.7	620,399.4	512,399.4	10.3
TOTAL USES	**$391,748.7**	**$481,055.8**	**$641,059.0**	**$530,702.9**	**10.3**
FTE					
Permanent	148.0	89.0	94.0	89.0	0.0
Term	0.0	68.0	68.0	68.0	0.0
TOTAL FTE	**148.0**	**157.0**	**162.0**	**157.0**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriations to the early care and education program of the early childhood education and care department include thirty-six million five hundred twenty-seven thousand five hundred dollars ($36,527,500) from the federal temporary assistance for needy families block grant for childcare for children or families eligible for or at risk of needing federal temporary assistance for needy families block grant services.

The internal service funds/interagency transfers appropriations to the early care and education program of the early childhood education and care department include seven million three hundred ninety-five thousand one hundred dollars ($7,395,100) of which five million dollars ($5,000,000) is for expanded childcare for infants and toddlers below two hundred and fifty percent of the federal poverty level and two million three hundred ninety-five thousand one hundred dollars ($2,395,100) is for employee benefits and other administrative rate increases from the early childhood care and education program fund.

The early care and education program of the early childhood education and care department shall implement tiered co-payments up to six percent of the gross family income for families with incomes above four hundred percent of the federal poverty level in the childcare assistance program.

The early care and education program of the early childhood education and care department shall prioritize childcare assistance awards to families who are either receiving temporary assistance for needy families, have incomes below two hundred percent of the federal poverty level, or are at-risk of federal temporary assistance for needy families block grant services as approved by the early childhood education and care department including families involved with, or children in custody of, the children, youth and families department child protective services program, families experiencing homelessness, participants with a plan of safe care pursuant to Section 32A-3A NMSA 1978 or children in kinship care with legal custody or kinship guardianship.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Amount of monthly copay as a percentage of monthly income	0.0%	0.0%	7.0%	7.0%	7.0%
Outcome	Average number of months families receiving childcare assistance are enrolled	18.0	18.0	18.0	18.0	18.0
Outcome	Percent of children birth age to five attending thirty hours or more a week of childcare	73.0%	72.0%	75.0%	75.0%	75.0%
Outcome	Percent of enrolled families with incomes at or below two hundred percent of the federal poverty level	42.0%	39.0%	70.0%	70.0%	75.0%
* Outcome	Percent of infants and toddlers participating in the childcare assistance program enrolled in childcare programs with four or five stars	65%	69%	75%	80%	80%
Outcome	Percent of children participating in the public and private state-funded New Mexico prekindergarten program for at least six months showing measurable progress on the school readiness spring preschool assessment tool	91.00%	91.00%	92.00%	92.00%	93.00%

POLICY, RESEARCH AND QUALITY INITIATIVES PROGRAM

The purpose of the policy, research and quality initiatives program is to oversee the early childhood education and care department's quality initiatives, including workforce development, coaching and consultation, infant early childhood mental health consultation and data analysis and reporting and performance. The program also conducts internal audits to ensure program integrity for the childcare assistance program.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,872.3	19,678.3	20,410.8	19,678.3	0.0
Other Transfers	17,125.7	20,048.0	20,014.7	20,477.7	2.1
Federal Revenues	4,481.1	12,514.0	2,427.9	2,427.9	(80.6)
Other Revenues	0.0	0.0	250.0	250.0	0.0
TOTAL SOURCES	**$37,479.1**	**$52,240.3**	**$43,103.4**	**$42,833.9**	**(18.0)**
USES					
Personal services and employee benefits	3,531.1	2,875.2	5,563.3	5,282.5	83.7
Contractual services	32,001.7	48,201.2	37,063.7	37,063.7	(23.1)
Other	561.5	1,163.9	476.4	487.7	(58.1)
TOTAL USES	**$36,094.3**	**$52,240.3**	**$43,103.4**	**$42,833.9**	**(18.0)**
FTE					
Permanent	6.0	23.0	25.0	23.0	0.0
Term	0.0	12.0	12.0	12.0	0.0
TOTAL FTE	**6.0**	**35.0**	**37.0**	**35.0**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriations to the policy, research and quality initiatives program of the early childhood education and care department include four hundred seventy-four thousand two hundred dollars ($474,200) for employee benefits and other administrative rate increases from the early childhood care and education program fund.

The internal service funds/interagency transfers appropriation to the policy, research and quality initiatives program of the early childhood education and care department includes one million dollars ($1,000,000) from the opioid crisis recovery fund for infant mental health.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Percent of early childhood professionals, including tribal educators, with degrees or credentials	77.0%	76.0%	77.0%	77.0%	80.0%
Outcome	Number of infant early child mental health professionals trained and onboarded	15.0	21.0	25.0	20.0	22.0
Outcome	Percent of early childhood professionals receiving support from infant early child mental health consultants	30.0%	34.0%	30.0%	30.0%	34.0%
Outcome	Percent of licensed childcare providers participating in the focus tiered quality rating and improvement system	65.0%	66.0%	68.0%	66.0%	75.0%
Outcome	Percent of licensed childcare providers participating in the focus tiered quality rating and improvement system at the four- and five-star level	62.0%	65.0%	65.0%	65.0%	75.0%

PREKINDERGARTEN

The purpose of the prekindergarten program is to ensure New Mexicans have access to a high-quality mixed-delivery early childhood education system.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	222,469.5	202,550.5	218,106.3	209,550.5	3.5
Other Transfers	17,125.8	70,704.1	72,546.6	72,832.9	3.0
TOTAL SOURCES	**$239,595.3**	**$273,254.6**	**$290,652.9**	**$282,383.4**	**3.3**
USES					
Personal services and employee benefits	1,815.8	2,071.5	2,706.8	2,625.7	26.8
Contractual services	4,477.0	2,600.0	9,310.1	9,310.1	258.1
Other	227,749.4	268,583.1	278,636.0	270,447.6	0.7
TOTAL USES	**$234,042.2**	**$273,254.6**	**$290,652.9**	**$282,383.4**	**3.3**
FTE					
Permanent	16.0	16.0	18.0	16.0	0.0
Term	0.0	1.0	6.0	1.0	0.0
TOTAL FTE	**16.0**	**17.0**	**24.0**	**17.0**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriations to the prekindergarten program of the early childhood education and care department include two hundred eighty-six thousand three hundred dollars ($286,300) for employee benefits and other administrative rate increases from the early childhood care and education program fund.

The general fund appropriations to the prekindergarten program of the early childhood education and care department shall be reduced by seven million dollars ($7,000,000) and an equal amount transferred from the permanent school fund to the common school current fund authorized by the 2022 amendment in Paragraph (2) of Subsection H of Section 7 of Article 12 of the constitution of New Mexico for early childhood education is appropriated in lieu thereof in the prekindergarten program for expansion of early prekindergarten and quality support and coaching.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of children enrolled for at least six months in the state-funded New Mexico prekindergarten program who are on track for kindergarten utilizing the iStation screening tool	49.0%	50.0%	80.0%	80.0%	80.0%
* Outcome	Percent of children who participated in a New Mexico prekindergarten program for at least nine months who were screened with the iStation assessment tool and were found to be on track in math in kindergarten	52.0%	50.0%	75.0%	75.0%	80.0%
Explanatory	Number of eligible children served in state-funded early prekindergarten	N/A	0.0	N/A	N/A	N/A
Explanatory	Number of eligible children served in state-funded prekindergarten	N/A	0.0	N/A	N/A	N/A
Outcome	Percent of children who participate in a New Mexico prekindergarten program for at least nine months who were screened with the iStation assessment tool and were found to be on track in literacy in kindergarten	51.0%	1,000,053.2%	80.0%	80.0%	80.0%

PROGRAM SUPPORT

The purpose of program support is to provide leadership and support for the early childhood education and care department through strategic planning, legal services, information and technology services, financial services and budget, human resources and background checks.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,322.4	11,780.2	16,801.7	12,743.8	8.2
Other Transfers	32,565.8	51,465.8	52,356.0	52,673.6	2.3
Federal Revenues	8,804.7	6,466.3	4,216.3	4,216.3	(34.8)
Other Revenues	2,166.1	3,942.5	0.0	0.0	(100.0)
TOTAL SOURCES	**$52,859.0**	**$73,654.8**	**$73,374.0**	**$69,633.7**	**(5.5)**
USES					
Personal services and employee benefits	10,005.8	11,947.5	12,965.6	11,525.2	(3.5)
Contractual services	15,000.7	17,159.0	16,420.8	14,120.9	(17.7)
Other	2,452.0	4,548.3	3,987.6	3,987.6	(12.3)
Other financing uses	24,400.0	40,000.0	40,000.0	40,000.0	0.0
TOTAL USES	**$51,858.5**	**$73,654.8**	**$73,374.0**	**$69,633.7**	**(5.5)**
FTE					
Permanent	60.5	55.0	58.0	55.0	0.0
Term	0.0	35.0	35.0	35.0	0.0
Temporary	0.0	3.0	0.0	3.0	0.0
TOTAL FTE	**60.5**	**93.0**	**93.0**	**93.0**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriations to program support of the early childhood education and care department include three hundred seventeen thousand six hundred dollars ($317,600) for employee benefits and other administrative rate increases from the early childhood care and education program fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of Comprehensive Addiction and Recovery Act families connected to agency services and supports	41.0%	45.0%	60.0%	65.0%	65.0%

Statutory Authority
Sections 9-23-1 through 9-23-12 NMSA 1978, created the cabinet-level Aging and Long-Term Services Department (ALTSD) composed of five programs: the Consumer and Elder Rights Program; the Aging Network Program; the Adult Protective Services Program; Program Support; and the new Long-Term Care Program.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	70,952.3	75,048.6	83,251.3	76,799.1	2.3
Other Transfers	3,276.5	6,033.8	6,033.8	6,033.8	0.0
Federal Revenues	14,319.4	14,521.8	14,660.9	14,660.9	1.0
Other Revenues	30.4	115.8	115.8	115.8	0.0
Fund Balance	1,828.9	2,275.6	5,135.0	2,275.6	0.0
TOTAL SOURCES	**$90,407.5**	**$97,995.6**	**$109,196.8**	**$99,885.2**	**1.9**
USES					
Personal services and employee benefits	21,462.2	25,885.3	28,288.3	26,336.1	1.7
Contractual services	5,718.1	13,122.6	14,121.9	13,538.1	3.2
Other	56,376.0	58,987.7	66,786.6	60,011.0	1.7
TOTAL USES	**$83,556.3**	**$97,995.6**	**$109,196.8**	**$99,885.2**	**1.9**
FTE					
Permanent	233.5	250.0	256.0	256.0	2.4
Term	0.0	25.0	39.0	39.0	56.0
TOTAL FTE	**233.5**	**275.0**	**295.0**	**295.0**	**7.3**

At A Glance
The Aging and Long-Term Services Department (ALTSD) requested a total budget of $109.2 million, an $11.2 million, or 11.4 percent, increase for FY27. For general fund revenue, the department requested an $8.2 million, or 10.9 percent, increase. The largest requested general fund increase was for the the Aging Network Program, which requested a $5.6 million, or 12.2 percent increase. The LFC recommendation supports an increase in general fund appropriations of $1.7 million, 2.3 percent, for fixed rate increases and $1 million for meal delivery cost increases and holds all other spending categories flat with FY26.

Budget Issues
Of its $94.4 million FY25 operating budget, ALTSD reports that it spent $83.5 million, reverting $10.8 million, or 11.5 percent. The largest reversion, $7.1 million was in contractual services. Additionally, in its FY24 audit, the department had one material weakness finding. The finding resulted from the department not submitting a draw request for capital outlay appropriations, causing the department's capital projects fund to incur a deficit of $2 million. However, ALTSD will follow accounting standards set by the Department of Finance and Administration to correct this issue.

Program Support. Program Support serves as the central administrative resource for the agency's direct service operations. For FY27, the program requested a general fund increase of $280 thousand for fixed rate costs, which the LFC recommendation supports. Additionally, the program requested to use $5.1 million from the Kiki Saavedra senior dignity fund, a $2.8 million, or 126 percent, increase from the use of the fund in FY26. The requested increase of $2.8 million is for contractual services for continuing care compliance and other miscellaneous contracts. The committee does not support the requested increase of the fund, because the fund depends on one-time appropriations, it would obligate future Legislatures to sustain recurring costs with a nonrecurring source of funding.

Aging Network. The Aging Network Program oversees services for over 145 thousand older adults, including home-delivered meals and services in senior centers. For FY27, the program requested a $5.6 million, or 12.2 percent, general fund increase. Of the request, $500 thousand is for senior employment program staff wage increases, $2 million for rural communities contractual staff, and $3 million for meal delivery cost increases, with the remainder of the request for fixed rate increases. The committee recommendation supports a $1.1 million general fund increase, or 2.5 percent, for the program, including $1 million for meal delivery cost increases and $142.6 thousand for fixed rate increases.

Adult Protective Services. The agency's general fund request for the Adult Protective Services Program (APS) for FY27 was a $2 million, or 18.7 percent, increase. Most of the requested increase, $1.9 million, was to fill 13 unfunded positions, with the rest of the increase for fixed rate increases. APS has an estimated $694 thousand in savings from funded but unfilled positions, which could be used to hire more staff. The LFC recommendation supports increases for fixed costs and holds all other spending flat with FY26.

Consumer and Elder Rights. The Consumer and Elder Rights Program's general fund request included a slight increase in general fund appropriations to cover fixed rate increases and a slight increase in federal revenues to support ombudsman services, advertising, and the department's call center, which the recommendation supports.

Long-Term Care. The purpose of the Long-Term Care Program is to provide long-term care and caregiver-based programming and support for older individuals not otherwise provided or administered by the health care authority. This program houses the New Mexicare program, veteran-directed care, care transitions programs, the kinship caregiver program, and the Office of Alzheimer's and Dementia Care. The program requested an $80.5 thousand, or 1.1 percent, increase for fixed costs, which the LFC recommendation supports.

In FY25, the department reported it began implementation of the pilot New Mexicare program. ALTSD received $9.3 million from the government results and opportunity fund, to be divided across FY25, FY26, and FY27 for its New Mexicare program pilot. Of its $3.1 million appropriation for FY25, the department reverted $2.3 million, or 73 percent, for the first year of New Mexicare. The program is a caregiver support service through a participant-centered and self-directed model of service delivery. New Mexicare offers incentives, services, and support to those caring for family members through financial assistance, training, and support. Each participant would be provided with an individualized allotment that can be used for home care, respite, adult day services, chores, transportation, and equipment. As of October 2025, ALTSD reported 298 enrollees in the program. Preliminary data from the department shows that 93 percent of participants in the pilot project had no nursing home admissions, and 67 percent had no emergency room visits in the start of the program. ALTSD has hired seven full-time employees for the program. LFC staff ranked the project as meeting its targets overall at the end of FY25, and the program continues to progress in its second year of the pilot.

Kiki Saavedra Senior Dignity Fund. During the 2020 legislative session, the Legislature appropriated $7 million to the newly created Kiki Saavedra senior dignity fund. The fund is overseen by ALTSD to address high-priority services for senior citizens and adults with disabilities in New Mexico, to include transportation, food insecurity, physical and behavioral health, case management and caregiving. At the end of FY25, the fund had a balance of $11.5 million. The department should consider a different way to account for the dignity fund as separate from ALTSD's general fund operating budget for greater clarity on the use of the nonreverting fund.

Capital Outlay. From 2022 to 2025, senior centers received $88.4 million in capital outlay appropriations for renovations, repairs, new construction, vehicles, and equipment. As of June 2025, $83.3 million was unexpended. For 2026, ALTSD has requested approximately $54 million in capital outlay, including $39.9 million for planning, design, and construction and $14 million for equipment at senior centers statewide. Additionally, the department is requesting $3 million in emergency funding for senior centers.

CONSUMER AND ELDER RIGHTS

The purpose of the consumer and elder rights program is to provide current information, assistance, counseling, education and support to older individuals and people with disabilities, residents of long-term care facilities and their families and caregivers that allow them to protect their rights and make informed choices about quality services.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,085.3	3,467.7	3,603.0	3,603.0	3.9
Other Transfers	1,440.1	900.0	900.0	900.0	0.0
Federal Revenues	2,047.4	1,871.8	2,010.9	2,010.9	7.4
TOTAL SOURCES	**$5,572.8**	**$6,239.5**	**$6,513.9**	**$6,513.9**	**4.4**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	3,169.2	4,964.4	5,082.3	5,082.3	2.4
Contractual services	766.4	421.0	900.3	900.3	113.8
Other	366.1	854.1	531.3	531.3	(37.8)
TOTAL USES	**$4,301.7**	**$6,239.5**	**$6,513.9**	**$6,513.9**	**4.4**
FTE					
Permanent	33.0	42.0	36.0	36.0	(14.3)
Term	0.0	17.0	16.0	16.0	(5.9)
TOTAL FTE	**33.0**	**59.0**	**52.0**	**52.0**	**(11.9)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of New Mexicans age fifty years and older receiving services through aging network programs	NEW	0.00%	NEW	17.00%	0.00%
Quality	Percent of complaints resolved by the ombudsman's office to the satisfaction of the nursing facility resident over the reporting period	N/A	0%	70%	70%	70%
Quality	Percent of customer issues resolved during the first interaction	73%	96%	90%	90%	90%
Quality	Percent of customers satisfied with the outcome of their call to the aging and disability resource center	96%	96%	95%	95%	95%
* Quality	Number of calls received by the call center	73.0	64.0	90.0	90.0	90.0
Outcome	Percent of ombudsman complaints resolved within sixty days	98.00%	99.00%	99.00%	99.00%	99.00%
* Outcome	Percent of residents who remained in the community six months following a nursing home care transition	99%	94%	98%	98%	98%
Quality	Percent of nursing and assisted living facility residents who remained in the facility following a discharge or eviction complaint	0.00%	0.00%	96.00%	96.00%	96.00%
Quality	Percent of people accessing consumer and elder rights division programs who indicated the assistance improved their quality of life and made a positive difference in their decisions	0.00%	0.00%	98.00%	98.00%	98.00%
Outcome	Percent of individuals provided short-term assistance who accessed services within thirty days of a referral from options counseling	92.75%	99.00%	92.00%	92.00%	92.00%
Output	Percent of total facilities visited in last quarter	56.00%	66.00%	60.00%	60.00%	60.00%
Outcome	Percent of older New Mexicans receiving congregate and home-delivered meals through aging network programs that are assessed with high nutritional risk	20.00%	25.00%	25.00%	Discontinued	17.00%

ADULT PROTECTIVE SERVICES

The purpose of the adult protective services program is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,785.1	11,008.6	13,072.3	11,120.1	1.0
Other Transfers	1,615.8	4,733.8	4,733.8	4,733.8	0.0
Federal Revenues	433.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$17,834.1**	**$15,742.4**	**$17,806.1**	**$15,853.9**	**0.7**
USES					
Personal services and employee benefits	11,023.0	11,802.4	13,754.6	11,802.4	0.0
Contractual services	1,795.9	3,018.6	3,018.6	3,018.6	0.0
Other	1,181.7	921.4	1,032.9	1,032.9	12.1
TOTAL USES	**$14,000.6**	**$15,742.4**	**$17,806.1**	**$15,853.9**	**0.7**
FTE					
Permanent	99.0	128.0	138.0	138.0	7.8
Term	0.0	5.0	5.0	5.0	0.0
TOTAL FTE	**99.0**	**133.0**	**143.0**	**143.0**	**7.5**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of consumers for whom referrals were made that accessed services and remained in a community setting for six or more months	95%	95%	95%	90%	90%
* Outcome	Percent of emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	99%	99%	100%	100%	100%
Output	Number of adult protective services' investigations of abuse, neglect or exploitation	7,632.0	6,915.0	7,632.0	6,150.0	6,150.0
Output	Number of enrollments in home care and adult day care services as a result of an investigation of abuse, neglect or exploitation	248.0	68.0	400.0	400.0	400.0
Outcome	Percent of repeat abuse, neglect or exploitation cases within six months of a substantiation of an investigation	0.47%	0.37%	2.00%	2.00%	2.00%
Outcome	Percent of contractor referrals in which services were implemented within two weeks of the initial referral	71.00%	69.00%	80.00%	80.00%	80.00%
Outcome	Percent of priority two investigations in which a caseworker made initial face-to-face contact with the alleged victim within prescribed time frames	99.00%	98.75%	100.00%	100.00%	100.00%
Output	Number of outreach presentations conducted in the community within adult protective services' jurisdiction	437.0	384.0	450.0	180.0	180.0

AGING NETWORK

The purpose of the aging network program is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education and work experience to older individuals so they can enter or reenter the workforce and receive appropriate income and benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	46,035.2	46,183.6	51,826.2	47,326.2	2.5
Other Transfers	59.5	0.0	0.0	0.0	0.0
Federal Revenues	11,754.8	12,024.6	12,024.6	12,024.6	0.0
Other Revenues	30.3	115.8	115.8	115.8	0.0
TOTAL SOURCES	**$57,879.8**	**$58,324.0**	**$63,966.6**	**$59,466.6**	**2.0**
USES					
Personal services and employee benefits	2,502.9	2,065.8	2,142.1	2,142.1	3.7
Contractual services	931.0	1,069.1	1,069.1	1,069.1	0.0
Other	53,451.1	55,189.1	60,755.4	56,255.4	1.9
TOTAL USES	**$56,885.0**	**$58,324.0**	**$63,966.6**	**$59,466.6**	**2.0**
FTE					
Permanent	63.5	23.0	24.0	24.0	4.3
Term	0.0	1.0	3.0	3.0	200.0
TOTAL FTE	**63.5**	**24.0**	**27.0**	**27.0**	**12.5**

Recommended Language
Any unexpended balances remaining in the aging network program of the aging and long-term services department from the conference on aging at the end of fiscal year 2027 from appropriations made from other state funds for the conference on aging shall not revert to the general fund.

Any unexpended balances remaining in the aging network from the tax refund contribution senior fund, which provides for the provision of the supplemental senior services throughout the state, at the end of fiscal year 2027 shall not revert to the general fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of individuals exiting the senior employment programs achieving financial independence through employment without public sector subsidy	0.00%	0.00%	43.00%	43.00%	43.00%
* Outcome	Number of caregiver hours	222,922:0	264,906:0	300,000:0	167,000:0	300,000:0
* Output	Number of hours of service provided by senior volunteers, statewide	454,772.0	602,853.0	745,000.0	745,000.0	745,000.0
Output	Number of outreach events and activities to identify, contact and provide information about aging network services to potential aging network consumers who may be eligible to access senior services but are not currently accessing those services	986.0	745.0	990.0	800.0	800.0
Output	Number of meals served in congregate and home-delivered meal settings	4,020,390.0	4,191,156.0	4,050,000.0	4,430,000.0	4,430,000.0
Output	Number of transportation units for office of aging services and volunteer driver program	265,565.0	286,470.0	275,000.0	300,000.0	300,000.0

LONG-TERM CARE

The purpose of the long-term care program is to provide long-term care and caregiver-based programming and support for older individuals not otherwise provided or administered by the health care authority.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	7,027.4	7,107.9	7,107.9	1.1
Other Transfers	0.0	400.0	400.0	400.0	0.0
Federal Revenues	0.0	503.5	503.5	503.5	0.0
TOTAL SOURCES	**$0.0**	**$7,930.9**	**$8,011.4**	**$8,011.4**	**1.0**
USES					
Personal services and employee benefits	0.0	1,707.8	1,727.7	1,727.7	1.2
Contractual services	0.0	6,048.1	6,048.1	6,048.1	0.0
Other	0.0	175.0	235.6	235.6	34.6
TOTAL USES	**$0.0**	**$7,930.9**	**$8,011.4**	**$8,011.4**	**1.0**
FTE					
Permanent	0.0	12.0	15.0	15.0	25.0
Term	0.0	0.0	10.0	10.0	0.0
TOTAL FTE	**0.0**	**12.0**	**25.0**	**25.0**	**108.3**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of participants who remained in the community for six months following enrollment in self-directed program	NEW	NEW	NEW	80.00%	80.00%
Quality	Percent increase in caregiver confidence after attending training as measured in pre- and post-training surveys	NEW	NEW	NEW	75.00%	75.00%
Quality	Percent of participants who report improved knowledge of brain health resources and supports after attending training	NEW	NEW	NEW	75%	75%

PROGRAM SUPPORT

The purpose of program support is to provide clerical, record-keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,046.7	7,361.3	7,641.9	7,641.9	3.8
Other Transfers	161.1	0.0	0.0	0.0	0.0
Federal Revenues	84.0	121.9	121.9	121.9	0.0
Fund Balance	1,828.9	2,275.6	5,135.0	2,275.6	0.0
TOTAL SOURCES	**$9,120.7**	**$9,758.8**	**$12,898.8**	**$10,039.4**	**2.9**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	4,767.0	5,344.9	5,581.6	5,581.6	4.4
Contractual services	2,224.7	2,565.8	3,085.8	2,502.0	(2.5)
Other	1,377.0	1,848.1	4,231.4	1,955.8	5.8
TOTAL USES	**$8,368.7**	**$9,758.8**	**$12,898.8**	**$10,039.4**	**2.9**
FTE					
Permanent	38.0	45.0	43.0	43.0	(4.4)
Term	0.0	2.0	5.0	5.0	150.0
TOTAL FTE	**38.0**	**47.0**	**48.0**	**48.0**	**2.1**

Statutory Authority
The Health Care Authority was created by Sections 9-8-1 through 9-8-12 NMSA 1978. The agency is responsible for administering a number of programs to provide medical and financial assistance for eligible populations and for child support collection activities. The agency consists of nine divisions: Administrative Services, Child Support Enforcement, Medical Assistance, Medicaid Behavioral Health, Behavioral Health Services, Income Support, Developmental Disabilities Support, Health Improvement, and State Health Benefits. The Developmental Disabilities Support, Health Improvement, and State Health Benefits divisions were transferred in 2023 from other agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,064,092.4	2,066,923.3	2,255,186.1	2,046,923.3	(1.0)
Other Transfers	446,554.8	967,321.1	904,950.5	894,348.4	(7.5)
Federal Revenues	8,945,074.5	11,171,751.0	10,746,493.1	10,231,671.8	(8.4)
Other Revenues	752,155.4	862,568.1	1,054,131.8	1,075,839.4	24.7
Fund Balance	15,486.1	811.4	44,811.4	811.4	0.0
TOTAL SOURCES	**$12,223,363.2**	**$15,069,374.9**	**$15,005,572.9**	**$14,249,594.3**	**(5.4)**
USES					
Personal services and employee benefits	183,039.5	234,381.7	273,981.6	241,894.6	3.2
Contractual services	476,771.9	511,309.8	610,482.7	560,889.0	9.7
Other	11,131,547.8	14,009,358.6	13,750,683.8	13,103,298.2	(6.5)
Other financing uses	257,719.2	314,324.8	370,424.8	343,512.5	9.3
TOTAL USES	**$12,049,078.4**	**$15,069,374.9**	**$15,005,572.9**	**$14,249,594.3**	**(5.4)**
FTE					
Permanent	1,650.0	2,398.5	2,757.5	2,408.5	0.4
Term	0.0	42.0	55.0	40.0	(4.8)
TOTAL FTE	**1,650.0**	**2,440.5**	**2,812.5**	**2,448.5**	**0.3**

At A Glance
The Health Care Authority's FY27 total budget request for $15 billion was $63 million, or 0.4 percent, less than the FY26 operating budget and included $2.2 billion from the general fund, a 9 percent increase. The increase in general fund revenue and other state funds revenues would replace federal revenues, projected to decrease because of recent federal policy changes that included adding new Medicaid and Supplemental Nutrition Assistance Program (SNAP) eligibility restrictions and work requirements, expiring federal subsidies for coverage on health insurance marketplaces, and decreasing federal match rates for SNAP administrative costs. Other key cost drivers in the request included higher provider rates for developmental disabilities services, increased Medicaid Behavioral Health utilization, expanded state-funded health insurance coverage to those losing Medicaid coverage, and significantly increased health benefits costs for state and local employees.

The $14.2 billion LFC recommendation is an $819.8 million, or 5.4 percent, decrease from the FY26 operating budget and reflects the committee's budget guidelines that require scrutiny before shifting costs from federal programs to the state. The LFC recommendation includes a Medicaid base adjustment because of significant carry-over funds from the last two budget cycles, recognizes a smaller decrease in Medicaid enrollment because of eligibility and work requirement changes, credits a smaller increase in utilization for behavioral health and developmental disabilities services, and supports the agency's request to backfill federal SNAP administrative matching funds. The recommendation also supports some of the increases for health insurance affordability and the requested increase for health benefits for state and local employees.

Budget Issues
The Health Care Authority, as currently configured, is a little over one and a half years old, consisting of all the programs in the former Human Services Department (Medicaid Programs, Income Support, Child Support Enforcement, and Behavioral Health) and also including Developmental Disabilities Support, Division of Health Improvement, State Health Benefits, and the Health Care Affordability Fund. Much of the reason for the creation of the authority was to consolidate purchasing of healthcare and oversight with the goal of improving health coverage and access.

Over more than a decade, the state has worked to expand healthcare coverage, increase access to physical and behavioral health services, and improve service quality. Efforts include Medicaid expansion, establishing a healthcare exchange, and substantially increasing rates paid to providers in the Medicaid program. The state has also invested significantly in rural health expansion and stabilization grants, behavioral health reform, and ending the waiting list for people to receive services under the developmental disabilities supports Medicaid waiver.

Moreover, the state expanded other safety-net services by increasing state supplemented food aid, investing in food banks, and expanding housing programs. It is still unclear whether the investments in provider rate increases made over the last few years has led to increased provider recruitment and retention and, as a result, improved access to physical and behavioral health services.

However, recent, ongoing, and unpredictable policy shifts at the federal level coupled with ever increasing healthcare costs are challenging these efforts. In July 2025, the federal government enacted House Resolution 1 (HR1), a sweeping budget reconciliation package that fundamentally changed the way the federal government finances Medicaid, the Supplemental Nutrition Assistance Program (SNAP), state health insurance exchanges created under the Affordable Care Act, and other social programs. Many of the changes affect eligibility requirements and increase state match requirements. The most significant impacts of HR1 will continue growing over the next decade. Adding to this, enhanced premium tax credits (EPTC) for health insurance bought through the healthcare exchange, first enacted during the pandemic, are set to expire at the end of 2025, leading to increased exchange premiums nationally.

Medicaid Programs. The most significant changes that will impact the state's budget were directed at Medicaid and include phasing out hospital state-directed payments, reducing allowable provider taxes, establishing a new work requirement for Medicaid expansion adults, requiring Medicaid cost-sharing for the first time, changing the eligibility redetermination timeline from once to twice annually, limiting retroactive eligibility, and excluding certain immigrants from the program. The changes are expected to lead to a lower health insurance coverage rate, reduced provider compensation, and ultimately more uncompensated care in the larger healthcare system. However, much of the impact of these changes occurs three to five years from now.

The authority's $1.9 billion FY27 general fund request for the three Medicaid programs— Medical Assistance, Medicaid Behavioral Health, and Developmental Disabilities Support—is an $86 million, or a 4.7 percent increase over the FY26 operating budget. The request included decreases because of expected Medicaid enrollment reductions, but those decreases were offset by increases for behavioral health services and developmental disabilities provider rate adjustments and assumed increases in utilization of services.

Medical Assistance. Primarily because of the federal changes occurring in FY27 and expected other revenue increases, the authority requested an $80.4 million decrease in general fund revenue in the Medical Assistance Program. The federal policy changes impacting the FY27 budget include new work requirements, six-month eligibility redeterminations, and retroactive eligibility limited to two months for the traditional Medicaid population and one month for those in the "expansion" population (a group added under the Affordable Care Act), each starting in January 2027, or half-way through the fiscal year. A Kaiser Family Foundation projection indicates that enrollment will decrease by about 80 thousand in the state's Medicaid program.

Other requested spending changes in Medical Assistance included an increase in general fund revenue of $9 million for rebasing compensation to nursing facilities on top of the $9 million allocated in FY26 and $11 million for Medicare premium and enrollment increases. For administrative costs, the authority requested $9 million in general fund revenue, $4 million of which was funded in the 2025 first special legislative session. Another $5 million would go to maintenance and operations of the Medicaid management and information system replacement project, with several modules operational in FY27.

On the revenue side, the authority decreased the need for general fund revenue by $67.8 million because of increased prescription drug rebate revenue and increased tobacco settlement revenue. However, $44 million of the drug rebate revenue came from agency cash balances, a nonrecurring revenue source for recurring expenses. Offsetting these amounts the request increased general fund revenue by a total of $48.6 million by eliminating the $30 million transfer from the health care affordability fund, decreasing the federal Medicaid matching rate by 0.35 percent (or $15 million), and decreasing revenue from the county-supported Medicaid fund by $3.6 million.

The committee's general fund recommendation for Medical Assistance is $1.2 billion, an 8.6 percent decrease from the FY26 operating budget. The authority set aside $769 million in FY23 and $1 billion in FY24 in state and federal funds for expenses that might come in after the close of the fiscal year. By FY26, the balances of these set-aside funds were $409.6 million and $485 million, respectively, which included $167.2 million in general fund revenue from the FY24 set-aside. Because these balances would have reverted if not for the two special sessions of 2025, the committee recommendation includes a general fund base adjustment for FY27 of $96.3 million.

The recommendation supports the agency's request to reduce general fund revenue by $20 million because of increased recurring drug rebate revenue but does not support using the $44 million in drug rebate fund balances as requested. LFC does not support replacing health care affordability fund revenue with general fund revenue and continues the $30 million from this revenue source in the recurring budget for FY27. Additionally, the federal Medicaid matching rate turned out to be only a 0.19 percent reduction, and the recommendation adjusts general fund revenue accordingly. The committee also projects that safety-net care pool and tobacco settlement funds will be a total of about $12 million more than was requested.

The recommendation assumes a slower pace of disenrollments because of the federal work requirements and eligibility changes and reduces general fund revenue by only $18.9 million for this purpose. The committee supports the request for phase two of the nursing facility rate adjustments and Medicare premium and enrollment increases. The committee does not support the administrative increases stemming from House Resolution 1 (HR1) because these items were funded in the first special session of 2025 and do not expire until the end of FY27.

Services for People with Developmental Disabilities. Several years ago, the state enacted legislation requiring the authority to conduct a developmental disabilities provider rate study every two years. The rate study for this cycle was expected to be completed at the end of 2025. Nevertheless, the authority's September 2025 budget request included $47 million in general fund revenue to increase rates for developmental disabilities service providers. In 2025, the state also enacted legislation requiring the authority to publish rules to exclude gross receipts taxes (GRT) from the budgetary allotments to recipients of Mi Via Medicaid waiver services and requiring the providers to bill the GRT for their services as a separate line item to the state. Because of this change, the authority requested $4.2 million in general fund revenue.

At the time of the request, the authority was projecting a FY26 shortfall and increased utilization of services in FY27. The request for general fund revenue for these two items is $32.1 million. The request also included an increase of $2.8 million because of an expected reduction in the rate at which the federal government matches federal expenditures.

The committee recommends a $30.8 million, or 10.1 percent, increase in general fund revenue to the program. The recommendation includes $6.3 million for residential services provider increases but does not support the $47 million for across-the-board increases because there is no published study to support the request. The recommendation includes $17.1 million because of increased utilization and to backfill the projected FY26 shortfall. The committee supports the request to cover GRT for Mi Via providers and partially supports the request accounting for the decrease in the federal matching rate but adjusts it to account for the final published rate.

Medicaid Behavioral Health. Because the authority reclassified certain expenses previously billed under the Medical Assistance Program to Medicaid Behavioral Health (MBH), the request included a significant increase for MBH but did not account for the decrease in Medical Assistance. About $71.5 million of the program's request for general fund revenue was for an assumed increase in the use of behavioral health services, a proportion of which is related to the reclassification of expenses.

The authority also requested a total of $6.5 million in general fund revenue for Comprehensive Addiction and Recovery Act (CARA) care coordinators, a care coordinator portal, other CARA contracts, and a transfer to the Department of Health (DOH) for CARA navigators. CARA guides the state's actions and care of substance-exposed newborns.

The committee recommendation supports $3.9 million of the request for the CARA items but does not support the $2.5 million transfer to DOH for CARA navigators because this duplicates the work the authority is already doing and is not in line with Laws of 2025, Chapter 156, which did not include DOH as a part of the legislation. The committee also recognizes the increase in behavioral health utilization and includes a $6.6 million increase in general fund revenue for this purpose.

For the Behavioral Health Services Program, the authority requested to replace $3.2 million in opioid settlement revenue with general fund revenue and $9 million in general fund revenue to support the 988 Crisis and Access Line. LFC supports the $9 million for the crisis line but maintains opioid settlement fund revenues. In addition, for the past several years, the Linkages program for housing for people experiencing serious mental illness has been funded with nonrecurring appropriations. The FY27 recommendation makes this funding recurring in the program's base budget.

Social Services. Enactment of the federal reconciliation bill, HR1, removed eligibility for Supplemental Nutrition Assistance Program (SNAP) for refugees, asylum seekers, and certain other immigrants, expanded work requirements for those under 54 to those under 64, changed the work requirement exemption for those with dependents under age 18 to those with dependents under age 14, limited geographic work requirement waivers to only those states with high unemployment rates, eliminated the SNAP-education program, changed the way national food benefits levels are calculated, and reduced or eliminated certain income deductions, effectively reducing benefits for many households.

Most immediately impactful to the state's budget, HR1 reduced the federal share for administrative expenses from 50 percent to 25 percent, doubling the state's administrative costs starting in the second quarter of FY27. The bill also created a new state match requirement for all SNAP benefits based on how high a state's payment error rate is.

During the 2025 1st special legislative session, the Income Support Program received a total of $32.2 million to respond to these changes, including $12 million for lawfully present immigrants newly excluded from SNAP, $4.4 million for staffing and administration because of expected increased caseloads, and $10 million to update case processing software to align with new federal requirements.

The FY27 request for Income Support increased general fund support for the program by 69.6 percent from FY26. The request included $24 million to replace federal SNAP administration revenue because of the new matching rate. The request also included general fund items that were funded in the special session, such as $3.7 million for the SNAP state supplement for the elderly, $7.8 million for staff augmentation because of expected increased caseloads, $5 million for IT system enhancements, and $8.7 million to increase staffing by about 260 FTE.

The request for nonrecurring appropriations was $71.5 million in total, including $36.5 million from the general fund. Requested general fund amounts included $9.7 million for IT enhancements, $8.8 million to improve SNAP processes to reduce the state's payment error rate, $5.4 million to convert electronic benefit cards to chip cards, $4.3 for communication to SNAP and Medicaid beneficiaries about changes to benefits, and $3.8 million for system enhancements for institutional care and waiver eligibility processing.

The general fund recommendation for Income Support is a $25.7 million, 27.7 percent increase above the FY26 operating budget. The recommendation supports the authority's request for $24 million to backfill federal administrative matching funds. However, the committee does not support the $39 million requested from the general fund for SNAP employment and training, SNAP for the elderly and disabled, staff augmentation, IT system enhancements, SNAP chip cards, and increasing staff by 260 FTE because these items were either funded in the special session or do not align with the committee's priorities.

Like Income Support, the request for Program Support included $13 million in general fund revenue to replace federal SNAP administration revenue because of the change in the administrative matching rate. Other Program Support general fund items included $2.2 million for system integration and the unified portal, $1.9 million for IT upgrades related to federal changes, $1.5 million for project management related to federally mandated changes, and $823.3 thousand for staff augmentation.

The committee supports the request to backfill federal revenue because of the new SNAP administrative matching rate. LFC also supports personnel cost increases because the agency has a low rate of funded but vacant positions, increased insurance premiums, and several other items. However, the committee does not support other items that were either funded in the special session or items that should have been vetted through the process for making information technology requests. The general fund recommendation for program support is a $14.9 million, or 39.9 percent, increase over the FY26 operating budget.

The request for the Child Support Enforcement Program includes $851.4 thousand to adjust attorney salaries related to State Personnel Office study classification changes and $291.2 thousand to replace health care affordability fund (HCAF) insurance premium revenue. LFC supports much of the request but includes $500 thousand for personnel costs because of a low funded vacancy rate.

Health Coverage Programs. In response to the likely expiration of enhanced federal health insurance premium subsidies, the state enacted legislation during the special legislative session to expand the use of the HCAF to individuals earning more than 400 percent of the federal poverty level (FPL). For individuals and families with incomes over 400 percent FPL, the expiring federal subsidies cap the amount an enrollee pays for their premium at 8.5 percent of their income. The enacted legislation and accompanying $17.3 million appropriation will backfill the subsidies with HCAF funds through FY26.

Because the subsidies are currently scheduled to expire at the end of the calendar year, the appropriation was sufficient to cover half a year of projected expenses, leaving a liability for FY27. However, HCA did not request the full year's amount in the September budget request submission for FY27.

The FY27 request from HCAF revenue included $53 million for small business premium reduction, $103.7 million for Health Insurance Marketplace Affordability and out-of-pocket assistance for people with incomes under 400 percent of the FPL, more than doubling last year's appropriation, $30.9 million for approximately 4,600 lawfully present immigrants with incomes under 400 percent of the FPL at an average cost of $6,600, and $92.9 million in nonrecurring funding for approximately 9,700 lawfully present immigrants losing Medicaid coverage at an average cost of $9,300. If these requests were fully funded, the HCAF would likely end FY27 with a $10 million shortfall.

Given prior year expenditures, LFC recommends $50 million for small business premium reduction, $75 million for health insurance market place affordability and out-of-pocket assistance, $20 million for lawfully present immigrants with incomes under 400 percent of the federal poverty level, and supports the request of $13.5 million to subsidize state employee coverage for those under 250 percent of the federal poverty level and those receiving coverage on National Guard TRICARE plans. The recommendation also includes $30 million for the Medicaid expansion population. In prior years, this item was funded through nonrecurring appropriations and the recommendation for FY27 makes the $30 million recurring. If adopted, the LFC recommendation would allow HCAF to end the year with a balance of about $126.6 million.

Coverage for State and Local Workers. For FY27, the State Health Benefits Program (SHB) requested $660.2 million, a 27.4 percent increase above the FY26 operating budget from the group self-insurance fund, which is funded by premiums paid for health, dental, and vision plans by local public bodies and state agencies. Requested amounts will go to backfill one-time funding from the HCAF that was part of the FY26 compensation package and build it into the base budget and incorporate projected enrollment increases and a medical premium increase of 10 percent.

Since FY22 the group-self-insurance fund has spent more on medical services than it received through premium revenues, which caused deficits in the fund. Because of the shortfalls, the state enacted legislation that required the authority to submit a budget request that has actuarily sound rates and authorized the authority to establish a reference-based pricing program for hospitals.

The legislation also eliminated salary tiers, under which the state paid different percentages of the premium based on employee pay, and set the state's share at 80 percent of the health premium for state employees, established a program to subsidize state employee coverage for enrollees who make less than 250 percent of the FPL or make less than $50 thousand dollars and are purchasing employee-only coverage, and covers premiums for National Guard members enrolled in TRICARE. In FY26, the State Health Benefits Program received a $30.2 million compensation appropriation from the HCAF to eliminate a projected structural deficit in the fund.

Because FY26 revenues are projected to significantly exceed the FY26 operating budget, the LFC recommendation supports the authority's request for State Health Benefits.

Health Facility Licensing. For FY27, the Division of Health Improvement (DHI) requested a $2.5 million, or 18.5 percent, increase in revenue from the general fund that will be matched with federal revenue. The request included $2.2 million in state and federal funds to move 15 FTE from the Children, Youth and Families Department (CYFD) Licensing and Oversight Bureau to DHI, $1.2 million in general fund revenue and federal revenues for 10 FTE for additional facilities the division expects will come online in FY27, and $377 thousand for a health facilities licensing contract.

The division is expecting an additional 60 programs that will need licensing and oversight in FY27, including children's inpatient behavioral health, intensive outpatient behavioral health programs, emergency shelters, community-based mental health programs, residential treatment centers, wrap-around support services, and family peer support services. The division expects that bringing the bureau from CYFD to DHI will streamline processes because these clients interact with services as a child and possibly into adulthood.

The committee supports most of the division's request for general fund revenue, including moving CYFD licensing and oversight to DHI. However, the committee does not support more funding for more personnel because the division has a high funded vacancy rate.

Base Expansion

The authority requested several expansions. LFC did not recommend any of the expansions because none of the requests actually expanded the functions of the authority. However, LFC includes some of the expansion items within the base.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
2	Rate Increase (2025 HMA Rate Study Estimate)	P519	47,000.0	0.0
1	ISD HR1 Expansion - 260 FTE	P525	31,861.5	0.0
0	MAD HR1 Expansion	P524	8,440.1	0.0
1	Federal Change Implementation Department-wide Project Management	P522	3,100.0	0.0
TOTAL			**$110,557.0**	**$0.0**
1	ISD HR1 Expansion - Call Center	P525	10,397.0	0.0
1	Program Support HR1	P522	7,557.4	0.0
2	Licensing Bureau	P520	2,201.0	0.0

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and support to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	252,529.2	306,583.2	394,310.0	337,397.7	10.1
Other Transfers	149.4	0.0	0.0	0.0	0.0
Federal Revenues	13,739.2	17,684.5	19,163.9	19,163.9	8.4
Other Revenues	227.0	184.6	332.0	332.0	79.8
Fund Balance	338.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$266,983.2**	**$324,452.3**	**$413,805.9**	**$356,893.6**	**10.0**
USES					
Personal services and employee benefits	16,186.7	19,261.9	20,352.4	20,352.4	5.7
Contractual services	10,781.1	12,280.6	12,649.0	12,649.0	3.0
Other	5,382.7	8,585.0	10,379.7	10,379.7	20.9
Other financing uses	227,719.2	284,324.8	370,424.8	313,512.5	10.3
TOTAL USES	**$260,069.7**	**$324,452.3**	**$413,805.9**	**$356,893.6**	**10.0**
FTE					
Permanent	0.0	195.0	200.0	195.0	0.0
TOTAL FTE	**0.0**	**195.0**	**200.0**	**195.0**	**0.0**

Recommended Language
The general fund appropriation to the developmental disabilities support program of the health care authority in the other financing uses category includes six million three hundred thousand dollars ($6,300,000) to raise rates for residential services providers and fifteen million dollars ($15,000,000) for increased enrollee service utilization.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of home- and community-based waiver program applicants who have a service plan and budget in place within ninety days of income and clinical eligibility determination	75.7%	90.0%	95.0%	86.0%	95.0%
Explanatory	Number of home visits	9,526.0	0.0	N/A	N/A	N/A
Explanatory	Number of individuals deemed eligible awaiting services	111.0	194.0	N/A	N/A	N/A
Explanatory	Number of individuals receiving home- and community-based waiver program services	7,522.0	8,395.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of home visits that result in an abuse, neglect or exploitation report	91.0	0.6	N/A	N/A	N/A
Outcome	Number of developmental disabilities supports division health and wellness visits resulting in the division reporting suspected abuse, neglect or exploitation	NEW	NEW	NEW	75.0	75.0
Outcome	Percent of adults between ages twenty-two and sixty-two years served in a developmental disabilities waiver program, traditional or mi via, who receive employment supports	9.4%	8.0%	20.0%	17.0%	17.0%
Outcome	Percent of general event reports in compliance with general events timely reporting requirements within the two day rule	92.2%	91.0%	90.0%	90.0%	90.0%
Outcome	Percent of people receiving home- and community-based waiver program services who have received their annual level of care assessment	100%	100%	97%	86%	97%

HEALTH IMPROVEMENT

The purpose of the health improvement program is to provide health facility licensing and certification surveys, community-based oversight and contract compliance surveys and a statewide incident management system so that people in New Mexico have access to quality healthcare and that vulnerable populations are safe from abuse, neglect and exploitation.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	11,324.6	13,748.4	16,291.9	15,595.9	13.4
Other Transfers	1,767.7	0.0	0.0	0.0	0.0
Federal Revenues	7,652.4	14,626.4	15,883.3	14,095.2	(3.6)
Other Revenues	1,279.7	1,324.2	2,703.7	2,703.7	104.2
Fund Balance	3,735.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$25,760.3**	**$29,699.0**	**$34,878.9**	**$32,394.8**	**9.1**
USES					
Personal services and employee benefits	16,890.1	25,504.7	29,089.3	26,605.2	4.3
Contractual services	1,695.9	1,322.5	1,974.0	1,974.0	49.3
Other	2,563.2	2,871.8	3,815.6	3,815.6	32.9
TOTAL USES	**$21,149.2**	**$29,699.0**	**$34,878.9**	**$32,394.8**	**9.1**
FTE					
Permanent	0.0	197.0	223.0	207.0	5.1
TOTAL FTE	**0.0**	**197.0**	**223.0**	**207.0**	**5.1**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Abuse rate for developmental disability waiver, mi via waiver, medically fragile waiver or the supports and services waiver clients	0.10%	4.26%	N/A	N/A	N/A
Explanatory	Re-abuse rate for developmental disabilities waiver, mi via waiver, medically fragile waiver and other supports and services waiver clients	0.00%	0.36%	N/A	N/A	N/A
Output	Number of adult daycare center regulation review surveys conducted	NEW	NEW	NEW	25%	25%
Output	Number of caregiver criminal history screening appeal clearance recidivism/ re-offense (conviction) after a successful appeal	0.0	0.0	10.0	10.0	10.0
Output	Percent of acute and continuing care facility survey statement of deficiencies based on the center for medicare and medicaid services form 2567 state form distributed to the facility within ten days of survey exit	82.0%	74.8%	88.0%	85.0%	85.0%
Output	Percent of assisted living and related facilities' survey statement of deficiencies distributed to the facility within ten business days of the survey exit date	82.0%	60.5%	90.0%	85.0%	85.0%
Output	Percent of complaint surveys for assisted living and related facilities initiated that meet criteria for three-day and fifteen-day high priority	TBD	100.0%	88.0%	90.0%	90.0%
Output	Percent of incident management bureau-assigned investigations initiated within required timelines	93.8%	95.1%	91.0%	88.0%	95.0%
Output	Percent of long-term care health facility survey statement of deficiencies based on the center for medicare and medicaid services form 2567 state form distributed to the facility within ten days of survey exit	75.0%	69.0%	88.0%	88.0%	88.0%
Output	Percent of quality management bureau 1915c home- and community-based services waiver program report of findings distributed within twenty-one working days from end of survey	94.6%	89.5%	91.0%	91.0%	91.0%
Quality	Percent of abuse, neglect and exploitation investigations completed according to established timelines	100.0%	97.5%	96.0%	93.0%	96.0%
Quality	Percent of developmental disabilities support division clients receiving wellness checks per year as part of the audit conducted by the quality management bureau	TBD	10.2%	18.0%	N/A	18.0%
Quality	Percent of nursing home citations upheld/unchanged when challenged through the informal dispute review process	NEW	NEW	NEW	65%	65%
Quality	Percent of nursing home incident reports submitted following participation in a division of health improvement training on reporting requirements	91.0%	95.8%	89.0%	89.0%	95.0%
Quality	Percent of nursing home survey citations upheld when reviewed by the centers for medicare and medicaid services and through informal dispute resolution processes	96.0%	100.0%	91.0%	Discontinued	Discontinued
Quality	Percent of nursing home surveys in which the center for medicare and medicaid services imposed a sanction	NEW	NEW	NEW	90%	90%

STATE HEALTH BENEFITS

The purpose of the health benefits program is to effectively administer comprehensive health-benefit plans to state and local government employees.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
Other Transfers	15,000.0	0.0	0.0	0.0	0.0
Other Revenues	465,716.2	518,353.5	660,208.1	660,208.1	27.4
TOTAL SOURCES	**$480,716.2**	**$518,353.5**	**$660,208.1**	**$660,208.1**	**27.4**
USES					
Contractual services	32,839.7	37,355.0	38,475.7	38,475.7	3.0
Other	535,715.4	480,998.5	621,732.4	621,732.4	29.3
TOTAL USES	**$568,555.1**	**$518,353.5**	**$660,208.1**	**$660,208.1**	**27.4**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Annual loss ratio for the health benefits fund	89/0	117/0	98/0	98/0	98/0
Explanatory	Amount of projected year-end fund balance of the health benefits fund, in thousands	TBD	($124.0)	N/A	N/A	N/A
Explanatory	Number of state health plan members who designate the stay well health center as their primary care provider	2,162.0	2,578.0	N/A	N/A	N/A
Explanatory	Number of visits to the stay well health center	7,815.0	7,385.0	N/A	N/A	N/A
Explanatory	Percent of available appointments filled at the stay well health center	74.0%	92.5%	N/A	N/A	N/A
Explanatory	Percent of eligible state employees purchasing state medical insurance	TBD	78.2%	N/A	N/A	N/A
Explanatory	Rate per one thousand members of emergency department use categorized as nonemergent	16.0	16.0	N/A	N/A	N/A
Outcome	Number of employees enrolled in the state employee premium assistance program	NEW	0.0	NEW	4,600.0	0.0
Outcome	Percent change in the average per-member per-month total healthcare cost	TBD	2.2%	4.0%	4.0%	4.0%
Outcome	Percent change in total medical premium	10.0%	10.0%	7.5%	6.0%	4.0%
Outcome	Percent of state group prescriptions filled with generic drugs within three percent of public-entity-peer rate as reported by pharmacy benefits manager	86.0%	84.3%	84.0%	84.0%	84.0%
Quality	Percent of state health plan members with diabetes receiving at least one hemoglobin A1C test in the last twelve months	49.0%	54.1%	86.0%	86.0%	86.0%

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children; to ensure that all court orders for support payments are being met to maximize child support collections; and to reduce public assistance rolls.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,875.8	14,328.1	15,470.7	15,119.3	5.5
Other Transfers	280.6	0.0	0.0	0.0	0.0
Federal Revenues	27,615.7	33,652.9	33,838.8	33,838.8	0.6
Other Revenues	628.2	201.0	597.4	597.4	197.2
TOTAL SOURCES	**$41,400.3**	**$48,182.0**	**$49,906.9**	**$49,555.5**	**2.9**
USES					
Personal services and employee benefits	27,857.8	32,368.6	34,093.5	33,742.1	4.2
Contractual services	8,472.0	10,623.2	10,623.2	10,623.2	0.0
Other	5,030.2	5,190.2	5,190.2	5,190.2	0.0
TOTAL USES	**$41,360.0**	**$48,182.0**	**$49,906.9**	**$49,555.5**	**2.9**
FTE					
Permanent	296.0	340.0	340.0	340.0	0.0
TOTAL FTE	**296.0**	**340.0**	**340.0**	**340.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Amount of child support collected, in millions	$119	$119	$120	$120	$120
* Outcome	Percent of current support owed that is collected	58%	60%	65%	65%	65%
* Outcome	Percent of cases with support orders	84%	83%	85%	85%	85%
Output	Total dollars collected in child support obligations for each dollar expended by the child support services program	$2	$2	$3	$3	$3
Explanatory	Average distribution per child	$129	$138	N/A	N/A	N/A
* Explanatory	Percent of noncustodial parents paying support to total cases with support orders	51%	52%	N/A	N/A	N/A

MEDICAL ASSISTANCE

The purpose of the medical assistance program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,442,991.7	1,363,990.8	1,283,577.3	1,247,262.7	(8.6)
Other Transfers	417,922.5	954,519.1	895,803.0	872,946.4	(8.5)
Federal Revenues	6,855,767.0	8,808,763.4	8,177,537.3	7,746,303.6	(12.1)
Other Revenues	95,195.8	161,242.0	180,792.2	216,448.8	34.2
Fund Balance	44.0	811.4	44,811.4	811.4	0.0
TOTAL SOURCES	**$8,811,921.0**	**$11,289,326.7**	**$10,582,521.2**	**$10,083,772.9**	**(10.7)**
USES					
Personal services and employee benefits	17,821.4	22,279.1	29,095.6	23,279.1	4.5
Contractual services	195,582.6	192,915.6	217,264.1	215,750.6	11.8
Other	8,452,469.0	11,074,132.0	10,336,161.5	9,844,743.2	(11.1)
TOTAL USES	**$8,665,873.0**	**$11,289,326.7**	**$10,582,521.2**	**$10,083,772.9**	**(10.7)**
FTE					
Permanent	163.0	221.5	257.5	221.5	0.0
Term	0.0	2.0	0.0	0.0	(100.0)
TOTAL FTE	**163.0**	**223.5**	**257.5**	**221.5**	**(0.9)**

Recommended Language

The appropriations to the medical assistance program of the health care authority assume the state will receive an enhanced federal medical assistance percentage rate for those enrolled in the expansion adult category through fiscal year 2027 as provided for in the federal Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Should the federal government reduce or rescind the federal medical assistance percentage rates established by the federal Patient Protection and Affordable Care Act, the health care authority shall reduce or rescind eligibility for the expansion adult category.

The internal service funds/interagency transfers appropriation to the medical assistance program of the health care authority in the other category includes one million three hundred forty thousand seven hundred dollars ($1,340,700) from the tobacco settlement program fund for the breast and cervical cancer treatment program and fourteen million eighty thousand six hundred dollars ($14,080,600) from the tobacco settlement program fund for medicaid programs.

The internal service funds/interagency transfers appropriations to the medical assistance program of the health care authority include sixty-one million nine hundred twenty-nine thousand dollars ($61,929,000) from the county-supported medicaid fund.

The internal service funds/interagency transfers appropriations to the medical assistance program of the health care authority include eighty-four million two hundred twenty-five thousand one hundred dollars ($84,225,100) from safety net care pool proceeds.

The other state funds appropriations to the medical assistance program of the health care authority include up to thirty-five million four hundred sixty-five thousand dollars ($35,465,000) from the health care facility fund.

The general fund appropriation to the medical assistance program of the health care authority in the other category includes nine million dollars ($9,000,000) for the second and final phase of rebasing rates for nursing facilities.

The other state funds appropriation to the medical assistance program of the health care authority includes thirty million dollars ($30,000,000) from the health care affordability fund for medicaid expansion population coverage.

Medicaid managed care organization contractors may negotiate different reimbursement amounts for different specialties or for different practitioners in the same specialty but shall not negotiate less than the medicaid fee-for-service rate. The health care authority will monitor implementation of the rate increases and share any reports or monitoring information quarterly with the legislative finance committee. The health care authority shall ensure rate parity between hospitals and free standing birthing centers. The health care authority shall not expand medicaid eligibility without prior approval of the legislature.

The internal service funds/interagency transfers appropriation to the medical assistance program of the health care authority includes two million dol-lars ($2,000,000) to provide salary adjustments to graduate medical education residents and fellows at the university of New Mexico health sciences center through medicaid directed payments to the university of New Mexico health sciences center.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of children enrolled in medicaid managed care who had four diphtheria, tetanus and acellular pertussis; three polio; one measles, mumps, and rubella; three haemophilius influenza type B; three hepatitis B; one chicken pox and four pneumococcal conjugate vaccines by their second birthday	65%	65%	69%	64%	70%
Outcome	Percent of discharges for members age six years or older in medicaid managed care who were hospitalized for treatment of selected mental illness diagnoses	55%	0%	60%	Discontinued	Discontinued
Outcome	Percent of emergency department visits for medicaid managed care members age six years and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	53%	0%	Discontinued	Discontinued	Discontinued
Outcome	Percent of medicaid managed care member deliveries with a postpartum visit on or between seven and eighty-four calendar days after delivery	73%	72%	75%	75%	75%
Outcome	Percent of medicaid managed care members age eighteen years and older as of April 30 of the measurement year who were diagnosed with a new episode of major depression during the intake period and received at least one hundred eighty calendar days of continuous treatment with an antidepressant medication	47%	52%	36%	Discontinued	Discontinued
Outcome	Percent of medicaid managed care members ages eighteen to sixty-four years with schizophrenia, schizoaffective disorder or bipolar disorder who were dispensed an antipsychotic medication and had a diabetes screening test during the measurement year	82%	83%	Discontinued	Discontinued	Discontinued
Outcome	Percent of members ages three to seventeen years enrolled in medicaid managed care who had an outpatient visit with a primary care physician or obstetrician/gynecologist and who had evidence of counseling for physical activity during the measurement year	64%	39%	64%	Discontinued	Discontinued
Outcome	Percent of new substance use disorder episodes that result in treatment initiation through an inpatient substance use disorder admission, outpatient visit, intensive outpatient encounter, partial hospitalization, telehealth visit or medication treatment within fourteen days	50%	50%	50%	50%	60%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of unique medicaid managed care members with a telemedicine visit at the end of the previous calendar year	147,548.0	132,035.0	145,000.0	Discontinued	Discontinued
Quality	Percent of emergency department visits for medicaid managed care members age thirteen years and older with a principal diagnosis of alcohol or other drug dependence who had a follow-up visit for mental illness within seven days of emergency department visit	TBD	0.0%	63.0%	Discontinued	Discontinued
Outcome	Percent of members under age twenty-one years enrolled in medicaid managed care who received a comprehensive or periodic oral evaluation with a dental provider during the measurement year	51%	53%	53%	50%	55%
* Explanatory	Percent of infants and children in medicaid managed care who had six or more well-child visits in the first fifteen months of life	66%	64%	N/A	N/A	N/A
Outcome	Percent of children and adolescents in medicaid managed care ages three to twenty-one years who had one or more comprehensive well-care visits with a primary care provider or an obstetrician/ gynecologist during the measurement year	64%	48%	63%	52%	55%
* Outcome	Percent of members eighteen to eighty-five years with type one or type two diabetes who received a kidney health evaluation	52%	44%	1,000,000%	35%	50%
Outcome	Percent of hospital readmissions for children in medicaid managed care ages two through seventeen years within thirty days of discharge	8%	7%	5%	Discontinued	Discontinued
* Outcome	Percent of adults in medicaid managed care age eighteen and over readmitted to a hospital within thirty days of discharge	9%	9%	8%	8%	8%
* Outcome	Percent of medicaid managed care member deliveries who received a prenatal care visit in the first trimester or within forty-two days of eligibility	78%	77%	80%	80%	80%
Explanatory	Amount of expenditures for children and youth receiving services through medicaid school-based service programs through an individualized education program, in millions	$18,294,844	$19,103,795	N/A	N/A	N/A
Quality	Percent of members reporting satisfaction with New Mexico's medicaid services	82%	80%	82%	82%	82%
Outcome	Percent of medicaid managed care members participating in member rewards	51%	0%	51%	82%	82%
Outcome	Number of short-term complication admissions for medicaid managed care members with diabetes per one hundred thousand members	16.4	20.9	16.4	20.4	20.4
Outcome	Percent of medicaid managed care members ages five through sixty-four who were identified as having persistent asthma and had a ratio of controller medications to total asthma medications of 0.50 or greater during the measurement year	TBD	79%	Discontinued	Discontinued	Discontinued
Explanatory	Number of justice-involved individuals who are made eligible for medicaid prior to release	7,016.0	7,334.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of nonemergent utilization of all emergency department utilization that is categorized as nonemergent care	57%	57%	55%	55%	50%
Explanatory	Number of medicaid managed care members being served by patient-centered medical homes	366,123.0	Discontinued	N/A	N/A	N/A
Output	Number of medicaid managed care members who have received treatment for hepatitis C in the reporting year	1,341.0	1,825.0	1,200.0	1,200.0	1,200.0
Output	Percent of provider payments included in value-based purchasing arrangements	64%	62%	63%	50%	62%
Outcome	Percent of medicaid managed care members with a nursing facility level of care who are being served in a noninstitutional setting	88%	85%	85%	85%	85%

INCOME SUPPORT

The purpose of the income support program is to provide cash assistance and supportive services to eligible low-income families so they can achieve self-sufficiency.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	77,350.5	93,054.0	157,828.5	118,784.9	27.7
Other Transfers	729.7	0.0	0.0	0.0	0.0
Federal Revenues	1,308,613.5	1,435,259.3	1,456,436.4	1,441,926.4	0.5
Other Revenues	3,664.3	60.8	60.8	60.8	0.0
TOTAL SOURCES	**$1,390,358.0**	**$1,528,374.1**	**$1,614,325.7**	**$1,560,772.1**	**2.1**
USES					
Personal services and employee benefits	72,666.9	90,938.0	114,371.5	92,007.8	1.2
Contractual services	78,491.7	106,486.0	148,696.8	106,486.0	0.0
Other	1,239,178.6	1,330,950.1	1,351,257.4	1,362,278.3	2.4
TOTAL USES	**$1,390,337.2**	**$1,528,374.1**	**$1,614,325.7**	**$1,560,772.1**	**2.1**
FTE					
Permanent	907.0	1,050.0	1,335.0	1,050.0	0.0
Term	0.0	10.0	10.0	10.0	0.0
TOTAL FTE	**907.0**	**1,060.0**	**1,345.0**	**1,060.0**	**0.0**

Recommended Language

The federal funds appropriations to the income support program of the health care authority include eleven million five hundred seven thousand seven hundred dollars ($11,507,700) from the federal temporary assistance for needy families block grant for administration of the New Mexico Works Act.

The appropriations to the income support program of the health care authority include one million nine hundred seventy-two thousand two hundred dollars ($1,972,200) from the general fund and fifty-seven million nine hundred fifty-two thousand two hundred dollars ($57,952,200) from the federal temporary assistance for needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including wage subsidies for participants, transitions, two clothing allowances per year, diversion payments and state-funded payments to undocumented workers.

The federal funds appropriations to the income support program of the health care authority include fourteen million four hundred eighty-eight thousand three hundred dollars ($14,488,300) from the federal temporary assistance for needy families block grant for job training and placement and job-related transportation services, employment-related costs and a transitional employment program. The funds for the transitional employment program and the wage subsidy program may be used interchangeably.

The federal funds appropriations to the income support program of the health care authority include thirty-six million five hundred twenty-seven thousand five hundred dollars ($36,527,500) from the federal temporary assistance for needy families block grant for transfer to the early childhood education and care department for childcare programs.

The federal funds appropriations to the income support program of the health care authority include twenty-two million seven hundred ninety-eight thousand six hundred dollars ($22,798,600) from the federal temporary assistance for needy families block grant for transfer to the children, youth and families department for supportive housing, adoption services, foster care services, multilevel response system implementation as outlined in Section 32A-4-4.1 NMSA 1978, services for youth aging out of foster care, family support services, family preservation services, evidence-based prevention and intervention services and fostering connections.

The federal funds appropriations to the income support program of the health care authority include four million dollars ($4,000,000) from the federal temporary assistance for needy families block grant for transfer to the higher education department for adult basic education and one million dollars ($1,000,000) for integrated education and training programs, including integrated basic education and skills training programs.

The federal funds appropriations to the income support program of the health care authority include five hundred thousand dollars ($500,000) from the federal temporary assistance for needy families block grant for transfer to the public education department for the graduation, reality and dual-role skills program to expand services and implement mentorship programs for teenage fathers.

Any unexpended balances remaining at the end of fiscal year 2026 from the other state funds appropriations to the income support program of the health care authority derived from reimbursements received from the social security administration for the general assistance program shall not revert.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Average supplemental nutrition assistance program benefit payment, per client	$184.31	$184.31	$300.00	$292.00	$292.00
Outcome	Number of supplemental nutrition assistance program households who received the state supplemental nutrition assistance program supplement	NEW	295,284.0	312,000.0	312,000.0	200,000.0
Outcome	Percent of mandatory temporary assistance for needy families adults with an active work participation agreement who are in compliance with the temporary assistance for needy families work requirements	53.8%	58.8%	97.0%	Discontinued	Discontinued
Outcome	Percent of supplemental nutrition assistance program and medicaid recertifications, including supplemental nutrition assistance program and medicaid benefits, that were approved ongoing and terminated during reporting period	84.6%	94.5%	96.0%	96.0%	96.0%
Outcome	Percent of supplemental nutrition assistance program payment errors showing benefits were overissued during reporting period	17.60%	14.92%	1.20%	1.20%	1.20%
Outcome	Percent of supplemental nutrition assistance program payment errors showing percent under-issued during reporting period	2.50%	1.20%	1.20%	6.00%	5.00%
Outcome	Percent of supplemental nutrition assistance program recertifications processed in a timely manner	77.2%	90.9%	75.0%	95.0%	95.0%
Output	Number of homes heated and cooled in New Mexico via the low-income home energy assistance program	44,287.0	41,919.0	30,000.0	30,000.0	30,000.0
Output	Number of meals provided to New Mexican families via the supplemental nutrition assistance program	334,456,371.0	299,530,300.0	1,270,000.0	1,270,000.0	299,530,300.0

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of New Mexican families provided with necessities and shelter for the last full month via the temporary assistance for needy families program	7,901.0	6,833.0	7,000.0	6,000.0	7,000.0
* Outcome	Percent of all parent participants who meet temporary assistance for needy families federal work participation requirements	10%	45%	45%	45%	45%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federal work participation requirements	17%	20%	60%	60%	60%
Outcome	Percent of expedited or emergency supplemental nutritional assistance program cases meeting federally required measure of timeliness within seven days	65%	96%	98%	95%	98%
Outcome	Percent of non-expedited or non-emergency supplemental nutritional assistance program cases meeting the federally required measure of timeliness within thirty days	43%	96%	98%	95%	98%
Outcome	Percent of adult temporary assistance for needy families recipients who obtained any new unearned income during the report period that closed the case	28%	30%	45%	0%	45%
Outcome	Percent of adult temporary assistance for needy families recipients who are mandatory for the New Mexico works program that obtained any new earned income during the report period that closed the case	1%	8%	37%	37%	37%

MEDICAID BEHAVIORAL HEALTH

The purpose of the medicaid behavioral health program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost behavioral healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	171,892.6	177,692.1	256,390.0	185,693.4	4.5
Other Transfers	7,128.0	7,214.0	3,247.5	12,214.0	69.3
Federal Revenues	630,799.0	751,635.9	934,911.5	880,622.0	17.2
Other Revenues	83,113.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$892,932.8**	**$936,542.0**	**$1,194,549.0**	**$1,078,529.4**	**15.2**
USES					
Personal services and employee benefits	0.0	0.0	800.0	0.0	0.0
Contractual services	0.0	0.0	8,352.8	8,352.8	0.0
Other	799,011.0	936,542.0	1,185,396.2	1,070,176.6	14.3
TOTAL USES	**$799,011.0**	**$936,542.0**	**$1,194,549.0**	**$1,078,529.4**	**15.2**
FTE					
Permanent	0.0	0.0	7.0	0.0	0.0
TOTAL FTE	**0.0**	**0.0**	**7.0**	**0.0**	**0.0**

Recommended Language

The general fund appropriation to the medicaid behavioral health program of the health care authority includes fifty thousand dollars ($50,000) for transfer to the administrative hearings office to support medicaid hearing officers.

The internal service funds/interagency transfers appropriation to the medicaid behavioral health program of the health care authority in the other category includes one million seven hundred fourteen thousand dollars ($1,714,000) from the opioid crisis recovery fund for plans of safe care navigators as outlined in Section 32A-3A-13 NMSA 1978, five million five hundred thousand dollars ($5,500,000) from the opioid crisis recovery fund for the ongoing costs of the opioid epidemic and five million dollars ($5,000,000) from the opioid crisis recovery fund for the linkages program.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	12%	13%	5%	5%	5%
* Output	Number of individuals served annually in substance use or mental health programs administered through the medicaid and non-medicaid programs administered by the health care authority	207,259.0	207,020.0	210,000.0	210,000.0	210,000.0
Outcome	Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and received two or more additional services within thirty-four days of the initial visit	17%	18%	17%	15%	15%

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to lead and oversee the provision of an integrated and comprehensive behavioral health prevention and treatment system so the program fosters recovery and supports the health and resilience of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	59,980.2	60,231.5	73,197.9	74,909.9	24.4
Other Transfers	3,247.2	3,288.0	3,600.0	6,888.0	109.5
Federal Revenues	43,246.7	36,588.2	34,184.1	34,184.1	(6.6)
Other Revenues	6.0	173.5	173.5	173.5	0.0
TOTAL SOURCES	**$106,480.1**	**$100,281.2**	**$111,155.5**	**$116,155.5**	**15.8**
USES					
Personal services and employee benefits	5,220.7	6,713.4	7,508.2	7,508.2	11.8
Contractual services	98,838.9	91,286.9	101,186.9	106,186.9	16.3
Other	1,985.6	2,280.9	2,460.4	2,460.4	7.9
TOTAL USES	**$106,045.2**	**$100,281.2**	**$111,155.5**	**$116,155.5**	**15.8**
FTE					
Permanent	45.0	55.0	55.0	55.0	0.0
Term	0.0	15.0	30.0	15.0	0.0
TOTAL FTE	**45.0**	**70.0**	**85.0**	**70.0**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriation to the behavioral health services program of the health care authority includes two million two hundred eighty-eight thousand dollars ($2,288,000) from the opioid crisis recovery fund for housing assistance for people affected by opioid use disorder and one million dollars ($1,000,000) from the opioid crisis recovery fund for behavioral health telehealth services.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of certified community behavioral health clinics enrolled within the medicaid program	$0.0	$5.0	N/A	N/A	N/A
Outcome	Percent of emergency department visits for members age six years and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	51.5%	49.8%	57.0%	54.0%	54.0%
Outcome	Percent of emergency department visits, for medicaid managed care members age thirteen years and older, with a principal diagnosis of alcohol or other drug dependence who had a follow-up visit for substance use within seven days of emergency department visit	21.2%	23.2%	54.0%	54.0%	54.0%
Output	Increase in number of crisis now connections during the report period	NEW	0.0	NEW	35,000.0	0.0
Output	Number of unique medicaid managed care members receiving behavioral health services by a nonbehavioral health provider	188,579.0	131,154.0	100,000.0	100,000.0	140,000.0
Output	Number of unique medicaid managed care members receiving behavioral health services from a behavioral health provider	261,889.0	183,672.0	140,000.0	140,000.0	190,000.0
* Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at thirty days	56%	52%	60%	0%	60%
Explanatory	Number of suicides of youth served by state medicaid and non-medicaid programs in the prior fiscal year	2.0	0.0	N/A	N/A	N/A
* Outcome	Percent of adults diagnosed with major depression who remained on an antidepressant medication for at least one hundred eighty days	45%	47%	42%	42%	42%
Outcome	Number of individuals served through telehealth and telephonic services in urban, rural and frontier communities for behavioral health	73,054.0	73,823.0	50,000.0	50,000.0	75,000.0
Outcome	Percent of emergency department visits, for medicaid managed care members age thirteen years and older, with a principal diagnosis of alcohol or other drug dependence who had a follow-up visit for substance use within thirty days of emergency department visit	32.1%	33.8%	54.0%	54.0%	54.0%
Explanatory	Number of medicaid managed care members with opioid abuse or dependence who initiated treatment within fourteen days of diagnosis	3,144.0	0.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of medicaid managed care members released from inpatient psychiatric hospitalization stays of four or more days who receive seven-day follow-up visits into community-based behavioral health	42%	31%	51%	51%	51%
Explanatory	Number of medicaid managed care members with alcohol abuse or dependence who initiated treatment within fourteen days of diagnosis	44.0	44.0	N/A	N/A	N/A
Explanatory	Number of medicaid managed care members with opioid abuse or dependence who had two or more additional visits within thirty-four days	36.0	39.0	N/A	N/A	N/A
Outcome	Number of individuals receiving telephone behavioral health services through medicaid and non-medicaid programs	73,054.0	44,267.0	Discontinued	Discontinued	Discontinued
Explanatory	Number of medicaid managed care members with alcohol abuse or dependence who had two or more additional visits within thirty-four days	15.0	16.0	N/A	N/A	N/A

HEALTH CARE AFFORDABILITY FUND

The purpose of the health care affordability fund program is to improve access to healthcare by helping New Mexicans pay for healthcare insurance and supporting the planning, design and implementation of healthcare coverage initiatives for uninsured New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	97,825.0	178,028.5	205,264.1	191,315.1	7.5
Fund Balance	11,367.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$109,192.7**	**$178,028.5**	**$205,264.1**	**$191,315.1**	**7.5**
USES					
Personal services and employee benefits	406.4	1,028.5	1,080.5	1,028.5	0.0
Contractual services	0.0	1,000.0	2,200.0	1,000.0	0.0
Other	68,721.9	146,000.0	201,983.6	159,286.6	9.1
Other financing uses	30,000.0	30,000.0	0.0	30,000.0	0.0
TOTAL USES	**$99,128.3**	**$178,028.5**	**$205,264.1**	**$191,315.1**	**7.5**
FTE					
Permanent	0.0	10.0	10.0	10.0	0.0
TOTAL FTE	**0.0**	**10.0**	**10.0**	**10.0**	**0.0**

Recommended Language

The other state funds appropriation to the health care affordability fund program of the health care authority includes thirty million dollars ($30,000,000) from the health care affordability fund for medicaid expansion population coverage.

The other state funds appropriation to the health care affordability fund program of the health care authority includes thirteen million five hundred nine thousand dollars ($13,509,000) from the health care affordability fund to subsidize state employees under two hundred fifty percent of the federal poverty level and for national guard members on TRICARE health plans.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Average per member per month small business premium discount	NEW	$0.0	N/A	N/A	N/A
Explanatory	Fund balance in the healthcare affordability fund at the end of the fiscal year	NEW	$0.0	N/A	N/A	N/A
Explanatory	Number of businesses participating in the small business premium relief initiative	NEW	$0.0	N/A	N/A	N/A
Explanatory	The average monthly marketplace affordability program out-of-pocket subsidy provided to eligible enrollees between zero and four hundred percent of the federal poverty level	NEW	$0.0	N/A	N/A	N/A
Explanatory	The average monthly marketplace affordability program premium subsidy provided to eligible enrollees between zero and four hundred percent of the federal poverty level	NEW	$0.0	N/A	N/A	N/A
Outcome	Increase in percent of marketplace enrollees in turquoise plans	NEW	0.0%	10.0%	Discontinued	Discontinued
Outcome	Increase in percent of small group enrollees in a platinum plan	NEW	0.0%	10.0%	Discontinued	Discontinued
Outcome	Percent of premium covered by small business premium relief initiative	NEW	0%	NEW	14%	NEW
Outcome	Percent of state out-of-pocket assistance-eligible population enrolled in marketplace coverage who are also enrolled in a turquoise plan	NEW	$0.0	NEW	$85.0	NEW
Outcome	Total dollars saved for consumers across all programs	NEW	$0	$200,000,000	Discontinued	Discontinued
Outcome	Total enrollment in the coverage expansion plan	NEW	0.0	7,700.0	Discontinued	Discontinued

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist it in achieving its programmatic goals.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	35,147.8	37,295.2	58,119.8	52,159.5	39.9
Other Transfers	329.6	2,300.0	2,300.0	2,300.0	0.0
Federal Revenues	57,641.0	73,540.4	74,537.8	61,537.8	(16.3)
Other Revenues	4,500.0	3,000.0	4,000.0	4,000.0	33.3
TOTAL SOURCES	**$97,618.4**	**$116,135.6**	**$138,957.6**	**$119,997.3**	**3.3**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	25,989.4	36,287.5	37,590.6	37,371.3	3.0
Contractual services	50,070.1	58,040.0	69,060.2	59,390.8	2.3
Other	21,490.1	21,808.1	32,306.8	23,235.2	6.5
TOTAL USES	**$97,549.6**	**$116,135.6**	**$138,957.6**	**$119,997.3**	**3.3**
FTE					
Permanent	239.0	330.0	330.0	330.0	0.0
Term	0.0	15.0	15.0	15.0	0.0
TOTAL FTE	**239.0**	**345.0**	**345.0**	**345.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of automated eligibility decisions including real time eligibility, administrative renewal, auto denial/closure, mass update, auto renewal and individual automation	37%	45%	40%	40%	45%
Outcome	Percent of employees who leave the New Mexico health care authority during the quarter as an annualized number	34%	19%	15%	15%	15%
Outcome	Percent of health care authority customers who reported being satisfied or very satisfied with the services they received from the contact center concerning the supplemental nutrition assistance program, medicaid, child support and other services	TBD	78%	N/A	75%	75%
Outcome	Percent of New Mexico health care authority positions that are filled as a portion of budgeted positions	89%	98%	95%	95%	95%
Output	Number of engagements across health care authority online and digital channels	1,610,080.0	8,418,768.0	900,000.0	900,000.0	8,400,000.0
Output	Percent of final decisions on administrative disqualification hearings issued within ninety days of hearing being scheduled	100.00%	100.00%	100.00%	100.00%	100.00%
Outcome	Percent of administrative cost compared to total claims collected by the restitution services bureau	9%	10%	13%	15%	15%
Outcome	Identified dollars to be recovered or collected for each dollar expended by the office of inspector general's medicaid program integrity unit	$8	$11	$10	$10	$10

Statutory Authority
The Workforce Solutions Department was created in 2007 by Sections 9-26-1 through 9-26-15 NMSA 1978 to establish a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Labor Department and the Office of Workforce Development. The department administers the Unemployment Compensation Act, Wagner-Peyser Act of 1993 as amended, Trade Adjustment Act of 1974, Unemployment Tax Act, Human Rights Act, and labor laws and regulations.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,275.1	14,734.6	21,301.6	15,234.6	3.4
Other Transfers	19,761.9	27,130.0	26,966.7	27,630.0	1.8
Federal Revenues	75,501.7	97,490.8	88,032.8	97,490.8	0.0
TOTAL SOURCES	**$108,538.7**	**$139,355.4**	**$136,301.1**	**$140,355.4**	**0.7**
USES					
Personal services and employee benefits	49,337.7	64,391.8	69,668.6	65,690.6	2.0
Contractual services	12,380.6	12,886.0	12,734.8	13,162.6	2.1
Other	46,609.6	62,077.6	53,897.7	61,502.2	(0.9)
TOTAL USES	**$108,327.9**	**$139,355.4**	**$136,301.1**	**$140,355.4**	**0.7**
FTE					
Permanent	606.5	508.0	528.0	508.0	0.0
Term	0.0	158.5	158.5	158.5	0.0
Temporary	0.0	38.0	38.0	38.0	0.0
TOTAL FTE	**606.5**	**704.5**	**724.5**	**704.5**	**0.0**

At A Glance
The Workforce Solutions Department (WSD) FY27 budget request totaled $136.3 million across all revenue sources, an overall decrease of about $3 million, or 2.2 percent, relative to the FY26 operating budget. WSD is primarily funded with federal revenue, and the decreased budget request was driven by agency-forecasted reductions in federal funding totaling about $9.5 million. The request included an increase in the use of general fund revenue of $6.6 million, or 44.6 percent, primarily to offset potential reductions in federal funding.

The request also included over $130 million in pilot program funding from the government results and opportunity (GRO) fund and $6.6 million in nonrecurring funding from the general fund. WSD requested GRO funding primarily for housing activities the agency took responsibility for in FY26. However, the Legislature has not assigned housing duties to the agency.

The LFC recommendation for WSD totals $140.4 million, an increase of 0.7 percent relative to the FY26 operating budget. The recommendation maintains the transfer from the Workers' Compensation Administration but reduces the amount to $250 thousand, backfilling $500 thousand in general fund revenue and resulting in a 3.4 percent increase in the use of general fund revenue. Although there is some uncertainty regarding federal funding, the LFC recommendation maintains a flat $97.5 million in budget authority for federal revenues. If the federal government ultimately decreases funding available to states in FY27, WSD would reduce its budget accordingly. Finally, the LFC recommendation provides a total of $27.6 million in transfer revenue, an increase of 1.8 percent to support increased information technology support needs.

Budget Issues
Unemployment Insurance. Despite some recent economic uncertainty, the New Mexico unemployment rate, or the rate of people surveyed who said they were not employed but still looking for work or waiting to be called back to work after a layoff, was 4.1 percent in August 2025, below prepandemic levels. In October 2025, roughly 11 thousand New Mexicans were receiving unemployment insurance benefits, roughly equivalent to prepandemic levels. Because federal pandemic revenues to support unemployment insurance have ended, WSD is projecting a decline in federal revenues and corresponding reductions in expenditures.

For FY27, within the Unemployment Insurance Division, WSD requested a total operating budget of $15.1 million, an increase of 6.1 percent relative to the FY26 operating budget. The request included a $1.6 million, or 117.7 percent, increase in general fund revenue. The requested increase would offset a reduction in federal funds of $773 thousand and increase personnel funding by about $860 thousand.

The LFC recommendation for FY27 reflects a flat overall operating budget of $14.2 million and maintains a flat general fund appropriation totaling $1.4 million. The recommendation does not include increases for personnel costs; FY25 actual expenditures for personnel costs were $10.4 million, roughly $1.3 million below the flat recommendation for FY27. Increased costs associated with health insurance, employee liability insurance, and other rate increases can be absorbed while continuing to allow the agency to fill vacant positions.

Employment Services and Apprenticeships. For WSD, unemployment and labor force participation trends mean decreased administrative burden due to less demand for unemployment insurance benefits but a greater need to identify people who have left the labor force and provide case management and other services to get them working. Bringing people into the labor force also requires working with higher education institutions to establish educational and training pipelines, including apprenticeships, and working with the Economic Development Department to ensure the right jobs are created in the most beneficial areas with the greatest impact. Employment services programs are primarily funded with federal revenue and transfer revenue, including transfers from the Temporary Assistance for Needy Families (TANF) program.

During the 2024 session, the Legislature made a significant investment to support workforce training by creating the workforce development and apprenticeship fund and transferring $30 million to the fund. In FY25 and FY26, the fund distributed $5 million to WSD for apprenticeship programs, and beginning in FY27, the fund will distribute $3 million. Thus far, the increased distribution primarily funded increased per-apprenticeship payments, while the number of registered apprentices in training remained relatively flat. Beginning in FY25, WSD also received a $600 thousand government results and opportunity (GRO) fund appropriation to pilot and evaluate pre-apprenticeship programs over three years. In the first year of the pilot program, 574 participants engaged in pre-apprenticeships. Long-run effects of the program remain unknown and the agency intends to continue to evaluate outcomes, though it has not identified a control group to allow comparison about the specific impact of the pre-apprenticeship program on skill attainment and employment.

Recognizing the importance of reaching disengaged workers who have left the labor force for improving labor market participation in the state, the Legislature appropriated $750 thousand in FY26 for WSD to conduct a study to identify evidence- or research-based strategies to increase labor force participation. In November 2025, the agency reported that a contractor had developed the intended study and preliminary results would be available during the 2026 legislative session. The results of the study may help WSD reach more disengaged adults and youth with its pre-apprenticeship and apprenticeship programs.

Within the Employment Services Program, WSD requested a total operating budget of $46.3 million, a decrease of 5.8 percent. The agency requested a $2.7 million, or 206.2 percent, increase in general fund revenue. Two million dollars of the increased general fund revenue was requested to assist the Health Care Authority (HCA) with satisfying new federal employment requirements for Medicaid eligibility. The remaining $736.8 thousand would partially offset requests to decrease internal transfer revenue by $1.7 million and federal fund revenue by $3.8 million.

The LFC recommendation provides a flat total Employment Services Program operating budget of $49.1 million. Because the Legislature appropriated $1.5 million for WSD activities to assist HCA with employment eligibility requirements during the 2025 special session, the recommendation does not include the requested general fund increase for that purpose. The recommendation maintains a transfer from the Workers' Compensation Administration but reduces the transfer from $750 thousand to $250 thousand, providing $500 thousand from the general fund to offset the decrease and increasing general fund revenue by 37.7 percent within the program. Excluding the reduction in the Workers' Compensation Administration transfer, the LFC recommendation maintains a flat transfer revenue budget of $20.8 million to continue supporting apprenticeship activities and other employment services. Despite some uncertainty in federal funding—namely, Workforce Innovation and Opportunity Act funding—the recommendation includes authority for a flat $26.5 million in federal funding, although WSD may need to adjust its budget if federal funding is ultimately lower than in the past.

Labor Relations. The Healthy Workplaces Act, enacted in 2021, requires employers to provide sick leave, and WSD is required to investigate complaints related to the act, which has significantly increased investigations. In November 2023, the Labor Relations Division received an adverse ruling in the case of *Olivas v. Nair* in the 1st Judicial District, which ruled the Labor Relations Division must issue wage and hour determinations in 85 percent of decisions within 120 days of receipt. To meet the conditions of the ruling, the Legislature appropriated $1.8 million to WSD to hire additional staff in FY25, and the department should have the resources to increase staffing and improve time to determinations.

For FY27, WSD requested a total of $6.6 million across all revenue sources for the Labor Relations Program, a roughly $150 thousand, or 2.3 percent, increase relative to FY26. The request included a $151.7 thousand, or 2.7 percent, increase in general fund revenue and a very slight decrease in federal funding.

The LFC recommendation maintains a flat budget of $6.4 million for the program. In FY25, actual expenditures were $5.5 million, and the flat recommendation provides WSD with sufficient budget for increased expenses, such as health and liability insurance rates and IT costs, as well as filling vacancies.

Workforce Technology. The FY27 WSD request for the Workforce Technology Program totaled $23.6 million, a 3.7 percent increase relative to FY26. The request included $7.7 million in general fund revenue, an increase of 29.5 percent, and $4.2 million in transfer revenue, an increase of 60 percent, to offset agency-forecasted decreases in federal funding of $2.5 million. The requested net increase of $847 thousand would support decreasing the vacancy rate within the program to provide additional technology support and cover increased personnel costs, including health and employee liability insurance rates.

The LFC recommendation totals $23.7 million across all revenue sources, a 4.4 percent increase relative to FY26. The recommendation includes $3.6 million in transfer revenue, an increase of 37.9 percent, to offset potential decreases in federal funding and support growing information technology support needs. The recommendation maintains a flat general fund appropriation.

Program Support. The WSD request for Program Support totaled $44.8 million across all revenues, a 4.4 percent decrease relative to FY26. The request included a general fund revenue increase of $300.8 thousand, or 52.4 percent, and a decrease in federal revenue of $2.4 million, or 5.1 percent. The request reflects forecasted decreases in federal revenues in the other category, primarily for grants to local governments for workforce programs, and increases funding for personnel costs, primarily to reduce vacancy rates.

The LFC recommendation for Program Support totals $46.9 million, flat relative to FY26. Based on FY25 actual expenditures, WSD should have sufficient funding to absorb even relatively significant decreases in federal funding within the program; FY25 actuals were over $12 million below the FY26 operating budget.

Base Expansion

WSD requested two expansions. The first, in the Employment Services Program, included $2 million to assist HCA with satisfying new federal employment requirements for Medicaid eligibility. The second, in the Workforce Technology Program, included $3.2 million to support additional personnel. The LFC recommendation does not include either expansion. WSD received $1.5 million during the first special session in 2025 for the agency to support HCA with federal employment requirements and the request for additional personnel within Workforce Technology is considered within the base operating budget.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Medicaid Program	P778	2,000.0	0.0
0	Workforce Technology Needs and Staffing	P777	3,209.1	0.0
TOTAL			**$5,209.1**	**$0.0**

UNEMPLOYMENT INSURANCE

The purpose of the unemployment insurance program is to administer an array of demand-driven workforce development services to prepare New Mexicans to meet the needs of business.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,139.5	1,389.0	3,024.2	1,389.0	0.0
Other Transfers	452.5	1,937.9	1,937.9	1,937.9	0.0
Federal Revenues	10,332.5	10,870.7	10,097.7	10,870.7	0.0
TOTAL SOURCES	**$11,924.5**	**$14,197.6**	**$15,059.8**	**$14,197.6**	**0.0**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	10,351.1	11,675.9	12,537.1	11,675.9	0.0
Contractual services	313.5	387.9	362.9	362.9	(6.4)
Other	1,259.9	2,133.8	2,159.8	2,158.8	1.2
TOTAL USES	**$11,924.5**	**$14,197.6**	**$15,059.8**	**$14,197.6**	**0.0**
FTE					
Permanent	122.2	116.0	116.0	116.0	0.0
Term	0.0	32.0	32.0	32.0	0.0
TOTAL FTE	**122.2**	**148.0**	**148.0**	**148.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	34%	55%	80%	80%	80%
Output	Percent of all first payments made within fourteen days after the waiting week	64.90%	68.80%	87.00%	87.00%	87.00%
Output	Percent of claimant separation determinations deemed accurate	39.45%	80.20%	75.00%	75.00%	75.00%
* Output	Average amount of waiting time to speak to a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	13:6	15:2	14:0	15:0	14:0
* Output	Average amount of waiting time to speak to a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	14:5	15:3	14:0	15:0	14:0

LABOR RELATIONS

The purpose of the labor relations program is to provide employment rights information and other work-site-based assistance to employers and employees.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,408.8	5,532.4	5,684.1	5,532.4	0.0
Other Transfers	55.6	715.7	715.7	715.7	0.0
Federal Revenues	67.4	160.0	158.1	160.0	0.0
TOTAL SOURCES	**$5,531.8**	**$6,408.1**	**$6,557.9**	**$6,408.1**	**0.0**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	4,915.9	5,795.5	5,921.6	5,795.5	0.0
Contractual services	91.9	148.1	148.2	148.1	0.0
Other	524.0	464.5	488.1	464.5	0.0
TOTAL USES	**$5,531.8**	**$6,408.1**	**$6,557.9**	**$6,408.1**	**0.0**
FTE					
Permanent	43.0	58.5	58.5	58.5	0.0
Term	0.0	4.0	4.0	4.0	0.0
TOTAL FTE	**43.0**	**62.5**	**62.5**	**62.5**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of discrimination claims investigated and issued a determination by the human rights bureau within one year	100%	100%	75%	75%	75%
Efficiency	Percent of non-settled wage claims issued an administrative decision within two hundred seventy days.	NEW	3%	90%	90%	90%
Efficiency	Percent of total public works projects inspected and public work payrolls audited within one year	105%	99%	80%	80%	80%
Output	Average number of days for the human rights bureau to issue a closure or determination	202.0	232.0	240.0	240.0	240.0

WORKFORCE TECHNOLOGY

The purpose of the workforce technology program is to provide and maintain customer-focused, effective and innovative information technology services for the department and its service providers.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,828.7	5,911.3	7,653.8	5,911.3	0.0
Other Transfers	2,297.9	2,642.0	4,228.0	3,642.0	37.9
Federal Revenues	13,588.5	14,169.8	11,688.3	14,169.8	0.0
TOTAL SOURCES	**$21,715.1**	**$22,723.1**	**$23,570.1**	**$23,723.1**	**4.4**
USES					
Personal services and employee benefits	4,500.8	5,351.0	6,198.0	5,753.9	7.5
Contractual services	9,581.0	9,122.1	9,122.1	9,600.0	5.2
Other	7,633.3	8,250.0	8,250.0	8,369.2	1.4
TOTAL USES	**$21,715.1**	**$22,723.1**	**$23,570.1**	**$23,723.1**	**4.4**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	39.0	38.0	38.0	38.0	0.0
Term	0.0	8.0	8.0	8.0	0.0
Temporary	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	**39.0**	**49.0**	**49.0**	**49.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of time the unemployment framework for automated claims and tax services are available during scheduled uptime	99%	100%	99%	99%	99%
Outcome	Number of minutes for response from system outage to restoration of service on unemployment framework for automated claims and tax service, in minutes	13:4	85:4	14:0	20:0	14:0

EMPLOYMENT SERVICES

The purpose of the employment services program is to provide standardized business solution strategies and labor market information through the New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	519.2	1,327.5	4,064.3	1,827.5	37.7
Other Transfers	16,849.9	21,283.1	19,533.8	20,783.1	(2.3)
Federal Revenues	17,472.8	26,530.5	22,682.6	26,530.5	0.0
TOTAL SOURCES	**$34,841.9**	**$49,141.1**	**$46,280.7**	**$49,141.1**	**0.0**
USES					
Personal services and employee benefits	20,044.8	29,868.5	31,862.5	30,277.5	1.4
Contractual services	1,711.3	1,977.7	2,338.3	2,288.3	15.7
Other	12,875.0	17,294.9	12,079.9	16,575.3	(4.2)
TOTAL USES	**$34,631.1**	**$49,141.1**	**$46,280.7**	**$49,141.1**	**0.0**
FTE					
Permanent	308.1	192.5	208.5	188.5	(2.1)
Term	0.0	108.5	108.5	108.5	0.0
Temporary	0.0	32.0	32.0	32.0	0.0
TOTAL FTE	**308.1**	**333.0**	**349.0**	**329.0**	**(1.2)**

Recommended Language

The internal service funds/interagency transfers appropriations to the employment services program of the workforce solutions department include two hundred fifty thousand dollars ($250,000) from the workers' compensation administration fund of the workers' compensation administration.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of recently separated veterans entering employment	55.00%	57.00%	55.00%	55.00%	55.00%
Outcome	Percent of unemployed disabled veterans entering employment after receiving workforce development services in an America's job center New Mexico location	53.00%	56.00%	60.00%	60.00%	60.00%
Output	Total number of individuals receiving employment services in an America's job center New Mexico location	67,545.0	83,756.0	87,500.0	87,500.0	87,500.0
Outcome	Percent of reemployment services and eligibility assessment program participants exhausting unemployment insurance benefits	46.20%	48.00%	47.00%	47.00%	47.00%
* Outcome	Percent of unemployed individuals employed after receiving employment services in an America's job center New Mexico location	65%	68%	60%	60%	65%
Outcome	Percent of reemployment services and eligibility assessment program participants reemployed	56.40%	55.70%	54.50%	54.50%	55.00%
Outcome	Percent of unemployed individuals receiving employment services in an America’s job center New Mexico location who retain employment after six months	63.00%	65.00%	65.00%	65.00%	65.00%
* Outcome	Average six-month earnings of individuals entering employment after receiving employment services in an America's job center New Mexico location	$19,493	$19,812	$16,250	$16,250	$19,000
Outcome	Percent of recently separated veterans retaining employment after six months	51.00%	52.00%	55.00%	55.00%	55.00%
Outcome	Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in an America's job center New Mexico location	$21,386	$20,275	$18,500	$18,500	$20,000
Outcome	Average change in six-month earnings of working individuals after receiving employment services in a an America’s job center New Mexico location	$2,217	$2,016	$3,000	$2,000	$3,000
* Output	Percent of audited apprenticeship programs deemed compliant	80%	0%	75%	75%	75%
Output	Total number of individuals accessing the agency's online job seeker portal	83,123.0	91,997.0	118,000.0	118,000.0	118,000.0
Output	Number of apprentices registered and in training	2,565.0	2,645.0	2,150.0	2,150.0	2,500.0

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program to achieve organizational goals and objectives.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	378.9	574.4	875.2	574.4	0.0
Other Transfers	105.9	551.3	551.3	551.3	0.0
Federal Revenues	34,040.5	45,759.8	43,406.1	45,759.8	0.0
TOTAL SOURCES	**$34,525.3**	**$46,885.5**	**$44,832.6**	**$46,885.5**	**0.0**
USES					
Personal services and employee benefits	9,525.1	11,700.9	13,149.4	12,187.8	4.2
Contractual services	682.8	1,250.2	763.3	763.3	(38.9)
Other	24,317.4	33,934.4	30,919.9	33,934.4	0.0
TOTAL USES	**$34,525.3**	**$46,885.5**	**$44,832.6**	**$46,885.5**	**0.0**
FTE					
Permanent	94.2	107.0	107.0	107.0	0.0
Term	0.0	6.0	6.0	6.0	0.0
Temporary	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	**94.2**	**116.0**	**116.0**	**116.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of adult and dislocated workers served by the Workforce Innovation and Opportunity Act as administered and directed by the local workforce development boards	2,802.0	2,378.0	2,863.0	2,500.0	2,863.0
Outcome	Percent of title I youth program participants who are in education or training activities, or in unsubsidized employment, during the second quarter after exit from a Workforce Innovation and Opportunity Act program	72.00%	65.00%	70.00%	70.00%	70.00%
Outcome	Percent of youth who are employed in the state	67.00%	62.00%	71.00%	62.00%	71.00%
Outcome	Number of enrolled participants in Title I Workforce Innovation and Opportunity Act training programs	4,804.0	4,175.0	6,850.0	4,000.0	6,850.0
Outcome	Percent of participants who are in unsubsidized employment during the fourth quarter after exit from a Workforce Innovation and Opportunity Act program	77.00%	78.00%	78.00%	78.00%	78.00%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of title I youth program participants who are in education or training activities, or in unsubsidized employment, during the fourth quarter after exit from a Workforce Innovation and Opportunity Act program	68.00%	68.00%	70.00%	70.00%	70.00%
Outcome	Percent of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act program	79.00%	79.00%	77.00%	77.00%	79.00%
Outcome	Median earnings of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act program	$9,421	$9,826	$8,650	$8,650	$9,000
Outcome	Percent of participants enrolled in an education or training program, excluding those in on-the-job training and customized training, who attain a recognized postsecondary credential or a secondary school diploma, or its recognized equivalent, during participation in or within one year after exit from a Workforce Innovation and Opportunity Act program	69.50%	65.00%	70.00%	70.00%	70.00%
Output	Number of enrolled youth participants in Title I Workforce Innovation and Opportunity Act training programs	13,323.0	1,509.0	1,450.0	1,450.0	1,500.0

Statutory Authority
The Workers' Compensation Administration (WCA) administers the Worker's Compensation Act (Sections 52-1-1 through 52-1-70 and Sections 52-5-1 through 52-5-22 NMSA 1978), Occupational Disease Disablement Act (Sections 52-3-1 through 52-3-60 NMSA 1978), and Health Care Provider Act (52-4-1 through 52-4-5 NMSA 1978). WCA is responsible for monitoring the insurance industry to ensure compliance with accepted performance standards, mediating and adjudicating contested workers' compensation claims, and regulating workers' compensation self-insurance activity.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	11,000.7	14,522.1	15,162.9	14,712.2	1.3
Fund Balance	0.0	1,013.1	1,013.1	1,000.0	(1.3)
TOTAL SOURCES	**$11,000.7**	**$15,535.2**	**$16,176.0**	**$15,712.2**	**1.1**
USES					
Personal services and employee benefits	11,712.9	12,300.1	13,631.8	13,090.5	6.4
Contractual services	391.1	517.1	542.5	447.5	(13.5)
Other	2,087.5	1,968.0	2,001.7	1,924.2	(2.2)
Other financing uses	1,000.0	750.0	0.0	250.0	(66.7)
TOTAL USES	**$15,191.5**	**$15,535.2**	**$16,176.0**	**$15,712.2**	**1.1**
FTE					
Permanent	102.0	122.0	123.0	122.0	0.0
TOTAL FTE	**102.0**	**122.0**	**123.0**	**122.0**	**0.0**

At A Glance
The Workers' Compensation Administration (WCA) requested a budget increase of $640.8 thousand, or 4.1 percent, for FY27. However, because WCA's budget request included elimination of a $750 thousand transfer to the Workforce Solutions Department (WSD), the requested increase represents a $1.4 million, or 9.4 percent, increase in the agency's operational budget. The requested increases were almost entirely attributed to an increase of $1.3 million, or 10.8 percent, for personnel, which would more than allow the agency to fund filled positions at current, increased salaries and cover rate increases.

The FY27 LFC recommendation increases personnel spending by 6.4 percent to cover the costs of existing personnel and reduces the transfer to WSD from $750 thousand to $250 thousand. Overall, the FY27 LFC recommendation is a 1.1 percent increase over FY26. WCA is entirely funded by revenue generated by a base assessment on worker payroll in New Mexico. Since the pandemic, WCA expenditures have grown at a faster rate than revenue generated by the assessment, threatening funding sustainability. In 2025, the Legislature passed rate increases and made a one-time infusion into the WCA fund through a general fund transfer. These infusions are projected to sustain WCA funding for the next several years, assuming expenditure growth does not continue at the same rate as in the past five years.

Budget Issues
In FY26, the base assessment for workers' compensation increased for the first time since it was first established in 1993. Legislation passed in 2025 increases the previously $4.30 per employee per quarter assessment to $4.80 in FY26 through FY28, to $5.06 in FY29 through FY33, and to $5.30 in FY34 and later. Revenue from the assessment is used to operate WCA. Most revenue generated from the assessment is deposited in the WCA fund and 30 cents is earmarked for the uninsured employers' fund to pay claims filed against employers noncompliant with the workers' compensation insurance law. The Taxation and Revenue Department collects the fees.

Since FY24, WCA has been using fund balance from the WCA fund to pay for operating expenses, which have outpaced revenues since the pandemic. Between FY19 and FY25, actual expenditures grew from $11.5 million to $15.2 million, or 32 percent. The agency has provided in-pay-band compensation adjustments in recent years to address recruitment and retention challenges and legislatively required compensation increases, including the judicial salary increase adopted by the Legislature during the 2024 session. When the Legislature authorizes compensation increases, WCA uses fund balance for these increases. Between FY20 and early FY26, average salaries at the WCA grew by 60 percent.

In FY24 and FY25, prior to rate increases, WCA collected a total of roughly $13.6 million through the workers' compensation assessment. The rate increase effective in FY26 constitutes an 11.6 percent increase. Assuming employment in the state does not change, the rate increase would raise revenue from the assessment to about $15.8 million in FY26 through FY28. About $1 million of the collected revenue would go to the uninsured employers' fund (UEF) and the remainder would be deposited in the WCA fund. While the FY24 WCA audit was unmodified, it identified one material weakness related to adequate assessment of the allowance for outstanding receivables for the UEF and recommended that management revisit the process for evaluating UEF receivable balances for collectability and document the policy.

For FY27, WCA requested a budget totaling $16.2 million, including a 10.8 percent increase for personnel to fund existing positions and provide some additional budget for compensation increases or hiring. In addition, the budget request included increases of $33.7 thousand in other costs and $25.4 thousand in contractual services. The WCA budget request eliminated the $750 thousand transfer from the WCA fund to the Workforce Solutions Department (WSD). Overall, the request would allow for a 9.4 percent increase in agency spending but is a net increase of only 4.1 percent because of the elimination of the WSD transfer.

The FY27 LFC budget recommendation aims to limit WCA expenditure growth and totals $15.7 million, an increase of 1.1 percent. The LFC recommendation increases personnel spending by $790.4 thousand, or 6.4 percent, to fund existing filled positions and cover rate increases, including $351.6 thousand for insurance premiums paid for with revenue from the health care affordability fund in FY26. Given average salary increases over the past five years, the recommendation does not include funding for additional compensation increases in FY27. The recommendation decreases contractual services by $69.6 thousand to align with FY25 actual expenditures, largely by reducing the budget for audit services in line with the FY27 rate schedule. The recommendation also reduces the other category by $43.8 thousand, in alignment with FY25 actual spending less one-time expenses, such as furniture and equipment. In addition, the LFC budget recommendation maintains the transfer to WSD but reduces the amount to $250 thousand in FY27.

After the infusion of $6 million from the general fund in FY26, the worker's compensation administration fund has a healthy balance. However, despite the infusion and anticipated increases in revenue collection from workers' compensation assessment rate increases, the fund will only remain solvent if costs are contained, particularly if employment in the state decreases. To ensure solvency, the Legislature may consider further reducing the transfer to WSD or loosening statutory restrictions on the use of the UEF, which maintains a growing fund balance.

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to assure the quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to employers.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	9,930.1	13,405.9	13,873.2	13,508.7	0.8
Fund Balance	0.0	1,013.1	1,013.1	1,000.0	(1.3)
TOTAL SOURCES	**$9,930.1**	**$14,419.0**	**$14,886.3**	**$14,508.7**	**0.6**
USES					
Personal services and employee benefits	11,127.9	11,802.0	12,970.2	12,458.5	5.6
Contractual services	352.9	396.0	411.4	377.5	(4.7)
Other	1,634.7	1,471.0	1,504.7	1,422.7	(3.3)
Other financing uses	1,000.0	750.0	0.0	250.0	(66.7)
TOTAL USES	**$14,115.5**	**$14,419.0**	**$14,886.3**	**$14,508.7**	**0.6**
FTE					
Permanent	98.0	118.0	119.0	118.0	0.0
TOTAL FTE	**98.0**	**118.0**	**119.0**	**118.0**	**0.0**

Recommended Language

The other state funds appropriation to the workers' compensation administration program in the other financing uses category includes two hundred fifty thousand dollars ($250,000) from the workers' compensation administration fund for the employment services program of the workforce solutions department.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of formal claims resolved without trial	97.00%	97.00%	97.00%	97.00%	97.00%
* Outcome	Number of serious injuries and illnesses caused by workplace conditions per one hundred workers	0.6	0.5	0.6	0.4	0.4
* Outcome	Percent of employers determined to be in compliance with insurance requirements of the Workers' Compensation Act after initial investigations	98%	97%	97%	97%	97%
Outcome	Percent of employers in the risk reduction program that pass the follow-up inspections	96.00%	96.00%	96.00%	96.00%	96.00%
Outcome	Percent of formal complaints and applications resolved within six months of filing	82.00%	82.00%	82.00%	82.00%	82.00%

UNINSURED EMPLOYERS' FUND

The purpose of the uninsured employers' fund program is to provide workers' compensation benefits for injured workers whose employers do not carry workers' compensation insurance but are legally required to do so.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	1,070.6	1,116.2	1,289.7	1,203.5	7.8
TOTAL SOURCES	**$1,070.6**	**$1,116.2**	**$1,289.7**	**$1,203.5**	**7.8**
USES					
Personal services and employee benefits	585.0	498.1	661.6	632.0	26.9
Contractual services	38.2	121.1	131.1	70.0	(42.2)
Other	452.8	497.0	497.0	501.5	0.9
TOTAL USES	**$1,076.0**	**$1,116.2**	**$1,289.7**	**$1,203.5**	**7.8**
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	**4.0**	**4.0**	**4.0**	**4.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of indemnity payments for eligible and compensable claims initiated within one hundred twenty days of filing of formal litigation complaint	70.00%	70.00%	70.00%	70.00%	70.00%
Output	Percent of reimbursements collected to claims expenses paid out on a fiscal year basis	33.00%	33.00%	33.00%	33.00%	33.00%

Statutory Authority
The Vocational Rehabilitation Division (DVR), a division within the Public Education Department, is governed by the statutory guidelines outlined in Sections 22-14-1 to 22-14-30 NMSA 1978. The statute requires DVR to provide guidance, counseling, and vocational education to disabled individuals, training for vocational education instructors, training material and equipment, and transportation.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,867.3	7,067.3	7,067.3	7,067.3	0.0
Other Transfers	198.5	199.0	200.1	200.1	0.6
Federal Revenues	49,795.9	56,027.0	58,237.9	58,237.9	3.9
Other Revenues	50.6	0.0	0.0	0.0	0.0
Fund Balance	0.0	951.2	951.2	951.2	0.0
TOTAL SOURCES	**$56,912.3**	**$64,244.5**	**$66,456.5**	**$66,456.5**	**3.4**
USES					
Personal services and employee benefits	29,997.8	33,029.7	34,957.7	34,957.7	5.8
Contractual services	4,179.2	6,711.7	6,755.2	6,755.2	0.6
Other	24,015.9	24,270.6	24,534.0	24,534.0	1.1
Other financing uses	233.3	232.5	209.6	209.6	(9.8)
TOTAL USES	**$58,426.2**	**$64,244.5**	**$66,456.5**	**$66,456.5**	**3.4**
FTE					
Permanent	250.0	41.0	41.0	41.0	0.0
Term	0.0	313.0	303.0	303.0	(3.2)
TOTAL FTE	**250.0**	**354.0**	**344.0**	**344.0**	**(2.8)**

At A Glance
The Vocational Rehabilitation Division (DVR) requested $7 million from the general fund, flat with the FY26 operating budget, and requested an additional 3.9 percent increase in federal revenue. The agency also requested expenditure of fund balance equal to FY26 for the Administrative Services Program. The Independent Living Services and Disability Determination programs, respectively, requested a 14.7 percent increase in other transfers and 3.2 percent increase in federal funds. The request for the Rehabilitation Services Program included no increase in general fund revenue and a 4.6 percent increase in federal funds to support rehabilitation care and support services and a 6.6 percent increase for personnel.

The LFC recommendation for FY27 supports the agency's request for the Administrative Services, Disability Determination, Independent Living, and Rehabilitation Services programs. LFC recommends maximizing DVR's leveraging of federal funds to support rehabilitation and independent living services at the Commission for the Blind and the Commission for Deaf and Hard-of-Hearing Persons.

The agency met seven out of 11 of its FY25 performance measures, with the Administrative Services Program not meeting its performance targets, and the Disability Determination Program taking longer than projected to complete applications. In its FY24 audit, the agency had a material weakness audit finding regarding internal control over financial reporting and a significant deficiency audit finding regarding internal financial control compliance.

ADMINISTRATIVE SERVICES

The purpose of the administrative services program is to provide leadership, policy development, financial analysis, budgetary control, information technology services, administrative support and legal services to the vocational rehabilitation division. The administration services program function is to ensure the vocational rehabilitation division achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	5,834.2	5,918.8	6,162.6	6,162.6	4.1
Other Revenues	50.6	0.0	0.0	0.0	0.0
Fund Balance	0.0	951.2	951.2	951.2	0.0
TOTAL SOURCES	**$5,884.8**	**$6,870.0**	**$7,113.8**	**$7,113.8**	**3.5**
USES					
Personal services and employee benefits	4,806.8	5,252.5	5,568.3	5,568.3	6.0
Contractual services	205.0	256.9	256.9	256.9	0.0
Other	872.9	1,360.6	1,288.6	1,288.6	(5.3)
TOTAL USES	**$5,884.7**	**$6,870.0**	**$7,113.8**	**$7,113.8**	**3.5**
FTE					
Permanent	36.0	1.0	1.0	1.0	0.0
Term	0.0	42.0	42.0	42.0	0.0
TOTAL FTE	**36.0**	**43.0**	**43.0**	**43.0**	**0.0**

Recommended Language
Any unexpended balances in the vocational rehabilitation division remaining at the end of fiscal year 2027 from appropriations made from the general fund shall not revert and may be expended in fiscal year 2028.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	7.0	6.0	6.0	6.0	5.0
Outcome	Number of working days between disbursements of federal funds from federal treasury to deposit of such funds into state treasury	1.0	14.0	1.0	1.0	1.0

REHABILITATION SERVICES

The purpose of the rehabilitation services program is to promote opportunities for people with disabilities to become more independent and productive by empowering individuals with disabilities so they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,204.6	6,404.6	6,404.6	6,404.6	0.0
Other Transfers	191.5	191.5	191.5	191.5	0.0
Federal Revenues	28,185.8	28,912.0	30,240.6	30,240.6	4.6
TOTAL SOURCES	**$34,581.9**	**$35,508.1**	**$36,836.7**	**$36,836.7**	**3.7**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	16,289.3	16,604.6	17,704.2	17,704.2	6.6
Contractual services	1,672.6	2,200.3	2,200.3	2,200.3	0.0
Other	18,070.7	16,503.2	16,732.2	16,732.2	1.4
Other financing uses	200.0	200.0	200.0	200.0	0.0
TOTAL USES	**$36,232.6**	**$35,508.1**	**$36,836.7**	**$36,836.7**	**3.7**
FTE					
Permanent	131.0	27.0	27.0	27.0	0.0
Term	0.0	148.0	148.0	148.0	0.0
TOTAL FTE	**131.0**	**175.0**	**175.0**	**175.0**	**0.0**

Recommended Language
The general fund appropriation to the rehabilitation services program of the vocational rehabilitation division in the other category includes five hundred thousand dollars ($500,000) to provide adult vocational rehabilitation services.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the vocational rehabilitation division in the other category includes one hundred thousand dollars ($100,000) from the blind services program of the commission for the blind to match with federal funds to provide rehabilitation services to blind or visually impaired New Mexicans.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the vocational rehabilitation division in the other category includes ninety-one thousand five hundred dollars ($91,500) from the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

The federal funds appropriation to the rehabilitation services program of the vocational rehabilitation division in the other financing uses category includes two hundred thousand dollars ($200,000) for the blind services program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of clients achieving measurable skills gain per fiscal year	37%	53%	54%	54%	54%
* Outcome	Number of clients achieving suitable employment for a minimum of ninety days	523.0	645.0	650.0	650.0	650.0
* Outcome	Percent of clients achieving suitable employment outcomes of all cases closed after receiving planned services	58%	45%	60%	60%	60%
Outcome	Percent of clients achieving suitable employment outcomes competitively employed or self-employed	100.00%	100.00%	100.00%	100.00%	100.00%
Outcome	Percent of clients with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	98.00%	100.00%	99.00%	99.00%	99.00%

INDEPENDENT LIVING SERVICES

The purpose of the independent living services program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	662.7	662.7	662.7	662.7	0.0
Other Transfers	7.0	7.5	8.6	8.6	14.7
Federal Revenues	1,054.0	1,421.5	1,420.4	1,420.4	(0.1)
TOTAL SOURCES	**$1,723.7**	**$2,091.7**	**$2,091.7**	**$2,091.7**	**0.0**
USES					
Contractual services	51.1	51.5	95.0	95.0	84.5
Other	1,502.7	2,007.7	1,987.1	1,987.1	(1.0)
Other financing uses	33.3	32.5	9.6	9.6	(70.5)
TOTAL USES	**$1,587.1**	**$2,091.7**	**$2,091.7**	**$2,091.7**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriation to the independent living services program of the vocational rehabilitation division in the other category includes eight thousand six hundred dollars ($8,600) from the blind services program of the commission for the blind to match with federal funds to provide independent living services to blind or visually impaired New Mexicans.

The federal funds appropriation to the independent living services program of the vocational rehabilitation division in the other financing uses category includes nine thousand six hundred dollars ($9,600) for the blind services program of the commission for the blind to provide independent living services to blind or visually impaired New Mexicans.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Number of independent living plans developed	1,554.0	1,024.0	1,600.0	1,600.0	1,600.0
* Output	Number of individuals served for independent living	1,665.0	1,080.0	1,700.0	1,700.0	1,700.0

DISABILITY DETERMINATION

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so they may receive benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	14,721.8	19,774.7	20,414.3	20,414.3	3.2
TOTAL SOURCES	**$14,721.8**	**$19,774.7**	**$20,414.3**	**$20,414.3**	**3.2**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	8,901.7	11,172.6	11,685.2	11,685.2	4.6
Contractual services	2,250.5	4,203.0	4,203.0	4,203.0	0.0
Other	3,569.6	4,399.1	4,526.1	4,526.1	2.9
TOTAL USES	**$14,721.8**	**$19,774.7**	**$20,414.3**	**$20,414.3**	**3.2**
FTE					
Permanent	83.0	13.0	13.0	13.0	0.0
Term	0.0	123.0	113.0	113.0	(8.1)
TOTAL FTE	**83.0**	**136.0**	**126.0**	**126.0**	**(7.4)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Efficiency	Average number of days to complete an initial disability claim	138.0	211.0	185.0	215.0	210.0
Quality	Percent of initial disability determinations completed accurately	98.10%	99.40%	98.30%	97.00%	98.00%

Statutory Authority
Sections 28-10-1 through 28-10-8 NMSA 1978 create the Governor's Commission on Disability. The commission has 15 members, with nine appointed by the governor. Six members are representatives of other state agencies: the secretaries of the Health Care Authority, Workforce Solutions, Aging and Long-Term Services, and Children, Youth and Families departments and the directors of the Vocational Rehabilitation Division of the Public Education Department and the Behavioral Health Services Division of the Health Care Authority. Section 24-20-3 NMSA 1978 created the Brain Injury Advisory Council. The council consists of no fewer than eighteen and no more than twenty-four members, who advice the Governor's Commission on Disability, the Governor, the Legislature, and other state agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,513.2	1,587.6	1,931.5	1,683.3	6.0
Other Transfers	207.0	0.0	0.0	0.0	0.0
Federal Revenues	322.0	541.1	550.0	550.0	1.6
Fund Balance	0.0	250.0	200.0	200.0	(20.0)
TOTAL SOURCES	**$2,042.2**	**$2,378.7**	**$2,681.5**	**$2,433.3**	**2.3**
USES					
Personal services and employee benefits	1,226.7	1,385.6	1,669.8	1,438.1	3.8
Contractual services	189.6	193.6	195.7	195.7	1.1
Other	528.4	799.5	816.0	799.5	0.0
TOTAL USES	**$1,944.7**	**$2,378.7**	**$2,681.5**	**$2,433.3**	**2.3**
FTE					
Permanent	11.0	11.0	11.0	9.0	(18.2)
Term	0.0	4.0	4.0	4.0	0.0
TOTAL FTE	**11.0**	**15.0**	**15.0**	**13.0**	**(13.3)**

At A Glance
The Governor's Commission on Disability requested a total general fund appropriation of nearly $1.7 million, an increase of $343.9 thousand, or almost 22 percent, over FY26. The commission requested a minor increase in federal revenue of $9,100 and requested $200 thousand from the fund balance for FY27, a 20 percent decrease from FY26. The commission also requested a 20.5 percent increase in personnel to fill longstanding vacancies. One of the vacancies is for another architect so that the state can provide more in-home ramps and shower modifications to New Mexicans with disabilities.

LFC recommends a general fund increase of $248.2 thousand, or 6 percent, primarily driven by an $46.3 thousand increase in personnel to support increased costs associated with employee health contributions.

The Brain Injury Advisory Council, staffed and administratively supported by the commission, met both of its performance measure targets for the second year in a row. The commission met all three out of four performance measure targets, whereas in the previous year the commission met all four. The commission had two audit findings: one for exceeding its budget authority by $177 and one for a late submission of its audit report.

GOVERNOR'S COMMISSION ON DISABILITY

The purpose of the governor's commission on disability program is to promote policies and programs that focus on common issues faced by New Mexicans with disabilities, regardless of type of disability, age or other factors. The commission educates state administrators, legislators and the general public on the issues facing New Mexicans with disabilities, especially as they relate to federal Americans with Disabilities Act directives, building codes, disability technologies and disability culture so they can improve the quality of life of New Mexicans with disabilities.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,278.0	1,340.2	1,673.9	1,440.6	7.5
Other Transfers	207.0	0.0	0.0	0.0	0.0
Federal Revenues	322.0	541.1	550.0	550.0	1.6
Fund Balance	0.0	250.0	200.0	200.0	(20.0)
TOTAL SOURCES	**$1,807.0**	**$2,131.3**	**$2,423.9**	**$2,190.6**	**2.8**
USES					
Personal services and employee benefits	1,135.4	1,288.7	1,568.3	1,335.0	3.6
Contractual services	128.3	135.5	137.0	137.0	1.1
Other	468.6	707.1	718.6	718.6	1.6
TOTAL USES	**$1,732.3**	**$2,131.3**	**$2,423.9**	**$2,190.6**	**2.8**
FTE					
Permanent	10.0	10.0	10.0	8.0	(20.0)
Term	0.0	4.0	4.0	4.0	0.0
TOTAL FTE	**10.0**	**14.0**	**14.0**	**12.0**	**(14.3)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of requested architectural plan reviews and site inspections completed	100%	77%	99%	99%	99%
Output	Number of technology assistance program devices loaned statewide	756.0	633.0	660.0	660.0	660.0
Output	Number of technology assistance program outreach presentations, trainings and events	183.0	181.0	220.0	220.0	220.0
Outcome	Percent of constituent inquiries addressed	100.00%	99.78%	100.00%	100.00%	100.00%

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the use and implementation of programs provided through the health care authority's brain injury services fund so the department may align service delivery with needs identified by the brain injury community.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	235.2	247.4	257.6	242.7	(1.9)
TOTAL SOURCES	**$235.2**	**$247.4**	**$257.6**	**$242.7**	**(1.9)**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	91.2	96.9	101.5	103.1	6.4
Contractual services	61.3	58.1	58.7	58.7	1.0
Other	59.8	92.4	97.4	80.9	(12.4)
TOTAL USES	**$212.3**	**$247.4**	**$257.6**	**$242.7**	**(1.9)**
FTE					
Permanent	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	**1.0**	**1.0**	**1.0**	**1.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of individuals receiving education or training on brain injury issues who demonstrate increased knowledge as evidenced by pre- and post-training tests	95.03%	96.00%	95.00%	95.00%	97.00%
Output	Number of individuals who received technical assistance regarding brain injury	5,331.0	3,998.0	4,000.0	4,000.0	4,500.0

Statutory Authority
The Developmental Disabilities Council (DDC) was created to comply with the federal Developmental Disabilities Assistance and Bill of Rights Act and functions as a statewide planning and advocacy agency for people with developmental disabilities. The council includes the Office of Guardianship, responsible for providing guardianship services to individuals assigned by the judiciary as being unable to manage their financial affairs (Section 45-5-310 NMSA 1978), and the Office of the Special Education Ombud (Section 28-16C-1 to 28-16C-11 NMSA 1978), responsible for investigating and resolving special education concerns raised by parents or guardians.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,300.1	10,077.8	12,105.0	10,507.8	4.3
Other Transfers	761.0	625.0	625.0	625.0	0.0
Federal Revenues	599.6	615.8	550.0	550.0	(10.7)
TOTAL SOURCES	**$10,660.7**	**$11,318.6**	**$13,280.0**	**$11,682.8**	**3.2**
USES					
Personal services and employee benefits	2,687.8	2,762.9	3,010.3	2,986.5	8.1
Contractual services	6,834.3	7,691.7	9,207.5	7,811.8	1.6
Other	1,060.9	864.0	1,062.2	884.5	2.4
TOTAL USES	**$10,583.0**	**$11,318.6**	**$13,280.0**	**$11,682.8**	**3.2**
FTE					
Permanent	25.0	27.0	27.0	27.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**25.0**	**28.0**	**28.0**	**28.0**	**0.0**

At A Glance
For FY27, the Developmental Disabilities Council (DDC) requested $12.1 million in general fund revenue, an increase of $2 million, or 20.1 percent, over the FY26 agency operating budget. Within the Office of Guardianship, the request included an increase of $1.2 million in general fund revenue to support rate increases for professional guardians. The request also included increases in the base budget of $229 thousand to continue implementation of the Supported Decision-Making Act passed in 2025 and $47 thousand to mitigate growth of the waiting list for guardianship services. Across both the Office of Guardianship and the Developmental Disabilities Council programs, the agency requested about $500 thousand in increased general fund revenue for personnel, rent, General Services Department (GSD) risk insurance rate increases, and other operating expenses. In addition to the requested base budget increases, DDC requested supplemental and special appropriations in FY26 and FY27 to address the waiting list for guardianship services.

The committee recommends an overall general fund base budget increase of $430 thousand, or 4.3 percent. The recommendation includes $230 thousand for continued implementation of supported decision-making, $100 thousand within contractual services to mitigate growth in the waitlist of New Mexicans applying for and receiving guardianship services, $70 thousand to cover increased insurance premiums, and $30 thousand to support fixed cost increases within the other category.

Budget Issues
Guardianship. The Developmental Disabilities Council (DDC) Office of Guardianship provides statewide legal services to appoint guardians to income-eligible adults. If a family member or friend is willing and able to serve as guardian, the office petitions the court to appoint the family member or friend as guardian. If no family member or friend can serve, the office petitions the court to appoint a professional guardian and pays monthly for the professional guardian's services. In recent years, slightly less than 50 percent of requests for guardianship services result in the assignment of a professional guardian. Additionally, the office provides mental health treatment guardians for those found to lack sufficient decision-making capacity and needing assistance to make behavioral health treatment decisions. During the 2025 legislative session, the Supported Decision-Making Act passed, establishing a new program within the Office of Guardianship dedicated to providing protected persons with an alternative to guardianship in which individuals maintain greater decision-making power with appropriate assistance. The availability of supported decision-making is expected to reduce the need for guardianship within New Mexico.

The agency estimates each new guardianship application case costs $2,250 in legal services to initiate. The office generally pays a monthly flat fee of $445 for professional guardianship services and $175 for mental health treatment guardianship, if a professional or treatment guardian is assigned. The professional guardianship rate increased from $325 to the current rate in FY22 based on an earlier rate study and the treatment guardianship rate increased from $125 to the current rate at the start of FY26 based on a rate study, discussed below, conducted in FY25.

Between FY24 and FY25, the number of active guardianship cases in New Mexico increased by 5.8 percent, from 1,006 to 1,064, continuing a trend of increasing cases over the last several years. DDC attributes the increase in guardianship applications and active cases to New Mexico's aging population and increases in the number of New Mexicans receiving services under the Developmental Disabilities waiver program, among other factors. DDC projects roughly 1,100 active guardianship cases in FY27. Between FY24 and FY26, DDC received a base budget increase within contractual services of roughly 8 percent to account for increased active guardianship cases. As of August 2025, DDC reported a waiting list of roughly 350 cases. In FY25, the average time spent on the waiting list was 8.1 months, below the agency's performance target of nine months but an increase relative to FY24.

In FY25, DDC received a base budget increase of $203 thousand to hire an additional attorney and social worker to reduce time spent on the waiting list and handle comprehensive service reviews, as well as a $200 thousand special appropriation and a $300 thousand supplemental appropriation for guardianship waiting list management. In FY26, the agency's base budget was increased to mitigate the growth of the waiting list, providing contractual services funding for processing 480 new cases a year, and the agency received a $600 thousand special appropriation for waiting list management.

In FY25, DDC received $60 thousand for a guardianship services rate study. The study, completed in June 2025, recommended significant rate increases. However, given the variability in individual case needs and geography, the study also recommended considering a tiered reimbursement rate and separate reimbursement for mileage. Additionally, the rate study identified few comparator states for rates, and New Mexico's current rates do not meaningfully differ from those comparators.

For FY27, the DDC requested a total of $9 million in contractual services to provide guardianship services, an increase of $1.5 million largely attributable to rate increases. The committee recommendation provides a total of $7.6 million, an increase of $100 thousand, and provides sufficient funding to provide ongoing professional guardianship services to over 1,100 cases and process over 500 new applications at current rates. Given the recent rate increases and qualifications in the rate study performed, the committee recommendation does not include increases for rate increases in FY27. The committee recommendation includes $230 thousand for DCC's ongoing implementation of supported decision-making and about $50 thousand for rate increases and other expenses.

Developmental Disabilities Council Program. In 2021, the Developmental Disabilities Council began several new programs and initiatives, including the Office of the Special Education Ombud to assist students and families navigating the state's special education system and the Marilyn Martinez State Jobs Program to provide training to New Mexicans living with intellectual disabilities. DDC requested a base budget general fund increase of $272.7 thousand to offset anticipated reductions in federal funding, increase personnel services, and support increased operating costs, including rent, rate increases, and travel expenses.

The committee recommendation includes an increase of $50 thousand in general fund revenue to fully fund existing filled positions and fund rate increases.

DEVELOPMENTAL DISABILITIES COUNCIL

The purpose of the developmental disabilities council program is to provide and produce opportunities for people with disabilities so they may realize their dreams and potential and become integrated members of society.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,379.2	1,538.8	1,811.5	1,588.8	3.2
Other Transfers	98.8	75.0	75.0	75.0	0.0
Federal Revenues	599.6	615.8	550.0	550.0	(10.7)
TOTAL SOURCES	**$2,077.6**	**$2,229.6**	**$2,436.5**	**$2,213.8**	**(0.7)**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	1,213.0	1,362.3	1,411.8	1,403.5	3.0
Contractual services	105.7	160.7	165.2	119.5	(25.6)
Other	699.7	706.6	859.5	690.8	(2.2)
TOTAL USES	**$2,018.4**	**$2,229.6**	**$2,436.5**	**$2,213.8**	**(0.7)**
FTE					
Permanent	13.0	13.0	13.0	13.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**13.0**	**14.0**	**14.0**	**14.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of individuals contacting the office of the special education ombud for assistance supporting a student with disabilities who receive a response from the office within two business days	100.0%	100.0%	98.0%	98.0%	98.0%
Outcome	Percent of individuals contacting the office of the special education ombud for emergency assistance supporting a student with disabilities who receive a response from the office within twenty-four hours	100.0%	100.0%	98.0%	98.0%	98.0%
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within one month of completion of a request for services	100.0%	100.0%	100.0%	100.0%	100.0%
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within six months of completion of a request for services	100.0%	100.0%	100.0%	100.0%	100.0%
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within three months of completion of a request for services	100.0%	100.0%	100.0%	100.0%	100.0%
Output	Number of initial ombud recruitment trainings conducted	1.0	1.0	4.0	4.0	4.0
Output	Number of presentations or trainings provided statewide to promote the rights of students with disabilities and the services of the office of the special education ombud	50.0	58.0	50.0	60.0	60.0
Output	Number of individuals with developmental disabilities and family members trained on leadership, self-advocacy and disability-related issues	12,978.0	12,317.0	7,000.0	7,000.0	7,000.0

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of outreach or training activities conducted statewide focused on accessing community supports	930.0	1,081.0	450.0	450.0	450.0
Output	Number of contact with individuals with developmental disabilities and family members to assist in accessing information on local, community-based health resources	68,114.0	86,675.0	78,000.0	78,000.0	78,000.0
Output	Number of training opportunities for individuals with developmental disabilities to become leaders and train and mentor others with developmental disabilities	328.0	259.0	200.0	200.0	200.0
Outcome	Percent of projects funded by the developmental disabilities council that promote meaningful employment opportunities and public awareness that people with developmental disabilities can work	91.00%	82.00%	90.00%	90.00%	90.00%
Output	Number of presentations, trainings or technical assistance provided statewide that promote individualized and inclusive educational opportunities within the school system for students with developmental disabilities	285.0	185.0	200.0	200.0	200.0

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship program is to enter into, monitor and enforce guardianship contracts for income-eligible persons and to help file, investigate and resolve complaints about guardianship services provided by contractors to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,920.9	8,539.0	10,293.5	8,919.0	4.5
Other Transfers	662.2	550.0	550.0	550.0	0.0
TOTAL SOURCES	**$8,583.1**	**$9,089.0**	**$10,843.5**	**$9,469.0**	**4.2**
USES					
Personal services and employee benefits	1,474.8	1,400.6	1,598.5	1,583.0	13.0
Contractual services	6,728.7	7,531.0	9,042.3	7,692.3	2.1
Other	361.2	157.4	202.7	193.7	23.1
TOTAL USES	**$8,564.7**	**$9,089.0**	**$10,843.5**	**$9,469.0**	**4.2**
FTE					
Permanent	12.0	14.0	14.0	14.0	0.0
TOTAL FTE	**12.0**	**14.0**	**14.0**	**14.0**	**0.0**

Recommended Language

The contractual services appropriations to the office of guardianship program of the developmental disabilities council include seven million five hundred thousand dollars ($7,500,000) to provide legal services and professional guardianship services for clients.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of assessments, welfare visits, comprehensive service review interviews and teleconference, in-person or videoconference visits and other protected person visits performed by office of guardianship staff or contractors	206.0	399.0	225.0	250.0	250.0
Output	Percent of complaints the received by the office of guardianship that are processed and resolved in compliance with state administrative code	100%	100%	100%	100%	100%
Output	Percent of guardianship contractors who undergo a comprehensive service review	100%	100%	100%	100%	100%
* Outcome	Average amount of time spent on waiting list, in months	5:7	8:1	7:5	7:5	7:5
Outcome	Average number of people on the waiting list, monthly	156.0	285.0	200.0	200.0	200.0

Statutory Authority
The Miners' Hospital of New Mexico, created by the state constitution and guided by Sections 23-3-1 through 23-3-3 NMSA 1978, is statutorily required to provide free or reduced-cost treatment and care to resident miners. The hospital is a beneficiary of the land grant permanent fund. Miners who have the ability to pay for their care are billed for services. The facility operates a rural health clinic, a 37-bed long-term care facility, and a 25-bed critical access hospital that also provides healthcare to nonminers. An outreach program exclusively for miners uses a mobile van equipped to do chest X-rays, pulmonary function tests, and audiology tests. Revenues from Medicare, Medicaid, third-party payers, and private patient payments also support the hospital. The hospital does not receive general fund appropriations and all revenues are nonreverting.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3.6	0.0	0.0	0.0	0.0
Other Transfers	15,469.5	8,350.0	13,066.0	13,066.0	56.5
Federal Revenues	10,676.2	12,982.0	10,676.0	10,676.0	(17.8)
Other Revenues	20,511.5	22,507.3	20,511.0	20,511.0	(8.9)
TOTAL SOURCES	**$46,660.8**	**$43,839.3**	**$44,253.0**	**$44,253.0**	**0.9**
USES					
Personal services and employee benefits	23,133.4	25,193.3	24,991.0	24,991.0	(0.8)
Contractual services	10,013.0	8,867.0	10,529.0	10,529.0	18.7
Other	10,990.5	9,104.0	8,008.0	8,008.0	(12.0)
Other financing uses	680.0	675.0	725.0	725.0	7.4
TOTAL USES	**$44,816.9**	**$43,839.3**	**$44,253.0**	**$44,253.0**	**0.9**
FTE					
Permanent	197.0	235.0	235.0	235.0	0.0
Term	0.0	20.0	20.0	20.0	0.0
Temporary	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	**197.0**	**258.0**	**258.0**	**258.0**	**0.0**

At A Glance
The Miners' Hospital of New Mexico requested a $413.7 thousand, or 0.9 percent, increase in their budget, primarily for the contractual services category. The increase in the contractual services category is 18.7 percent, while the hospital requested a 12 percent decrease in the other services category and a 0.8 percent decrease in the personal services and employee benefits category. The committee recommends funding the entirety of Miners' request.

Budget Issues
Miners' Hospital of New Mexico, a 25-bed acute care, long-term care, and primary care hospital in Colfax County, serves patients from all over northern New Mexico. The hospital is state-owned and receives patient revenues from private third-party insurance payers, Medicare and Medicaid. It also receives distributions from the land grant permanent fund. After the hospital struggled financially for several years, the Legislature made an appropriation to settle the hospital's debt, added a new intergovernmental transfer to leverage more federal revenue as part of the Healthcare Delivery and Access Act, and provided a supplemental appropriation to restore the hospital's fund in FY25. As a result, the hospital's finances are in a better position than previous years.

Miners' Trust Fund. The Ferguson Act of 1898 and the Enabling Act for New Mexico of 1910 set aside 50 thousand acres of trust land to generate income that helps support the Miners' Hospital. Royalty payments, mostly on oil and gas production, are deposited in a land grant permanent fund for the hospital. Annually, a portion of the permanent fund, along with rental, interest, and other revenue, is deposited into the miners' trust income fund. For FY25, the hospital received a one-time transfer of $9.1 million from the income fund to correct a long-standing accounting error.

Performance. The FY24 fiscal audit did not include any findings for the first time in three years.

HEALTH CARE

The purpose of the healthcare program is to provide quality acute care, long-term care and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

Recommended Language

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include seven hundred twenty-five thousand dollars ($725,000) from other state funds to transfer to the health care authority to leverage additional federal medicaid revenue.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of budgeted revenue collected	87.59%	118.34%	100.00%	100.00%	100.00%
Outcome	Percent of healthcare-associated infections	0.00%	0.00%	1.00%	1.00%	1.00%
Outcome	Average number of days of patient length of stay, for the acute care facility	3.0	3.0	5.0	4.0	4.0
Outcome	Rate of unassisted patient falls per one thousand patient days in the long-term care facility	11.15%	10.33%	3.00%	6.00%	6.00%
Output	Number of outpatient visits	7,119.0	5,813.0	7,750.0	6,000.0	7,750.0
Output	Number of visits to the outreach clinic	305.0	327.0	225.0	225.0	225.0
Output	Number of surgeries performed	382.0	213.0	400.0	300.0	400.0
* Outcome	Percent of occupancy at nursing home based on licensed beds	68%	65%	55%	55%	55%
Efficiency	Number of days in accounts receivable	63.0	72.0	50.0	50.0	50.0
* Quality	Percent of patients readmitted to the hospital within thirty days with the same or similar diagnosis	0.1%	0.1%	1.8%	1.0%	1.0%
Quality	Rate of medication errors per one thousand medications administered	0.01%	0.01%	1.00%	1.00%	1.00%
Output	Number of emergency room visits	5,145.0	4,726.0	5,200.0	5,000.0	5,200.0
Output	Number of newborn births	76.0	44.0	65.0	65.0	65.0
Efficiency	Rate of employee turnover	31.80%	17.40%	22.00%	22.00%	22.00%
Output	Average daily census	7.0	5.0	5.0	5.0	5.0
Efficiency	Percent agency nursing staff to total nursing staff	47.06%	28.80%	20.00%	25.00%	25.00%
Output	Number of rural health clinic visits	12,323.0	11,689.0	12,800.0	12,000.0	12,800.0
Efficiency	Number of days cash on hand	23.0	68.0	50.0	70.0	70.0

Statutory Authority
The Department of Health (DOH) was created by Sections 9-1-7 through 9-7-15 NMSA 1978 to serve New Mexicans through programs designed to prevent disease and disability, promote health, and prevent or treat problems of mental health, substance abuse, developmental disabilities, and chronic disease. The agency licenses health and long-term care facilities and operates seven treatment centers, the state scientific laboratory, and public health offices in all counties. Among the responsibilities of the department are the activities under the New Mexico Rural Primary Health Care Act and school-based health services, health surveillance and outbreak response, vital health statistics, accessible emergency medical services, and pharmaceutical services. In addition to providing other services, the Facilities Management Program operates the Los Lunas Community Program, New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute in Las Vegas, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Center and Turquoise Lodge for chemical dependency treatment, both in Albuquerque.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	197,529.6	219,820.8	223,820.8	227,621.1	3.5
Other Transfers	43,604.2	45,269.5	71,000.0	69,296.6	53.1
Federal Revenues	153,107.5	192,664.5	227,403.0	227,403.0	18.0
Other Revenues	109,467.6	137,745.0	163,649.9	163,649.9	18.8
Fund Balance	4,425.7	1,000.0	0.0	0.0	(100.0)
TOTAL SOURCES	**$508,134.6**	**$596,499.8**	**$685,873.7**	**$687,970.6**	**15.3**
USES					
Personal services and employee benefits	250,891.2	301,830.6	302,911.0	307,471.3	1.9
Contractual services	107,894.7	129,194.4	165,369.5	162,906.1	26.1
Other	150,301.7	165,012.5	217,130.9	217,130.9	31.6
Other financing uses	462.3	462.3	462.3	462.3	0.0
TOTAL USES	**$509,549.9**	**$596,499.8**	**$685,873.7**	**$687,970.6**	**15.3**
FTE					
Permanent	2,604.0	2,480.5	2,458.5	2,452.5	(1.1)
Term	0.0	986.5	990.5	899.5	(8.8)
Temporary	0.0	0.0	15.0	14.0	0.0
TOTAL FTE	**2,604.0**	**3,467.0**	**3,464.0**	**3,366.0**	**(2.9)**

At A Glance
The Department of Health (DOH) requested a total budget of $685.9 million for FY27, an $89.4 million, or 15 percent, increase from its FY26 budget. For general fund appropriations, the department requested an increase of $4 million, or 1.8 percent. In its initial budget request, DOH unintentionally did not request an increase to its operating budget to cover new risk rate increases. The LFC recommendation supports a general fund revenue increase of $7.8 million, or 3.5 percent, including $5.8 million for risk rate costs increases for a total general fund budget of $227.6 million.

Budget Issues
With the transfer of the Developmental Disabilities Supports (DDSD) and Health Certification, Licensing and Oversight (DHI) programs to the Health Care Authority in FY25, the Department of Health (DOH) has experienced a reduction in program oversight and revenues from previous fiscal years. Beginning in FY25, post transfer, the department's portfolio consists of the following programs: Public Health, Epidemiology and Response, Laboratory Services, Facilities Management, Medical Cannabis, and Program Support.

DOH had a total of 12 findings in its FY24 audit: three material weaknesses, three significant deficiencies, five other noncompliance findings, and one other matter finding. Eight findings were repeated or modified findings. Audit findings include a lack of procedure to reconcile the activity and balances of all funds on a timely basis, as well as the auditor stating it was unable to verify if DOH is meeting the Federal Funding Accountability and Transparency Act requirements.

Facilities. The Facilities Management Program provides oversight for DOH facilities that deliver health and behavioral healthcare services, including mental health, substance abuse, nursing home and rehabilitation programs in both facility- and community-based settings. The program requested a general fund increase of $2 million, or 2.1 percent. The entirety of the request was to support the New Mexico Veterans' Home (NMVH), including $1.2 million for additional contract staff and $804.7 thousand to fill more positions at NMVH. In October 2025, the department increased its Medicaid revenue by $4 million for three facilities: NMVH, the New Mexico Behavioral Health Institute, and Sequoyah Adolescent Treatment Center. These revenues have consistently come in lower than budgeted for several reasons, including low facility patient counts and patient billing issues. If the department's rate of billing denials increases or its facility populations remain low, the budgeted authority does not materialize as actual revenue.

As of November 2025, NMVH had a census (occupancy) of 99 percent, a significant increase from the census 74 percent the same time last year. With the increase in census, DOH should also increase its third-party revenue, such as government payments for Medicaid, Medicare, and similar programs. The LFC recommendation does not recommend the general fund revenue increase for NMVH because these costs should be covered from third-party revenue. However, the LFC recommendation supports a general fund increase of $3.3 million, or 3.5 percent, to cover risk rate increases.

Low Census Facilities. The department has struggled with low census for several years. Despite the previous low facility census, DOH has seen increases in its facilities' populations: At the end of FY25, the department saw a census increase of 11 percent from FY24, particularly at the state's long-term care facilities, with overall census continuing to increase. As of November 2025, facility-wide census for licensed beds was 71 percent. Facilities with the lowest census have been Fort Bayard Medical Center (59 percent), Roswell Rehabilitation Center (53 percent), and Turquoise Lodge (50 percent).

Public Health. The Public Health Program provides a coordinated system of community-based public health services focusing on disease prevention and health promotion to improve health status, reduce disparities, and ensure timely access to quality, culturally competent healthcare. The program requested a flat general fund budget with FY26; however, the LFC recommendation supports a $1.4 million increase, or 1.8 percent, to cover risk rate increases.

Epidemiology and Response Program. The Epidemiology and Response Program monitors health, provides health information, prevents disease and injury, promotes health and healthy behaviors, responds to public health events, prepares for health emergencies, and provides emergency medical and vital registration services to New Mexicans. The program requested a $960 thousand, or 5.4 percent, general fund increase. Of the request, $710 thousand was for the department's helpline contractual services, with the remaining $250 thousand for maintenance and operations of DOH's information technology system for vital records. The committee recommendation supports the request, as well as $314.1 thousand for risk rate increases for a total general fund increase of $1.2 million, or 7.2 percent.

Laboratory Services Program. The Laboratory Services Program provides laboratory analysis and scientific expertise for policy development for tax-supported public health, environment, and toxicology programs in New Mexico and provides timely identification of threats to the health of New Mexicans. The program requested a $1 million, or 8.9 percent, general fund increase. Most of the increase, $850 thousand, was for new compliance as mandated by Laws 2025, Chapter 4 related to competency changes. House Bill 8 changed the probable cause threshold necessary to compel a blood draw via a search warrant in DWI cases, leading DOH to request additional personnel and equipment related to the increased casework. The remainder of the request was for building maintenance at New Mexico State Laboratories, which houses the Office of the Medical Investigator and the New Mexico Department of Agriculture Veterinary Diagnostic Services. The LFC recommendation supports this request and builds in $257.2 thousand for risk rate coverage for a total general fund increase of $1.2 million, or 11.1 percent.

Administration. The Administration Program includes human resources, general counsel, office of the secretary, financial services, information technology, and other administrative services. The program did not request a general fund increase. The LFC recommendation supports a $430.6 thousand general fund increase, or 3.9 percent, to cover risk rate increases.

ADMINISTRATION

The purpose of the administration program is to provide leadership, policy development, information technology, administrative and legal support to the department of health so it achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,814.4	11,090.2	11,090.2	11,520.8	3.9
Other Transfers	593.5	976.7	959.9	959.9	(1.7)
Federal Revenues	11,337.6	13,346.2	18,178.9	18,178.9	36.2
Fund Balance	0.0	1,000.0	0.0	0.0	(100.0)
TOTAL SOURCES	**$21,745.5**	**$26,413.1**	**$30,229.0**	**$30,659.6**	**16.1**
USES					
Personal services and employee benefits	17,295.6	19,680.0	22,700.5	23,131.1	17.5
Contractual services	2,609.5	3,733.3	3,278.7	3,278.7	(12.2)
Other	2,692.0	2,999.8	4,249.8	4,249.8	41.7
TOTAL USES	**$22,597.1**	**$26,413.1**	**$30,229.0**	**$30,659.6**	**16.1**
FTE					
Permanent	141.0	148.0	170.0	148.0	0.0
Term	0.0	39.0	49.0	39.0	0.0
Temporary	0.0	0.0	1.0	0.0	0.0
TOTAL FTE	**141.0**	**187.0**	**220.0**	**187.0**	**0.0**

PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion to improve health status, reduce disparities and ensure timely access to quality, culturally competent healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	77,262.3	82,618.8	82,618.8	84,068.3	1.8
Other Transfers	23,979.1	34,643.6	38,526.0	36,822.6	6.3
Federal Revenues	92,835.5	108,019.8	123,579.4	123,579.4	14.4
Other Revenues	40,596.4	46,571.7	50,466.5	50,466.5	8.4
Fund Balance	795.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$235,469.1**	**$271,853.9**	**$295,190.7**	**$294,936.8**	**8.5**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	70,241.6	86,599.4	85,750.1	87,199.6	0.7
Contractual services	62,640.2	69,313.3	79,616.6	77,913.2	12.4
Other	102,688.9	115,478.9	129,361.7	129,361.7	12.0
Other financing uses	462.3	462.3	462.3	462.3	0.0
TOTAL USES	**$236,033.0**	**$271,853.9**	**$295,190.7**	**$294,936.8**	**8.5**
FTE					
Permanent	708.8	270.0	254.0	270.0	0.0
Term	0.0	567.5	599.5	567.5	0.0
TOTAL FTE	**708.8**	**837.5**	**853.5**	**837.5**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of community members trained in evidence-based suicide prevention practices	1,169.0	802.0	1,200.0	1,200.0	1,200.0
Output	Number of individuals per quarter attending department of health-funded school based health centers	NEW	$66.0	NEW	$18,000.0	$18,900.0
Output	Number of participants currently active in the New Mexico women, infants and children supplemental nutrition assistance program	NEW	0.0	NEW	42,000.0	42,000.0
Output	Number of patient visits per quarter in all department of health-funded school based health centers	NEW	0.0	NEW	55,000.0	57,750.0
Outcome	Percent of farmers' market nutritional program benefits redeemed by participants	NEW	0%	NEW	60%	60%
Outcome	Percent of infants in the women, infants and children supplemental nutrition program breastfed at birth	NEW	0%	NEW	85%	85%
Outcome	Percent of New Mexico adults who enroll in the quitnow program and successfully quit nicotine products by the seven-month follow-up	NEW	35.3%	30.0%	30.0%	30.0%
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	97.3%	0.0%	97.0%	Discontinued	0.0%
Efficiency	Percent of registry identification cards issued within five business days of application approval	99.00%	99.99%	99.00%	99.00%	99.00%
Explanatory	Percent of adolescents who use nicotine products	NEW	22%	N/A	N/A	N/A
Explanatory	Percent of adults who use nicotine products	NEW	21.0%	N/A	N/A	N/A
Explanatory	Rate of suicide per one hundred thousand population	0.0%	999,999.5%	N/A	N/A	N/A
Outcome	Number of clients enrolled in the harm reduction program	16,300.0	21,193.0	16,500.0	16,500.0	16,500.0
Outcome	Percent of participants in the diabetes prevention program who reduced body weight between five and seven percent after completing the program	NEW	999,999.5%	40.0%	40.0%	40.0%
Outcome	Percent of senior farmers' market nutrition program benefits redeemed by participants	NEW	0%	NEW	100%	100%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Quality	Percent of female clients of the department of health's public health office family planning ages fifteen to nineteen, who were provided most- or moderately effective contraceptives	84%	84%	88%	88%	88%
Explanatory	Percent of third-grade children who are considered obese	0.00%	0.00%	N/A	N/A	N/A
Explanatory	Number of births to teens ages fifteen to nineteen per one thousand females ages fifteen to nineteen	19.8	17.7	N/A	N/A	N/A
Outcome	Number of successful overdose reversals in the harm reduction program	3,153.0	5,447.0	3,200.0	3,200.0	3,200.0
Output	Percent of children in healthy kids, healthy communities with increased opportunities for healthy eating in public elementary schools	97.00%	100.00%	98.00%	98.00%	98.00%
Output	Percent of New Mexico adult cigarette smokers who engaged with New Mexico department of health cessation services	0.96%	0.92%	3.50%	1.50%	3.00%
Outcome	Percent of older adults who have ever been vaccinated against pneumococcal disease	TBD	999,999.50%	75.00%	75.00%	75.00%
* Outcome	Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	72%	67%	75%	75%	75%
Output	Number of teens who successfully complete a youth development program to prevent unintended teen pregnancy	459.0	574.0	460.0	460.0	460.0

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events, prepare for health emergencies and provide emergency medical and vital registration services to New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,386.3	17,718.5	18,678.5	18,992.6	7.2
Other Transfers	782.9	920.6	13,227.4	13,227.4	1,336.8
Federal Revenues	34,111.4	51,006.1	57,862.7	57,862.7	13.4
Other Revenues	389.8	582.2	687.0	687.0	18.0
Fund Balance	51.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$49,721.9**	**$70,227.4**	**$90,455.6**	**$90,769.7**	**29.3**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	20,140.8	29,823.6	25,263.2	25,577.3	(14.2)
Contractual services	17,695.6	31,699.1	32,406.7	32,406.7	2.2
Other	11,885.5	8,704.7	32,785.7	32,785.7	276.6
TOTAL USES	**$49,721.9**	**$70,227.4**	**$90,455.6**	**$90,769.7**	**29.3**
FTE					
Permanent	182.3	73.0	59.0	59.0	(19.2)
Term	0.0	298.0	208.0	208.0	(30.2)
TOTAL FTE	**182.3**	**371.0**	**267.0**	**267.0**	**(28.0)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of substance use disorders patients in participating hospitals referred to peer support	TBD	100.0%	50.0%	50.0%	50.0%
Output	Number of people admitted to the emergency department of participating hospitals with a suicide attempt diagnosis	228.0	232.0	300.0	300.0	300.0
Explanatory	Drug overdose-related emergency department visits	NEW	$0.0	N/A	N/A	N/A
Explanatory	Percent of people hospitalized for influenza who were treated with antivirals within two days of onset of illness	42.00%	999,999.50%	N/A	N/A	N/A
Quality	Percent of New Mexico hospitals certified for stroke care	19.00%	24.00%	24.00%	24.00%	24.00%
* Explanatory	Drug overdose death rate per one hundred thousand population	NEW	999,999.5	N/A	N/A	N/A
* Explanatory	Alcohol-related death rate per one hundred thousand population	TBD	999,999.5	N/A	N/A	N/A
Explanatory	Rate of fall-related deaths per one hundred thousand adults age sixty-five years or older	TBD	999,999.5	N/A	N/A	N/A
Explanatory	Rate of heart disease and stroke (cardiovascular disease) deaths per one hundred thousand population	TBD	999,999.5	N/A	N/A	N/A
Explanatory	Percent of youth who were sexually assaulted in the last twelve months	9.50%	999,999.50%	N/A	N/A	N/A
Explanatory	Rate of avoidable hospitalizations	TBD	759.1	N/A	N/A	N/A
Explanatory	Rate of heat related illness hospitalizations	TBD	999,999.5	N/A	N/A	N/A
Explanatory	Rate of pneumonia and influenza deaths per one hundred thousand population	13.0	999,999.5	N/A	N/A	N/A
Outcome	Number of older adults who participated in evidence-based falls prevention intervention program	544.0	872.0	800.0	800.0	800.0
Output	Number of youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	9,721.0	1,000,000.0	9,800.0	Discontinued	Discontinued
Outcome	Percent of hospitals with emergency department based self-harm secondary prevention programs	3%	3%	8%	8%	8%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Average time to provide birth certificate to customer	10.0	5.0	4.0	4.0	4.0
Outcome	Percent of death certificates completed by bureau of vital records and health statistics within ten days of death	56.00%	53.00%	60.00%	60.00%	60.00%
* Outcome	Percent of opioid patients also prescribed benzodiazepines	TBD	1,000,000%	5%	5%	5%
Outcome	Rate of persons receiving alcohol screening and brief intervention services per one hundred thousand population	TBD	999,999.50%	73.00%	73.00%	73.00%
Output	Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	41.00%	52.50%	50.00%	50.00%	50.00%

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and scientific expertise for policy development for tax-supported public health, environment and toxicology programs in New Mexico and to provide timely identification of threats to the health of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,246.2	11,663.2	12,703.2	12,960.4	11.1
Other Transfers	1,255.5	964.9	2,352.2	2,352.2	143.8
Federal Revenues	4,638.5	5,891.9	6,991.9	6,991.9	18.7
Other Revenues	1,417.5	1,560.1	1,560.1	1,560.1	0.0
TOTAL SOURCES	**$17,557.7**	**$20,080.1**	**$23,607.4**	**$23,864.6**	**18.8**
USES					
Personal services and employee benefits	11,317.0	12,218.0	12,946.6	13,203.8	8.1
Contractual services	558.8	859.4	1,799.5	1,799.5	109.4
Other	5,681.9	7,002.7	8,861.3	8,861.3	26.5
TOTAL USES	**$17,557.7**	**$20,080.1**	**$23,607.4**	**$23,864.6**	**18.8**
FTE					
Permanent	123.0	81.0	81.0	81.0	0.0
Term	0.0	58.0	111.0	62.0	6.9
TOTAL FTE	**123.0**	**139.0**	**192.0**	**143.0**	**2.9**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within sixty calendar days	72.5%	66.0%	92.0%	90.0%	90.0%
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	97.30%	96.00%	98.00%	95.00%	95.00%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are completed and reported to law enforcement within thirty calendar days	98.80%	99.50%	99.00%	99.00%	99.00%

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral health-care services, including mental health, substance abuse, nursing home and rehabilitation programs in both facility- and community-based settings, and serve as the safety net for New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	85,820.4	96,730.1	98,730.1	100,079.0	3.5
Other Transfers	14,524.0	7,763.7	15,934.5	15,934.5	105.2
Federal Revenues	10,184.4	14,400.5	20,790.1	20,790.1	44.4
Other Revenues	67,063.8	86,397.5	108,302.8	108,302.8	25.4
Fund Balance	3,578.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$181,171.0**	**$205,291.8**	**$243,757.5**	**$245,106.4**	**19.4**
USES					
Personal services and employee benefits	129,973.2	151,332.0	154,065.8	156,174.7	3.2
Contractual services	24,084.2	23,254.5	48,005.8	47,245.8	103.2
Other	27,113.7	30,705.3	41,685.9	41,685.9	35.8
TOTAL USES	**$181,171.1**	**$205,291.8**	**$243,757.5**	**$245,106.4**	**19.4**
FTE					
Permanent	1,433.0	1,908.5	1,894.5	1,894.5	(0.7)
Term	0.0	5.0	5.0	5.0	0.0
Temporary	0.0	0.0	14.0	14.0	0.0
TOTAL FTE	**1,433.0**	**1,913.5**	**1,913.5**	**1,913.5**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Amount paid for direct care workers	$74,498,132	$63,772,167	$10,000,000	$10,000,000	$10,000,000
Efficiency	Percent of operational beds occupied	68.1%	68.3%	80.0%	80.0%	80.0%
Explanatory	Percent of direct-care service staff turnover	NEW	2.73%	N/A	N/A	N/A
Outcome	Percent of adolescents who complete the residential treatment program at sequoyah adolescent treatment center	71.9%	80.0%	87.0%	87.0%	87.0%
Outcome	Percent of patients who receive medication-assisted treatment in the treatment of alcohol use disorders at New Mexico rehabilitation center	NEW	100.00%	65.00%	65.00%	65.00%
Outcome	Percent of patients who receive medication-assisted treatment utilized in the treatment of opioid use disorder at New Mexico rehabilitation center	NEW	100.00%	92.00%	92.00%	92.00%
Outcome	Percent of patients who, after being offered, choose to utilize medication-assisted treatment for nicotine addiction	TBD	100.0%	68.0%	68.0%	68.0%
Outcome	Percent of substance use by clients post-discharge from a treatment program	NEW	0.00%	NEW	10.00%	10.00%
Quality	Number of patients transferred to emergency departments per one thousand patient days	274.0	2.0	4.0	4.0	4.0
Quality	Percent of long-stay residents who have a urinary tract infection	3.6%	4.7%	1.5%	1.5%	1.5%
Quality	Percent of patients indicating satisfaction in their care during treatment	NEW	0.00%	NEW	80.00%	80.00%
Quality	Reduction of anxiety symptoms in patients during treatment	NEW	0.0	NEW	14.0	14.0
Quality	Reduction of depression symptoms in patients during treatment	NEW	0.0	NEW	19.0	19.0
* Efficiency	Percent of eligible third-party revenue collected at all agency facilities	88%	81%	94%	94%	94%
Outcome	Percent of adolescent residents who successfully complete the center for adolescent relationship exploration program	100.00%	0.00%	95.00%	90.00%	90.00%
Output	Number of overtime hours worked	707,117.0	317,236.0	400,000.0	400,000.0	400,000.0
Quality	Number of medication errors causing harm per one thousand patient days within identified categories	TBD	0.0	0.0	0.0	0.0
Outcome	Percent of patients eligible for naloxone kits who received the kits	100%	100%	90%	95%	95%
Outcome	Percent of patients who receive medication-assisted treatment in the management of alcohol-use disorders while at turquoise lodge hospital	100.00%	100.00%	65.00%	65.00%	65.00%
Output	Percent of medical detox occupancy at turquoise lodge hospital	27.91%	21.65%	80.00%	80.00%	80.00%
Efficiency	Percent of licensed beds occupied	55%	61%	80%	80%	80%
Output	Number of direct care contracted hours	293,490.0	226,298.0	218,000.0	218,000.0	218,000.0
Outcome	Percent of long-stay residents who are receiving antipsychotic drugs in the target period	47.00%	28.66%	16.00%	16.00%	16.00%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Quality	Percent of long-stay high-risk residents with stage two through four or unstageable pressure ulcers	7.35%	2.30%	2.00%	2.00%	2.00%
Outcome	Percent of priority request for treatment clients who are provided an admission appointment to turquoise lodge hospital program within two days	100.00%	100.00%	90.00%	90.00%	90.00%
Outcome	Percent of patients who receive medication-assisted treatment in the management of opioid-use disorders while at turquoise lodge hospital	100.00%	100.00%	92.00%	92.00%	92.00%
Outcome	Percent of patients educated on medication-assisted treatment options while receiving medical detox services	100.00%	100.00%	100.00%	100.00%	100.00%
Quality	Percent of in-house-acquired pressure ulcers for long-term care residents during short stays	TBD	0.00%	2.00%	2.00%	2.00%

MEDICAL CANNABIS

The purpose of the medical cannabis program is to provide qualified patients with the means to legally and beneficially consume medical cannabis in a regulated system for alleviating symptoms caused by debilitating medical conditions and their medical treatments and to regulate a system of production and distribution of medical cannabis to ensure an adequate supply.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	2,469.2	0.0	0.0	0.0	0.0
Other Revenues	0.0	2,633.5	2,633.5	2,633.5	0.0
TOTAL SOURCES	**$2,469.2**	**$2,633.5**	**$2,633.5**	**$2,633.5**	**0.0**
USES					
Personal services and employee benefits	1,923.0	2,177.6	2,184.8	2,184.8	0.3
Contractual services	306.4	334.8	262.2	262.2	(21.7)
Other	239.8	121.1	186.5	186.5	54.0
TOTAL USES	**$2,469.2**	**$2,633.5**	**$2,633.5**	**$2,633.5**	**0.0**
FTE					
Permanent	16.0	0.0	0.0	0.0	0.0
Term	0.0	19.0	18.0	18.0	(5.3)
TOTAL FTE	**16.0**	**19.0**	**18.0**	**18.0**	**(5.3)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Number of patients currently enrolled in the medical cannabis program	0.0	78,337.0	0.0	N/A	N/A
Output	Number of presentations, conference sessions and workshops conducted to provide educational, law enforcement, medical professional and other community organizations with information and educational material regarding cannabis use	30.0	40.0	30.0	30.0	60.0
Quality	Percent of complete medical cannabis client applications approved or denied within thirty calendar days of receipt	100%	100%	99%	33%	99%

Statutory Authority
The Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, surface- and groundwater quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	32,404.4	35,010.8	41,969.8	37,198.2	6.2
Other Transfers	62,896.2	17,956.9	13,387.1	13,387.1	(25.4)
Federal Revenues	31,163.0	95,498.9	83,758.0	83,758.0	(12.3)
Other Revenues	63,397.1	66,472.4	76,120.9	76,723.8	15.4
Fund Balance	0.0	18,432.4	13,987.4	13,987.4	(24.1)
TOTAL SOURCES	**$189,860.7**	**$233,371.4**	**$229,223.2**	**$225,054.5**	**(3.6)**
USES					
Personal services and employee benefits	72,828.6	92,828.0	102,660.2	98,491.5	6.1
Contractual services	22,356.0	72,433.0	57,553.7	57,553.7	(20.5)
Other	22,484.5	52,300.3	57,729.7	57,729.7	10.4
Other financing uses	60,287.7	15,810.1	11,279.6	11,279.6	(28.7)
TOTAL USES	**$177,956.8**	**$233,371.4**	**$229,223.2**	**$225,054.5**	**(3.6)**
FTE					
Permanent	527.7	361.0	350.0	350.0	(3.0)
Term	0.0	512.0	537.0	537.0	4.9
TOTAL FTE	**527.7**	**873.0**	**887.0**	**887.0**	**1.6**

At A Glance
The Environment Department (NMED) requested a total budget of $229.2 million for FY27, a $4.1 million, or 1.8 percent, decrease from the FY26 operating budget. This large reduction was partially due to a $11.7 million, or 12.3 percent, decrease in federal revenues, a $4.6 million, or 25.4 percent, decrease in other transfers, and a $4.4 million, or 24.1 percent, decrease in fund balance. Portions of this decrease are due to the settling of funds after the dismantling of the special revenues program, a budgetary program that moved the agency's other transfer funds from the special revenues program to the corresponding services programs. With these funds now budgeted in the program that utilizes them, stabilization of funds is shown in the agency's budget request. Essentially the operating budget no longer double counts certain revenues.

NMED requested a $6.9 million, or 19.9 percent, general fund increase for FY27. The largest portion of the requested general fund increase is for implementation of new produced water reuse rules, specifically allowing for produced water reuse pilot projects. The agency notes implementation of the act will require the agency to increase its scientific, engineering, business, and legal operations.

In addition to the requested funding for implementation of produced water pilot project permitting and monitoring, NMED also requested $2.381 million for risk and health insurance premium increases and $269.8 thousand for Department of Information Technology (DOIT) increases. The agency also requested a decrease of 11 FTE to its permanent personnel, a 3.1 percent decrease, while increasing its term personnel by 25 FTE, or 4.9 percent.

LFC recommends a $2.2 million, or 6.2 percent, increase in general fund revenue for FY27. The general fund recommendation funds the requested increases for health insurance premiums. To fund the agency's requested risk insurance and DIT rate increases, the committee recommends increased utilization of the agency's Corrective Action Fund (CAF), totaling an additional $602.9 thousand in CAF usage for FY27. The LFC recommendation does not support the requested compensation or longevity pay increases, nor does it recommend increasing the Water Protection Division's general fund budget for water reuse rule implementation. The recommendation supports the increased utilization of fund balance and the projected decrease in federal revenues, while also recommending the shuffling of perm and term personnel.

Budget Issues

NMED, in FY26, created a new program called the Compliance and Enforcement Division (CED), whose aim was to take over the enforcement of the permits, rules, and regulations NMED administers, work currently done by the same personnel who issue and process permits and enforce regulations. By separating the two actions, the agency contended performance and efficiency could improve. With only a single quarter of data, success of the program is hard to gauge. NMED's request for the new program-a $989 thousand, or 29.2 percent, increase-centered on risk and health insurance premium increases, though with increases also for compensation.

The agency also requested substantial changes to its budgeting of corrective action fund (CAF) revenue, specifically transferring the budget category where the funding was placed depending on the program while also estimating the total amount of CAF funding it will be using. This change in budgeting replaces the agency's existing practice of budget allocation requesting movement from the CAF to various programs throughout the year. The CAF is a flexible fund within NMED that receives annual fees paid by operators or owners of petroleum storage tanks ($100 for each tank). At the beginning of FY26, it had a balance of $27.3 million. The department anticipates the fund will receive roughly $22 million in revenue in FY26 and anticipates using $25.9 million.

Resource Management. The Resource Management (RM) Program contains NMED's Administrative Services program, Office of General Counsel, Human Resources Bureau, Information Technology, and Office of Strategic Initiatives. NMED requested a general fund increase of $710.8 thousand, or 8 percent, for FY27 for Resource Management, including $211.5 thousand for longevity pay, $351.4 thousand for health benefits increases, and a total of $147.9 thousand for DIT and risk insurance rate increases. The program also requested an anticipated $739.2 thousand reduction in federal funding and a $1.4 million increase to its other transfers category. NMED also requested an additional 13 new personnel for RM, 10 more term and three perm.

The LFC recommends a general fund revenue increase of $499.3 thousand, or 5.6 percent. The recommendation funds the agency's requested increases for health and risk insurance premiums and DIT rate increases. The recommendation also supports the anticipated reduction in federal revenue and the increase in other transfers. The recommendation does not support the requested increase in personnel costs. The recommendation also supports the increase in the program's fund balance.

Water Protection. The Water Protection (WP) Program continues to implement programs that identify and address water contaminated with PFAS and other emerging contaminants and provide technical assistance and training to more than 3,000 drinking water and wastewater utility operators. The program has also implemented rules to lower interest rates for water infrastructure loans and updated water quality management and monitoring plans. In addition to this, passage of the Pollutant Discharge Elimination Act adds an estimated 4,000 in national pollutant discharge elimination system (NPDES) permits, which vary in size and complexity. Also, updates to the rules surrounding the reuse and pilot projects related to produced water will result in additional work for the program, with the agency anticipating to receive 15 to 20 treated produced water pilot project permit applications.

NMED requested a general fund increase of $3.8 million, or 42.8 percent, for the WP Program. The program also requested a $2.8 million, or 59.1 percent, decrease in other transfers, an anticipated $10.3 million, or 14.4 percent, decrease in federal revenues, a $9.6 million, or 112.8 percent, increase in other revenues, and a $6 million, or 100 percent, decrease in fund balance. The extreme fluctuations in the program's budget is due in part to the anticipated decrease in federal funds due to changing federal priorities, resulting in the agency decreasing its clean water state revolving fund balance to be utilized for more projects.

Additionally, the program requested slight movements of its personnel, decreasing its permanent personnel by 5 FTE and subsequently increasing its term personnel by 5 FTE, resulting in a net flat personnel budget.

LFC recommends a general fund increase of $351 thousand, or 4 percent. The recommendation funds the program' requested health insurance premium increases. The program's request for risk insurance premium increases and DIT rate increases are funded through increased use of the CAF, totaling $252 thousand. The committee's recommendation also supports the reductions in other transfers and federal revenues and supports the increased utilization of fund balance and other revenues. The committee's recommendation does not support the requested increases for implementation of new produced water pilot project reuse rules. The program currently has 72 vacant FTE, resulting in a 32 percent vacancy rate, and has $4.9 million for funded funded but vacant positions. The program also is awaiting the decision of the Water Quality Control Commission to create a fee structure to support the program and its implementation of Pollutant Discharge Elimination Act, with a hearing set for spring 2026. The agency received over the past three years roughly $10 million in nonrecurring funding for development and operation of a surface and groundwater program, with funds remaining for utilization. The agency also reports having a balance of $5.3 million in its water quality management fund for FY27, funding it can utilize for implementation until a fee structure is established. Due to this, the recommendation does not include increased funding for National Pollutant Discharge Elimination System permit program or produced water permit monitoring implementation.

Resource Protection. Staff in the Resource Protection Program (RP) are responsible for inspections of infectious waste generators, such as hospitals and healthcare clinics, which remained a high priority throughout the past several years amid the Covid-19 pandemic. RP is also responsible for environmental monitoring of large hazardous material storage sites, including Los Alamos National Laboratory and the Waste Isolation Pilot Plant. With the creation of the Compliance and Enforcement program (CED) in FY26, RP mainly focuses on oversight while CED handles the enforcement of permits. The aim of this division of duty is to ensure the program fulfills its operations and increases success of its performance measures.

NMED requested a $294.1 thousand, or 10.8 percent, increase in general fund revenue for RP. The requested increase is for increased health and risk insurance premiums, and longevity pay. The agency also requested a decrease of $4.5 million in other revenues and an increase in fund balance of $1.1 million for increased utilization of the corrective action fund. The program also requested the personnel increase of four personnel.

The recommendation supports an $59.4 thousand, or 2.2 percent, increase in general fund revenue and the requested increased use of fund balance. The recommendation does not support the increase of personnel funding or additional personnel, because the agency has 32 vacant positions and over a million in vacancy funds. The committee's recommendation funds the health insurance increases with general funds and the risk insurance and DIT rate increases through increased use of CAF, totaling $29.4 thousand.

Environmental Protection. The Environmental Protection Program (EP) consists of the Air Quality Bureau, Radiation Control Bureau, and Climate Change Bureau and, in addition to general fund revenue, is funded by self-generated revenue and federal grants. Other bureaus previously housed under Environmental Protection have been moved, along with associated revenues, to the new Environmental Health Program.

The program requested a general fund increase of $577.7 thousand, an 18.5 percent increase. The requested increase is for health and risk insurance premiums, and longevity pay. The program also requested decreases in other transfers and federal revenues, totaling $818.5 thousand. The program requested a $631.1 thousand, or 2.3 increase, in other revenues and a slight reduction in its personnel, one permanent and one term position.

The committee recommends a $397.6 thousand, or 12.7 percent, increase in general fund revenue and the requested decreases in other transfers and federal revenue. The recommendation also supports the slight reduction in personnel to accommodate increases in other programs. The committee recommendation funds the requested increases for risk insurance premiums and DIT rates through increased use of CAF, totaling $111.2 thousand.

Environmental Health. The Environmental Health Program (EH) contains the Cannabis and Hemp Bureau, the Occupational Health and Safety Bureau, and the Environmental Health Bureau, which oversees food safety, small onsite wastewater systems, and aquatic facilities.

The program requested a $619 thousand, or 7.6 percent, increase in general fund revenue. The requested increase was for risk and health insurance premiums, DIT rates, and longevity pay. The program also requested a $1.5 million, or 100 percent, decrease in other transfers, a flat federal revenues budget, and a $1.1 million increase in other revenues. The program also requested a $502.9 thousand increase in fund balance and a reduction of one permanent position. The agency also predicted a $2 million shortfall for FY27, due to the difference between actual inspection costs versus the fee structure that supports them. Changes to the fee structure can come from a mixture of legislative action or by a changed fee structure approved by the Environmental Improvement Board.

The committee recommends a $453.6 thousand, or 5.6 percent, increase in general fund revenue. The recommendation supports the requested decrease in other transfers and the increases in other revenues and fund balance, in addition to the slight decrease in personnel to accommodate agency personnel increases. The recommendation does not support the requested longevity pay increase. The committee recommendation funds the requested increases for risk insurance premiums and DIT rates through increased use of CAF, totaling $143.5 thousand.

Compliance and Enforcement. NMED's newest program, the Compliance and Enforcement Program (CED), separates the roles of processing permits and permit requirements and the enforcement of those permits and state and federal regulations. With only one quarter of performance data reported as of creation of the budget, it is too early to estimate the impact the program has had on agency operations.

The program requested a $989.9 thousand, or 29.2 percent, general fund revenue increase for FY27. The program also requested a $1.3 million, or 100 percent, decrease in other transfers and a $21.5 thousand decrease in federal revenues. The program requested a $2.6 million, or 32.5 percent, increase in other revenues, a result of a portion of permit fees being utilized for program operations. The requested general fund increase was for health and risk insurance premiums, DIT rates, and longevity pay. The program also requested the realignment of its personnel funding to match the agency's Water and Resource Protection programs to make transferring of shared funding sources cleaner. The program requested the movement of nine perm positions from permanent to term, resulting in a flat personnel request.

The committee recommends a $426.8 thousand, or 12.6 percent, increase in general fund revenue for the program, while also recommending the reduction in other transfers and federal revenues. The recommendation also supports the requested movement of personnel and the large increase in other revenues. The committee does not recommend the compensation increases. The program currently has 50 vacant positions and has overspent its personnel budget by $1.4 million in FY26. The committee recommendation funds the requested increases for risk insurance premiums and DIT rates through increased use of CAF, totaling $66.8 thousand.

RESOURCE MANAGEMENT

The purpose of the resource management program is to provide overall leadership, administrative, legal and information management support to all programs within the department. This support allows the department to operate in the most responsible, efficient and effective manner so the public can receive the information it needs to hold the department accountable.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,655.0	8,855.9	9,566.7	9,355.2	5.6
Other Transfers	8,326.3	9,904.6	11,279.6	11,279.6	13.9
Federal Revenues	3,396.8	8,450.6	7,711.4	7,711.4	(8.7)
Other Revenues	4.9	0.0	311.4	311.4	0.0
TOTAL SOURCES	**$19,383.0**	**$27,211.1**	**$28,869.1**	**$28,657.6**	**5.3**
USES					
Personal services and employee benefits	11,982.7	15,086.9	17,648.9	17,437.4	15.6
Contractual services	1,842.8	2,350.9	2,715.2	2,715.2	15.5
Other	6,165.8	9,773.3	8,505.0	8,505.0	(13.0)
TOTAL USES	**$19,991.3**	**$27,211.1**	**$28,869.1**	**$28,657.6**	**5.3**
FTE					
Permanent	82.0	124.0	127.0	127.0	2.4
Term	0.0	3.0	13.0	13.0	333.3
TOTAL FTE	**82.0**	**127.0**	**140.0**	**140.0**	**10.2**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Amount collected and transferred to the general fund resulting from successful prosecutions or settlements stemming from noncompliance with laws, rules or permits administered by the department	$30,178,527	$1,884,519	$5,000,000	$5,000,000	$5,000,000
Output	Percent of department financial transactions completed online by the public or regulated community	23%	23%	50%	50%	50%

WATER PROTECTION

The purpose of the water protection program is to protect and preserve the ground-, surface- and drinking-water resources of the state for present and future generations. The program also helps New Mexico communities develop sustainable and secure water, wastewater and solid waste infrastructure through funding, technical assistance and project oversight.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,543.2	8,808.2	12,575.7	9,159.2	4.0
Other Transfers	12,713.1	4,718.4	1,931.0	1,931.0	(59.1)
Federal Revenues	10,056.1	71,522.8	61,225.6	61,225.6	(14.4)
Other Revenues	76.5	8,471.1	18,028.8	18,280.8	115.8
Fund Balance	0.0	6,035.2	0.0	0.0	(100.0)
TOTAL SOURCES	**$31,388.9**	**$99,555.7**	**$93,761.1**	**$90,596.6**	**(9.0)**
USES					
Personal services and employee benefits	19,018.3	25,905.2	27,913.6	24,749.1	(4.5)
Contractual services	11,473.2	48,508.1	35,968.7	35,968.7	(25.9)
Other	3,232.0	24,311.2	28,853.3	28,853.3	18.7
Other financing uses	0.0	831.2	1,025.5	1,025.5	23.4
TOTAL USES	**$33,723.5**	**$99,555.7**	**$93,761.1**	**$90,596.6**	**(9.0)**
FTE					
Permanent	150.7	64.0	59.0	59.0	(7.8)
Term	0.0	160.0	165.0	165.0	3.1
TOTAL FTE	**150.7**	**224.0**	**224.0**	**224.0**	**0.0**

Recommended Language
The other state funds appropriation to the water protection program of the environment department includes one million nine hundred thirty-one thousand sixty dollars ($1,936,100) from the land of enchantment legacy fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Number of nonpoint source impaired waterbodies restored by the department relative to the number of impaired water bodies	1/4	1/4	1/4	1/4	1/4
Outcome	Amount of nonpoint source sediment loading reduced because of implementation of watershed restoration and on-the-ground improvement projects, in tons	4,450.0	5,187.0	3,000.0	3,000.0	3,000.0
Output	Percent of surface water permittees inspected	100%	115%	100%	100%	100%
Output	Number of superfund sites cleaned up as compared to the number of superfund sites remaining	1/0	0/0	1/0	1/0	1/0
Output	Number of new water infrastructure projects	213.0	148.0	115.0	115.0	115.0
Outcome	Percent of the New Mexico population served safe and healthy drinking water	88%	95%	98%	98%	98%
Outcome	Number of community water system violations returned to compliance as a result of department of environment assistance	71.0	164.0	250.0	250.0	250.0
Outcome	Number of drinking water systems serving drinking water that did not meet at least one standard compared to the total number of drinking water systems	207/6	310/6	207/6	207/6	207/6
Output	Percent of groundwater permittees inspected	31%	38%	65%	65%	65%
Outcome	Percent of groundwater permittees in violation	1%	1%	8%	8%	8%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Amount of nutrient-based pollutants nitrogen or phosphorus, reduced due to implementation of watershed restoration and on-the-ground improvement projects, in pounds	9,104.0	9,962.0	9,100.0	9,100.0	9,100.0
* Outcome	Percent of groundwater permittees in compliance	99%	98%	99%	99%	99%
Outcome	Number of brownfield acres of contaminated land cleaned up and available for reuse	12.8	3.7	12.8	12.8	12.8
Outcome	Percent of surface water permittees in compliance	95%	61%	95%	95%	95%
Output	Amount invested in water infrastructure, in dollars	$85,917,000	$69,970,000	$30,000,000	$30,000,000	$30,000,000

RESOURCE PROTECTION

The purpose of the resource protection program is to monitor and provide regulatory oversight of the generation, storage, transportation and disposal of wastes in New Mexico. The program also oversees the investigation and cleanup of environmental contamination covered by the Resource Conservation and Recovery Act.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,517.5	2,722.2	3,016.3	2,781.3	2.2
Other Transfers	12,608.8	302.0	0.0	0.0	(100.0)
Federal Revenues	3,551.7	7,032.2	7,040.3	7,040.3	0.1
Other Revenues	1.0	19,063.5	14,589.0	14,618.4	(23.3)
Fund Balance	0.0	12,397.2	13,484.5	13,484.5	8.8
TOTAL SOURCES	**$19,679.0**	**$41,517.1**	**$38,130.1**	**$37,924.5**	**(8.7)**
USES					
Personal services and employee benefits	12,449.8	13,518.7	15,300.3	15,094.7	11.7
Contractual services	3,086.2	9,303.7	8,047.4	8,047.4	(13.5)
Other	1,133.0	9,477.1	11,524.9	11,524.9	21.6
Other financing uses	0.0	9,217.6	3,257.5	3,257.5	(64.7)
TOTAL USES	**$16,669.0**	**$41,517.1**	**$38,130.1**	**$37,924.5**	**(8.7)**
FTE					
Permanent	90.0	25.0	27.0	27.0	8.0
Term	0.0	97.0	99.0	99.0	2.1
TOTAL FTE	**90.0**	**122.0**	**126.0**	**126.0**	**3.3**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of petroleum storage tank permittee inspections showing compliance	0%	55%	N/A	N/A	N/A
Explanatory	Percent of petroleum storage tank permittees with active or ongoing violations	0%	14%	N/A	N/A	N/A
Explanatory	Percent of surface water permittees with active or ongoing violations	5%	4%	N/A	N/A	N/A
Output	Percent of petroleum storage tank permittees inspected	0%	39%	35%	35%	35%
* Outcome	Percent of hazardous waste facilities in compliance	56%	55%	90%	90%	90%
Output	Percent of solid and infectious waste management facilities inspected	99%	19%	95%	95%	95%
* Outcome	Percent of solid and infectious waste management facilities in compliance	82%	89%	90%	90%	90%
Outcome	Percent of hazardous waste facilities in violation	1%	19%	1%	1%	1%
Output	Percent of hazardous waste facilities inspected	1%	19%	13%	13%	13%
Output	Number of underground storage tank sites cleaned up compared to the total number of leaking underground petroleum storage tank sites remaining	15/9	7/0	20/9	20/9	20/9
Explanatory	Percent of solid and infectious waste management facilities in violation	18%	19%	N/A	N/A	N/A
Output	Number of completed cleanups of petroleum storage tank release sites that require no further action	2,036.0	5.0	2,050.0	2,050.0	2,050.0

ENVIRONMENTAL PROTECTION DIVISION

The purpose of the environmental protection program is to ensure New Mexicans breathe healthy air, to prevent and mitigate the impacts of climate change on the state's population and industries and to protect the public from radiation-related risks. The program implements rules and initiatives that reduce greenhouse gas emissions, protect the public from environmental contaminants and limit exposure to radon and radioactive materials.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,851.4	3,128.4	3,706.1	3,526.0	12.7
Other Transfers	22,479.4	303.9	176.5	176.5	(41.9)
Federal Revenues	1,612.7	5,016.3	4,325.2	4,325.2	(13.8)
Other Revenues	7.0	27,532.4	28,163.5	28,274.7	2.7
TOTAL SOURCES	**$26,950.5**	**$35,981.0**	**$36,371.3**	**$36,302.4**	**0.9**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	14,290.0	15,122.8	16,773.9	16,705.0	10.5
Contractual services	3,505.6	11,407.1	9,073.8	9,073.8	(20.5)
Other	2,809.9	5,861.7	6,066.2	6,066.2	3.5
Other financing uses	0.0	3,589.4	4,457.4	4,457.4	24.2
TOTAL USES	**$20,605.5**	**$35,981.0**	**$36,371.3**	**$36,302.4**	**0.9**
FTE					
Permanent	101.0	26.0	25.0	25.0	(3.8)
Term	0.0	112.0	111.0	111.0	(0.9)
TOTAL FTE	**101.0**	**138.0**	**136.0**	**136.0**	**(1.4)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of liquid waste system violations resulting from complaints	0.0	3.0	N/A	N/A	N/A
Explanatory	Number of zero-emission vehicles registered in New Mexico	0.0	20,016.0	N/A	N/A	N/A
Explanatory	Percent of cannabis and hemp permittee inspections showing compliance	NEW	75%	N/A	N/A	N/A
Explanatory	Percent of cannabis and hemp permittees with active or ongoing violations	NEW	4%	N/A	N/A	N/A
Output	Percent of all employers inspected	NEW	0%	1%	1%	1%
Output	Percent of cannabis and hemp permittees inspected	NEW	95%	90%	90%	90%
* Outcome	Percent of the population breathing air meeting federal health standards	99%	78%	99%	99%	99%
Outcome	Amount of nitrogen oxides emitted statewide, in tons	211,728.0	56,036.0	300,000.0	300,000.0	300,000.0
Output	Percent of air emitting sources inspected	32%	6%	32%	32%	32%
Outcome	Percent of ionizing and nonionizing radiation sources in compliance	83%	98%	90%	90%	90%
Outcome	Amount of nitrogen oxides emitted illegally, in tons	119.0	75.0	6,000.0	6,000.0	6,000.0
Outcome	Percent of restaurants and food manufacturers in violation	6%	13%	15%	15%	15%
Output	Percent of ionizing and nonionizing radiation sources inspected	4%	3%	20%	20%	20%
Outcome	Percent of new or modified liquid waste systems in violation	2%	0%	13%	13%	13%
Outcome	Percent of ionizing and nonionizing radiation sources in violation	0%	3%	10%	10%	10%
Outcome	Amount of volatile organic compounds emitted statewide, in tons	295,690.0	66,363.0	90,986.0	90,986.0	90,986.0
Outcome	Percent of new or modified liquid waste systems in compliance	82%	100%	85%	85%	85%
Outcome	Percent of air emitting sources in compliance	30%	59%	85%	85%	85%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of restaurants and food manufacturers inspected	81%	95%	90%	90%	90%
Output	Percent of new or modified liquid waste systems inspected	89%	52%	89%	89%	89%
Outcome	Amount of volatile organic compounds emitted illegally, in tons	1,834.0	1,215.0	4,500.0	4,500.0	4,500.0
Outcome	Percent of air emitting sources in violation	70%	52%	15%	15%	15%
Outcome	Percent of restaurants and food manufacturers in compliance	71%	83%	88%	88%	88%

ENVIRONMENTAL HEALTH

The purpose of the environmental health program is to protect the public from environmental health hazards by providing regulatory oversight of food service and food processing facilities, hemp-finished products, adult use and medical edible cannabis products, public swimming pools and spas and liquid waste systems. The program also ensures every employee has safe working conditions, enforcing occupational health and safety standards to prevent workplace illnesses, injuries and fatalities.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,837.3	8,108.5	8,727.5	8,562.1	5.6
Other Transfers	6,795.6	1,457.2	0.0	0.0	(100.0)
Federal Revenues	1,310.3	25.0	25.0	25.0	0.0
Other Revenues	18.0	3,596.1	4,680.7	4,824.2	34.2
Fund Balance	0.0	0.0	502.9	502.9	0.0
TOTAL SOURCES	**$17,961.2**	**$13,186.8**	**$13,936.1**	**$13,914.2**	**5.5**
USES					
Personal services and employee benefits	15,087.8	10,750.5	10,907.4	10,885.5	1.3
Contractual services	199.2	662.0	1,045.1	1,045.1	57.9
Other	1,393.7	1,297.9	1,445.1	1,445.1	11.3
Other financing uses	0.0	476.4	538.5	538.5	13.0
TOTAL USES	**$16,680.7**	**$13,186.8**	**$13,936.1**	**$13,914.2**	**5.5**
FTE					
Permanent	101.0	75.0	74.0	74.0	(1.3)
Term	0.0	35.0	35.0	35.0	0.0
TOTAL FTE	**101.0**	**110.0**	**109.0**	**109.0**	**(0.9)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Output	Percent of high-hazard employers' facilities inspected	NEW	0%	25%	25%	25%
Outcome	Percent of employers inspected that did not meet occupational health and safety requirements for at least one standard	67%	61%	55%	55%	55%

COMPLIANCE AND ENFORCEMENT

The purpose of the compliance and enforcement program is to protect the public health and the environment by ensuring business, industry and federal facility compliance with federal and state rules and permit and license requirements. This program also oversees and manages the department's emergency operations and response efforts, enabling the department to respond to emergencies while maintaining its commitment to ongoing regulatory functions.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	3,387.6	4,377.5	3,814.4	12.6
Other Transfers	0.0	1,270.8	0.0	0.0	(100.0)
Federal Revenues	0.0	3,452.0	3,430.5	3,430.5	(0.6)
Other Revenues	0.0	7,809.3	10,347.5	10,414.3	33.4
TOTAL SOURCES	**$0.0**	**$15,919.7**	**$18,155.5**	**$17,659.2**	**10.9**
USES					
Personal services and employee benefits	0.0	12,443.9	14,116.1	13,619.8	9.4
Contractual services	0.0	201.2	703.5	703.5	249.7
Other	0.0	1,579.1	1,335.2	1,335.2	(15.4)
Other financing uses	0.0	1,695.5	2,000.7	2,000.7	18.0
TOTAL USES	**$0.0**	**$15,919.7**	**$18,155.5**	**$17,659.2**	**10.9**
FTE					
Permanent	3.0	47.0	38.0	38.0	(19.1)
Term	0.0	105.0	114.0	114.0	8.6
TOTAL FTE	**3.0**	**152.0**	**152.0**	**152.0**	**0.0**

SPECIAL REVENUE FUNDS

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	(27.0)	0.0	0.0	0.0	0.0
Federal Revenues	11,235.4	0.0	0.0	0.0	0.0
Other Revenues	63,289.8	0.0	0.0	0.0	0.0
USES					
Contractual services	2,249.0	0.0	0.0	0.0	0.0
Other	7,750.1	0.0	0.0	0.0	0.0
Other financing uses	60,287.7	0.0	0.0	0.0	0.0

Statutory Authority
The Office of the Natural Resources Trustee (ONRT) was created by Sections 75-7-1 through 75-7-5 NMSA 1978. To carry out the statutorily required responsibilities, ONRT is authorized to assess natural resource injuries throughout the state, negotiate and settle damage claims, and manage natural resource restoration plans. Settlements paid by responsible parties into the natural resources trustee fund are used to fund the costs of natural resource restoration activities. The natural resources trustee fund is also used as the repository for settlement monies reimbursed to the agency for actual costs incurred by the agency in the investigation, recovery, and settlement process. ONRT is administratively attached to the Environment Department.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	777.2	826.3	844.3	844.3	2.2
Other Transfers	22.8	0.0	0.0	0.0	0.0
Other Revenues	759.2	0.0	0.0	0.0	0.0
Fund Balance	11,300.0	9,670.0	9,500.0	9,500.0	(1.8)
TOTAL SOURCES	**$12,859.2**	**$10,496.3**	**$10,344.3**	**$10,344.3**	**(1.4)**
USES					
Personal services and employee benefits	678.4	934.1	778.3	778.3	(16.7)
Contractual services	8,773.8	9,500.0	9,500.0	9,500.0	0.0
Other	65.5	62.2	66.0	66.0	6.1
TOTAL USES	**$9,517.7**	**$10,496.3**	**$10,344.3**	**$10,344.3**	**(1.4)**
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE	**5.0**	**5.0**	**5.0**	**5.0**	**0.0**

At A Glance
For FY27, the Office of the Natural Resource Trustee (ONRT) requested a total budget of $10.3 million, consisting of $844.3 thousand from the general fund and $9.5 million from the natural resources trustee fund for damage assessment and restoration, for a total decrease of 1.4 percent but a general fund increase of $18 thousand, or 2.2 percent.

The committee fully funds the agencies requested general fund appropriation increase for FY27.

Budget Issues
ONRT, which generally spends about 90 percent of its general fund appropriation on staff, sought an $18 thousand, or about a 2.2 percent, increase for FY27. The requested increase is to accommodate increased risk and health insurance premium increases. ONRT also requested a $3,800 , or 6.1 percent, increase to its other budget category for Department of Information Technology service rate increases. The committee recommendation supports ONRT's request.

ONRT's request for a $9.5 million transfer from the trust fund reflects continued strong balances in the trustee fund. In FY22 and FY23 legal settlements related to the Gold King Mine spill in the Animas and San Juan river basins and Fort Wingate hazardous waste contamination near Gallup totaled almost $15 million. The state received an additional $12.3 million from the continued settlement of the Gold King release in FY24. Under both federal and state law, restoration dollars in the trustee fund must be spent on restoration projects specifically tied to the individual settlement. If a project is delayed, the money remains in the fund.

The agency projects the fund balance of the trustee fund will be $25.5 million at the end of FY26, adjusting for the agency's requested $9.5 million transfer for restoration projects. With the requested spending level, the balance going into FY27 is projected to be $16.6 million, though this assumes no new settlements deposited into the fund. Additionally, a special appropriation of $15 million from the 2025 legislative session increased the balance of the trustee fund, boosting it from $19.6 million at the close of FY25 to $34.6 million at the beginning of FY26. The recommendation supports the request for $9.5 million in transfers from the fund in FY27 and maintains the previous year's $170 thousand use of assessment funds to be used for personnel costs.

Agency Activity. The agency has continued operations on four existing damage assessments in FY25. ONRT joined the state's multi-district litigation against the U.S. Department of Defense due to natural resource damages because of their use of aqueous film-forming foam, a firefighting foam that has been found to have high levels of the chemicals known as PFAS and has been found to have leaked beyond the bounds of DOD bases. ONRT is also finalizing a natural resource damage assessment for groundwater contamination caused by NASA activities at White Sands Test Facility. The agency is also collaborating with multiple pueblos and federal agencies to complete a damage assessment on the injuries caused by hazardous substance releases from Los Alamos National Laboratory. ONRT predicts the assessment to continue for at least two more years.

ONRT reports general fund appropriations to the agency have historically generated positive returns on investment through the generation of damage settlements and assessment cost reimbursements, with a 12-to-1 return over the past three years. However, the agency has sometimes supplemented its general fund appropriation for operations with trust fund balance intended for assessments, an approach ONRT said can hinder its ability to initiate new cases and conflicts with state statute requiring the use of general fund moneys for ONRT personnel and administrative costs.

Performance. The agency had one finding in its FY24 audit. An independent auditor found a significant deficiency in internal control over financial reporting and recommended the agency record its memorandum of association revenues in the appropriate account and monitor the correct accounting period. ONRT met both of its FY25 performance targets for acreage benefiting from restoration and acreage of water conserved, restored, or protected. It requested, and the recommendation supports, higher targets for habitat restoration and for acre-feet of water conserved.

OFFICE OF NATURAL RESOURCES TRUSTEE

The purpose of the natural resource damage assessment and restoration program is to restore or replace natural resources injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of acres of habitat benefiting from restoration	12,898.0	12,958.0	12,900.0	13,000.0	13,000.0
Outcome	Number of acre-feet of water conserved, restored or protected	1,067.0	1,106.0	1,050.0	1,100.0	1,100.0

Statutory Authority
Sections 9-22-1 through 9-22-20 NMSA 1978 establish the Veterans' Services Department (VSD). The secretary is appointed by the governor with confirmation by the Senate. The department consists of the Field Services, State Benefits, and Administrative Services divisions. The Veterans' Services Advisory Board consists of five members appointed by the governor from different geographical regions of the state to advise the secretary and department staff on matters of interest to New Mexico veterans.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,239.0	8,853.9	9,956.1	9,911.9	11.9
Other Transfers	152.1	0.0	0.0	0.0	0.0
Federal Revenues	945.9	1,258.0	1,257.4	1,257.4	0.0
Other Revenues	226.2	375.0	650.0	150.0	(60.0)
Fund Balance	0.0	200.0	0.0	243.3	21.7
TOTAL SOURCES	**$9,563.2**	**$10,686.9**	**$11,863.5**	**$11,562.6**	**8.2**
USES					
Personal services and employee benefits	6,567.6	6,986.6	8,049.9	8,384.5	20.0
Contractual services	1,463.8	2,095.6	2,192.0	1,667.0	(20.5)
Other	1,210.9	1,604.7	1,621.6	1,511.1	(5.8)
TOTAL USES	**$9,242.3**	**$10,686.9**	**$11,863.5**	**$11,562.6**	**8.2**
FTE					
Permanent	76.0	76.0	80.0	80.0	5.3
Term	0.0	5.0	5.0	5.0	0.0
TOTAL FTE	**76.0**	**81.0**	**85.0**	**85.0**	**4.9**

At A Glance
The Veterans' Services Department (VSD) requested an overall budget increase of $1.1 million, or 11 percent, above the FY26 operating budget across all revenue sources. Most of the increase is attributed to increases in personnel spending due to a personnel realignment the department implemented in FY25, in addition to increases in the General Services Department's insurance risk rates. The committee recommends an 8.2 percent overall increase that partially balances a substantial increase in personnel with cuts in other spending categories.

Budget Issues
The department preempted the executive personnel realignment led by the State Personnel Office, leading the department to request a 15 percent increase in personnel spending. At the beginning of FY25, the department had 27 authorized full-time positions for veterans' services officers (VSOs), five of which were vacant. As of September 2025, in FY26, the department has 22 VSO positions, as well as seven lead VSOs and three veterans' service representatives, the result of the department's prior-year personnel realignment. Of these positions, only two VSOs are vacant. The department requested an $800 thousand supplemental appropriation to cover a projected shortfall in FY26 from the department's position realignment, risk insurance premiums, and hiring more FTE than what was budgeted, as well as giving out-of-cycle raises above the 4 percent authorized by the Legislature.

The department states the $800 thousand supplemental is no longer needed because it will use fund balance via a budget adjustment to cover the FY26 shortfall; however, without sufficient funding in the FY27 operating budget, VSD would find itself with another shortfall in the coming fiscal year. The LFC recommendation supports the requested personnel budget for personnel increase, and budgets $156.8 thousand from the department's enterprise fund balance in personnel to cover risk rate increases. To closer align with FY25 actuals and accommodate the personnel increase, the LFC recommendation adjusts the general fund budget in contractual services and the other category.

While not in the operating budget request, the department requested $400 thousand for 4 FTE as part of a special appropriation to maintain the Taos Veterans Cemetery, recently inherited by the department from Taos County. VSD has the two of the four dedicated FTE filled as of October 2025, but they are listed as temporary FTE and are currently funded through a nonrecurring appropriation. On top of the requested personnel increases, the LFC recommendation increases personnel by $400 thousand in general fund revenue for the 4 FTE at the Taos Veterans Cemetery to be transitioned to permanent positions with a recurring funding source and adds the FTE in the base budget. The recommendation of $1.3 million is a 20 percent increase over the FY26 operating budget in personnel.

As part of its FY27 operating budget request, VSD requested to use $500 thousand from its enterprise fund balances, which no longer can be used as requested because the fund will be used to cover the department's FY26 personnel shortfall and the LFC recommendation relies on the additional balances for risk rates. The LFC recommendation includes a revenue "swap," replacing fund balance with general fund revenue to ensure the department remains whole in contractual services and the other category. This brings the total general fund budget to $9.9 million, a $1 million increase, or 11.9 percent, above the FY26 budget.

The LFC recommendation supports the use of the requested federal funds in FY27, which includes $600 thousand for veteran transportation services in rural areas.

Performance. The department did not meet two of its targets, which include the number of claims processed for a veteran to receive federal benefits and percent of veterans surveyed who rate the services provided by the agency as satisfactory or above. For the measures the agency did meet, the actual performance was above the targets.

The agency had a qualified opinion in its FY24 annual financial audit that included three findings, including one significant deficiency findings and one other noncompliance finding. The significant finding was in the area of weakness in financial controls over federal programs.

Veterans' Cemeteries. The department successfully completed the construction of the Fort Stanton Veterans' Cemetery in 2017 and the Gallup Veterans' Cemetery in 2018. The Angel Fire cemetery, situated adjacent to the Vietnam Veterans' Memorial, commenced operations in 2020. In FY25, the department assumed ownership and responsibility for operations of the Taos State Veterans Cemetery.

As of September 2025, ongoing capital projects at these cemeteries include sound-absorption walls and updated security. While most of the cemetery construction is funded by the federal government, the state is responsible for the subsequent operation and maintenance of these facilities, resulting in long-term financial demands on the state.

VETERANS' SERVICES DEPARTMENT

The purpose of the veterans' services program is to carry out the mandates of the New Mexico legislature and the governor to provide information and assistance to veterans and their eligible dependents to obtain the benefits to which they are entitled to improve their quality of life.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,239.0	8,853.9	9,956.1	9,911.9	11.9
Other Transfers	152.1	0.0	0.0	0.0	0.0
Federal Revenues	945.9	1,258.0	1,257.4	1,257.4	0.0
Other Revenues	226.2	375.0	650.0	150.0	(60.0)
Fund Balance	0.0	200.0	0.0	243.3	21.7
TOTAL SOURCES	**$9,563.2**	**$10,686.9**	**$11,863.5**	**$11,562.6**	**8.2**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	6,567.6	6,986.6	8,049.9	8,384.5	20.0
Contractual services	1,463.8	2,095.6	2,192.0	1,667.0	(20.5)
Other	1,210.9	1,604.7	1,621.6	1,511.1	(5.8)
TOTAL USES	**$9,242.3**	**$10,686.9**	**$11,863.5**	**$11,562.6**	**8.2**
FTE					
Permanent	76.0	76.0	80.0	80.0	5.3
Term	0.0	5.0	5.0	5.0	0.0
TOTAL FTE	**76.0**	**81.0**	**85.0**	**85.0**	**4.9**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of honor guard services provided for veterans and their families	928.0	794.0	N/A	N/A	N/A
Outcome	Amount of approved federal compensation and pension claims	$1,242,419.0	$1,242,419.0	$1,242,419.0	$1,242,419,000.0	$1,242,419.0
Output	Number of claims processed for a veteran to receive federal benefits	5,101.0	4,161.0	5,125.0	5,000.0	5,000.0
Output	Number of claims processed for a veteran to receive state benefits	6,933.0	10,445.0	7,000.0	8,000.0	8,000.0
Output	Number of community meetings and events attended by the agency to assist and support veterans and their families	$753.0	$272.0	$750.0	$400.0	$400.0
Output	Number of outreach referrals received for healthcare coordination	371.0	304.0	380.0	380.0	380.0
* Quality	Percent of veterans surveyed who rate the services provided by the agency as satisfactory or above	90%	94%	95%	95%	95%
* Explanatory	Number of veterans and families of veterans served by the veterans' services department	51,068.0	97,811.0	N/A	N/A	N/A

Statutory Authority
The Office of Family Representation and Advocacy is authorized under Section 32A-27-1 through Section 32A-27-13 NMSA 1978. The office is governed by a commission consisting of 13 members, including three members appointed by the governor, five members appointed by the chief justice of the Supreme Court, one member appointed by the speaker of the House of Representatives, one member appointed by the president pro tem of the Senate, and several other members representing higher education institutions and the public.

The office appoints, compensates, evaluates, and retains attorneys and other staff to provide legal representation for eligible adults under the Fostering Connections Act, Section 32A-26-1 NMSA 1978, and for children and parents, custodians, or guardians whose children are, or are at risk of being placed, in the legal custody of the Children, Youth and Families Department.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,819.9	9,190.0	11,149.8	9,892.9	7.6
Other Transfers	2,686.6	2,914.4	3,407.8	3,407.8	16.9
Fund Balance	0.0	500.0	0.0	0.0	(100.0)
TOTAL SOURCES	**$11,506.5**	**$12,604.4**	**$14,557.6**	**$13,300.7**	**5.5**
USES					
Personal services and employee benefits	2,781.0	5,436.5	6,925.0	5,936.5	9.2
Contractual services	7,050.9	6,464.7	6,464.7	6,464.7	0.0
Other	742.2	703.2	1,167.9	899.5	27.9
TOTAL USES	**$10,574.1**	**$12,604.4**	**$14,557.6**	**$13,300.7**	**5.5**
FTE					
Permanent	29.0	49.0	73.0	49.0	0.0
TOTAL FTE	**29.0**	**49.0**	**73.0**	**49.0**	**0.0**

At A Glance
The Office of Family Representation and Advocacy (OFRA) is a relatively new agency, within its third year of operations. The FY27 operating budget request of $14.6 million was an increase of 15.5 percent over the FY26 operating budget. The request included $11.2 million from the general fund, a 21.3 percent increase relative to the FY26 operating budget. The agency's FY27 requested increase was driven by a $1.5 million increase for personnel costs, with $1.2 million from the general fund, to hire for the regional offices OFRA is statutorily required to operate. The request also included $464.7 thousand for costs associated with operating additional offices.

LFC recommends an FY27 operating budget of $13.3 million across all revenue sources, a 5.5 percent increase over the FY26 operating budget that accounts for OFRA plans to open its second statutorily required regional office in FY27. The LFC recommendation includes a general fund increase of $702.9 thousand, an increase of 7.6 percent. The increase includes $500 thousand to offset the use of fund balances budgeted in FY26 and not available in FY27. The remaining roughly $200 thousand increase supports OFRA's expansion of statutorily-required regional field offices and operating expenses, including rate increases and costs associated with increased staff.

Budget Issues
The Office of Family Representation and Advocacy (OFRA) was created as a standalone agency during the 2022 legislative session, and a 13-member commission was appointed to oversee the organization, as required by statute. In FY24, the office first requested a budget and operated separately from Administrative Office of the Courts, where the Office of Family Representation was previously housed. The commission hired an executive director in 2023 and began operations in July 2023.

Over the last two years, OFRA has made substantial progress to establish the new agency and begin fulfilling its statutory duties. The agency entered FY24 with a single employee and filled about 20 positions by the end of that fiscal year. In FY25, OFRA opened its first regional office in Bernalillo County and hired additional employees. By the end of the fiscal year, the Bernalillo County office housed eight staff attorneys and roughly 30 of the 49 authorized FTE for the agency were filled.

Although OFRA has made significant progress with hiring and opening the first regional office, both hiring and regional office efforts have been slower than the agency originally anticipated. Consequently, in both FY24 and FY25, OFRA ended the fiscal year with an operating budget surplus in the personal services and employee benefits category. OFRA has also had difficulty accurately projecting operating costs in the first few years. In FY24, the agency applied for and received $1.5 million in emergency funding from the State Board of Finance for a projected budget shortfall. However, OFRA ultimately ended the year with a surplus of $2 million and booked only $1.2 million in actual expenditures against the Board of Finance grant not reflected in the agency's FY24 operating budget expenditures, resulting in an effective surplus of roughly $800 thousand. Additionally, although OFRA's FY24 audit was unmodified, auditors identified a significant deficiency related to a lack of sufficient control over the calculation of federal grant billing for Title IV-E (foster care) funding; OFRA failed to identify $106.5 thousand in allowable costs, resulting in underbilling on Title IV-E of $26.6 thousand.

As OFRA continues to hire and expand to open regional offices around the state, the agency remains statutorily required to provide legal representation to children, youth, and respondents whose children are placed in CYFD custody. At this time, OFRA primarily delivers legal representation through contract attorneys, and expenditures on contractual services totaled $7.1 million in FY25, over $2.5 million more than budgeted for the fiscal year. In FY26, the contractual services budget was increased to $6.5 million. OFRA anticipates expenditures exceeding the budgeted amount despite the increase due to a combination of increased caseloads and fewer staff attorney hires than originally planned. Between FY23 and FY25 the number of open cases for which OFRA must provide legal representation increased 15 percent. In FY26, the number of new cases for which OFRA is responsible increased dramatically due to a directive issued by the Children, Youth and Families Department in July 2025 requiring all substance-exposed newborns be taken into custody. While 33 new cases were opened in June before the directive was issued, 75 cases were opened in August, an increase of over 125 percent. Ultimately, OFRA aims to increase the proportion of cases covered by full-time attorneys, though the agency will likely always rely on some contract attorneys to avoid conflicts of interest when providing legal representation to clients.

OFRA also received government results and opportunity (GRO) appropriations during the 2024 legislative session, receiving $2.1 million annually for three years for a total of $6.2 million, to implement a pilot project to provide interdisciplinary legal services for children and youth or adults whose children are in the custody of or are at risk of being in CYFD custody. In addition to attorneys, interdisciplinary legal services provide social workers and family peer support navigators to address the issues contributing to the family's involvement in the legal case and issues limiting successful resolution of the case. The pilot aims to demonstrate improved outcomes within the child welfare system, including reduced time to permanency, among children in foster care. OFRA partnered with the University of New Mexico (UNM) to design and implement a program evaluation plan, including both output and outcome evaluation measures for the three-year pilot. In FY25, the first year of the pilot, OFRA reverted $142.1 thousand, or 6.9 percent, of the $2.1 million appropriated. The 2025 UNM Evaluation Lab found that both clients and staff viewed navigators as strong advocates for clients and that interdisciplinary teams helped clients navigate challenges with the Children, Youth, and Families Department. Further, in FY25, the average reduction in time to reunification for children whose family received interdisciplinary services was about 7 percent. However, because interdisciplinary services were only provided to families in Bernalillo County and the comparison group was the remainder of the state, more rigorous evaluation of outcomes, including time to reunification, as services are expanded will be necessary for a more thorough understanding of the efficacy of interdisciplinary services.

For FY27, OFRA requested a total of $11.2 million from the general fund within the agency's base budget and a total of $14.6 million in the base budget. Although OFRA is contending with increased caseloads, the agency requested a flat contractual services budget in recognition that additional full-time attorneys should reduce the need for contract attorneys. The agency requested a $1.5 million increase for personnel, $1.2 million of which is general fund revenue, to hire additional employees and open OFRA's second and third regional field offices in Las Cruces and Farmington. In addition, the request included a $464.7 thousand increase in the other category for expenses associated with growing the agency, including rent, employee travel, and supplies, and IT rate increases.

The LFC recommendation totals $13.3 million across all revenue sources and includes a total general fund appropriation of $9.9 million. The general fund increase of $702.9 thousand includes $500 thousand to offset fund balance budgeted in FY26 from unspent emergency funding received from the State Board of Finance in FY24 because those funds are now exhausted. The LFC recommendation also includes a total of $3.4 million in interagency transfers for federal Title IV-E reimbursement, transferred from CYFD. The LFC recommendation within salaries and benefits reflects a $500 thousand increase relative to FY26 and is sufficient to fund about 45 FTE to support OFRA's expansion of statutorily required regional field offices. Within the other category, the LFC recommendation includes an increase of $200 thousand for operating expenses, including rate increases and costs associated with increased staff. Because OFRA no longer anticipates expanding into a physical field office in Farmington until FY28, the recommendation does not include the requested increase for rental costs. Finally, consistent with the agency request, the committee recommendation includes a flat budget for contractual services.

OFFICE OF FAMILY REPRESENTATION AND ADVOCACY

The purpose of the office of family representation and advocacy program is to provide high-quality legal representation for children, youth and respondents involved in child welfare cases.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,819.9	9,190.0	11,149.8	9,892.9	7.6
Other Transfers	2,686.6	2,914.4	3,407.8	3,407.8	16.9
Fund Balance	0.0	500.0	0.0	0.0	(100.0)
TOTAL SOURCES	**$11,506.5**	**$12,604.4**	**$14,557.6**	**$13,300.7**	**5.5**
USES					
Personal services and employee benefits	2,781.0	5,436.5	6,925.0	5,936.5	9.2
Contractual services	7,050.9	6,464.7	6,464.7	6,464.7	0.0
Other	742.2	703.2	1,167.9	899.5	27.9
TOTAL USES	**$10,574.1**	**$12,604.4**	**$14,557.6**	**$13,300.7**	**5.5**
FTE					
Permanent	29.0	49.0	73.0	49.0	0.0
TOTAL FTE	**29.0**	**49.0**	**73.0**	**49.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of average reduction in time to reunification for children whose parent, guardian or custodian received interdisciplinary legal services from a family peer support navigator or licensed master social worker compared to those whose parent, guardian or custodian did not receive these services	NEW	7%	7%	7%	7%
Output	Number of respondents who receive services from a family peer support navigator	NEW	132.0	280.0	280.0	280.0
Output	Percent of hearings where client and attorney spoke at least once prior to the day of the hearing	NEW	70%	80%	80%	80%

Statutory Authority
The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Sections 9-2A-1 through 9-2A-18 NMSA 1978. The department is responsible for state policies and programs to support children, youth, and families in need in such a manner as to promote self-sufficiency and to coordinate an integrated system of care and services for children, youth, and families among the various state agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	257,359.2	269,025.5	317,650.0	282,018.7	4.8
Other Transfers	27,539.8	27,591.8	26,157.6	33,441.5	21.2
Federal Revenues	81,458.9	94,940.7	73,895.2	84,518.0	(11.0)
Other Revenues	886.5	565.4	366.1	366.1	(35.2)
Fund Balance	5,704.2	5,114.2	4,279.7	9,530.5	86.4
TOTAL SOURCES	**$372,948.6**	**$397,237.6**	**$422,348.6**	**$409,874.8**	**3.2**
USES					
Personal services and employee benefits	186,814.8	192,681.1	203,915.7	210,896.7	9.5
Contractual services	95,421.1	112,948.6	116,840.0	107,421.6	(4.9)
Other	88,286.4	91,607.9	101,592.9	91,556.5	(0.1)
TOTAL USES	**$370,522.3**	**$397,237.6**	**$422,348.6**	**$409,874.8**	**3.2**
FTE					
Permanent	1,551.0	2,191.5	2,110.0	2,176.5	(1.1)
Term	0.0	25.0	141.0	25.0	(56.9)
Temporary	0.0	11.0	74.0	11.0	(73.8)
TOTAL FTE	**1,551.0**	**2,227.5**	**2,325.0**	**2,212.5**	**(3.8)**

At A Glance
For FY27, the Children, Youth and Families Department (CYFD) requested a total operating budget of $422.3 million across all revenue sources, an increase of $25.1 million, or 6.3 percent relative to the agency's FY26 operating budget. However, the agency requested an increase of $48.6 million in general fund revenue, or 18.1 percent, relative to the FY26 operating budget, and a decrease of $22.4 million, or 18.3 percent, in federal revenue (including direct federal revenues and federal funds transferred to CYFD from other agencies). About $34 million of the requested general fund revenue increases were within the Protective Services Program, largely to backfill federal pandemic-era funding and federal funding available under Title IV-E of the federal Social Security Act (foster care) that the department has not drawn down at budgeted amounts, backfill group insurance premiums funded out of the health care affordability fund (HCAF) in FY26, cover large increases in CYFD's employee liability insurance rate, and increase the budget for congregate (group) care rental space (which is ineligible for federal funding). The request also included an $11.8 million general fund revenue increase within the Juvenile Justice Facilities Program primarily for increased funding for personnel, community-based services for justice-involved youth, and insurance increases, including backfilling HCAF and increased employee liability expenses. Additionally, within the Program Support and Behavioral Health programs, CYFD requested a total of about $3 million to backfill federal funding and cover rate increases, including health and liability insurance.

During the 2024 and 2025 legislative sessions, the Legislature maintained a relatively flat operating budget for CYFD, while making significant investments to address systemic needs within the state's child welfare system through the government results and opportunity (GRO) fund. In FY27, the agency will receive $32.6 million in GRO funding from these investments, including almost $20 million within Protective Services to meet requirements of the ongoing *Kevin S.* litigation settlement. Despite failing to expend GRO funding appropriated in FY25, for FY27, CYFD requested over $61.3 million in additional GRO funds for operating expenses across the agency.

The LFC recommendation provides a total of $409.9 million for CYFD's operating budget in FY27, an increase of 3.2 percent relative to FY26. The recommendation includes a general fund increase of almost $13 million, a 4.8 percent increase relative to the FY26 agency operating budget. Within the operating budget, the LFC recommendation backfills pandemic-era federal funding increases and increased operating costs, including group insurance premiums funded by HCAF in FY26 and employee liability insurance rate increases since FY25. The LFC recommendation reflects $10 million in decreases in federal revenue within Protective Services to account for pandemic-era increases, backfilling the decrease with a combination of general fund revenue and Temporary Assistance for Needy Families (TANF) funding transferred from the Health Care Authority. The recommendation also reflects increased use of fund balance within juvenile justice to support education within secured facilities and community-based services for justice-involved youth.

Budget Issues

For several years, the Children, Youth and Families Department (CYFD) has been focused on meeting the demands of the *Kevin S.* lawsuit settlement, but has struggled with turnover in leadership, workforce retention, and efficient management of its budget. During this time, the Legislature has made significant investments in the state's child welfare system. Between FY21 and FY26, general fund appropriations to CYFD grew by $55.5 million (25 percent). However, spending at the agency has not kept pace with appropriation growth. In FY24, CYFD's operating budget was $384.5 million, while actual expenditures were $347.9 million. Given this, the Legislature appropriated relatively flat operating budgets for the last two years. However, the Legislature made numerous two- and three-year, targeted GRO appropriations totaling $77.6 million to address systemic challenges within the state's child welfare system, including for the Protective Services workforce, community-based placements for children in state care, and evidence-based prevention and early intervention.

Following the 2024 legislative session, CYFD found Protective Services was drawing down federal Title IV-E revenue at a level significantly below budgeted levels. As a result, CYFD ended both FY24 and FY25 with total spending well below the operating budget but with a deficits around $10 million in Protective Services, according to the agency. The Legislature has taken several steps to assist the agency as it determines the reason for the shortfalls and adjusts practices to maximize federal reimbursements. During the 2025 session, the Legislature appropriated $500 thousand for the agency to hire an external contractor to assist with claiming federal foster care (Title IV-E) funds, and CYFD is currently working with a contractor to identify available, unclaimed federal funding and review the agency's internal processes. The Legislature also authorized up to $25 million from the appropriation contingency fund for shortfalls between FY24 and FY26, much of which the agency reports having used to cover the FY24 and FY25 deficits. Additionally, over $30 million of the GRO funding appropriated during the 2025 session for expenditure in FY26 through FY28 will support personnel operating expenses to comply with the *Kevin S.* settlement.

For the past two years, CYFD requested a reorganization to create a new family services program. Although the Legislature did not support the reorganization, CYFD has functionally created the program using funding and over 160 positions from the four existing programs: Protective Services, Juvenile Justice Facilities, Behavioral Health, and Program Support. The agency did not request to formalize the program in the FY27 budget but intends to continue to operate the program unofficially, drawing resources from other programs.

Protective Services

After steadily declining for about five years, the number of children in foster care in New Mexico began increasing in FY24 and has continued to grow. In FY25, an average of 2,125 children were in foster care in any given month (an increase of 100 relative to FY24).

The FY27 Protective Services budget request across all revenue sources totaled $248.4 million, a $14.1 million, or 6 percent, increase relative to the FY26 operating budget. More than offsetting a requested decrease of $19.8 million in federal revenue, CYFD requested a $34 million increase in general fund revenue within the program, a 26.5 percent increase. The requested general fund revenue increase included $13 million to backfill federal Title IV-E funds, $6.8 million to backfill pandemic-era funding, and $6.4 million to backfill federal Medicaid administrative funds the request allocates to the Juvenile Justice and Behavioral Health programs. The remaining $7.7 million in general fund revenue was requested to cover employee liability rate increases since FY25 ($2.6 million), backfill health insurance increases covered with HCAF funding in FY26 ($2.3 million), increase the program's budget for rent expenses ($1.7 million), and other employee-related and Department of Information and Technology (DoIT) rate increases ($1 million).

The LFC recommendation totals $241.5 million across revenue sources, a $7.1 million, or 3 percent, increase relative to FY26. The LFC recommendation decreases budgeted federal funds by $10 million to account for decreased pandemic-era funding, including both expired grants and temporary increases in the federal match rate for some programs. The recommendation backfills the federal funding with a $5 million increase in general fund revenue and a $5 million increase in Temporary Assistance for Needy Families (TANF) revenue transferred from the Health Care Authority (HCA). The recommendation also includes general fund revenue increases of $2.6 million to cover the increased employee liability insurance rate since FY25, $2.3 million to backfill health insurance costs funded by HCAF in FY26, and $1 million mostly for DoIT rate increases. The recommendation does not include rent increases for group care facilities known to have adverse outcomes on children, does not backfill special purpose pandemic-era funding, and does not fully backfill Title IV-E at the requested level as the agency should continue to claim eligible expenses at rates it had in the past.

As the number of children in foster care increases, state spending increases, and federal revenues should correspondingly increase. Despite the increased number of children in care, CYFD's actual federal Title IV-E funding decreased in both FY24 and FY25 relative to revenue realized when the number of children in foster care was lower in FY21. Although the federal medical assistance percentage (Medicaid matching rate or FMAP) decreased during the same period, increases in the number of children in care should more than offset the decreased rate. It appears that CYFD has had a lower penetration rate (the percent of children in care deemed eligible for reimbursement), resulting in a significant gap between budgeted and actual federal revenue. Eligibility for reimbursement is determined by a variety of factors both within the agency's control (e.g., meeting court deadlines and satisfying documentation requirements) and outside the agency's control (e.g., family income). To maximize federal revenue, CYFD must ensure children in care are not deemed ineligible for reasons within the control of the agency.

Prevention and Intervention. New Mexico's FY25 repeat maltreatment rate of 14.7 percent, although a slight improvement from FY24, remains well above the national average of 9 percent. The state would need to reduce the number of children experiencing repeat maltreatment by a few hundred cases to reach the national benchmark, and research consistently suggests evidence-based prevention and early intervention programs can prevent child maltreatment.

In FY25, CYFD spent $30 million on prevention and intervention programming, an increase of $13.6 million, or 86 percent, relative to FY24. However, not all of the department's existing prevention and early intervention efforts are evidence-based, and the agency has not maximized available federal funding for such efforts in recent years. Of the $30 million in spending for prevention and intervention in FY25, CYFD spent roughly 53 percent on evidence- and research-based programming, an improvement of 18 percentage points relative to FY24. The increased focus on evidence- and research-based programming presents a laudable improvement, but through FY25 most of the evidence-based programs CYFD implemented remained ineligible for federal Title IV-E matching funds. However, after many years and several failed attempts, CYFD received federal approval of its Family First Prevention Services Act Plan (FFPSA). Beginning in October 2025, approved prevention programs included in the state plan—motivational interviewing and SafeCare—became eligible for federal Title IV-E funding at roughly a 3:1 matching rate. While not all CYFD prevention programming is eligible for federal funding, the approved plan should allow the agency to increase its available budget for prevention and intervention in FY26 and beyond.

During the 2024 and 2025 legislative sessions, the Legislature funded a variety of prevention and early intervention programs through three-year, special appropriations in the GRO fund, and CYFD has $7 million available in FY27 to pilot and evaluate prevention programs, implement differential response, and implement legislative requirements related to plans of safe care for substance-exposed newborns.

LFC continues to support the expansion of prevention and intervention services, prioritizing the implementation of evidence-based programs. The recommendation increases the use of federal TANF revenue to $22.8 million for supportive housing, multilevel or differential response implementation, family support services, evidence-based prevention and intervention services, and Fostering Connections, the program that supports youth aging out of foster care. The recommendation continues to provide $7.7 million in general fund appropriations through the CYFD operating budget to match with federal revenue for evidence-based prevention programs. Additionally, the recommendation includes a GRO fund appropriation of $2 million annually for a dedicated SafeCare unit to provide in-home prevention and intervention services for families with more acute needs. This funding is eligible for federal matching and estimated to fund between 25 and 30 dedicated FTE to provide intensive in-home services.

Workforce Development. Workforce shortages and turnover are a significant barrier to improving the state's child welfare system, and New Mexico experiences high demand for social workers, caseworkers, and investigators. Much of the case worker shortage is due to poor recruitment and retention because working in the child welfare system exposes case workers to stressful, traumatic environments. A well-prepared, trained, and supported workforce of professional social workers can improve outcomes. However, the department has not focused recruitment on people with the appropriate skills and credentials, potentially resulting in a skills mismatch and high turnover. A 2020 LFC evaluation found CYFD regions with the highest caseloads had the highest rates of short-term placements in foster care and highlighted federal research showing staffing shortages have a detrimental effect on caseworker abilities to make well-supported and timely decisions regarding children's safety.

A CYFD workforce development plan initiated as part of the *Kevin S.* settlement and a survey noted protective services staff ranked workload, self-care, and compensation—which has subsequently increased significantly—as the most pressing challenges facing staff. For investigation, permanency planning, and placement caseworkers, the department set a goal to not exceed a caseload of more than 12, 15, and 25 cases, respectively, by 2023. To date, CYFD has not achieved this goal and turnover continues to present a significant challenge, averaging 37 percent in FY25, an increase over FY24.

During the 2025 legislative session, the Legislature made significant investments in the CYFD workforce using GRO fund appropriations. In FY26, the agency was appropriated $10 million to fund personnel costs to meet caseload standards required under *Kevin S.*, $4.8 million for case aides pursuant to a remedial order in *Kevin S.*, and $2.8 million to establish on-call emergency response teams pursuant to a remedial order in *Kevin S.*. The agency will receive the same funding in FY27. Additionally, the Legislature appropriated a total of $7.2 million for CYFD to pilot for a child welfare workforce academy implemented in partnership with schools of social work between FY26 and FY28 and about $1.6 million to pilot a program to incentivize attainment of masters-level social work licensure between FY25 and FY27.

To continue to support workforce recruitment and retention, the LFC recommendation allocates the FY27 general fund revenue increases to personnel costs and reallocates funding from contractual services above actual expenditures to further support personnel. Combined with the GRO funding previously appropriated for FY27, the recommendation provides the agency with over $30 million in additional support for CYFD's ongoing workforce efforts relative to FY25.

Behavioral Health Services

For FY27, CYFD requested a small decrease of $79 thousand for the Behavioral Health Services Program across all revenue sources, primarily driven by the transfer of licensing and certification activities to HCA and expiring federal pandemic-era funding. Within general fund revenue, the agency requested an $833.8 thousand, or 1.7 percent, increase because of the proposed reorganization. The request included $398.6 thousand to backfill health insurance costs covered by HCAF in FY26, $224.7 thousand for employee liability insurance costs since FY25, $358.7 thousand for other GSD and DoIT rate increases and rent costs, and $422.7 thousand to backfill federal pandemic-era funding for domestic violence. Partially offsetting the requested increases, the agency requested transferring its licensing and certification activities for children's behavioral health providers to HCA, including 15 FTE and $570.9 thousand general fund revenue and $490 thousand in other transfer revenue.

The LFC recommendation for the Behavioral Health Services program totals $52.7 million across all revenue streams, a decrease of about $500 thousand, primarily as a result of supporting the agency's request to transfer licensing and certification activities to HCA. The recommendation increases general fund revenue by $411.1 thousand to backfill HCAF and fund liability insurance and other rate increases. Because the Legislature backfilled federal pandemic-era domestic violence services grants at actual expenditure levels and provided an increase for domestic violence services in FY26, the recommendation does not include the requested additional backfill for federal domestic violence funding.

Juvenile Justice Facilities

Referrals of juvenile crime reported to the juvenile justice system steadily declined over the last decade, reaching an all-time low during the pandemic in FY21. Beginning in FY22, referrals began to increase, reaching 7,622 in FY24 and 6,532 in the first three quarters of FY25 but remaining well below the 8,230 juveniles referred in FY19. Mirroring the trend in referrals, over the last decade, the number of youth incarcerated in secure juvenile justice facilities steadily decreased from the state's peak of over 500 as CYFD implemented evidence-based reforms. However, beginning in FY24, the number of youth in state secure facilities began to increase and reached an average daily census of 120 in the first few months of FY26. Although the increased population has placed some staffing pressure on the agency, average daily census remains below the bed capacity of the state's two secure juvenile justice facilities, the Youth Diagnostic and Development Center in Albuquerque and the J. Paul Taylor Center in Las Cruces. Together, these facilities have the capacity for 156 youth.

The Juvenile Justice Facilities FY27 budget request included an increase of roughly $10 million, or 11.6 percent, across all revenue sources. The request included decreased use of federal funding, offset by a general fund revenue increase of $11.8 million, or 15.9 percent. The requested general fund increase is driven by decreased use of fund balance for community-based services for justice-involved youth, backfilling group insurance costs covered by HCAF in FY26, and increased employee liability costs since FY25. The FY27 request included a $5.9 million increase for personnel costs and a $4.3 million increase in contractual services largely for professional services.

In recent years, actual juvenile justice spending has fallen well below budgeted levels and, although secure facilities have faced staffing pressure, significant funding amounts have been devoted to supporting other agency programs and to overtime rather than filling additional positions. In FY25, Juvenile Justice Facilities had an operating budget of $82.2 million and actual spending was close to $74 million. The total CYFD FY27 general fund request for the juvenile justice program totaled $86 million.

The LFC recommendation totals $91.5 million across revenue sources, an increase of 6.3 percent, and includes $75.2 million in general fund revenue, an increase of 1.4 percent. The recommendation supports the agency's request for additional funding for community-based services for justice-involved youth using Juvenile Justice Advisory Committee and Juvenile Community Corrections fund balances rather than general fund revenue. The recommendation includes general fund revenue increases of $2 million to backfill HCAF funding and $971.8 thousand for increased employee liability insurance costs. These increases are partially offset by the recommendation to transfer $1.9 million for one-on-one youth mentoring for the general youth population to the Department of Finance and Administration, which previously administered the program. Due to the transfer of one-on-one youth mentoring funding, the recommendation includes a net increase in general fund revenue of $1 million. However, the recommendation also includes $1.5 million annually for three years in GRO funding for evidence-based youth mentoring services for high-risk youth served by the juvenile justice system.

Program Support

The Program Support request totaled $24.7 million across all revenue sources, an increase of $1.2 million, or 5 percent, relative to the FY26 operating budget. The request included a decrease of $836 thousand in federal revenue, more than offset by an increase of $2 million in general fund revenue. The requested increases would backfill federal funding the agency requested to move to protective services, backfill group insurance costs covered by HCAF in FY26, and cover DoIT and other rate increases, including employee liability insurance increases.

The LFC recommendation totals $24.1 million across all revenue sources, an increase of about $621 thousand, or 3.5 percent. The increase, all general fund revenue, backfills $304 thousand in HCAF funding and funds the $317 thousand increase in employee liability costs. The recommendation does not provide funding to backfill federal funding because other anticipated increases in federal funding within Protective Services should allow the agency to continue to use the funding within Program Support. Additionally, the recommendation does not fund additional increases for other rate increases, such as IT and rent, because, based on historical actual expenditures, the program has sufficient budget to absorb those increases without disrupting its functions.

Accountability and Performance

In FY25, performance on several key measures eroded, particularly in Protective Services. New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of initial allegation, and the state's rate of repeat maltreatment remained well above the 9 percent national average at 14.7 percent in FY25, a modest decrease from 15 percent in FY24 but an increase from 13 percent in FY23. Turnover among Protective Services caseworkers worsened in FY25, averaging 37 percent, after some improvement in FY24. In addition, several measures related to time to maltreatment in foster care, permanency, number of foster care placement moves, and least restrictive placements worsened in FY25.

The auditor issued an unmodified opinion on the agency's FY24 annual financial audit that included four findings, including one material weakness, two significant deficiencies, and one noncompliance. Two of the findings were repeat findings and included Procurement Code violations and a lack of documentation within the adoptions program. The FY25 CYFD audit has been submitted but is under review by the state auditor.

Base Expansion

CYFD requested a total of $7.2 million in expansion funding to backfill expiring federal funding primarily comprised of pandemic-era grants. Because the funding is operational and not for new initiatives, the request is taken into consideration in the LFC base operating budget recommendation.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Adoption Incentive Payment Program Grant Expired	P578	700.0	0.0
0	Child Abuse Prevention Treatment Act ARPA	P578	645.4	0.0
0	Community Bases Child Abuse Prevention ARPA Expiredd	P578	1,587.1	0.0
0	Domestic Violence ARPA	P800	422.7	0.0
0	Family First Transition Act Expired	P578	3,854.3	0.0
TOTAL			**$7,209.5**	**$0.0**

JUVENILE JUSTICE FACILITIES

The purpose of the juvenile justice facilities program is to provide rehabilitative services to youth committed to the department, including medical, educational, mental health and other services that will support their rehabilitation.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	71,886.9	74,213.0	85,988.7	75,241.9	1.4
Other Transfers	3,013.8	4,696.0	3,751.8	4,696.0	0.0
Federal Revenues	138.7	2,082.9	2,082.9	2,082.9	0.0
Other Revenues	21.1	40.0	40.0	40.0	0.0
Fund Balance	5,704.2	5,114.2	4,235.0	9,485.8	85.5
TOTAL SOURCES	**$80,764.7**	**$86,146.1**	**$96,098.4**	**$91,546.6**	**6.3**
USES					
Personal services and employee benefits	61,482.0	62,634.2	68,539.5	66,738.8	6.6
Contractual services	11,397.4	15,247.4	19,588.8	16,837.7	10.4
Other	5,850.7	8,264.5	7,970.1	7,970.1	(3.6)
TOTAL USES	**$78,730.1**	**$86,146.1**	**$96,098.4**	**$91,546.6**	**6.3**
FTE					
Permanent	520.0	733.5	565.5	733.5	5.8
Temporary	0.0	3.0	4.0	3.0	(25.0)
TOTAL FTE	**520.0**	**736.5**	**569.5**	**736.5**	**5.6**

Recommended Language
The general fund appropriations to the juvenile justice facilities program of the children, youth and families department include seven thousand six hundred dollars ($7,600) for juvenile public safety advisory board operations.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of clients successfully completing informal probation	91%	91%	85%	92%	92%
Outcome	Percent of clients successfully completing term of supervised release	TBD	73%	78%	78%	78%
Outcome	Percent of youth confined for over six months whose northwest evaluation association math skills improved between admission and discharge	58%	80%	57%	56%	65%
Outcome	Percent of youth confined for over six months whose northwest evaluation association reading skills improved between admission and discharge	62%	56%	58%	56%	58%
Outcome	Percent of youth discharged from a secure facility who recidivated in the following two-year time period	34%	28%	45%	45%	30%
Outcome	Percent of youth discharged from active field supervision who recidivated in the following two-year time period	14%	14%	20%	15%	15%
Outcome	Percent of youth served by juvenile justice who are placed in a less restrictive, community-based setting	94.0%	94.2%	94.0%	95.0%	95.0%
Output	Percent of clients reviewed at forty days	TBD	95%	92%	95%	95%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Turnover rate for youth care specialists	34%	26%	21%	33%	21%
Outcome	Percent of clients who successfully complete formal probation	90%	89%	93%	81%	93%
Output	Number of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	TBD	1.0	3.0	3.0	3.0
Outcome	Rate of physical assaults per one thousand days youth spent in facilities	5.5	5.1	3.8	3.8	3.8
Outcome	Percent of youth age seventeen and older at the time of discharge from a secure facility, who obtained a diploma or high school equivalency certificate while at the facility	66%	74%	60%	50%	70%

PROTECTIVE SERVICES

The purpose of the protective services program is to receive and investigate referrals of child abuse and neglect and provide family preservation and treatment and legal services to vulnerable children and their families to ensure their safety and well-being.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	121,938.6	128,242.8	162,241.5	139,175.0	8.5
Other Transfers	23,403.9	19,188.0	19,188.0	25,527.7	33.0
Federal Revenues	69,917.4	86,432.3	66,645.5	76,432.3	(11.6)
Other Revenues	473.9	525.4	326.1	326.1	(37.9)
Fund Balance	0.0	0.0	44.7	44.7	0.0
TOTAL SOURCES	**$215,733.8**	**$234,388.5**	**$248,445.8**	**$241,505.8**	**3.0**
USES					
Personal services and employee benefits	96,394.4	98,338.4	102,954.7	112,149.8	14.0
Contractual services	46,105.5	56,694.1	56,224.3	50,000.0	(11.8)
Other	78,549.8	79,356.0	89,266.8	79,356.0	0.0
TOTAL USES	**$221,049.7**	**$234,388.5**	**$248,445.8**	**$241,505.8**	**3.0**
FTE					
Permanent	804.0	1,162.0	1,232.5	1,162.0	(3.3)
Term	0.0	15.0	125.0	15.0	(68.8)
Temporary	0.0	2.0	63.0	2.0	(93.8)
TOTAL FTE	**804.0**	**1,179.0**	**1,420.5**	**1,179.0**	**(8.0)**

Recommended Language

The general fund appropriations to the protective services program of the children, youth and families department include seven million six hundred sixty-two thousand dollars ($7,662,000) to match with federal revenue for well-supported, supported or promising programming as included on the clearinghouse website for the federal Family First Prevention Services Act or on the website for the California evidence-based clearinghouse for child welfare.

The internal service funds/interagency transfers appropriations to the protective services program of the children, youth and families department include twenty-two million seven hundred ninety-eight thousand six hundred dollars ($22,798,600) from the federal temporary assistance for needy families block grant to New Mexico for supportive housing, adoption services, foster care services, multilevel response system implementation as outlined in Section 32A-4-4.1 NMSA 1978, services for youth aging out of foster care, family support services, family preservation services, evidence-based prevention and intervention services and fostering connections.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of Native American children in kinship placements	NEW	56.0	N/A	N/A	N/A
Outcome	Percent of eligible youth who enroll in fostering connections on emancipation from foster care	80.6%	83.8%	85.0%	81.5%	85.0%
Outcome	Percent of families that participated in in-home services or family support services and did not have a subsequent substantiated report within the next twelve months	0.0%	82.2%	80.0%	80.0%	85.0%
Explanatory	Percent of children in foster care who have at least one monthly visit with their caseworker	86%	80%	N/A	N/A	N/A
* Output	Turnover rate for protective service workers	34%	37%	25%	34%	25%
Output	Rates of placement moved per one thousand days of care for children who enter care during a twelve-month period and stay for greater than eight days	8.1	7.9	4.8	5.4	4.8
Outcome	Percent of children who achieve permanency within twelve months of entry into foster care	34%	32%	42%	31%	42%
Outcome	Percent of youth age twelve or older in protective services custody who are placed in a less restrictive, community-based setting	73.2%	71.6%	N/A	Discontinued	90.0%
Outcome	Rate of maltreatment victimizations per one hundred thousand days of foster care within a rolling twelve-month period	10.0	12.4	8.0	9.5	8.0
Output	Average waiting time for statewide central intake call center	76:0	0:8	2:0	50:0	1:0
Outcome	Percent of children removed during a rolling twelve-month period who were initially placed with a relative or fictive kin	32%	36%	43%	35%	43%
Outcome	Percent of children in foster care for twenty-four months or more at the start of a twelve-month period who achieve permanency within that twelve months	25%	24%	35%	28%	35%
Outcome	Percent of children in care placed with relatives or fictive kin	48%	47%	82%	80%	82%
* Outcome	Percent of children in foster care for twelve to twenty-three months at the start of a twelve-month period who achieve permanency within that twelve months	34%	24%	43%	31%	43%
Outcome	Percent of children who experienced repeat maltreatment within twelve months of an initial substantiated maltreatment incident	15%	15%	9%	9%	9%
Outcome	Percent of Indian Family Protection Act youth formally supervised in the community whose tribe was notified of juvenile justice involvement	TBD	74%	90%	50%	90%
Outcome	Percent of fatalities or near-fatalities in a rolling twelve-month period that had protective services involvement in the twelve months preceding the incident	57%	34%	30%	15%	30%

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to provide coordination and management of behavioral health policy, programs and services for children.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	47,258.2	48,967.4	49,801.2	49,378.5	0.8
Other Transfers	0.0	2,707.8	2,217.8	2,217.8	(18.1)
Federal Revenues	2,287.2	1,545.5	1,122.8	1,122.8	(27.4)
Other Revenues	391.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$49,936.8**	**$53,220.7**	**$53,141.8**	**$52,719.1**	**(0.9)**
USES					
Personal services and employee benefits	11,187.6	14,106.2	13,784.8	13,784.8	(2.3)
Contractual services	35,472.8	38,070.5	38,070.0	37,647.3	(1.1)
Other	1,199.2	1,044.0	1,287.0	1,287.0	23.3
TOTAL USES	**$47,859.6**	**$53,220.7**	**$53,141.8**	**$52,719.1**	**(0.9)**
FTE					
Permanent	105.0	121.0	139.0	106.0	(23.7)
Term	0.0	2.0	1.0	2.0	100.0
Temporary	0.0	0.0	1.0	0.0	0.0
TOTAL FTE	**105.0**	**123.0**	**141.0**	**108.0**	**(22.9)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of juvenile-justice-involved youth in the estimated target population who have received consultation from a community behavioral health clinician	63%	72%	73%	85%	73%
Outcome	Percent of infant mental health program participants showing improvement developmentally through clinical assessment and observation	93%	89%	95%	86%	95%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of domestic violence program participants who agree or strongly agree that because of their participation in the program as a parent, they have a better understanding of the impact that domestic abuse or violence can have on children	96%	94%	97%	95%	97%
Outcome	Percent of domestic violence program participants who agree or strongly agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	91.6%	93.4%	95.0%	95.8%	95.8%
Output	Percent of children with at least one electronic benefits transfer service need identified in their child and adolescent needs and strengths assessment who have accessed that electronic benefits transfer service, to include placements that correspond with the recommended level of care	TBD	0%	65%	65%	Discontinued
Outcome	Percent of clients enrolled in multisystemic therapy who demonstrate improvement in one or more behavioral health outcomes	91.6%	91.5%	90.0%	94.2%	94.2%
Outcome	Percent of protective services-involved youth in the target population who receive consultation from a community behavioral health clinician	15%	48%	75%	51%	75%

PROGRAM SUPPORT

The purpose of program support is to provide the direct services divisions with functional and administrative support so they may provide client services consistent with the department's mission and to support the development and professionalism of employees.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,275.5	17,602.3	19,618.6	18,223.3	3.5
Other Transfers	1,122.1	1,000.0	1,000.0	1,000.0	0.0
Federal Revenues	9,115.6	4,880.0	4,044.0	4,880.0	0.0
TOTAL SOURCES	**$26,513.2**	**$23,482.3**	**$24,662.6**	**$24,103.3**	**2.6**
USES					
Personal services and employee benefits	17,750.8	17,602.3	18,636.7	18,223.3	3.5
Contractual services	2,445.4	2,936.6	2,956.9	2,936.6	0.0
Other	2,686.8	2,943.4	3,069.0	2,943.4	0.0
TOTAL USES	**$22,883.0**	**$23,482.3**	**$24,662.6**	**$24,103.3**	**2.6**
FTE					
Permanent	122.0	175.0	173.0	175.0	5.4
Term	0.0	8.0	15.0	8.0	(11.1)
Temporary	0.0	6.0	6.0	6.0	0.0
TOTAL FTE	**122.0**	**189.0**	**194.0**	**189.0**	**4.4**

Public Safety

Statutory Authority
The Department of Military Affairs operates pursuant to Article I, Section 8, of the U.S. Constitution and Article XVIII, Sections 1 and 2, of the New Mexico Constitution. The department is established and governed by the New Mexico Military Code (Sections 20-1-1 through 20-12-73 NMSA 1978). The governor is the commander in chief of the state military forces. An adjutant general, appointed by the governor for a five-year term, directs the department.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,530.0	10,334.4	14,937.8	10,640.6	3.0
Other Transfers	326.0	232.5	232.5	232.5	0.0
Federal Revenues	27,751.1	25,685.9	25,771.6	25,771.6	0.3
Other Revenues	111.8	135.2	135.2	135.2	0.0
Fund Balance	590.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$38,309.6**	**$36,388.0**	**$41,077.1**	**$36,779.9**	**1.1**
USES					
Personal services and employee benefits	14,811.7	16,888.9	20,820.9	17,319.5	2.5
Contractual services	6,308.6	4,071.0	4,261.5	4,076.3	0.1
Other	16,720.8	15,428.1	15,994.7	15,384.1	(0.3)
TOTAL USES	**$37,841.1**	**$36,388.0**	**$41,077.1**	**$36,779.9**	**1.1**
FTE					
Permanent	198.0	46.0	77.0	46.0	0.0
Term	0.0	156.0	157.0	156.0	0.0
TOTAL FTE	**198.0**	**202.0**	**234.0**	**202.0**	**0.0**

At A Glance
The Department of Military Affairs (DMA) requested a total FY27 budget of $41.1 million, including $14.9 million from the general fund, a $4.6 million, or 44.5 percent, increase compared with the agency's FY26 operating budget. The requested general fund increase included a $1.1 million base increase, primarily due to increases in personnel funding to recruit for vacant positions and to staff up a newly created division, and $3.5 million in expansions to provide recurring funding for a new six-week Governor's Summer ChalleNGe program and to expand the size and scope of the new crisis response team.

The LFC recommendation partially supports the requested base budget increase, resulting in $306.2 thousand in additional general fund revenue, a 3 percent increase compared with the department's FY26 operating budget to improve the agency's capacity to respond to emergencies.

Budget Issues
Base Operations. For FY27, DMA requested a total base budget increase of $1.2 million, or 3.3 percent, compared with its FY26 operating budget, about two-thirds of which is general fund revenue. The department requested an increase of approximately $1.1 million for personnel to staff up the newly created crisis response program and to fill vacant general-fund-reliant positions. The agency also requested smaller increases in the other costs and contractual services categories to support the Youth Challenge Academy (YCA) operations and pay for flight hours, equipment, and supplies for National Guard search and rescue operations.

National Guard Operations. The New Mexico National Guard (NMNG) was at 98 percent of manpower in FY25, and its service members conducted numerous missions in New Mexico. State funding for NMNG is critical to maintaining force readiness. It allows the agency to provide administrative, fiscal, personnel, facility construction, and maintenance support to respond to state and federal missions and supply an experienced force to protect the public. Since June 2024, NMNG supported Lincoln County during the South Fork and Salt fires and subsequent flooding. In addition, NMNG aided San Miguel and Mora counties when the monsoon season caused flooding in the burn scars of the Hermits Peak-Calf Canyon fires.

Youth Challenge Academy. The Youth Challenge Academy (YCA) in Roswell aims to prevent at-risk youth from entering the criminal justice system by teaching self-discipline, leadership, and responsibility in a military-style environment. Generally, two cycles of cadets complete the 22-week academy each year. In FY23, enrollment rebounded from pandemic lows with 152 registrants and 104 graduates. In FY24, 144 students registered for the YCA, and 113, or 78 percent, graduated.

Job Challenge Academy. The 2022 General Appropriation Act included recurring funding for the Job Challenge Academy (JCA), a five-month program for YCA graduates to enroll in vocational and technical community college courses. DMA received recurring funding for this program comprising $500 thousand from the general fund and $1.5 million in matching federal funds, and 32 FTE. However, because this appropriation contained contingency language requiring the agency to leverage federal funds before the appropriation was available, the agency could not budget the funds or create the new positions until federal funding was secured, which occurred in August 2022. The agency also received nonrecurring funds to support the project, including $250 thousand from the general fund, leveraging $750 thousand in matching federal funds in the 2023 General Appropriation Act, and a $450 thousand capital outlay appropriation (severance tax bonds) to support physical infrastructure needs related to the program.

The Job Challenge Academy continues DMA's Youth Challenge Academy programming by allowing YCA graduates to live in supervised housing in Albuquerque and enroll in vocational and technical courses at Central New Mexico Community College. The agency plans to repurpose housing facilities at the New Mexico State Fair for the program, which will require substantial renovations. With the conclusion of the New Mexico State Fair in October 2023, DMA broke ground on this renovation, which it completed in December 2024. The first round of participants began the program in July 2025.

Recent evaluations of JCA programs in other states show positive results, and the benefits of YCA programs suggest such a continuation could provide further educational and vocational benefits to participants. Because the JCA class is significantly smaller than the typical YCA graduating class (the YCA graduated an average of 71 participants per cycle between FY15 and FY23), the proposed program provides the agency with an opportunity to conduct rigorous analysis of participant outcomes, with YCA graduates who do not participate in JCA serving as a control group. DMA should conduct such research and report its results to the Legislature.

The LFC recommendation partially supports the requested increases, adding $306.2 thousand, or 3 percent, in general fund revenue to the nascent crisis response program to improve the agency's capacity to respond to emergencies.

Base Expansion

DMA's FY27 budget request included two expansions totaling about $3.5 million. The agency requested an expansion of $1.5 to start four additional Governor's Summer ChalleNGe programs to provide services to youth outside of the YCA and JCA environments. DMA also requested a $2 million expansion to establish a permanent crisis response program aimed at expanding existing programming and allowing more members of the New Mexico National Guard to stay on state active duty to prepare, mitigate, or respond to disasters.

The LFC recommendation does not support either of the requested expansions. The Governor's ChalleNGe Program is a free, six-week literacy program designed to strengthen students' reading and writing skills, while also teaching them essential life skills and strategies. The impact of this program in terms of improving literacy for the target population have not been well evaluated. This program, although interesting, falls outside the scope of the Department of Military Affairs' statutory responsibilities, which are to provide the infrastructure to support the Army and Air National Guard. For the crisis response program, the agency is in the beginning stages of staffing a new division aimed at focusing specifically on crisis response. Recurring funding for this program is being provided in the base budget, but adding an additional $2 million to a program that had no recurring revenue in FY26 is inconsistent with the LFC's budget guidelines.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	CERT Team	P722	2,000.0	0.0
2	Governor's Summer ChalleNGe	P721	1,500.0	0.0
TOTAL			**$3,500.0**	**$0.0**

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard so it may maintain a high degree of readiness to respond to state and federal missions and to supply an experienced force to protect the public, provide direction for youth and improve the quality of life for New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,530.0	10,334.4	12,184.6	10,334.4	0.0
Other Transfers	326.0	232.5	232.5	232.5	0.0
Federal Revenues	27,751.1	25,685.9	25,771.6	25,771.6	0.3
Other Revenues	111.8	135.2	135.2	135.2	0.0
Fund Balance	590.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$38,309.6**	**$36,388.0**	**$38,323.9**	**$36,473.7**	**0.2**
USES					
Personal services and employee benefits	14,811.7	16,888.9	18,317.7	17,113.3	1.3
Contractual services	6,308.6	4,071.0	4,260.6	4,075.4	0.1
Other	16,720.8	15,428.1	15,745.6	15,285.0	(0.9)
TOTAL USES	**$37,841.1**	**$36,388.0**	**$38,323.9**	**$36,473.7**	**0.2**
FTE					
Permanent	198.0	46.0	36.0	36.0	(21.7)
Term	0.0	156.0	157.0	156.0	0.0
TOTAL FTE	**198.0**	**202.0**	**193.0**	**192.0**	**(5.0)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent strength of the New Mexico national guard	86%	83%	98%	90%	90%
Output	Cost of deferred maintenance requests	$35,000,000	$36,150,580	$34,000,000	$35,000,000	$35,000,000
Outcome	Percent of cadets enrolled in the New Mexico national guard youth challenge academy who graduate	78.00%	80.00%	85.00%	85.00%	85.00%
* Outcome	Percent of New Mexico national guard youth challenge academy graduates who earn a high school equivalency credential	60%	66%	72%	72%	72%
Outcome	Percent of eligible New Mexico national guard service member life insurance premiums reimbursed	78.00%	90.00%	80.00%	95.00%	95.00%

CRISIS RESPONSE PROGRAM

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	2,753.2	306.2	0.0
TOTAL SOURCES	**$0.0**	**$0.0**	**$2,753.2**	**$306.2**	**0.0**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
USES					
Personal services and employee benefits	0.0	0.0	2,503.2	206.2	0.0
Contractual services	0.0	0.0	0.9	0.9	0.0
Other	0.0	0.0	249.1	99.1	0.0
TOTAL USES	**$0.0**	**$0.0**	**$2,753.2**	**$306.2**	**0.0**
FTE					
Permanent	0.0	0.0	41.0	10.0	0.0
TOTAL FTE	**0.0**	**0.0**	**41.0**	**10.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Amount spent on state active duty operations	$1,357,821.73	$7,180,616.96	N/A	N/A	N/A
Explanatory	Amount spent on search and rescue operations	$76,067.01	$6,242.59	N/A	N/A	N/A
Explanatory	Number of search and rescue operations conducted	6.0	3.0	N/A	N/A	N/A
Explanatory	Number of state active duty operations conducted	4.0	5.0	N/A	N/A	N/A

Statutory Authority
The Parole Board Act (Section 31-21-22 NMSA 1978) creates the 15-member Parole Board and administratively attaches it to the Corrections Department. Even though the Parole Board is administratively attached to the Corrections Department, it functions as an independent state agency responsible for paroling adults incarcerated by the Corrections Department. The Probation and Parole Act (Section 31-21-3 through 31-21-19 NMSA 1978) further outlines the responsibilities of the Parole Board. The 15 board members are appointed by the governor and confirmed by the Senate.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	712.2	858.1	880.4	858.1	0.0
Other Transfers	5.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$717.6**	**$858.1**	**$880.4**	**$858.1**	**0.0**
USES					
Personal services and employee benefits	541.2	692.3	712.8	692.3	0.0
Contractual services	14.6	15.7	17.5	15.7	0.0
Other	156.3	150.1	150.1	150.1	0.0
TOTAL USES	**$712.1**	**$858.1**	**$880.4**	**$858.1**	**0.0**
FTE					
Permanent	5.0	6.0	6.0	6.0	0.0
Temporary	0.0	0.0	1.0	1.0	0.0
TOTAL FTE	**5.0**	**6.0**	**7.0**	**7.0**	**16.7**

At A Glance
The Parole Board's FY27 request included a general fund increase of $22.3 thousand, or 2.6 percent, over its FY26 operating budget. The agency requested this increase to cover costs associated with salaries and benefits for its staff, and to fund recurring costs for a file digitization project. The committee recommendation keeps the agency's budget flat for FY27.

Budget Issues
The Parole Board's requested general fund increase for staff salaries and benefits accounted for most of its requested $22.3 thousand increase, or 2.6 percent, in general fund revenue. During the 2023 session, House Bill 380 aimed to amend Section 21-21-24 NMSA 1978, regarding Parole Board member pay. The bill proposed paying board members up to $95 per day for hearing preparation, in addition to their existing per diem and mileage pay. However, the bill died in committee.

The board conducted 1,492 hearings in FY25, a 39 percent decrease compared to FY24, but showed improvement in several key metrics. The percentage of parole hearings resulting in a parole certificate rose to 95 percent from 94 percent, indicating that canceled hearings may no longer significantly delay timely releases, and the board's decisions are aligning more closely with the intent of the state's sentencing system. The number of hearings canceled due to insufficient information increased from 49 to 84. Additionally, the proportion of parole revocation hearings held within a month of a parolee's return to custody dropped from 42 percent to 17 percent, meaning many parolees arrested for alleged violations spent over a month without an opportunity to challenge their detention.

Amendments to the Criminal Procedure Act in 2023 (Section 31 NMSA 1978) reformed New Mexico's medical and geriatric parole laws, broadening eligibility for inmates who are terminally ill, permanently incapacitated, or elderly. These reforms shifted primary decision-making authority from the Parole Board to the Corrections Department (NMCD), establishing a presumption of parole eligibility for qualifying inmates. The Parole Board is required to grant parole to individuals recommended by NMCD unless clear and convincing evidence suggests release would threaten public safety. While the board may consider an inmate's criminal history and other relevant factors, it cannot deny parole solely based on the offense or criminal record. In FY25, the board received 35 applications for medical or geriatric parole and granted parole to 11 percent of applicants, up from 6 percent in FY24.

Additional 2023 amendments to the Criminal Procedure Act (Section 31 NMSA 1978) eliminated life sentences without parole or release options for youthful offenders. The reform introduced a new section to the Criminal Sentencing Act (Section 31-18 NMSA 1978), which guarantees parole hearings for serious youthful offenders after serving specific time periods: 25 years for two or more first-degree murder convictions, 20 years for a single conviction of willful and deliberate first-degree or depraved-mind murder, and 15 years for other qualifying crimes. These provisions are retroactive for offenders serving adult sentences for crimes committed as minors. In FY24, the Parole Board, working with NMCD and the American Civil Liberties Union, identified 26 eligible inmates, conducting hearings for all and granting parole to six (34.6 percent), with all hearings completed by March 2024. In FY25, only one inmate met the criteria for a hearing, resulting in three parole grants based on these new provisions.

LFC recommends maintaining a flat budget for the Parole Board. The agency has averaged over $25 thousand in vacancy savings in each of the last three fiscal years, which LFC projects it will have again in FY27, providing adequate personnel savings to cover increases in rates from the General Services Department and Department of Information Technology. While recent legal changes have expanded the board's responsibilities to include reviewing medical, geriatric, and youthful offender cases, these comprise a small part of its overall workload. About 97 percent of hearings are standard parole proceedings, primarily focused on setting release conditions for individuals completing their sentences. This core function remains unchanged, and given the limited impact of recent statutory changes and the recent reversions, a budget increase is not warranted.

ADULT PAROLE

The purpose of the adult parole program is to provide and establish parole conditions and guidelines for inmates and parolees so they may reintegrate back into the community as law-abiding residents.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of applications for medical or geriatric parole granted	5.0	4.0	N/A	N/A	N/A
Explanatory	Number of parole hearings conducted for serious youthful offenders and youthful offenders sentenced as adults	26.0	1.0	N/A	N/A	N/A
Explanatory	Number of serious youthful offenders and youthful offenders sentenced as adults granted parole	9.0	3.0	N/A	N/A	N/A
Output	Number of hearings conducted with victim or victim family member participation	138.0	173.0	140.0	140.0	0.0
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	42%	17%	95%	70%	95%
Explanatory	Number of hearings canceled due to insufficient information	49.0	84.0	N/A	N/A	N/A
Outcome	Percent of parole certificates not issued within ten days of hearing due to insufficient information	6.00%	0.30%	10.00%	5.00%	5.00%
Outcome	Percent of regular parole hearings that result in a parole certificate being issued	94.0%	95.0%	90.0%	95.0%	90.0%
Explanatory	Number of applications for medical or geriatric parole received	85.0	35.0	N/A	N/A	N/A
Explanatory	Percent of applications for medical or geriatric parole granted	6.0	11.0	N/A	N/A	N/A
Output	Number of parole hearings conducted	2,544.0	1,492.0	2,600.0	1,500.0	2,600.0

Statutory Authority
The Corrections Department Act, Sections 9-3-1 through 9-3-13 NMSA 1978, creates a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Corrections and Criminal Rehabilitation Department and to ensure a comprehensive criminal justice system in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	333,205.9	353,450.8	368,037.5	365,107.1	3.3
Other Transfers	29,175.5	19,264.2	19,264.2	19,264.2	0.0
Federal Revenues	39.6	17.5	17.5	17.5	0.0
Other Revenues	8,359.3	12,909.6	12,819.8	12,819.8	(0.7)
Fund Balance	0.0	5,246.7	5,246.7	8,177.1	55.9
TOTAL SOURCES	**$370,780.3**	**$390,888.8**	**$405,385.7**	**$405,385.7**	**3.7**
USES					
Personal services and employee benefits	178,533.0	189,672.2	208,791.7	208,791.7	10.1
Contractual services	87,057.7	94,551.0	97,516.4	97,516.4	3.1
Other	95,876.5	106,665.6	99,077.6	99,077.6	(7.1)
TOTAL USES	**$361,467.2**	**$390,888.8**	**$405,385.7**	**$405,385.7**	**3.7**
FTE					
Permanent	1,841.0	2,491.0	2,362.0	2,362.0	(5.2)
Term	0.0	30.0	29.0	29.0	(3.3)
TOTAL FTE	**1,841.0**	**2,521.0**	**2,391.0**	**2,391.0**	**(5.2)**

At A Glance
The Corrections Department (NMCD) requested a total budget of $405.4 million for FY27, an increase of $14.6 million, or 3.7 percent, over its FY26 operating budget. The general fund request reflected the majority of the increase of $14.5 million, primarily driven by efforts to replace nonrecurring healthcare affordability funds used for health insurance premiums in FY26, as well as expected growth in risk insurance and Department of Information Technology rates. The Inmate Management and Control program accounted for the largest share of the requested increase. The department also requested $2.9 million for the Reentry program's community corrections contracts.

The committee recommendation largely aligns with the agency's request and supports full funding of contract increases, inflationary costs, and operational needs across NMCD programs. However, the recommendation shifts funding for the Reentry Program's contractual services from the general fund to the community corrections fund. The recommendation results in a net general fund increase of $11.7 million, representing a 3.3 percent increase.

Budget Issues
Over the last decade, NMCD's general fund appropriations increased by 32 percent, despite a declining inmate population. The state assumed control of three formerly private facilities between 2019 and 2021, contributing to increased fixed costs. In FY26, NMCD entered its second year under a new inmate healthcare contract, which remains a significant cost driver. Cost increases tied to per diem rates at privately operated facilities, overtime due to high employee vacancy rates, food service, and utilities further underscore the structural pressures facing the department.

High vacancy rates and continued declines in the prison population allowed the department to generate significant savings in prior years. However, unspent balances have decreased significantly. In FY23, the department moved over $24 million in savings from funded but vacant positions in the Inmate Management and Control (IMAC) program to other priorities. In FY24, this practice was curtailed through targeted reductions to the IMAC personnel budget. By FY25, the department had transferred only $193 thousand from the personnel budget to cover other costs. The FY26 budget restored some of the agency's programmatic flexibility; however, the practice of relying on vacancy savings to support facility maintenance and contract shortfalls raises questions about the long-term structural alignment between budgeted and actual costs.

FY27 Revenues and Expenditures. The FY27 request was centered on replacing one-time healthcare affordability fund dollars and funding increased risk insurance in IT rates. Requested increases across IMAC, Program Support, and the Community Offender Management Program reflect rising personnel, utility, and contractual obligations. Notably, the department requested $2.9 million in general fund support to fund reentry programming contracts after using other sources in FY26.

The LFC recommendation supports nearly the full requested general fund increase for core operational programs and fully funds reentry programming. However, the recommendation reallocates the funding source for reentry contracts to the community corrections fund. The committee recommendation reflects a $11.7 million general fund increase, or 3.3 percent.

Population Trends. New Mexico's inmate population increased 5.1 percent in FY25, averaging 5,995 individuals. This growth followed a prolonged period of decline, marked by a 29.5 percent decrease between FY19 and FY24. According to projections from the New Mexico Sentencing Commission, the population of men in prison is expected to increase by 3.7 percent between FY25 and FY26, while the population of women is expected to increase by 5.4 percent. Although population levels remain below pre-2018 highs, recent increases suggest the decline has stabilized.

Recidivism and Reentry. NMCD's recidivism rate increased from 39.2 percent in FY24 to 40 percent in FY25, reversing prior progress. This rate remains significantly higher than the national average of 27 percent. Substance use disorders continue to be a primary factor in returns to prison, though access to treatment remains inconsistent. Participation in the department's residential drug abuse program dropped in FY24, though those who completed the program had lower recidivism than the agency-wide average. Most returns to custody stem from new offenses or absconding, rather than technical violations. Effective programming, particularly at lower custody levels, remains critical to improving outcomes; however, measuring the success of some of these programs effectively remains a challenge.

Inmate Classification. Efforts to consolidate inmates and reduce housing unit costs continue to be constrained by outdated classification tools and persistent override practices. The department's external classification system has not been substantively updated since 2003. It allows frequent manual overrides, often for mental or behavioral health reasons, that place inmates in higher-cost custody levels. These overrides complicate efforts to consolidate populations and reduce facility operating costs.

The LFC's 2023 reentry program evaluation and an external validation study recommend that NMCD update its classification tools to incorporate gender and mental health factors into scoring models. Recommended improvements include mandatory override automation, additional officer training, and aligning disciplinary and classification policies. While implementation has begun, significant gaps remain.

Staffing and Infrastructure. Vacancy rates remain high. As of September 2025, 21.9 percent of agency positions were vacant. Vacancy rates for correctional officers were 30.5 percent in public facilities and 34.8 percent in private facilities. Although low inmate populations allow some staffing flexibility, the department has not been able to realign staffing at all facilities. In January 2025, the GEO Group, owners of the Lea County Correctional Facility (LCCF), notified NMCD that it did not intend to renew the contract to house inmates effective November 2025. LCCF previously housed over 1,100 level 3 (medium custody) inmates. NMCD took steps to relocate these inmates throughout the state and accomplished this before the end of FY25. This required NMCD to reopen several previously vacant facilities throughout the system, including the southern portion of the Penitentiary of New Mexico in Santa Fe, the farm, a low-security facility at the Central New Mexico Correctional Facility in Los Lunas, and 300 beds at the Guadalupe County Correctional Facility in Santa Rosa.

Facility conditions. Capital needs include roofing, HVAC, fire suppression systems, security infrastructure, and sewer repairs. Older facility designs impose higher staffing demands, and prior studies have concluded that it would be more cost-effective to construct a new medium-security unit than to continue maintaining aging facilities. In early FY25, NMCD launched a long-term facilities master planning process supported by funding from the 2024 General Appropriation Act. However, as of November 2025, the process has still not produced a report.

Performance Trends. While NMCD has benefited from significant legislative investments in recent years, performance improvements have been uneven. Recidivism rates have worsened, and vacancy rates remain high despite increased funding for compensation. However, targeted reforms, including efforts to modernize classification, expand treatment options, and enhance reentry support, offer pathways for improvement. The department's ability to leverage new investments into meaningful performance gains will be a key determinant of future funding stability.

INMATE MANAGEMENT AND CONTROL

The purpose of the inmate management and control program is to incarcerate in a humane, professionally sound manner offenders sentenced to prison and to provide safe and secure prison operations.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	257,910.1	275,618.5	281,623.9	281,623.9	2.2
Other Transfers	26,990.1	18,896.0	18,896.0	18,896.0	0.0
Federal Revenues	35.5	17.5	17.5	17.5	0.0
Other Revenues	1,828.6	691.0	691.0	691.0	0.0
Fund Balance	0.0	2,881.5	2,881.5	2,881.5	0.0
TOTAL SOURCES	**$286,764.3**	**$298,104.5**	**$304,109.9**	**$304,109.9**	**2.0**
USES					
Personal services and employee benefits	125,215.7	131,914.0	145,548.9	145,548.9	10.3
Contractual services	71,498.3	79,325.1	79,293.8	79,293.8	0.0
Other	82,991.7	86,865.4	79,267.2	79,267.2	(8.7)
TOTAL USES	**$279,705.7**	**$298,104.5**	**$304,109.9**	**$304,109.9**	**2.0**
FTE					
Permanent	1,332.0	1,826.0	1,713.0	1,713.0	(6.2)
Term	0.0	26.0	25.0	25.0	(3.8)
TOTAL FTE	**1,332.0**	**1,852.0**	**1,738.0**	**1,738.0**	**(6.2)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Average number of female inmates on in-house parole	2.0	2.0	10.0	10.0	10.0
* Outcome	Average number of male inmates on in-house parole	39.0	42.0	65.0	65.0	65.0
* Outcome	Vacancy rate of correctional officers in public facilities	30%	27%	25%	25%	25%
* Outcome	Vacancy rate of correctional officers in private facilities	32%	39%	25%	25%	25%
Explanatory	Percent turnover of correctional officers in public facilities	15.10%	14.30%	N/A	N/A	N/A
* Output	Number of inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	13.0	7.0	10.0	10.0	10.0
* Output	Number of inmate-on-staff assaults resulting in injury requiring off-site medical treatment	2.0	1.0	4.0	4.0	4.0
Outcome	Percent of standard healthcare requirements met by medical contract vendor	98.00%	93.00%	90.00%	90.00%	90.00%
Explanatory	Percent of inmate grievances resolved informally	77%	87%	N/A	N/A	N/A
Explanatory	Percent of random monthly drug tests administered to at least ten percent of the inmate population that test positive for drug use	2%	3%	N/A	N/A	N/A
Outcome	Percent of inmates treated for hepatitis C with undetectable viral loads twelve weeks post-treatment	77%	78%	80%	80%	80%
Outcome	Percent of inmates positive for human immunodeficiency virus with undetectable viral loads	100%	99%	95%	95%	95%

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	4,724.1	10,247.3	10,247.3	10,247.3	0.0
Fund Balance	0.0	667.2	667.2	667.2	0.0
TOTAL SOURCES	**$4,724.1**	**$10,914.5**	**$10,914.5**	**$10,914.5**	**0.0**
USES					
Personal services and employee benefits	1,718.4	2,136.2	2,725.7	2,725.7	27.6
Contractual services	53.9	51.4	86.4	86.4	68.1
Other	2,119.6	8,726.9	8,102.4	8,102.4	(7.2)
TOTAL USES	**$3,891.9**	**$10,914.5**	**$10,914.5**	**$10,914.5**	**0.0**
FTE					
Permanent	20.0	29.0	31.0	31.0	6.9
TOTAL FTE	**20.0**	**29.0**	**31.0**	**31.0**	**6.9**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Percent of inmates receiving vocational or educational training assigned to corrections industries	21%	50%	25%	30%	30%

COMMUNITY OFFENDER MANAGEMENT

The purpose of the community offender management program is to provide programming and supervision to offenders on probation and parole, with emphasis on high-risk offenders, to better ensure the probability of them becoming law-abiding residents, to protect the public from undue risk and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	37,000.0	38,792.5	43,496.2	43,496.2	12.1
Other Transfers	975.1	0.0	0.0	0.0	0.0
Federal Revenues	4.0	0.0	0.0	0.0	0.0
Other Revenues	1,729.1	1,815.0	1,815.0	1,815.0	0.0
Fund Balance	0.0	1,095.1	1,095.1	1,095.1	0.0
TOTAL SOURCES	**$39,708.2**	**$41,702.6**	**$46,406.3**	**$46,406.3**	**11.3**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	29,669.9	31,583.5	35,924.8	35,924.8	13.7
Contractual services	4,071.5	3,352.9	3,384.2	3,384.2	0.9
Other	5,929.6	6,766.2	7,097.3	7,097.3	4.9
TOTAL USES	**$39,671.0**	**$41,702.6**	**$46,406.3**	**$46,406.3**	**11.3**
FTE					
Permanent	310.0	359.0	355.0	355.0	(1.1)
TOTAL FTE	**310.0**	**359.0**	**355.0**	**355.0**	**(1.1)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent turnover of probation and parole officers	9%	9%	N/A	N/A	N/A
* Outcome	Percent of contacts per month made with high-risk offenders in the community	0%	89%	95%	92%	92%
* Quality	Average standard caseload per probation and parole officer	76.0	78.0	88.0	88.0	88.0
Output	Percent of absconders apprehended	27%	35%	30%	30%	30%
Explanatory	Number of offenders on the waiting list for intensive or high-risk supervision	NEW	39.0	N/A	N/A	N/A
* Outcome	Vacancy rate of probation and parole officers	17.0%	16.0%	18.0%	18.0%	18.0%
Explanatory	Number of offenders referred to evidence based programming	5,010.0	6,422.0	N/A	N/A	N/A
Explanatory	Percent of offenders referred to evidence-based programming who complete the program	NEW	0%	N/A	N/A	N/A

REENTRY

The purpose of the reentry program is to build educational, cognitive, life skills and vocational programs and pre- and post-release services around sound research into best correctional practices and with the input of community stakeholders to remove or reduce barriers to incarcerated individuals living productively in society, thereby reducing recidivism and furthering public safety.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	21,091.3	20,851.2	24,207.8	21,277.4	2.0
Other Transfers	833.0	368.2	368.2	368.2	0.0
Other Revenues	5.0	1.5	1.5	1.5	0.0
Fund Balance	0.0	602.9	602.9	3,533.3	486.1
TOTAL SOURCES	**$21,929.3**	**$21,823.8**	**$25,180.4**	**$25,180.4**	**15.4**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	8,884.2	9,735.1	10,163.9	10,163.9	4.4
Contractual services	10,970.1	11,353.4	14,283.8	14,283.8	25.8
Other	859.1	735.3	732.7	732.7	(0.4)
TOTAL USES	**$20,713.4**	**$21,823.8**	**$25,180.4**	**$25,180.4**	**15.4**
FTE					
Permanent	95.0	127.0	128.0	128.0	0.8
Term	0.0	3.0	3.0	3.0	0.0
TOTAL FTE	**95.0**	**130.0**	**131.0**	**131.0**	**0.8**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of prisoners reincarcerated within thirty-six months due to absconding	NEW	14%	13%	13%	13%
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to technical parole violations	21%	8%	9%	9%	9%
* Output	Percent of eligible students who earn a high school equivalency credential	75%	76%	75%	75%	75%
* Output	Percent of graduates from the men's recovery center who are reincarcerated within thirty-six months	19%	27%	23%	23%	23%
* Explanatory	Percent of participating students who have completed adult education	75%	76%	N/A	N/A	N/A
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to new charges or pending charges	18%	18%	18%	18%	18%
* Output	Percent of graduates from the women's recovery center reincarcerated within thirty-six months	23%	22%	23%	23%	23%
* Explanatory	Percent of residential drug abuse program graduates reincarcerated within thirty-six months of release	26%	31%	N/A	N/A	N/A
* Outcome	Percent of sex offenders reincarcerated on a new sex offense conviction within thirty-six months of release on the previous sex offense conviction	3%	0%	5%	5%	5%
Outcome	Percent of sex offenders incarcerated receiving sex offender treatment	41%	27%	20%	20%	20%
Outcome	Percent of inmates who have filled out a New Mexico application at time of release	96%	97%	99%	99%	99%
* Outcome	Percent of prisoners reincarcerated within thirty-six months	39%	40%	40%	40%	40%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of eligible inmates enrolled in educational, cognitive, vocational and college programs	68%	74%	60%	60%	60%
* Output	Number of students who earn a high school equivalency credential	236.0	266.0	185.0	205.0	205.0
Explanatory	Number of inmates referred to evidence-based programming	4,058.0	4,841.0	N/A	N/A	N/A
Outcome	Percent of sex offenders incarcerated who have completed sex offender treatment	48%	29%	16%	16%	16%
Explanatory	Percent of inmates referred to evidence-based programming who complete the program	41%	60%	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, personnel management and cost-effective management information system services.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	17,204.5	18,188.6	18,709.6	18,709.6	2.9
Other Transfers	377.4	0.0	0.0	0.0	0.0
Other Revenues	72.5	154.8	65.0	65.0	(58.0)
TOTAL SOURCES	**$17,654.4**	**$18,343.4**	**$18,774.6**	**$18,774.6**	**2.4**
USES					
Personal services and employee benefits	13,044.8	14,303.4	14,428.4	14,428.4	0.9
Contractual services	463.9	468.2	468.2	468.2	0.0
Other	3,976.5	3,571.8	3,878.0	3,878.0	8.6
TOTAL USES	**$17,485.2**	**$18,343.4**	**$18,774.6**	**$18,774.6**	**2.4**
FTE					
Permanent	84.0	150.0	135.0	135.0	(10.0)
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**84.0**	**151.0**	**136.0**	**136.0**	**(9.9)**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Quality	Number of prior year audit findings	0.0	1.0	4.0	3.0	3.0
Explanatory	Graduation rate of correctional officer cadets from the corrections department training academy	77.00%	82.00%	N/A	N/A	N/A
Explanatory	Percent of employee union grievances resolved prior to arbitration	100.00%	100.00%	N/A	N/A	N/A

Statutory Authority
The Crime Victims Reparation Commission is created by Section 31-22-4 NMSA 1978 to protect New Mexicans from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcement efforts. Eligibility for reparation awards, limits on the award per victim, and required deductions for payments received from collateral sources are specified in the law. The commission board is made up of five gubernatorial appointees.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,921.8	14,558.3	15,709.3	14,709.3	1.0
Other Transfers	50.4	0.0	0.0	0.0	0.0
Federal Revenues	7,957.3	14,099.7	14,099.7	14,099.7	0.0
Other Revenues	630.4	486.0	486.0	486.0	0.0
Fund Balance	0.0	90.0	90.0	90.0	0.0
TOTAL SOURCES	**$22,559.9**	**$29,234.0**	**$30,385.0**	**$29,385.0**	**0.5**
USES					
Personal services and employee benefits	2,427.7	2,759.9	2,910.9	2,910.9	5.5
Contractual services	10,067.5	10,262.4	11,262.4	10,262.4	0.0
Other	9,918.9	16,211.7	16,211.7	16,211.7	0.0
TOTAL USES	**$22,414.1**	**$29,234.0**	**$30,385.0**	**$29,385.0**	**0.5**
FTE					
Permanent	25.0	22.0	23.0	23.0	4.5
Term	0.0	6.0	6.0	6.0	0.0
TOTAL FTE	**25.0**	**28.0**	**29.0**	**29.0**	**3.6**

At A Glance
The Crime Victims Reparation Commission (CVRC) requested a total budget increase of $1.1 million, or 3.9 percent, in FY27. The request represents an increase of 7.9 percent in general fund revenue. The agency's general fund request is intended to fund increases in costs for employee benefits, including health premiums and employee liability insurance. The request also includes an increase of $1 million for sexual assault victim services. The LFC recommendation partially supports the request, providing a total increase in general fund revenue of $151 thousand, or 1 percent, to fund the insurance rate increases in the personnel category.

Budget Issues
For FY27, CVRC requests a $1.1 million increase in general fund appropriations. The bulk of the request—$1 million—would convert a nonrecurring appropriation for sexual assault services from the 2025 legislative session into recurring funding. This portion of the request is aimed at sustaining the operations of 16 sexual assault programs and 14 sexual assault nurse examiner (SANE) providers across New Mexico, many of which serve rural areas with limited access to resources for survivors. The remaining $151 thousand is intended to cover higher employee health insurance premiums and increased liability insurance costs set by the General Services Department.

CVRC's FY27 operating budget request totals $30.4 million, including $15.7 million from the general fund and $14.1 million from federal sources. Approximately three-quarters of the agency's expenditures are distributed as grants to nonprofit, tribal, and local governmental victim service providers. Two ongoing revenue challenges strain the agency's financial outlook. First, federal funding under the Victims of Crime Act (VOCA), which has historically provided the majority of grant revenue, has declined sharply over the past several years. CVRC anticipates further reductions in FY27 compared with FY25 levels. Second, the elimination of most state court fees in July 2024 removed a significant revenue source that had previously been dedicated to victim compensation payments.

Although violent crime levels in New Mexico have recently begun to decline, demand for compensation and services has remained steady, and only slightly declined, in FY25. However, costs for trauma counseling, relocation, and emergency housing continue to increase. The agency is under pressure to sustain programs that were expanded with federal and special appropriations while adapting to shrinking recurring revenues. These challenges underscore the difficulty of balancing short-term programmatic needs with long-term fiscal sustainability.

Victim Compensation. The Victim Compensation Program has experienced significant growth in recent years, processing nearly 4,600 applications in FY24. Approved claims provide direct financial assistance to victims for counseling, relocation expenses, medical bills, lost wages, and funeral costs. The average claim has risen steadily due to inflation and increased demand for services. To modernize its operations, CVRC transitioned to a web-based application platform that allows victims to apply online using phones or computers. This change has improved access and reduced processing times, particularly for those in urban areas. For victims in rural communities, however, challenges remain. Even when financial assistance is available, access to the services that compensation is intended to cover—such as counseling—can be limited.

The program's revenue picture has worsened due to reduced collections from victim reparation fees and inmate wages, which once accounted for more than half of the resources for compensation payments. With these revenue streams shrinking and the agency's fund balance largely depleted, CVRC now faces difficulty sustaining compensation levels without additional recurring support. While training and outreach efforts to providers and law enforcement have improved the accessibility of the compensation program, the fiscal reality is that the program is increasingly dependent on general fund support.

Grants Administration. Beyond direct compensation, CVRC administers a substantial portfolio of state and federal grants. In FY25, the agency distributed more than $17.9 million in grants to providers across New Mexico, a decrease from the $23 million distributed in FY24, primarily due to reduced VOCA allocations. These grants fund services ranging from domestic violence shelters and tribal victim assistance programs to the operations of SANE units and a statewide sexual assault helpline. CVRC also plays an oversight role, providing training and technical assistance while monitoring grantees through monthly desk audits and biennial on-site reviews to ensure compliance with federal and state requirements.

The use of grant funding to expand victim services has had a positive impact, including more consistent access to advocacy and counseling, as well as the creation of programs in communities where such resources were previously unavailable. Notably, the agency helped fund a 24/7 sexual assault helpline, which provides survivors with immediate support and referral to services statewide. However, these expansions have been heavily reliant on temporary federal funds and special state appropriations. Without recurring support, their sustainability is uncertain, and the agency has not yet provided comprehensive outcome data demonstrating their long-term impact on victim safety and access to services.

LFC Recommendation. The committee recommendation supports funding $151 thousand for employee health and liability insurance cost increases, consistent with LFC's budget guidelines, which account for benefit rate changes across all agencies, ensuring CVRC can maintain its staffing capacity to administer compensation claims and grants. The LFC does not recommend funding the $1 million request to convert nonrecurring appropriations for sexual assault services into recurring base funding. This approach aligns with the FY27 budget guidelines, which caution against using special appropriations as bridges to ongoing funding and require expansions to be supported by evidence of measurable outcomes and multi-year implementation plans. This approach encourages CVRC to fully expend and evaluate its prior nonrecurring appropriations and demonstrate clear outcomes before recurring investments are considered.

VICTIM COMPENSATION

The purpose of the victim compensation program is to provide financial assistance and information to victims of violent crime in New Mexico so they can receive services to restore their lives.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,239.2	3,848.3	3,974.3	3,974.3	3.3
Other Transfers	43.6	0.0	0.0	0.0	0.0
Federal Revenues	665.9	1,307.0	1,307.0	1,307.0	0.0
Other Revenues	629.8	486.0	486.0	486.0	0.0
Fund Balance	0.0	90.0	90.0	90.0	0.0
TOTAL SOURCES	**$4,578.5**	**$5,731.3**	**$5,857.3**	**$5,857.3**	**2.2**

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
USES					
Personal services and employee benefits	1,701.9	1,917.2	2,043.2	2,043.2	6.6
Contractual services	59.9	67.2	67.2	67.2	0.0
Other	2,750.7	3,746.9	3,746.9	3,746.9	0.0
TOTAL USES	**$4,512.5**	**$5,731.3**	**$5,857.3**	**$5,857.3**	**2.2**
FTE					
Permanent	17.0	19.0	20.0	20.0	5.3
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**17.0**	**20.0**	**21.0**	**21.0**	**5.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Average number of days to process applications	37.0	21.0	45.0	45.0	45.0
Explanatory	Number of victims receiving direct advocacy	743.0	343.0	N/A	N/A	N/A
Outcome	Reimbursement rate for victim services providers	65%	65%	65%	65%	65%
Explanatory	Number of crime victims compensation applications received	4,114.0	3,944.0	N/A	N/A	N/A
Explanatory	Number of sexual assault service provider programs receiving state funding statewide	24.0	30.0	N/A	N/A	N/A
Explanatory	Number of incidents of intimate-partner violence that resulted in death reviewed by the homicide death review team	18.0	26.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors who accessed the civil legal services hotline	1,196.0	870.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors receiving civil legal services statewide	333.0	291.0	N/A	N/A	N/A
Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	10,213.0	11,323.0	N/A	N/A	N/A
Explanatory	Number of victims who received services through state-funded victim services provider programs statewide	8,010.0	17,066.0	N/A	N/A	N/A

GRANT ADMINISTRATION

The purpose of the grant administration program is to provide funding and training to nonprofit providers and public agencies so they can provide services to victims of crime.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,682.6	10,710.0	11,735.0	10,735.0	0.2
Other Transfers	6.8	0.0	0.0	0.0	0.0
Federal Revenues	7,291.4	12,792.7	12,792.7	12,792.7	0.0
Other Revenues	0.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$17,981.3**	**$23,502.7**	**$24,527.7**	**$23,527.7**	**0.1**
USES					
Personal services and employee benefits	725.7	842.7	867.7	867.7	3.0
Contractual services	10,007.6	10,195.2	11,195.2	10,195.2	0.0
Other	7,168.2	12,464.8	12,464.8	12,464.8	0.0
TOTAL USES	**$17,901.5**	**$23,502.7**	**$24,527.7**	**$23,527.7**	**0.1**
FTE					
Permanent	8.0	3.0	3.0	3.0	0.0
Term	0.0	5.0	5.0	5.0	0.0
TOTAL FTE	**8.0**	**8.0**	**8.0**	**8.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Efficiency	Percent of state-funded subgrantees that received site visits	10%	10%	30%	30%	30%
* Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	10,213.0	11,323.0	N/A	N/A	N/A
Explanatory	Number of incidents of intimate-partner violence that resulted in death reviewed by the homicide death review team	18.0	26.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors receiving civil legal services statewide	333.0	291.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors who accessed the civil legal services hotline	1,196.0	870.0	N/A	N/A	N/A
Explanatory	Number of sexual assault service provider programs receiving state funding statewide	24.0	30.0	N/A	N/A	N/A
Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	10,213.0	11,323.0	N/A	N/A	N/A
Explanatory	Number of victims who received services through state-funded victim services provider programs statewide	8,010.0	17,066.0	N/A	N/A	N/A
Efficiency	Percent of sexual assault service provider programs receiving compliance monitoring via desk audit	100%	100%	100%	100%	100%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Percent of federally funded subgrantees receiving compliance monitoring via desk audit	100%	100%	100%	100%	100%
Efficiency	Percent of federally funded subgrantees receiving site visits	10%	10%	25%	25%	25%
Outcome	Percent of subgrantees in compliance with federal quarterly performance measure reporting for providing effective services to crime victims	100%	100%	100%	100%	100%
Explanatory	Number of crime victim service provider programs that received federal funding statewide	80.0	80.0	N/A	N/A	N/A
Efficiency	Percent of state-funded subgrantees receiving compliance monitoring via desk audit	100%	100%	100%	100%	100%

Statutory Authority
The Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978, creates the Department of Public Safety (DPS), a cabinet department. The creation of DPS in 1987 was intended to provide overall coordination and access for all law enforcement functions in the state. The act incorporates the State Police, Law Enforcement Academy, Alcohol Beverage Control Enforcement, and Civil Emergency Preparedness Division of the Department of Military Affairs. On July 1, 1998, the Motor Transportation Division, formerly part of the Taxation and Revenue Department, was transferred to DPS. Sections 9-28-1 through 9-28-7 NMSA 1978 remove the Emergency Management and Homeland Security Support Program and create the Homeland Security and Emergency Management Department.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	171,005.8	199,939.8	213,729.1	206,029.4	3.0
Other Transfers	18,692.2	7,297.0	11,297.0	11,297.0	54.8
Federal Revenues	18,007.3	19,143.5	19,474.3	19,474.3	1.7
Other Revenues	7,627.0	8,724.0	8,724.0	8,724.0	0.0
Fund Balance	0.0	4,395.8	6,179.7	6,179.7	40.6
TOTAL SOURCES	**$215,332.3**	**$239,500.1**	**$259,404.1**	**$251,704.4**	**5.1**
USES					
Personal services and employee benefits	163,690.2	175,971.0	190,597.1	186,458.7	6.0
Contractual services	3,784.1	4,634.3	4,825.0	4,551.5	(1.8)
Other	45,023.3	58,894.8	63,982.0	60,694.2	3.1
TOTAL USES	**$212,497.6**	**$239,500.1**	**$259,404.1**	**$251,704.4**	**5.1**
FTE					
Permanent	1,134.0	1,212.0	1,212.0	1,212.0	0.0
Term	0.0	99.0	99.0	99.0	0.0
Temporary	0.0	55.3	55.3	55.3	0.0
TOTAL FTE	**1,134.0**	**1,366.3**	**1,366.3**	**1,366.3**	**0.0**

At A Glance
The Department of Public Safety (DPS) requested a total budget of $259.4 million for FY27, with $213.7 million from the general fund, representing a 6.9 percent increase over FY26. The agency's request included $15.9 million in additional funding for the Law Enforcement Program, which houses the State Police (NMSP), and $2 million for the Statewide Law Enforcement Support Program (SLES). DPS also sought $2.1 million for Program Support, which houses the agency's Administrative Support Division.

The LFC recommendation provides a $6 million, or 3 percent, increase in general fund appropriations over FY26, partially funding DPS's requests across divisions. The increase includes $5 million for NMSP, $989 thousand for SLES, and $100.3 thousand for Program Support. These appropriations are entirely intended to fund increases in health insurance premiums. The agency received a clean audit opinion for FY24 but repeated major issues from the prior year, including weak controls over project billing and reversions, along with new material weaknesses and procurement deficiencies.

Budget Issues
For FY27, DPS requested an overall budget increase of $19.9 million, or 8.3 percent, from all sources over the previous year. While the majority of the requests cover increases in health insurance premiums, risk insurance rates, and Department of Information Technology (DoIT) rates, the other programmatic changes are entirely to add recurring costs for ongoing IT projects, a shift from requests from previous years, where the agency requested funding for new initiatives and law enforcement recruitment and retention.

The LFC recommendation partially funds each division's requests and includes an increase in general fund appropriations totaling $6.1 million, or 3 percent, over the agency's FY26 budget. The recommendation includes $5 million for NMSP, $989 thousand for SLES, and $100.6 thousand for Program Support to cover health insurance premium increases.

Agency Performance. DPS saw mixed results in FY25 across key performance metrics tied to its core law enforcement and operational goals. The department reported increases in DWI saturation patrols, achieving 3,468 patrols, exceeding the annual target of 3,000. However, DWI arrests declined by 9 percent from FY24 to 2,072 in FY25. In the commercial vehicle sector, DPS conducted 107,804 safety inspections, surpassing the target of 100 thousand inspections, though out-of-service violations issued declined 3 percent to 14,590. DPS completed 91 percent of forensic cases, falling short of its 100 percent target, and saw a 22 percent vacancy rate among forensic staff, an 18 percent decrease from FY24 at the close of the fiscal year. NMSP also reported lower-than-expected clearance rates for crimes solved for certain crime types, with 82 percent for crimes against persons and 41 percent for property crimes. Additionally, the Law Enforcement Academy graduated 94 percent of non-state police cadets (cadets from local law enforcement agencies), falling short of its 100 percent goal.

Crime Reporting. In FY24, DPS significantly expanded crime data reporting through the FBI-mandated National Incident-Based Reporting System (NIBRS), although it has not publicly reported this data. By year-end, 87.3 percent of New Mexico law enforcement agencies were submitting NIBRS data, up from 63.8 percent in FY23. However, many local law enforcement agencies do not report, or do not report in a timely fashion. While the percentage of agencies reporting regularly has increased in recent years, reaching as high as 90 percent population coverage in some months, reporting often lags, with coverage dropping to less than 70 percent of the population for the most recent months. Incomplete or late reporting makes in impossible to understand and respond to crime trends in the state.

Accountability and Oversight. Independent oversight of law enforcement may help improve public confidence in police, encourage citizen reporting and cooperation with law enforcement, and ultimately make the state safer. In 2022, the Legislature enacted several statutory changes restructuring the state's law enforcement oversight to strengthen training standards and accountability. This legislation dissolved the Law Enforcement Academy Board, creating two entities: the Law Enforcement Standards and Training Council (LESTC), which sets training and certification standards, and the Law Enforcement Certification Board, responsible for officer certification and disciplinary actions. In FY25, LESTC and the Law Enforcement Certification Board made minimal progress on improving accountability and training standards. LESTC focused on creating administrative rules for law enforcement and dispatcher training, professional development, and performance standards, including setting new curriculum requirements. However, despite continued investment, both entities experienced significant turnover in leadership and membership, with the deputy secretary for DPS taking over operations and oversight of both while the search for permanent leadership continues.

New Mexico State Police. The Law Enforcement Program, made up of New Mexico State Police (NMSP) requested an additional $11.4 million in general fund appropriations, for a total of $203.8 million. The 8.4 percent increase from the previous year addressed core operational needs, with significant investments in personnel, equipment, and to build recurring costs from an IT project into the base budget. Specifically, NMSP seeks approximately $2 million in recurring funding to add to the base budget for the intelligence-led policing project, which has been funded through the IT process for the past two fiscal years. The remaining increases are intended to cover rate increases for risk insurance, Department of Information Technology telecommunications charges, and employee health insurance premiums. Overall, the committee recommends an increase of $5 million, or 3.1 percent, over FY26 for the Law Enforcement Program.

NMSP averaged a force of 635 officers in FY25, with 13.4 percent of all positions vacant, and a 13 percent of positions supported by the general fund. After officers received substantial pay increases in FY23, the agency received $2 million to expand its recruit schools. The agency was well-positioned to expand its force strength and projected it would end FY26 with 647 commissioned officers.

Statewide Law Enforcement Support. For FY27, SLES' request primarily included increases in health insurance premiums, risk insurance rates, and DoIT rates. However, it also included a request for an additional $530 thousand from the general fund for ongoing maintenance and support of software and hardware for IT projects. The program requested a total increase of $2 million, or 6.9 percent, from the general fund over FY26. The committee recommendation partially supports the SLES request by increasing general fund appropriations by $989 thousand, or 3.5 percent, to cover increases in health insurance premiums.

SLES made notable advancements across several critical areas in FY25, particularly within the Forensic Laboratory Bureau, where strategic pay adjustments helped reduce the forensic scientist vacancy rate from 40 percent to 22 percent. The bureau also continued to staff up the relatively new 44,000-square-foot Santa Fe facility, which opened in FY24, enhancing operational capacity and enabling reaccreditation by the American Association for Laboratory Accreditation. This expanded facility allowed the bureau to address backlogs across forensic services and improve case-processing times while maintaining high-quality standards through recalibrated equipment and reaccreditation efforts.

Program Support. For FY27, DPS's Administrative Services Division requested a total budget of $16.5 million, a 14.2 percent increase over FY26. The request included $8.1 million in general fund appropriations, reflecting an increase of $408.6 thousand, or 5.3 percent, over the prior year. This request primarily funded increases in health insurance premiums, risk insurance rates, and DoIT rates. The committee recommendation includes $100.6 thousand, or 1.3 percent, from the general fund to cover health insurance premiums.

LAW ENFORCEMENT

The purpose of the law enforcement program is to provide the highest quality of law enforcement services to the public and ensure a safer state.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	139,880.8	163,848.0	175,269.3	168,848.0	3.1
Other Transfers	17,084.3	6,046.0	10,046.0	10,046.0	66.2
Federal Revenues	15,596.9	14,122.7	14,122.7	14,122.7	0.0
Other Revenues	2,456.8	2,437.0	2,437.0	2,437.0	0.0
Fund Balance	0.0	1,520.2	1,934.6	1,934.6	27.3
TOTAL SOURCES	**$175,018.8**	**$187,973.9**	**$203,809.6**	**$197,388.3**	**5.0**
USES					
Personal services and employee benefits	136,633.6	142,904.6	156,149.4	152,319.0	6.6
Contractual services	1,913.9	2,120.5	2,120.5	2,120.5	0.0
Other	34,455.8	42,948.8	45,539.7	42,948.8	0.0
TOTAL USES	**$173,003.3**	**$187,973.9**	**$203,809.6**	**$197,388.3**	**5.0**
FTE					
Permanent	907.0	964.0	964.0	964.0	0.0
Term	0.0	46.0	46.0	46.0	0.0
Temporary	0.0	55.3	55.3	55.3	0.0
TOTAL FTE	**907.0**	**1,065.3**	**1,065.3**	**1,065.3**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriations to the law enforcement program of the department of public safety include ninety-four thousand five hundred dollars ($94,500} from the weight distance tax identification permit fund. Any unexpended balance in the law enforcement program of the department of public safety remaining at the end of fiscal year 2027 from appropriations made from the weight distance tax identification permit fund shall revert to the weight distance tax identification permit fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Explanatory	Number of proactive special investigations unit operations to reduce driving while intoxicated and alcohol-related crime	1,521.0	782.0	N/A	N/A	N/A
* Explanatory	Percent of total crime scenes processed for other law enforcement agencies	31%	30%	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against persons investigated by the criminal investigation bureau	58%	82%	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against property investigated by the criminal investigation bureau	40%	41%	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against society investigated by the criminal investigation bureau	33%	28%	N/A	N/A	N/A
Explanatory	Clearance rate of homicide cases investigated by the criminal investigation bureau	77%	77%	N/A	N/A	N/A
Explanatory	Number of cases investigated by the New Mexico state police	3,140.0	2,766.0	N/A	N/A	N/A
Explanatory	Number of commercial driver and vehicle out-of-service violations issued	15,087.0	14,590.0	N/A	N/A	N/A
Explanatory	Number of crisis intervention cases handled	327.0	284.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of illegally possessed firearms seized as part of criminal investigations	70.0	71.0	N/A	N/A	N/A
Explanatory	Number of violent repeat offender arrests by the fugitive apprehension unit	401.0	335.0	N/A	N/A	N/A
Explanatory	Percent of total New Mexico state police special operations deployments for other law enforcement agencies	38.0%	33.1%	N/A	N/A	N/A
Output	Number of commercial vehicle enforcement community outreach events and trainings completed	13.0	29.0	25.0	25.0	25.0
* Explanatory	Graduation rate of the New Mexico state police recruit school	54.00%	65.50%	N/A	N/A	N/A
Output	Number of data-driven traffic-related enforcement projects	3,781.0	4,747.0	4,000.0	4,500.0	4,500.0
* Output	Number of driving-while-intoxicated saturation patrols conducted	3,030.0	3,468.0	3,000.0	3,000.0	3,000.0
Explanatory	Number of criminal investigations conducted by criminal investigation bureau agents	464.0	514.0	N/A	N/A	N/A
* Explanatory	Turnover rate of commissioned state police officers	8%	7%	N/A	N/A	N/A
* Explanatory	Number of drug-related investigations conducted by narcotics agents	536.0	609.0	N/A	N/A	N/A
* Explanatory	Vacancy rate of commissioned state police officers	12%	12%	N/A	N/A	N/A
Explanatory	Number of man-hours spent on governor-ordered special deployment operations	18,381.0	15,660.0	N/A	N/A	N/A
Explanatory	Number of governor-ordered special deployment operations conducted	7.0	10.0	N/A	N/A	N/A
* Output	Number of commercial motor vehicle safety inspections conducted	122,768.0	107,804.0	125,000.0	100,000.0	100,000.0
Explanatory	Number of New Mexico state police misdemeanor and felony arrests	7,044.0	7,018.0	N/A	N/A	N/A
Explanatory	Number of driving-while-intoxicated arrests	2,277.0	2,072.0	N/A	N/A	N/A
Explanatory	Vacancy rate of New Mexico state police transportation inspectors	10.20%	9.50%	N/A	N/A	N/A
Explanatory	Vacancy rate of New Mexico state police dispatchers	23.10%	16.60%	N/A	N/A	N/A
Explanatory	Number of motor carrier safety trainings completed	25.0	11.0	N/A	N/A	N/A
Explanatory	Rate of commercial motor vehicles out of service compared to the current national level	75.00%	90.40%	N/A	N/A	N/A
Output	Number of community engagement projects in counties with populations less than one hundred thousand	121.0	295.0	150.0	200.0	200.0

STATEWIDE LAW ENFORCEMENT SUPPORT

The purpose of the statewide law enforcement support program is to promote a safe and secure environment for New Mexicans through intelligently led policing practices, vital scientific and technical support, current and relevant training and innovative leadership for the law enforcement community.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	FY27 2026-2027 Percent Inc (Decr)
SOURCES					
General Fund Transfers	24,565.2	28,370.4	30,329.8	29,359.4	3.5
Other Transfers	1,438.2	1,038.1	1,038.1	1,038.1	0.0
Federal Revenues	793.5	1,080.9	1,131.9	1,131.9	4.7
Other Revenues	5,006.0	6,287.0	6,287.0	6,287.0	0.0
Fund Balance	0.0	260.0	260.0	260.0	0.0
TOTAL SOURCES	**$31,802.9**	**$37,036.4**	**$39,046.8**	**$38,076.4**	**2.8**
USES					
Personal services and employee benefits	21,180.6	25,380.2	26,370.1	26,370.1	3.9
Contractual services	1,551.7	2,155.8	2,429.3	2,155.8	0.0
Other	7,919.4	9,500.4	10,247.4	9,550.5	0.5
TOTAL USES	**$30,651.7**	**$37,036.4**	**$39,046.8**	**$38,076.4**	**2.8**
FTE					
Permanent	167.0	179.0	179.0	179.0	0.0
Term	0.0	45.0	45.0	45.0	0.0
TOTAL FTE	**167.0**	**224.0**	**224.0**	**224.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of forensic evidence cases completed	95%	91%	100%	100%	100%
Explanatory	Average age of outstanding allegations of misconduct complaint cases at the close of the fiscal year, in days	230.8	310.5	N/A	N/A	N/A
Explanatory	Average time to adjudicate complaint cases, in days	300.3	466.3	N/A	N/A	N/A
Explanatory	Number of complaint cases adjudicated	54.0	57.0	N/A	N/A	N/A
Explanatory	Number of complaint cases received	111.0	120.0	N/A	N/A	N/A
Explanatory	Number of crimes against persons reported in the national incident-based reporting system by participating law enforcement agencies statewide	23,752.0	42,358.0	N/A	N/A	N/A
Explanatory	Number of crimes against property reported in the national incident-based reporting system by participating law enforcement agencies statewide	49,459.0	98,198.0	N/A	N/A	N/A
Explanatory	Number of crimes against society reported in the national incident-based reporting system by participating law enforcement agencies statewide	10,303.0	16,103.0	N/A	N/A	N/A
Explanatory	Percent of information technology help requests received from other agencies	24%	52%	N/A	N/A	N/A
Explanatory	Percent of law enforcement agencies in compliance with reporting of mandated in-service law enforcement training	32%	46%	N/A	N/A	N/A
Explanatory	Percent of law enforcement agencies reporting to the national incident-based reporting system	76%	85%	N/A	N/A	N/A
* Explanatory	Number of expungements processed	383.0	474.0	N/A	N/A	N/A
Outcome	Number of certifications issued	535.0	567.0	600.0	600.0	600.0

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Number of sexual assault examination kits not completed within one hundred eighty days of receipt of the kits by the forensic laboratory	259.0	1,419.0	0.0	0.0	0.0
Explanatory	Percent of non-state police cadets who graduated the law enforcement academy through certification by waiver	98.1%	94.4%	N/A	N/A	N/A
Explanatory	Vacancy rate of forensic scientists and forensic technicians	40%	22%	N/A	N/A	N/A
Explanatory	Percent of non-state police cadets who graduated the basic law enforcement academy	75.2%	63.7%	N/A	N/A	N/A
Explanatory	Percent of complaint cases reviewed and adjudicated annually by the New Mexico law enforcement certification board	49%	48%	N/A	N/A	N/A
Explanatory	Graduation rate of telecommunication students from the law enforcement academy	98.8%	100.0%	N/A	N/A	N/A

PROGRAM SUPPORT

The purpose of program support is to manage the agency's financial resources, assist in attracting and retaining a quality workforce and provide sound legal advice and a clean, pleasant working environment.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,559.8	7,721.4	8,130.0	7,822.0	1.3
Other Transfers	169.8	212.9	212.9	212.9	0.0
Federal Revenues	1,616.9	3,939.9	4,219.7	4,219.7	7.1
Other Revenues	164.3	0.0	0.0	0.0	0.0
Fund Balance	0.0	2,615.6	3,985.1	3,985.1	52.4
TOTAL SOURCES	**$8,510.8**	**$14,489.8**	**$16,547.7**	**$16,239.7**	**12.1**
USES					
Personal services and employee benefits	5,876.0	7,686.2	8,077.6	7,769.6	1.1
Contractual services	318.5	358.0	275.2	275.2	(23.1)
Other	2,648.1	6,445.6	8,194.9	8,194.9	27.1
TOTAL USES	**$8,842.6**	**$14,489.8**	**$16,547.7**	**$16,239.7**	**12.1**
FTE					
Permanent	60.0	69.0	69.0	69.0	0.0
Term	0.0	8.0	8.0	8.0	0.0
TOTAL FTE	**60.0**	**77.0**	**77.0**	**77.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of audit findings resolved from the prior fiscal year's annual external audit	57.10%	0.00%	80.00%	80.00%	80.00%
Output	Number of site visits made to sub-grantees	120.0	162.0	125.0	125.0	125.0

Statutory Authority
The Homeland Security and Emergency Management Department was created by Sections 9-28-1 through 9-28-7 NMSA 1978 (Homeland Security and Emergency Management Act) to consolidate and coordinate homeland security and emergency management functions for the state and to act as a conduit for federal assistance and cooperation. Pursuant to Laws 2020, Chapter 9, the State Fire Marshal's Office moved from the Public Regulation Commission to the Homeland Security and Emergency Management Department effective July 1, 2021.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,939.5	4,481.3	6,938.4	4,481.3	0.0
Other Transfers	70.4	0.0	0.0	0.0	0.0
Federal Revenues	220,379.6	60,203.3	33,132.7	33,132.7	(45.0)
Other Revenues	143,086.9	157,680.4	170,473.5	170,055.0	7.8
TOTAL SOURCES	**$367,476.4**	**$222,365.0**	**$210,544.6**	**$207,669.0**	**(6.6)**
USES					
Personal services and employee benefits	10,125.9	18,084.5	20,116.9	16,356.4	(9.6)
Contractual services	12,080.0	4,529.1	2,276.1	2,267.9	(49.9)
Other	398,940.2	199,751.4	188,151.6	189,044.7	(5.4)
TOTAL USES	**$421,146.1**	**$222,365.0**	**$210,544.6**	**$207,669.0**	**(6.6)**
FTE					
Permanent	97.0	90.0	115.0	90.0	0.0
Term	0.0	54.0	54.0	54.0	0.0
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**97.0**	**145.0**	**170.0**	**145.0**	**0.0**

At A Glance
The Department of Homeland Security and Emergency Management (DHSEM) requested a total budget of $210.5 million. Representing a decrease of $12.2 million, or 5.5 percent, for FY27. The bulk of the change came from a $27 million reduction in federal revenue and a requested increase of $2.5 million, or 54.8 percent, from the general fund. The agency request sought to significantly realign how it accounts for federal funding and included a $2.4 million expansion to change the funding source for positions handling disaster funding to the general fund. The agency request included an increase of $2 million, or 11.2 percent, in personnel funding, a decrease of $2.3 million, or 50 percent, in contractual services, and a decrease in other costs of $11.6 million, or 5.8 percent.

The LFC recommendation holds the budgets in most expenditure categories close to FY26 levels but slightly increases the amount fire protection grant fund money the State Fire Marshal's Office can use to make grants to other subdivisions of the state. The recommendation keeps the agency's general fund appropriation flat and supports the agency's request for increases in other revenue and decreases in federal revenue. While the agency's overall budget decreases by 6.6 percent in the LFC recommendation, it is primarily due to the requested $27.1 million reduction in federal funding in the Homeland Security and Emergency Management program. The agency's FY24 audit contained seven findings, including three significant deficiency findings and two other noncompliance findings. The significant finding was in the area of subrecipient monitoring. A 2023 finding of internal control over financial close and reporting, cash management, and subrecipient monitoring was repeated and modified.

Budget Issues
The Department of Homeland Security and Emergency Management (DHSEM) submitted a total FY27 budget request of $210.5 million, representing a decrease of $12.2 million, or 5.5 percent, from the FY26 operating budget. The reduction is primarily due to an anticipated $27 million decline in federal revenue, offset in part by a proposed $2.5 million increase in general fund appropriations, or 54.8 percent growth from FY26. The agency attributes the general fund increase to efforts to stabilize staffing and improve long-term financial management of federal disaster funding.

General Fund and Personnel Request. DHSEM requested $6.9 million in general fund support, representing a $2.5 million increase from the FY26 operating budget. This included a $2.4 million expansion request to shift 25 federally funded positions to general fund support. According to the agency, this move is intended to increase the stability of critical staff positions involved in disaster recovery and finance and reduce disruptions caused by variable or delayed federal drawdowns. DHSEM argued that continued reliance on federal funding for these core staff has contributed to persistent audit findings, high turnover, and delays in federal reimbursements. The request included an increase in the personal services and employee benefits category of $2 million, or 11.2 percent, from the prior year. The increase reflected the proposed expansion of general fund-supported FTE, salary increases, and increases in benefits costs and insurance premiums. The LFC recommendation, in keeping with the committee's FY27 budget guidelines, does not include funding to convert federally funded temporary positions into permanent general fund positions, because reductions in federal funding have not yet taken place.

Federal Revenue and Budget Realignment. DHSEM's request reflected a $27 million decrease in federal revenue, reducing the federal funds portion of the agency's budget to $33 million for FY27. The agency stated this reduction is the result of multiple factors, including the winding down of significant disaster-related obligations from previous years and a transition to budgeting only known and obligated awards rather than anticipated awards. This shift is intended to reduce budget volatility and improve alignment between actual cash flows and budget authority.

As part of its request, the agency continued efforts begun in recent years to budget federal awards in the base operating budget, rather than relying heavily on budget adjustment requests (BARs). The agency argued the previous reliance on BARs limited its ability to draw down federal disaster funds in a timely manner, created inconsistencies in year-over-year budgeting, and contributed to compliance issues in annual audits.

Contractual Services and Operating Costs. DHSEM requested a $2.3 million decrease in contractual services, a 50 percent reduction from the FY26 operating budget. This reduction reflected a shift away from temporary contractors and consultants, especially within disaster recovery and financial compliance functions, because the agency seeks to bring these responsibilities in-house through permanent FTE funded via the general fund. The agency also requested a $11.6 million, or 5.8 percent, decrease in the other costs category, reflecting lower projected pass-through and reimbursable costs associated with disaster declarations, mitigation projects, and other federally supported programs.

Homeland Security and Emergency Management. The Homeland Security and Emergency Management program, which encompasses emergency operations, disaster recovery, mitigation, preparedness, and grant administration, accounted for most of the requested general fund growth. The program requested a total of $6.9 million from the general fund, an increase of $2.5 million, primarily driven by the aforementioned FTE shift and rising personnel costs. The program's federal revenue request totaled $33.1 million, a $27.1 million decrease compared with FY26, again due to reductions in outstanding disaster obligations and a more cautious approach to budgeting federal funds.

State Fire Marshal's Office. The State Fire Marshal's Office request totaled $170.4 million, a $12.8 million increase from FY26. The increase was driven by projected growth in fire protection fund (FPF) revenues, some of which are transferred to the fire protection grant fund (FPGF) to support local fire department training, equipment, and facility needs. The agency noted FPF revenue growth has stabilized following several years of significant increases and projected FY27 collections reflect more modest gains. The LFC recommendation keeps the program's personnel and contractual services budgets flat compared to FY26 but includes an increase of $12.4 million, or 8.2 percent, to increase the amount of grant money available to support local fire departments.

Base Expansion

The agency's request included 21 additional positions in the Homeland Security and Emergency Management (HSEM) program to support a permanent team of state active duty national guard employees and support staff to transition responsibilities from contractors to internal staff for continuity purposes outside of active emergencies and 4 additional FTE for the State Fire Marshal's Office. However, in keeping with LFC budget guidelines discouraging the expansion of staff for purposes outside of expansion of services for legislatively authorized activities, the LFC recommendation does not support the request.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	SFMO Expansion	P806	418.5	0.0
1	Continuity Plan	P759	2,000.0	0.0
TOTAL			**$2,418.5**	**$0.0**

STATE FIRE MARSHAL'S OFFICE

The purpose of the state fire marshal's office program is to provide services and resources to the appropriate entities to enhance their ability to protect the public from fire hazards.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	141,322.9	157,625.4	170,418.5	170,000.0	7.9
TOTAL SOURCES	**$141,322.9**	**$157,625.4**	**$170,418.5**	**$170,000.0**	**7.9**
USES					
Personal services and employee benefits	5,823.0	6,686.8	7,990.2	6,686.8	0.0
Contractual services	317.5	705.1	713.3	705.1	0.0
Other	196,445.5	150,233.5	161,715.0	162,608.1	8.2
TOTAL USES	**$202,586.0**	**$157,625.4**	**$170,418.5**	**$170,000.0**	**7.9**
FTE					
Permanent	46.0	57.0	61.0	57.0	0.0
TOTAL FTE	**46.0**	**57.0**	**61.0**	**57.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Quality	Pass rate for state certification exams administered by the firefighter training academy bureau	79%	75%	84%	84%	84%
Output	Number of training contact hours delivered by the state fire marshal's office and firefighter training academy bureau	132,286.0	117,149.0	130,000.0	130,000.0	130,000.0
Output	Number of inspections of temporary fireworks sales locations completed	386.0	385.0	400.0	400.0	400.0
Quality	Percent compliance with national fire incident reporting system	95%	95%	95%	95%	95%
Output	Percent of fire departments inspected by the fire service support bureau	80%	95%	75%	75%	75%
Output	Number of fire investigations completed	164.0	199.0	212.0	212.0	212.0
* Outcome	Percent of local government recipients that receive their fire protection fund distributions on schedule	100%	100%	100%	100%	100%
Output	Number of inspections completed by the code enforcement bureau	3,651.0	4,000.0	3,000.0	3,000.0	3,000.0
Output	Percent of fire departments audited	100%	100%	100%	100%	100%
Outcome	Percent of state-owned and -leased buildings inspected	70%	80%	85%	85%	85%
* Outcome	Average statewide fire district insurance service office rating	5.0	5.0	4.0	4.0	4.0

HOMELAND SECURITY AND EMERGENCY MANAGEMENT DEPARTMENT PROGRAM

The purpose of the homeland security and emergency management program is to provide for and coordinate an integrated, statewide, comprehensive emergency management system for New Mexicans, including all agencies, branches and levels of government.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,939.5	4,481.3	6,938.4	4,481.3	0.0
Other Transfers	70.4	0.0	0.0	0.0	0.0
Federal Revenues	220,379.6	60,203.3	33,132.7	33,132.7	(45.0)
Other Revenues	1,764.0	55.0	55.0	55.0	0.0
TOTAL SOURCES	**$226,153.5**	**$64,739.6**	**$40,126.1**	**$37,669.0**	**(41.8)**
USES					
Personal services and employee benefits	4,302.9	11,397.7	12,126.7	9,669.6	(15.2)
Contractual services	11,762.5	3,824.0	1,562.8	1,562.8	(59.1)
Other	202,494.7	49,517.9	26,436.6	26,436.6	(46.6)
TOTAL USES	**$218,560.1**	**$64,739.6**	**$40,126.1**	**$37,669.0**	**(41.8)**
FTE					
Permanent	51.0	33.0	54.0	33.0	0.0
Term	0.0	54.0	54.0	54.0	0.0
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	**51.0**	**88.0**	**109.0**	**88.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Average number of days from receipt of invoice to receipt of funds by subrecipient	30.0	30.0	30.0	30.0	30.0
Outcome	Number of performance progress reports submitted in the biannual strategy implemenation report system for open emergency management performance, state homeland security and nonprofit security grants	10.0	10.0	10.0	10.0	10.0
Outcome	Number of performance progress reports submitted in the calendar year for each open emergency management performance grant	14.0	6.0	6.0	6.0	6.0
Outcome	Number of performance progress reports submitted in the calendar year for open state homeland security, nonprofit security, operation stonegarden and emergency operations center grants	13.0	20.0	20.0	20.0	20.0
Outcome	Number of subrecipient monitoring visits conducted within the calendar year	19.0	30.0	30.0	30.0	30.0
Explanatory	Number of information and intelligence reports distributed from fusion center to nongovernment entities	130.0	0.0	N/A	N/A	N/A
Output	Number of critical infrastructure systems evaluated	0.0	0.0	10.0	10.0	10.0
Outcome	Percent of federal emergency management agency hazard mitigation plans approved	100.00%	32.00%	75.00%	25.00%	25.00%
Outcome	Percent of local jurisdictions' emergency communications data submitted and entered into the integrated public alerting and warning system	75.00%	100.00%	100.00%	100.00%	100.00%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Number of projects tied to governor's executive orders allocating emergency funding that are fully expended or reverted	11.0	0.0	N/A	N/A	N/A
Output	Number of training courses delivered for identified needs of local and state entities	97.0	58.0	70.0	70.0	70.0
Outcome	Percent of monthly emergency operations center readiness tests passed	100%	100%	100%	100%	100%
Explanatory	Number of information and intelligence reports distributed from fusion center to federal partners	1,614.0	0.0	N/A	N/A	N/A
* Outcome	Number of recommendations from federal grant monitoring visits older than six months unresolved at the close of the fiscal year	1.0	20.0	2.0	2.0	2.0
Outcome	Percent of emergency equipment able to be deployed	89%	92%	92%	92%	92%
Output	Number of homeland security exercise and evaluation program compliant exercises delivered or coordinated by the agency	10.0	0.0	10.0	10.0	10.0
Explanatory	Number of information and intelligence reports distributed from fusion center to state, local and tribal partners	1,614.0	0.0	N/A	N/A	N/A
Explanatory	Amount of unspent funds tied to governor's executive orders allocating emergency funding issued more than four years ago	$23,302,881	$0	N/A	N/A	N/A
Outcome	Percent of prior year audit findings resolved	80%	26%	87%	87%	87%

Transportation

Statutory Authority
Sections 67-1-1 through 67-16-14 NMSA 1978 codify laws pertaining to the Department of Transportation (NMDOT), the State Transportation Commission, and highways and transportation in general. Article V, Section 14, of the Constitution of New Mexico establishes the State Transportation Commission. Each of the six governor-appointed commissioners represents a highway district. The department is administered in accordance with the policies established by the commission and all applicable federal and state laws and regulations.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	9,800.0	10,300.0	9,000.0	9,000.0	(12.6)
Federal Revenues	546,190.6	579,513.8	590,046.0	590,046.0	1.8
Other Revenues	659,924.7	666,733.0	677,883.0	677,883.0	1.7
Fund Balance	0.0	49,535.0	3,500.0	4,450.0	(91.0)
TOTAL SOURCES	**$1,215,915.3**	**$1,306,081.8**	**$1,280,429.0**	**$1,281,379.0**	**(1.9)**
USES					
Personal services and employee benefits	233,526.0	251,936.0	242,675.5	256,523.9	1.8
Contractual services	38,646.4	674,287.8	59,734.6	40,181.1	(94.0)
Other	206,571.8	379,858.0	73,480.0	68,412.4	(82.0)
Plan, study, design and right-of-way acquisition, road construction and rehabilitation	516,472.1	0.0	550,643.5	556,366.2	0.0
Roadway maintenance contracts	54,844.6	0.0	61,062.3	61,602.3	0.0
Roadway maintenance supplies and materials	39,554.1	0.0	38,934.2	38,394.2	0.0
Equipment purchases	13,634.4	0.0	10,043.3	10,043.3	0.0
Transportation project fund	53,838.5	0.0	55,790.0	55,790.0	0.0
Local government road fund	24,698.7	0.0	28,965.0	28,965.0	0.0
Air service assistance program	4,397.5	0.0	3,785.6	9,785.6	0.0
Transit grants	30,813.1	0.0	33,226.3	33,226.3	0.0
Debt service	88,682.4	0.0	122,088.7	122,088.7	0.0
TOTAL USES	**$1,305,679.6**	**$1,306,081.8**	**$1,280,429.0**	**$1,281,379.0**	**(1.9)**
FTE					
Permanent	2,259.0	2,562.0	2,562.0	2,562.0	0.0
Term	0.0	53.5	53.5	53.5	0.0
TOTAL FTE	**2,259.0**	**2,615.5**	**2,615.5**	**2,615.5**	**0.0**

At A Glance
NMDOT requested $1.28 billion for FY27, a decrease of $25.6 million, or 1.9 percent, from FY26; however, the request does not include uncommitted balances in the state road fund, typically added to NMDOT's operating budget during the legislative session. On a revenue basis, the agency requested an increase of $20.4 million, or 1.7 percent, with $10.5 million in additional federal revenue and $11.2 million in additional state revenues. Of that additional revenue, $12.6 million was requested for the Project Design and Construction Program, which manages construction projects, $3.4 million for the Highway Operations Program, responsible for road maintenance across six transportation districts, $5.1 million for Program Support, which includes agencywide expenses that had significant increases, such as liability insurance and information technology rates. The agency requested a slight decrease in revenue for the Modal Program, which manages traffic safety, transit, ports of entry, and transportation regulation. Notably, the agency requested an $8.3 million, or 3.3 percent, decrease for personnel costs, despite rising costs of health insurance for agencies statewide. The agency's debt service payment will increase by $11.3 million, or 10.2 percent, accounting for almost all of the increase in the Project Design and Construction Program.

The LFC recommendation of $1.281 billion relies on agency revenue estimates, forgoing the typical practice of including the estimated balance for the state road fund in the budget recommendation. The committee recommends any identified fund balance be appropriated to the agency for road construction and maintenance on a nonrecurring basis. The recommendation includes $256.5 million for personnel costs, an increase of $4.6 million, or 1.8 percent, from FY26 and $13.8 million above the agency's request. Analysis indicates this level is necessary to support current staffing. To allow for this increase, the LFC recommendation limited growth in administrative expenditure and reallocated funds from the Modal Program, which showed significant surpluses in personnel, to the Highway Operations Program, which has a majority of NMDOT's payroll.

Budget Issues

NMDOT is responsible for construction and maintenance activities on the 28 thousand lane mile state road network, which includes state and national highway systems. To perform these functions, NMDOT relies on revenue generated by the state road fund and federal revenues. State road fund dollars are primarily used for highway maintenance and agency operations, while most construction and debt service payments are from federal awards. Additionally, the department receives tax revenue earmarked for highway and driver safety, local government transit and road projects, and aviation projects.

State Road Fund. NMDOT forecasts state road fund revenue every January and July, budgeting projected revenue in the request. For FY27, NMDOT expects total road fund revenue of $570.4 million, up $8.5 million, or 1.5 percent, from budgeted FY26 levels. The largest source of revenue to the road fund are fuel taxes, generating an estimated $253 million in FY27. While gasoline taxes have been largely stagnant in recent years, the department expects slight growth for FY27. However, the $116.2 million projected for FY27 represents only $2.5 million more than the average collected by the department between FY20 and FY25. The 17 cent per gallon tax has not been changed since 1995 and grew only 3.5 percent between FY15 and FY25 while the road fund grew 40 percent over this time. The slow revenue growth is attributable to increased vehicle fuel efficiency and adoption of hybrid and electric vehicles. While NMDOT's economists expect gasoline taxes to continue to rise for the next few years, long-term estimates indicate gas taxes will likely fall over the long term as this trend continues. The Environmental Improvement Board has adopted vehicle emission standards requiring 43 percent of new passenger vehicle sales to be zero-emission vehicles by 2026, rising to 82 percent by 2032. With increasing fuel efficiency impacting road funding across the country, some states have begun charging additional vehicle registration fees to electric and hybrid vehicles to account for lower gasoline tax collections, typically used to fund road maintenance. Diesel taxes are expected to grow significantly, offsetting a projected loss in fees charged to commercial vehicles and motor vehicle registrations. NMDOT projects 46 percent of total revenue from fuel taxes, 24 percent from fees on commercial trucking, and 28 percent from taxes on vehicle sales and registration fees.

Federal Revenue. For FY27, the department requested $590 million in federal revenue, an increase of $10.5 million, or 1.8 percent from FY26. Most federal transportation funding flows through formula-based grant programs. Of the total, $534 million is for federal highway programs and directed to the Project Design and Construction Program. NMDOT requested $462 million for planning, design, right-of-way acquisition, and construction activities, a slight decrease from the $464.8 million appropriated for FY26. For road projects, use of federal funds requires a state match of between 8 percent and 20 percent, and state road fund is used to provide these matching funds. The department requested a total of $69.7 million in federal funds to make debt service payments, an increase of $12.7 million from the FY26 appropriation. The agency's debt service schedule includes this increase for a single year, before falling to $54 million in FY28 and FY29.

In addition to federal formula allocations, the department occasionally receives competitive grant awards from the U.S. Department of Transportation. The department typically requests budget adjustment authority to allow for the budgeting of these funds, including the required match from the state road fund. For FY27, NMDOT requested $85 million in adjustment authority, consistent with the level authorized for FY26.

The LFC recommendation supports the department's request for federal funds.

Local Road Funding. NMDOT provides funding for local road projects through the local government road fund and the transportation project fund. The local government road fund receives revenue from fuel taxes, leased vehicle gross receipts, and fee revenue. For FY27, the department requested $29 million from the local government road fund, an increase of $965 thousand. August 2025 cash balances totaled $50.3 million, up from $46.8 million in 2024, with the department projecting uncommitted balances at $26.7 million. Fund balances have been growing steadily; in October 2020, the fund held $35 million, with only $14 million uncommitted. Awards from the local government road fund follow a complex statutory formula, limiting the flexibility of these funds.

The transportation project fund receives revenue from the motor vehicle excise tax, which the department estimates at $55.8 million for FY27, an increase of $1 million. Projects are selected for funding based on recommendations put forward by municipal and regional planning organizations and tend to be more flexible than awards from the local government road fund. While the fund currently has a large cash balance—about $80 million—the uncommitted cash balance is only $5.9 million. Due to the popularity of the transportation project fund, a factor driven by the low local match required to access the program, the Legislature has supplemented this fund with nonrecurring general fund allocations in recent years. Given the large and growing cash balance in the local government road fund, the Legislature should consider transferring funds from the local government road fund to the transportation project fund to allow local and tribal governments to access these funds.

The LFC recommendation supports the agency's request for the local government road fund and the transportation project fund.

Fund Balance. The total amount of fund balance available is determined during the January revenue forecasting process. During the legislative session, the House Transportation Committee follows a consensus process to budget available fund balances to meet the priorities of NMDOT, the Legislature, and the executive. At time of budget submission, NMDOT projected unbudgeted state road fund balances totaled $45.8 million. The agency typically does not request road fund balances at the time of budget submission, preferring to determine amounts during the legislative session.

For FY27, the LFC recommendation does not include a recommendation for state road fund balance, noting the practice of including fund balance estimates in the agency's recurring operating budget can distort the agency's request from year-to-year. For FY26, the Legislature included $49.5 million in agency fund balance in its recurring operating budget. Because NMDOT does not typically request fund balance, this led the agency to request a budget decrease of 1.9 percent even while projecting growing revenue of 1.6 percent. While it is good practice for appropriations to authorize the expenditure of uncommitted fund balances on activities like road construction and maintenance, these appropriations should be made on a nonrecurring basis to provide a clearer budget picture.

Personnel Spending. For several years the department had large surpluses in the personal services and employee benefits category, but increases in both headcount and salary have eliminated these surpluses and required the department to submit budget adjustments to make payroll. In FY25, the department increased the personnel budget by $15.5 million to cover a projected deficit in agency payroll; for FY26 the Transportation Commission approved a $12 million budget adjustment request for personnel costs, bringing the agency's potential total budget for personnel costs to $270 million, or $28.2 million above the agency's FY27 request. The agency requested a 6.2 percent decrease for the Project Design and Construction Program, a 4.7 percent decrease for the Highway Operations Program, and a 12.8 percent decrease for the Modal Program. The agency requested an 8.6 percent increase for program support, but this request was driven by a $5.1 million increase for risk management premiums, paid agencywide from Program Support. Excluding the risk management rates, the agency requested a 7.4 percent decrease in personnel costs for Program Support.

LFC analysis suggests this agency's request may be too low to cover personnel costs in FY27. The LFC recommendation includes $256.5 million for personnel costs, a $4.6 million, or 1.8 percent increase from FY26. This includes a 2.5 percent increase for the Project Design and Construction Program and a 3.3 percent increase for the Highway Operations Program. Notably, LFC's analysis assumes only $6 million in overtime for Highway Operations, lower than FY25 spending and the FY26 operating budget, which could prove challenging for the department. Because analysis shows a large surplus in the personnel category for the Modal Program, the LFC recommendation includes a $4.8 million, or 26.9 percent decrease in the category, retaining funds to cover staffing levels at the time of budget submission but eliminating the surplus to allocate funding to programs where there appears to be a shortfall. The LFC recommendation supports the agency's request for Program Support.

Road Construction and Maintenance Projects. Road construction projects are funded through the department's Project Design and Construction Program, which accounts for $812 million of the department's $1.28 billion request. Of that, the department requested $635 million for contracts or grants to complete projects, $122.1 million for debt service payments, $35 million for personnel to support project development, and $19.5 million for other expenses. The request included $3.5 million in fund balance from the highway infrastructure fund for debt service payments. The LFC recommendation includes a total of $806.2 million for project design and construction, prioritizing funds to agency staffing costs and project spending. The LFC recommendation includes a 3.1 percent reduction in project spending, slightly smaller than the agency's requested reduction of 4.1 percent.

Maintenance projects, including snow removal, incident response, and other routine tasks are housed within the department's Highway Operations Program. About half of the agency's request for the program—$154.4 million of the $308 million request—is for agency personnel, with an additional $61 million for contract maintenance projects, $38.4 million for road maintenance supplies, and $10 million equipment purchases. The department's request of $154.4 million for personnel costs is only slightly above FY25 actual expenses of $152 million, despite increases in both pay and health insurance costs. For this reason, the LFC recommendation includes an $5.4 million, or 3.3 percent, increase for personnel costs, shifting funds from contract maintenance and other programs to cover the costs.

Modal Program. The department requested $102.1 million for the Modal Program, a decrease of $7.8 million, or 7 percent, from the FY26 operating budget, but most of this decrease is the result of eliminating the use of $7 million in fund balance included in the FY26 operating budget for airport improvements. The request also includes a $1.3 million, or 13 percent, decrease in transfers from the weight distance tax identification permit fund. The agency's request holds revenue from the state road fund flat with FY26, at $27.4 million, $7.5 million, or 37.7 percent, above FY25 actual spending. The agency did request a $2.3 million reduction to personnel costs in the program. Projections show the Modal Program has a significant surplus for personnel costs, with at least $4 million available in that program.

To account for shortfalls in the personal services and employee benefits category in the Highway Operations Program and Project Design and Construction Program, the LFC recommendation reduces road fund revenue to the Modal Program to support needed personnel expense in other programs. The LFC recommendation of $98 million remains $17.3 million, above actual expenditures in FY25.

For the Aviation Division, the agency requested a decrease to the state's air service assistance program, which funds capital improvement projects at local airports. The agency's FY26 budget was increased by the use of $7 million from uncommitted balances in the state aviation fund, but no similar request was included for FY27, leading to a $5.6 million decrease for local project grants. The department maintained a flat request for contractual services with the Aviation Division. NMDOT requested a $6 million increase in FY26 for capital improvements to state-owned airports. Due to the reduction in the air service assistance program, the LFC recommendation shifts $6 million back to the air service assistance program for grants to local governments, rather than for improvements at state-owned airports.

Debt Service. The department currently has $575 million in outstanding debt obligations, with annual debt service costs of $122.1 million in FY27 and annual payments of about $111 million through FY30. Most of those payments--$300 million over five years--are federally reimbursable. The state will have retired all debt by the end of FY31; however, the department is seeking authority from the Legislature to issue new bonds for road construction projects, which could extend the repayment period.

State match for the debt service payments are paid from the state road fund, the agency's general operating fund, and the highway infrastructure fund, which is restricted to debt service payments. NMDOT's request included $13.4 million from the highway infrastructure fund, including $9.9 million in revenue, in line with agency revenue projections, and $3.5 million in fund balance. NMDOT reports a projected uncommitted balance of $16.9 million in the highway infrastructure fund, more than sufficient cover the agency's request. NMDOT's current debt service schedule has payments from the highway infrastructure fund falling to between $8.5 million and $8.9 million in FY28 through FY31, leaving about $1 million surplus annually. As a result, the fund balance will likely be reduced to about $13 million in FY27 before continuing its growth from FY28. The Legislature should consider allowing NMDOT to access this surplus to repay debt obligations from this fund, rather than the state road fund, although the department may prefer having the revenue available to cover debt service on any new debt issuance.

PROJECT DESIGN AND CONSTRUCTION

The purpose of the project design and construction program is to provide improvements and additions to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to highway planning, design and construction necessary for a complete system of highways in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	498,947.0	523,607.8	534,140.0	534,140.0	2.0
Other Revenues	258,952.7	272,210.2	274,325.2	268,607.2	(1.3)
Fund Balance	0.0	24,124.9	3,500.0	3,500.0	(85.5)
TOTAL SOURCES	**$757,899.7**	**$819,942.9**	**$811,965.2**	**$806,247.2**	**(1.7)**
USES					
Personal services and employee benefits	34,567.1	37,289.7	34,990.3	38,231.6	2.5
Contractual services	10,506.7	564,016.7	13,260.8	3,294.6	(99.4)
Other	133,702.1	218,636.5	6,226.9	1,511.1	(99.3)
Plan, study, design and right-of-way acquisition, road construction and rehabilitation	516,472.1	0.0	550,643.5	556,366.2	0.0
Transportation project fund	53,838.5	0.0	55,790.0	55,790.0	0.0
Local government road fund	24,698.7	0.0	28,965.0	28,965.0	0.0
Debt service	88,682.4	0.0	122,088.7	122,088.7	0.0
TOTAL USES	**$862,467.6**	**$819,942.9**	**$811,965.2**	**$806,247.2**	**(1.7)**
FTE					
Permanent	290.0	356.0	356.0	356.0	0.0
Term	0.0	14.0	14.0	14.0	0.0
TOTAL FTE	**290.0**	**370.0**	**370.0**	**370.0**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of projects in production let to bid as scheduled	91.00%	88.00%	75.00%	75.00%	75.00%
* Quality	Percent of final cost-over-bid amount, less gross receipts tax, on highway construction projects	1%	1%	3%	3%	3%
* Outcome	Percent of projects completed according to schedule	74%	94%	88%	88%	88%

HIGHWAY OPERATIONS

The purpose of the highway operations program is to maintain and improve New Mexico's highway infrastructure in service of the general public through activities that include preserving roadway integrity and ensuring open access throughout the state system.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	3,000.0	3,000.0	3,000.0	3,000.0	0.0
Other Revenues	318,110.5	301,787.2	305,234.7	318,336.3	5.5
Fund Balance	0.0	14,827.8	0.0	0.0	(100.0)
TOTAL SOURCES	**$321,110.5**	**$319,615.0**	**$308,234.7**	**$321,336.3**	**0.5**
USES					
Personal services and employee benefits	152,042.5	162,123.9	154,443.6	167,545.2	3.3
Contractual services	977.4	66,409.7	1,647.4	1,647.4	(97.5)
Other	52,092.2	91,081.4	42,103.9	42,103.9	(53.8)
Roadway maintenance contracts	54,844.6	0.0	61,062.3	61,602.3	0.0
Roadway maintenance supplies and materials	39,554.1	0.0	38,934.2	38,394.2	0.0
Equipment purchases	13,634.4	0.0	10,043.3	10,043.3	0.0
TOTAL USES	**$313,145.2**	**$319,615.0**	**$308,234.7**	**$321,336.3**	**0.5**
FTE					
Permanent	1,630.0	1,830.0	1,830.0	1,830.0	0.0
Term	0.0	18.7	18.7	18.7	0.0
TOTAL FTE	**1,630.0**	**1,848.7**	**1,848.7**	**1,848.7**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Output	Number of statewide pavement lane miles preserved	5,023.0	3,888.0	3,500.0	3,500.0	3,500.0
Outcome	Percent of non-interstate lane miles rated fair or better	86.00%	70.00%	80.00%	80.00%	80.00%
* Outcome	Percent of interstate lane miles rated fair or better	90%	84%	91%	90%	90%
* Outcome	Number of combined systemwide lane miles in poor condition	5,696.0	7,080.0	4,000.0	4,000.0	4,000.0

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of national highway system lane miles rated fair or better	86%	81%	90%	90%	90%
Outcome	Percent of non-national highway system lane miles rated fair or better	71%	68%	80%	80%	80%
Outcome	Number of interstate miles in poor condition	422.0	678.0	300.0	300.0	300.0
Outcome	Number of non-interstate miles in poor condition	5,274.0	6,401.0	2,500.0	2,500.0	2,500.0
* Outcome	Percent of bridges in fair, or better, condition based on deck area	96%	97%	95%	95%	95%

MODAL

The purpose of the modal program is to provide federal grants management and oversight of programs with dedicated revenues, including transit and rail, traffic safety and aviation.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	9,800.0	10,300.0	9,000.0	9,000.0	(12.6)
Federal Revenues	44,243.6	52,906.0	52,906.0	52,906.0	0.0
Other Revenues	31,572.0	39,698.9	40,223.9	35,157.2	(11.4)
Fund Balance	0.0	6,981.5	0.0	950.0	(86.4)
TOTAL SOURCES	**$85,615.6**	**$109,886.4**	**$102,129.9**	**$98,013.2**	**(10.8)**
USES					
Personal services and employee benefits	13,836.5	17,764.0	15,482.5	12,988.0	(26.9)
Contractual services	25,482.8	39,772.3	41,416.3	33,439.1	(15.9)
Other	6,158.5	52,350.1	8,219.2	8,574.2	(83.6)
Air service assistance program	4,397.5	0.0	3,785.6	9,785.6	0.0
Transit grants	30,813.1	0.0	33,226.3	33,226.3	0.0
TOTAL USES	**$80,688.4**	**$109,886.4**	**$102,129.9**	**$98,013.2**	**(10.8)**
FTE					
Permanent	132.0	127.0	127.0	127.0	0.0
Term	0.0	16.0	16.0	16.0	0.0
TOTAL FTE	**132.0**	**143.0**	**143.0**	**143.0**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriation to the modal program of the New Mexico department of transportation includes eight million seven hundred thousand dollars ($8,700,000) from the weight distance tax identification permit fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Percent of total regulated motor carriers inspected by staff	NEW	0%	10%	10%	10%
Output	Number of total motor carrier inspections performed by staff	NEW	0.0	300.0	300.0	300.0
Outcome	Number of riders on park and ride	165,893.0	171,246.0	185,000.0	185,000.0	185,000.0
Outcome	Percent of airport runways in satisfactory or better condition	47%	49%	57%	53%	57%
Explanatory	Number of riders on the rail runner	593,671.0	605,643.0	N/A	N/A	N/A
* Outcome	Number of traffic fatalities	410.0	404.0	400.0	400.0	400.0
* Outcome	Number of alcohol-related traffic fatalities	88.0	114.0	140.0	140.0	140.0
Outcome	Number of traffic fatalities unrelated to alcohol	322.0	290.0	250.0	260.0	260.0
Outcome	Number of occupants not wearing seatbelts in motor vehicle fatalities	162.0	141.0	140.0	140.0	140.0
Outcome	Number of pedestrian fatalities	102.0	68.0	95.0	95.0	95.0

PROGRAM SUPPORT

The purpose of program support is to provide management and administration of financial and human resources, custody and maintenance of information and property and the management of construction and maintenance projects.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	51,289.5	53,036.7	58,099.2	55,782.3	5.2
Fund Balance	0.0	3,600.8	0.0	0.0	(100.0)
TOTAL SOURCES	**$51,289.5**	**$56,637.5**	**$58,099.2**	**$55,782.3**	**(1.5)**
USES					
Personal services and employee benefits	33,079.9	34,758.4	37,759.1	37,759.1	8.6
Contractual services	1,679.4	4,089.1	3,410.1	1,800.0	(56.0)
Other	14,619.0	17,790.0	16,930.0	16,223.2	(8.8)
TOTAL USES	**$49,378.3**	**$56,637.5**	**$58,099.2**	**$55,782.3**	**(1.5)**
FTE					
Permanent	207.0	249.0	249.0	249.0	0.0
Term	0.0	4.8	4.8	4.8	0.0
TOTAL FTE	**207.0**	**253.8**	**253.8**	**253.8**	**0.0**

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Quality	Number of external audit findings	1.0	N/A	5.0	5.0	5.0
Efficiency	Percent of invoices paid within thirty days	91%	92%	90%	90%	90%
* Explanatory	Vacancy rate of all programs	15.11%	14.60%	N/A	N/A	N/A
Output	Number of employee injuries	58.0	56.0	75.0	75.0	60.0
Output	Number of employee injuries occurring in work zones	7.0	10.0	25.0	25.0	20.0

Other Education

Statutory Authority
Article XII, Section 6, of the New Mexico Constitution creates a cabinet department headed by a secretary of public education and creates an elected, advisory Public Education Commission. The secretary of public education is appointed by the governor and confirmed by the Senate. The secretary of public education has administrative and regulatory powers and duties, including all functions relating to the distribution of school funds and financial accounting for public schools.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	64,940.6	26,263.7	28,952.4	27,192.4	3.5
Other Transfers	795.2	91.8	45.0	91.8	0.0
Federal Revenues	51,147.5	34,902.6	34,902.6	35,802.6	2.6
Other Revenues	8,854.2	8,240.7	8,240.7	8,740.7	6.1
TOTAL SOURCES	**$125,737.5**	**$69,498.8**	**$72,140.7**	**$71,827.5**	**3.4**
USES					
Personal services and employee benefits	35,639.6	38,327.4	40,453.1	39,577.7	3.3
Contractual services	48,508.7	25,096.8	25,050.0	25,096.8	0.0
Other	45,418.7	6,074.6	6,637.6	7,153.0	17.8
TOTAL USES	**$129,567.0**	**$69,498.8**	**$72,140.7**	**$71,827.5**	**3.4**
FTE					
Permanent	183.2	200.0	203.0	200.0	0.0
Term	0.0	160.0	160.0	160.0	0.0
TOTAL FTE	**183.2**	**360.0**	**363.0**	**360.0**	**0.0**

At A Glance
The Public Education Department (PED) requested $72.1 million for FY27, a $2.7 million, or 3.8 percent increase from the FY26 operating budget. This requested increase was entirely from general fund and included a $360 thousand expansion of 3 FTE for the special education, fiscal, and licensure bureaus. LFC recommends $71.8 million, a $2.3 million, or 3.4 percent, increase over the prior year for increased employer health benefit coverage and other increased fixed costs. LFC's recommendation grows general fund appropriations by $928.7 thousand, or 3.5 percent, and leverages an additional $1.4 million in federal and other state funds to cover new operating costs but does not include an expansion of FTE.

Budget Issues
For FY27, PED requested $72.1 million, a $2.7 million, or 3.8 percent, increase from the FY26 operating budget. The proposal was entirely a request to expand general fund appropriations to $29 million, a $2.7 million, or 10.2 percent, increase and further included the addition of 3 new FTE. The three expansion positions included an administrator to oversee and approve educator preparation programs, a specialist to provide training on special education topics, and a supervisor to support the PED's accreditation process.

For FY27, LFC recommends an operating budget of $71.8 million, a $2.3 million, or 3.4 percent, increase from FY26 funding levels. The general fund recommendation is $27.2 million, a $928.7 thousand, or 3.5 percent, increase from the prior year. The LFC recommendation authorizes 360 FTE, flat with the prior year, and adds $500 thousand in state charter school set-aside funding and $900 thousand in federal operating funds to cover new operating costs.

Operations. Laws 2025, Chapter 80 (Senate Bill 376), raised the employer contribution rate for insurance premiums to 80 percent for all state employees, which PED reports will cost the agency over $1 million in FY27. Additionally, rate increases for rent, general services, information technology services, workers' compensation, and employee liability insurance are projected to raise operating costs by over $1 million as well. As such, base operating costs for the agency alone add up to over $2 million in FY27.

Federal Funds. The majority of PED's contractual and other category budgets are covered by federal funds, typically from recurring grant programs related to special education or state assessments. In response to the Covid-19 pandemic, Congress appropriated $152.4 million to PED for education-related emergencies and $7.6 million to administer federal elementary and secondary school relief (ESSER) funds, which temporarily boosted federal operating dollars in recent years. PED did not fully budget these federal dollars for operations because actual federal revenues fluctuated from $33.9 million in FY22, $36.3 million in FY23, $51.8 million in FY24, and $51 million in FY25. For FY27, PED's request keeps federal funds flat at $34.9 million.

Much of PED's staffing stems from significant growth in state and federal funding as more positions are dedicated to overseeing new programs and activities. Changes in federal award programs and policies will likely decrease total federal revenues moving forward; however, only $8.8 million of the actual FY25 federal revenue was related to federal ESSER aid. As such, about $43 million remains available from non-pandemic federal revenues. Historically, PED has underbudgeted federal operating revenue, recognizing it as a source dependent on federal action. However, many large grants, such as federal supplemental programs or special education funds, are recurring in nature and continue to receive strong bipartisan support at the federal level. Recognizing the uncertainty surrounding federal revenue moving forward but also capacity to budget more funds, the committee recommends $35.8 million from federal funds, an increase of $900 thousand, or 2.8 percent, from the prior year.

Alongside increased appropriations, the department has substantially grown staffing levels from 212 FTE in FY20 to 306 FTE to date. While the department has reduced vacancies to 54 FTE, about 86 staff within the agency are federal employees paid out of federal grant awards spread across multiple fiscal years. The agency's consistent practice of carrying over prior federal grant awards for current year operating costs, particularly after the expiration of large federal grants, is creating mounting pressure to backfill positions that are not fully funded with recurring revenue sources. With 16.9 percent of authorized funded positions vacant, PED must address costs of staffing existing positions rather than prioritizing new expansions.

Charter Schools. PED withholds 2 percent of each state-chartered charter school's state equalization guarantee (SEG) distribution, the amount the school receives through the funding formula, to provide administrative services and support. Growth in the 2 percent state charter set-aside from the SEG distribution reached $6.5 million in FY26 and will likely increase as charter enrollment increases and per student formula allocations grow. As such, the committee recommendation includes $6.2 million from the charter set-aside while PED's request remained flat at $5.7 million to support the Charter Schools Division and Public Education Commission (PEC), which oversees state-authorized charter schools.

Since FY10, annual audits have noted issues between PED and PEC-authorized charter schools regarding fiscal management, financial internal controls, and oversight. The 2024 audit for PED, state-authorized charter schools, and Vocational Rehabilitation Program contained 211 findings—53 more findings than in the 2023 audit—including 67 repeat findings from prior years. Most findings were reported in state-authorized charter schools, while PED's findings centered around material weaknesses in reconciliations, financial close, and reporting. Auditors noted misstatements of financial statements were largely due to a lack of management oversight, lack of communication among divisions, and lack of effective internal controls. Four charter schools received disclaimers of opinion, due to the auditors' inability to reconcile financial statements.

RECOMMENDED LANGUAGE

The public education department shall not make an award to a school district or charter school that does not submit an approved educational plan pursuant to Section 22-8-6 NMSA 1978 or an approved teacher mentorship program pursuant to Section 22-10A-9 NMSA 1978.

The internal service funds/interagency transfers appropriation to the graduation, reality and dual-role skills program of the public education department is from the federal temporary assistance for needy families block grant to New Mexico.

The other state funds appropriation to the public education department for national board certification assistance is from the national board certification scholarship fund.

The public education department may distribute awards from the advanced placement, international baccalaureate and PSAT 11th grade test assistance appropriation to public schools and secondary schools funded by the bureau of Indian education of the United States department of the interior that offer international baccalaureate programs to provide the international baccalaureate program tests free of charge to New Mexico students.

The general fund appropriation to the public education department special appropriations for school safety is for school safety interoperable alert systems.

Any unexpended balances in special appropriations to the public education department remaining at the end of fiscal year 2027 from appropriations made from the general fund shall revert to the general fund.

Base Expansion

PED's FY27 request included the expansion of 3 FTE for an administrator to oversee and approve educator preparation programs, a specialist to provide training on special education topics, and a supervisor to support the PED's accreditation process. The committee recommendation does not include an expansion of FTE.

BASE EXPANSION LISTING
FY 2026-2027

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Educator Quality	P527	131.2	0.0
2	Special Education	P527	129.7	0.0
3	School Budget	P527	99.1	0.0
TOTAL			**$360.0**	**$0.0**

PUBLIC EDUCATION DEPARTMENT

The purpose of the public education department program is to provide a public education to all students, including administering and enforcing the laws with which the department is charged, through a focus on leadership and support, productivity, accountability, communication and fiscal responsibility.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Number of students with a high-speed internet connection	247,242.0	205,106.0	300,000.0	300,000.0	300,000.0
Outcome	Number of students with access to a digital device	278,054.0	290,166.0	300,000.0	300,000.0	300,000.0
Outcome	Percent of elementary teachers who have completed the science of reading training	91.4%	18.9%	NEW	20.0%	20.0%
* Outcome	Number of local education agencies and charter schools audited for program compliance and funding formula components including at-risk, English learner, special education and gifted education funding	NEW	NEW	NEW	15.0	15.0
Outcome	Percent of state flow-through grants that are awarded to districts and charters prior to September 30th annually.	NEW	NEW	NEW	95.00%	95.00%
Outcome	Percent of students with a high-speed internet connection	79.8%	67.0%	100.0%	100.0%	100.0%
Outcome	Percent of students with access to a digital device	89.7%	95.0%	100.0%	100.0%	100.0%
Outcome	Average number of days to process school district budget adjustment requests processed	7.8	7.8	6.0	10.0	10.0
Outcome	Average number of days to process federal reimbursements to grantees after receipt of complete and verified invoices	35.0	16.0	22.0	22.0	22.0
Outcome	Percent of public education special funds appropriated through section four of the General Appropriation Act that revert annually	2.43%	TBD	1.00%	1.00%	1.00%
Outcome	Percent of public education special funds appropriated through section four of the General Appropriation Act to the public education department for the current fiscal year awarded by September 30 annually	53.71%	85.00%	95.00%	95.00%	95.00%

Statutory Authority

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of regional education cooperatives (REC) among local school boards or other state-supported educational institutions to provide education-related services. These services have grown to include technical assistance, staff development, cooperative purchasing, fiscal management, and the administration of federal programs, among others. The Public Education Department (PED) can approve the existence and operation of RECs, classified as individual state agencies administratively attached to PED and exempt from the provisions of the State Personnel Act. Each REC has a governing regional education coordinating council composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative. At present, PED has authorized 10 RECs statewide linking 68 districts school districts.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	1,500.0	1,500.0	1,500.0	0.0
TOTAL SOURCES	**$0.0**	**$1,500.0**	**$1,500.0**	**$1,500.0**	**0.0**
USES					
Northwest	0.0	150.0	150.0	150.0	0.0
Northeast	0.0	150.0	150.0	150.0	0.0
Lea county	0.0	150.0	150.0	150.0	0.0
Pecos valley	0.0	150.0	150.0	150.0	0.0
Southwest	0.0	150.0	150.0	150.0	0.0
Central	0.0	150.0	150.0	150.0	0.0
High plains	0.0	150.0	150.0	150.0	0.0
Clovis	0.0	150.0	150.0	150.0	0.0
Ruidoso	0.0	150.0	150.0	150.0	0.0
Four corners	0.0	150.0	150.0	150.0	0.0
TOTAL USES	**$0.0**	**$1,500.0**	**$1,500.0**	**$1,500.0**	**0.0**

At A Glance

RECs are administratively attached to the Public Education Department (PED) and generate most of their revenue from federal grants and state-directed reimbursements. RECs receive a general fund appropriation through PED to alleviate cash flow issues. For FY27, PED requested and the committee recommends $1.5 million in general fund appropriations for RECs, flat with FY26 funding levels.

Statutory Authority
The Public School Facilities Authority (PSFA) was created in 2003 to staff the Public School Capital Outlay Council (PSCOC) pursuant to the Public School Capital Outlay Act, Section 22-24-9 NMSA 1978. Under the direction of PSCOC, PSFA is responsible for providing support and oversight in administering construction grants, deficiency corrections, and statewide, standards-based programs; assisting school districts with the development and implementation of five-year master plans and preventive maintenance plans; and overseeing all state-funded public school construction. The director, versed in construction, architecture, or project management, is selected by the council.

The membership of the council consists of a representative from the Governor's Office, the secretary of the Department of Finance and Administration, the secretary of the Public Education Department, the president of the New Mexico School Boards Association, the director of the Construction Industries Division of the Regulation and Licensing Department, the president of the State Board of Education, and the directors of the Legislative Finance Committee, Legislative Council Service, and Legislative Education Study Committee.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	7,411.0	7,756.9	9,069.2	8,530.4	10.0
Other Revenues	5.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$7,416.0**	**$7,756.9**	**$9,069.2**	**$8,530.4**	**10.0**
USES					
Personal services and employee benefits	5,326.8	6,284.0	7,074.2	6,660.4	6.0
Contractual services	185.2	200.0	295.0	200.0	0.0
Other	1,267.7	1,272.9	1,700.0	1,670.0	31.2
TOTAL USES	**$6,779.7**	**$7,756.9**	**$9,069.2**	**$8,530.4**	**10.0**
FTE					
Permanent	48.0	56.0	60.0	56.0	0.0
TOTAL FTE	**48.0**	**56.0**	**60.0**	**56.0**	**0.0**

At A Glance
PSFA's budget request for FY27 was $9.1 million, a $1.3 million, or 16.9 percent, increase from FY26 operating levels. The agency's FY27 request includes funding to add 4 FTE to support project management, agency finances, and energy management, and a $427 thousand increase to its other category, primarily for construction management software subscriptions. These costs were previously funded as capital expenses through the Public School Capital Outlay Council (PSCOC) but are being incorporated into PSFA's operating budget. For FY27, the committee recommendation supports a $376.4 thousand increase to personnel to cover increased costs associated with funded FTE, primarily the cost of insurance and risk premium increases, and a $397.1 thousand increase to the other category to reflect the actual cost of software subscriptions and a rent increase for PSFA offices. The recommendation does not support new FTE beyond funded vacancies because the agency consistently has vacancy savings in its personnel budget and underspent its FY25 budget by roughly $700 thousand.

Budget Issues
The public school capital outlay fund (PSCOF) is a nonreverting fund that receives supplement severance tax bond revenue, provides grants to schools, and funds PSFA's operating budget. Statutorily, PSFA's operational expenses for "core administrative functions" are limited to 5 percent of the available annual grant assistance authorized by PSCOC over the past three years.

Historic fluctuations in average annual grant assistance have created volatility in PSFA's operating budget. In FY20 and FY21, PSFA's budget authority decreased due to declining grant assistance trends. To meet statutory budget limitations and maintain staffing capacity, PSCOC transferred $536 thousand in software costs for the construction and facility information management systems out of the operating budget and paid for these expenses through PSCOF. The committee recommendation for FY27 supports the actual costs of these systems within the agency's operating budget. PSFA's FY24 audit was unmodified and identified one material weakness related to deficiencies in internal controls.

Substantial recent growth in grant assistance, new applications from school districts, rising PSCOF revenues, and increasing construction costs make it unlikely the agency will face budget restrictions in the near future. PSFA's FY27 request is within its 5 percent statutory limitation.

According to PSFA, the $9.1 million request includes the cost of adding 4 FTE. The committee recommendation does not support funding for additional FTE because the agency has underspent its budget for several years and has funding for currently vacant positions. PSFA reverted 9 percent of its operating budget at the end of FY25 and personnel expenditures were 10.3 percent below what was budgeted. The recommendation supports the additional cost of insurance and risk management premiums anticipated for FY27 for the agency's current funded FTE, allowing PSFA to fill its existing vacancies.

Since PSCOC's inception, the state has awarded approximately $3.3 billion for capital projects, building systems, and lease assistance at school districts, charter schools, the New Mexico School for the Blind and Visually Impaired, and the New Mexico School for the Deaf. Despite significant investments and statewide improvements in school facilities, the Zuni capital outlay adequacy lawsuit, initially filed in 1999, is still ongoing. In 2015, plaintiff school districts asked the 11th Judicial District Court for a status hearing on new claims of inequity, alleging they are unable to raise sufficient local capital outlay revenue to maintain capital assets and build facilities outside the adequacy standards, while some districts with available local revenues are able to do so. In 2021, the court ruled New Mexico's system remained unconstitutional and dismissed the state's motion to close the case, noting legislative changes to remove the Impact Aid credit were positive but did not resolve issues of uniformity and sufficiency for public school capital outlay. The state appealed the court's decision, and in late 2024, the New Mexico Supreme Court ruled the case moot given the substantial changes to public school facilities funding since its original filing and remanded the case to district court should additional litigation be brought.

Although PSFA's core agency mission is to ensure school facilities meet educational adequacy standards, the Legislature and PSCOC have added new programs in recent years, significantly expanding the scope of the agency's work. PSCOC has authorized awards for broadband deficiencies (2014), facility systems (2017), school security (2018), prekindergarten classrooms (2019), teacher housing (2019), outside-of-adequacy projects (2019), and building demolition (2021). Given the substantial increase in the number of non-standards-based projects, the Legislature should consider reducing undersubscribed supplemental programs or directly allocating PSCOF distributions to districts for maintenance and nonstandard projects.

Fund Balances. Despite agency expansions to increase application processing, recent changes in PSCOC's formula had increased most local districts' share for funding capital projects, suppressing demand for funding from the council. Drastic drops in student enrollment, outstanding legislative offset balances, and increased construction and labor costs have also discouraged movement on school facility projects. Uncommitted balances in the PSCOF hovered around $500 million throughout 2022.

In response, the Legislature passed Senate Bill 131 in 2023, temporarily reducing the share of capital project costs borne by local school districts by one-third from FY24 through FY26. The bill also reduced the local match by one-half for micro-districts with 200 or fewer students and for district prekindergarten projects, eliminated legislative offsets, and removed a component of the local-state match formula that included amounts spent on capital projects from operational Impact Aid as part of a district's revenue capacity. In 2025, the Legislature extended the temporary local match reductions through FY27. Additionally, for several years, the Legislature has made significant appropriations from PSCOF in the capital outlay bill for career and technical education facilities, school security, prekindergarten facilities, school buses, construction of tribal libraries, and governor-priority projects related to public education. From these appropriations, $150 million has been distributed directly to districts for flexible capital purposes.

The changes to the local-state match formula were intended to encourage more districts to seek support for projects from the PSCOF and to reduce its uncommitted balances. PSFA received significantly more pre-applications from districts in FY24 than in FY23, including applications for more than a dozen projects from Albuquerque Public Schools, which had not sought funding from PSCOC in years due to its high local match and legislative offsets. At the same time, revenues to the fund have continued to increase, with $1.9 billion in total balances in the fund at the end of FY25.

Construction Costs. Requests for construction funding to PSCOC increased substantially on a per-square-foot basis in 2023, with some projects coming in at double the estimates made just a year earlier. This new wave of cost increases was more significant in New Mexico than in other markets. The cost of public school construction in New Mexico closely followed the Coldwell Banker Richard Ellis cost index, for example, until 2023. Had costs in the state continued to track with the index, the cost per square foot for a new public school would have been around $437 that year. Instead, the first four school projects to request construction funding in 2023 averaged $771 per square foot.

Cost increases no longer appear to be driven primarily by spikes in materials costs or supply chain disruptions, both of which stabilized in the wake of the Covid-19 pandemic. Instead, an extraordinarily busy construction market, a limited labor pool to meet demand, and other sources of uncertainty for contractors appear to be more significant factors. Increased state funding for capital projects is one source of the high demand. State and local spending on public construction in New Mexico increased by 33 percent from 2021 to 2022, the sixth highest increase among U.S. states, according to federal data. Private nonresidential construction spending in the state increased even more rapidly, with an 87 percent increase over the same period, the third highest increase among U.S. states.

Construction costs leveled off in 2024 but the cost to build schools remains high. Standards-based projects awarded in FY24 are projected to cost $640 per square foot for construction alone, rising to $832 per square foot after soft costs. The cost increases have made it difficult for even the most well-funded school districts to meet their local match requirements, despite the temporary shift of the cost burden to the state. This has resulted in more requests for PSCOC to grant partial waivers of districts' local match. From FY16 to FY22, PSCOC granted only four waivers totaling less than $20 million. Beginning in FY23, however, PSCOC began approving at least six waivers per year, with total waiver amounts surpassing $100 million annually since then.

State-Local Match. Key premises of the state-local match formula have come under question as a growing number of districts have requested waivers, or local-match reductions, citing an inability to pay—an issue that pandemic-era inflation exacerbated. Several very small districts remain locked at the maximum local match rate, raising concerns about equity and sustainability. These pressures suggest the need to reevaluate both the formula itself and related policies and practices that contribute to long-term cost liability. The Legislature attempted to relieve the burden on districts through the blanket reductions of the local match, yet districts continue to apply for waivers in record numbers.

To address these issues, the Public School Capital Outlay Oversight Task Force directed LESC, LFC, and PSFA to study the formula and recommend potential remedies in advance of the 2027 legislative session. A joint LFC-LESC report published in late 2025 evaluated assumptions about district revenue capacity, identified major cost drivers, and explored alternative approaches to formula variables, project timelines, and the waiver process. It found many of the variables included in the current formula are somewhat arbitrary and capture an insufficient picture of districts' ability to raise sufficient funds to cover their match. To compensate, the formula includes several post-calculation adjustments that are inadequately rooted in real-world conditions. The report suggests several potential adjustments to the overall structure and content of the existing formula, as well as a project-by-project calculator that could replace the current one-size-fits-most formula.

PUBLIC SCHOOL FACILITIES

The purpose of the public school facilities oversight program is to oversee public school facilities in all eighty-nine school districts, ensuring correct and prudent planning, building and maintenance using state funds and ensuring adequacy of all facilities in accordance with public education department-approved educational programs.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Efficiency	Average number of months from project closeout to financial closeout	14.0	12.0	3.0	12.0	12.0
Explanatory	Number of applications received for school facility funding throughout the year	53.0	21.0	N/A	N/A	N/A
Explanatory	Number of awards made for standards, systems, prekindergarten, facility master plans and lease assistance in the fiscal year	156.0	139.0	N/A	N/A	N/A
Explanatory	Number of projects awarded by the public schools capital outlay council that are managed by public school facilities authority regional project managers	160.0	153.0	N/A	N/A	N/A
Outcome	Number of up-to-date preventive maintenance plans	71.0	65.0	89.0	73.0	73.0
Output	Number of assessments performed on public school facilities year round	160.0	156.0	190.0	160.0	160.0
Explanatory	Average cost per square foot of new construction	$617.00	$567.70	N/A	N/A	N/A
* Explanatory	Statewide public school facility condition index measured on December 31 of prior calendar year	56.0	58.0	N/A	N/A	N/A
* Explanatory	Statewide public school facility maintenance assessment report score measured on December 31 of prior calendar year	77.0	76.0	N/A	N/A	N/A
Explanatory	Annual dollar change from initial award state match estimate to actual award state match	$176,706,844.00	$134,860,966.00	N/A	N/A	N/A
Explanatory	Average square foot per student in middle schools	260.0	283.0	N/A	N/A	N/A
Explanatory	Average square foot per student in high schools	362.0	407.0	N/A	N/A	N/A
Explanatory	Average square foot per student in elementary schools	218.0	221.0	N/A	N/A	N/A

Statutory Authority
In 1997, the Education Trust Board (ETB) was created pursuant to the Education Trust Act in Sections 21-21K-1 through 21-21K-7 NMSA 1978. As required by Internal Revenue Code 529, ETB is administered by the state of New Mexico. ETB is administratively attached to the Higher Education Department and administers the education trust fund, which includes all funds received pursuant to college investment agreements as part of the state's qualified tuition program.

ETB is governed by a five-person board that includes the secretary of the Higher Education Department and appointees of the governor, the speaker of the House of Representatives, and the president pro tem of the Senate. The board authorizes rules and regulations governing the college savings plans, protects the integrity of the trust, and ensures proper use of tax benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	3,218.9	2,683.5	2,823.5	2,823.5	5.2
Fund Balance	0.0	588.7	240.5	240.5	(59.1)
TOTAL SOURCES	**$3,218.9**	**$3,272.2**	**$3,064.0**	**$3,064.0**	**(6.4)**
USES					
Personal services and employee benefits	492.2	523.2	562.4	562.4	7.5
Contractual services	2,367.5	2,522.0	2,277.0	2,277.0	(9.7)
Other	154.2	227.0	224.6	224.6	(1.1)
TOTAL USES	**$3,013.9**	**$3,272.2**	**$3,064.0**	**$3,064.0**	**(6.4)**
FTE					
Permanent	2.0	3.0	3.0	3.0	0.0
TOTAL FTE	**2.0**	**3.0**	**3.0**	**3.0**	**0.0**

At A Glance
The Education Trust Board (ETB) is supported through an administrative fee on the 529 college savings plans it administers and does not receive an appropriation of public funds. For FY27, the board requested a decrease of $208.2 thousand, or 6.4 percent, under the FY26 operating budget. The decrease is driven by a $245 thousand reduction in marketing costs in the contracts category, which is partially offset by a nearly $40 thousand increase for personnel. The agency reports a projected fund balance of $10.4 million for administrative costs at the close of FY26. The LFC recommendation supports the agency request.

The board's budget is established through an annual budget adjustment request waiver based on the Higher Education Department's budget authority and is not included in the General Appropriation Act. Given the board's size, functions, revenue sources, and restricted uses and lack of policies and practices consistent with state agencies included in the General Appropriation Act, the committee recommends the board's budget authority remain outside of the General Appropriation Act.

ETB offers two 529 plans to consumers nationwide, the Scholar's Edge Plan, sold through financial advisers, and the Education Plan, which may be directly sold to individual consumers. ETB provides fiduciary oversight and regular reporting for both of these plans. ETB reports the Scholar's Edge program has 69.7 thousand total accounts with total assets of $1.7 billion, of which 11.6 thousand accounts valued at $280.2 million belong to New Mexico residents. The Education Plan has 31.6 thousand accounts with assets totaling $761.6 million with 19.5 thousand of those accounts valued at $508.7 million belonging to New Mexico residents.

Higher Education

Statutory Authority
Pursuant to Section 21-1-26 NMSA 1978, the Higher Education Department (HED) determines an adequate level of funding for higher education institutions and recommends the equitable distribution of available funds among them. Responsibilities of the department include implementing the Postsecondary Education Planning Act, the Postsecondary Education Articulation Act, the Student Loan Act, the Education Trust Act, degree program approval, and proprietary school licensing, for which it collects fees. Additionally, the department recommends institutional capital project priorities and administers state-funded financial aid programs. The department administers the adult basic education program. The department also provides financial oversight of the constitutionally created special schools: the New Mexico Military Institute, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired. Lastly, the department is charged with creating a statewide public plan for higher education needs and goals, studying enrollment capacity needs, developing a statement of statewide educational needs, and analyzing the financial impacts of proposed new and expanded degree programs.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025	FY26 2025-2026	FY27 2026-2027		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	191,070.4	187,792.5	187,788.3	187,788.3	0.0
Other Transfers	108,559.3	77,083.3	77,083.3	95,083.3	23.4
Federal Revenues	11,758.1	12,187.4	12,100.0	12,100.0	(0.7)
Other Revenues	10,678.4	522.7	526.9	526.9	0.8
Fund Balance	5,000.0	10,000.0	10,000.0	7,500.0	(25.0)
TOTAL SOURCES	**$327,066.2**	**$287,585.9**	**$287,498.5**	**$302,998.5**	**5.4**
USES					
Personal services and employee benefits	5,888.0	7,571.7	7,003.4	7,003.4	(7.5)
Contractual services	4,182.5	3,270.0	2,570.0	2,570.0	(21.4)
Other	51,021.2	276,744.2	277,925.1	293,425.1	6.0
Other financing uses	192,750.9	0.0	0.0	0.0	0.0
TOTAL USES	**$253,842.6**	**$287,585.9**	**$287,498.5**	**$302,998.5**	**5.4**
FTE					
Permanent	45.0	43.3	43.3	43.3	0.0
Term	0.0	14.8	14.8	14.8	0.0
TOTAL FTE	**45.0**	**58.1**	**58.1**	**58.1**	**0.0**

At A Glance
The Higher Education Department (HED) requested a virtually flat budget for FY27 relative to the FY26 operating budget. The department request left the budgets of two programs, student financial aid and opportunity scholarship, unchanged from FY26. For the policy development and financial oversight program, HED requested reductions to both the personnel and contractual services categories to align with prior year actual expenditures.

The LFC recommendation fully funds the agency request for general fund revenue and includes an $18 million increase from the higher education program fund to pay the anticipated costs of the opportunity scholarship. In addition, the LFC recommends adding language to the department budget prohibiting the scholarship programs from paying for tuition increases over the fall 2025 level. This language is designed to improve sustainability of the state's tuition-free college programs, which face a deficit of $10 million in FY27, a deficit that will grow should tuition continue to rise.

Budget Issues
HED is composed of three programs: Policy Development and Institutional Financial oversight, Student Financial Aid, and the Opportunity Scholarship. The department provides technical assistance and financial oversight to higher education institutions (HEI). Oversight functions account for approximately $6.4 million, or 3.4 percent of the total HED operating budget. The rest of the funding is directed to educational programming and financial aid programs, with the vast majority, $146 million from the general fund, for the opportunity scholarship.

Policy Development and Institutional Financial Oversight. HED provides financial oversight for 31 public educational institutions serving over 100 thousand students. The department has 58 full-time employees for this task. For FY27, the department requested a nearly flat budget for the program but moved funds from the personnel and contractual services categories to the other category to align the budget with actual spending. The LFC recommendation fully funds the agency request.

The agency workload has increased in recent years as the number of nonrecurring appropriations grew. This increase results in additional staff time needed to handle tasks such as creating distribution methodologies and reporting criteria for one-time appropriations. The department is often responsible for providing regular reports on outcomes from new spending.

Several New Mexico HEIs are in precarious financial positions requiring additional oversight to assist these institutions in stabilizing their finances and operations. While improving efficiency in existing processes may help alleviate some of the added burden, additional staff in key areas may be needed to allow the department to perform necessary functions in a timely manner.

Financial Aid Programs. New Mexico offers tuition-free college through the lottery and opportunity scholarships. The lottery scholarship pays for tuition for full-time college students who enroll directly out of high school. The opportunity scholarship covers mandatory fees for all students and pays tuition and fees for full-time and part-time undergraduate students without a bachelor's degree. These two programs combine to pay virtually all tuition and fees for New Mexico undergraduate students. The Legislature supports these two programs from lottery ticket revenue, higher education trust fund investment income, and general fund appropriations. The scholarship programs do not guarantee full payment of tuition and fees; should scholarship revenue be insufficient to cover the full cost of tuition and eligible fees, the award would shrink to reflect available revenue and students would pay the difference.

New Mexico scholarships have been fully funded since FY22 through a mix of recurring and nonrecurring appropriations. For FY26, the programs received recurring appropriations of $146 million from the general fund for the opportunity scholarship and $45 million from lottery revenue. However, these appropriations were not sufficient to pay the full costs of the scholarship programs and the gap was covered by a $130 million nonrecurring, nonreverting appropriation made in 2023. The last of the 2023 nonrecurring revenue will be expended in FY27. In 2024, the Legislature created the higher education trust fund capitalized with nearly $1 billion to provide annual revenue of approximately $50 million for both the lottery and opportunity scholarship funds. At the time of passage, LFC estimated the trust fund revenue would pay the full costs of the scholarship programs through FY28 assuming a 3.5 percent annual increase in costs.

Updated projections show that increases in enrollment and tuition and fees will result in the scholarship programs facing a $2 million deficit by FY27, with that deficit growing to $20 million in FY28 even assuming no increase in costs from enrollment or tuition increases for FY27 and FY28. Should enrollment increase by 3 percent per year, the deficit would grow to $10 million in FY27 and $36 million in FY28. The deficits come even as the Legislature has taken steps to contain costs. In 2024, the Legislative Lottery Tuition and opportunity Scholarship acts to require HED to limit tuition increases to no more than the annual increase in the higher education price index for the mountain region. However, the combination of tuition and enrollment increases drove annual cost increases well-above projected levels; in FY26, the lottery scholarship cost increased 8.9 percent while the opportunity scholarship increased 13.3 percent year-over-year.

The LFC recommendation includes an increase of $18 million in the opportunity scholarship program from the higher education trust fund to account for increased costs of the program. The increase brings trust fund usage to $40 million per year. Each year, the trust fund distributes approximately $50 million that could be used to pay for costs associated with the lottery and opportunity scholarship. The LFC recommendation would fully fund the opportunity scholarship, leaving an additional $10 million to be used for the lottery scholarship. Unused balance reverts to the fund to be reinvested. Finally, the LFC recommendation includes language prohibiting HED from paying tuition and fee rates in FY27 over the rates charged in FY26.

The LFC recommendation reduces the teacher preparation affordability scholarship from $5 million per year to $2.5 million per year. The teacher preparation affordability scholarship is a financial-need-based award of up to $6,000 per year for New Mexico residents enrolled in either an undergraduate or graduate educator preparation program. Because the lottery and opportunity scholarship cover undergraduate tuition and fees, the committee recommends reducing the appropriation and prioritizing awards to graduate students. The LFC recommendation maintains the teacher loan repayment appropriation at $5 million per year.

OPPORTUNITY SCHOLARSHIP

The purpose of the opportunity scholarship program is to provide tuition and fee assistance for New Mexico higher education to students so New Mexicans may benefit from postsecondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	146,000.0	146,000.0	146,000.0	146,000.0	0.0
Other Transfers	16,000.0	22,000.0	22,000.0	40,000.0	81.8
Other Revenues	3,452.2	0.0	0.0	0.0	0.0
TOTAL SOURCES	**$165,452.2**	**$168,000.0**	**$168,000.0**	**$186,000.0**	**10.7**
USES					
Other	14,897.1	168,000.0	168,000.0	186,000.0	10.7
Other financing uses	147,049.9	0.0	0.0	0.0	0.0
TOTAL USES	**$161,947.0**	**$168,000.0**	**$168,000.0**	**$186,000.0**	**10.7**

Recommended Language
The other state funds appropriation to the opportunity scholarship program of the higher education department is from the higher education program fund. The higher education department shall provide a written report summarizing the opportunity scholarship's finances, student participation and sustainability to the department of finance and administration and the legislative finance committee by November 1, 2026. Any unexpended balances remaining at the end of fiscal year 2027 from appropriations made from the general fund shall revert to the general fund.

POLICY DEVELOPMENT AND INSTITUTION FINANCIAL OVERSIGHT

The purpose of the policy development and institutional financial oversight program is to provide a continuous process of statewide planning and oversight within the department's statutory authority for the state higher education system and to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,871.6	16,893.7	16,889.5	16,889.5	0.0
Other Transfers	3,023.6	5,043.3	5,043.3	5,043.3	0.0
Federal Revenues	11,183.5	11,787.4	11,700.0	11,700.0	(0.7)
Other Revenues	2,510.8	522.7	526.9	526.9	0.8
TOTAL SOURCES	**$32,589.5**	**$34,247.1**	**$34,159.7**	**$34,159.7**	**(0.3)**
USES					
Personal services and employee benefits	5,888.0	7,571.7	7,003.4	7,003.4	(7.5)
Contractual services	4,165.8	3,200.0	2,500.0	2,500.0	(21.9)
Other	21,281.7	23,475.4	24,656.3	24,656.3	5.0
TOTAL USES	**$31,335.5**	**$34,247.1**	**$34,159.7**	**$34,159.7**	**(0.3)**
FTE					
Permanent	45.0	43.3	43.3	43.3	0.0
Term	0.0	14.8	14.8	14.8	0.0
TOTAL FTE	**45.0**	**58.1**	**58.1**	**58.1**	**0.0**

Recommended Language

The internal service funds/interagency transfers appropriations to the policy development and institutional financial oversight program of the higher education department include four million dollars ($4,000,000) from the temporary assistance for needy families block grant for adult education of which not less than one million dollars ($1,000,000) shall support adult education for integrated education and training programs, including integrated basic education and skills training programs.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the other category includes seven million three hundred twenty-eight thousand dollars ($7,328,000) to provide adults with education services and materials and access to high school equivalency tests, one million two hundred fifty thousand dollars ($1,250,000) for an adult literacy program, six hundred thousand dollars ($600,000) to the tribal college dual-credit program fund, five hundred thousand dollars ($500,000) for high school equivalency degree preparation and exam costs, and eighty-four thousand five hundred dollars ($84,500) for English-learner teacher preparation.

Any unexpended balances in the policy development and institutional financial oversight program of the higher education department remaining at the end of fiscal year 2027 from appropriations made from the general fund shall revert to the general fund.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of unemployed adult education students obtaining employment two quarters after exit	41%	43%	45%	45%	45%
* Outcome	Percent of adult education high school equivalency test-takers who earn a high school equivalency credential	78%	30%	75%	32%	32%
Outcome	Percent of fiscal watch program quarterly reports from institutions submitted to the department of finance and administration and the legislative finance committee	100.00%	100.00%	100.00%	100.00%	100.00%
Efficiency	Agency performance rate on annual loss prevention and control audit conducted by the general services department	100.00%	100.00%	100.00%	100.00%	100.00%
* Outcome	Percent of high school equivalency graduates entering postsecondary degree or certificate programs	30%	10%	32%	12%	25%
Explanatory	Percent of first-time, full-time, degree-seeking students, from the most recently available cohort, at state-funded universities who graduated within four-years of their initial enrollment	42.50%	42.00%	N/A	N/A	N/A
Explanatory	Percent of first-time, full-time, degree-seeking students, from the most recently available cohort, at state-funded community colleges who graduated within two-years of their initial enrollment	29.35%	30.12%	N/A	N/A	N/A
Output	Number of certificates issued for new and existing private postsecondary schools by type of state authorization	85.0	100.0	85.0	100.0	100.0
Output	Number of current state authorized and exempted private postsecondary schools by school type	165.0	172.0	100.0	100.0	100.0

STUDENT FINANCIAL AID

The purpose of the student financial aid program is to provide access, affordability and opportunities for success in higher education to students and their families so all New Mexicans may benefit from postsecondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	FY25 2024-2025 Actuals	FY26 2025-2026 Budgeted	FY27 2026-2027 Agency Request	FY27 2026-2027 LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	29,198.8	24,898.8	24,898.8	24,898.8	0.0
Other Transfers	89,535.7	50,040.0	50,040.0	50,040.0	0.0
Federal Revenues	574.6	400.0	400.0	400.0	0.0
Other Revenues	4,715.4	0.0	0.0	0.0	0.0
Fund Balance	5,000.0	10,000.0	10,000.0	7,500.0	(25.0)
TOTAL SOURCES	**$129,024.5**	**$85,338.8**	**$85,338.8**	**$82,838.8**	**(2.9)**
USES					
Contractual services	16.6	70.0	70.0	70.0	0.0
Other	14,842.4	85,268.8	85,268.8	82,768.8	(2.9)
Other financing uses	45,701.1	0.0	0.0	0.0	0.0
TOTAL USES	**$60,560.1**	**$85,338.8**	**$85,338.8**	**$82,838.8**	**(2.9)**

Recommended Language

The other state funds appropriation to the student financial aid program of the higher education department in the other category includes two million five hundred thousand dollars ($2,500,000) from the teacher preparation affordability scholarship fund and five million dollars ($5,000,000) from the teacher loan repayment fund.

The internal service funds/interagency transfers appropriations to the student financial aid program of the higher education department in the other category includes fifty million dollars ($50,000,000) from the lottery tuition fund.

The general fund appropriation to the student financial aid program of the higher education department in the other category includes two million four hundred twenty thousand dollars ($2,420,000) for the western interstate commission for higher education loan for service program.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Explanatory	Percent of eligible state loan-for-service applicants receiving funds	56.00%	32.00%	N/A	N/A	N/A
Explanatory	Percent of eligible state loan repayment applicants receiving funds	73.00%	40.00%	N/A	N/A	N/A

FY27 Higher Education General Fund Spending Summary
(in thousands)

	Instruction and General Funding	FY26 Base	HED Rec.	LFC Rec.	LFC Over/(Under) HED	LFC Over/(Under) FY26 Opbud
1	**FY24 Funding Formula Base, HEIs**	**904,210.4**	**904,210.4**	**904,210.4**		
2						
3	Percent "New Money", Formula		3.0%	4.0%		
4	Amount "New Money", Formula		27,126.4	36,168.6	9,042.2	
5						
6	**Targeted Investments**					
7	Base Adjustment		30,000.0			
8	Student Support			5,000.0	5,000.0	**5,000.0**
9	Grad. Asst. Comp.			957.8	957.8	**957.8**
10	**Total "New" I&G Funding**		**57,126.4**	**42,126.4**	**(15,000.0)**	**42,126.4**
11	**% Change from Prior Year**		**6.3%**	**4.7%**		
12						
13	Nurse RPSP Roll-Up		15,339.2	15,339.2		
14	**Grand Total I&G Base Funding, HEI**		**976,676.0**	**961,676.0**	**(15,000.0)**	**57,465.6**
15						
16	**Non-Formula Institutions Base**		**112,825.9**	**112,825.9**		
17	**Health Sciences Center I&G**	**97,941.3**	**1,958.1**	**3,917.7**	**1,959.6**	**3,917.7**
18	Medical Faculty Compensation (HSC)		**-**	1,500.0	1,500.0	1,500.0
19	GA Pay (HSC)		**-**	42.2	42.2	42.2
20	**HSC Total "New" I&G Funding**		**1,958.1**	**5,459.9**	3,501.8	5,459.9
21	*% Change from Prior Year*		*2.0%*	*5.6%*		
22	**Special Schools I&G**	**14,884.6**	**446.5**	**893.1**	**446.6**	**893.1**
23	*% Change from Prior Year*		*3.0%*	*6.0%*		
24						
25	Nurse RPSP Roll-Up (HSC)		980.1	980.1	-	980.1
26	**I&G Base Funding, Non-Formula**	**112,825.9**	**116,210.6**	**120,159.0**	**3,948.4**	**7,333.1**
27						
28	**Grand Total I&G**	**1,017,036.3**	**1,092,886.6**	**1,081,835.0**	**(11,051.6)**	**64,798.7**
29	**Dollar Change from Prior Year**		**75,850.3**	**64,798.7**	**(11,051.6)**	
30	**Percent Change from Prior Year**		**7.5%**	**6.4%**		
31						
32	**Other Categorical**					
33	Athletics	32,070.6	32,070.6	29,070.6	(3,000.0)	(3,000.0)
34	Educational Television	4,197.4	8,641.9	4,197.4	(4,444.5)	-
35	Tribal Education	2,097.0	2,097.0	2,097.0	-	-
36	Teacher Education	1,403.8	1,403.8	1,403.8	-	-
37	Teacher Education, Early	2,817.2	2,817.2	2,817.2		
38	Student Services	709.7	709.7	709.7	-	-
39	*Health Care Workforce**	25,587.4	9,743.5	9,743.5	-	(15,843.9)
40	Agriculture	59,924.9	59,924.9	62,321.9	2,397.0	2,397.0
41	Center of Excellence	3,175.3	3,175.3	3,175.3	-	-
42	Other Non-RPSP (Quasi)	10,820.5	11,571.2	11,820.5	249.3	1,000.0
43	Other RPSP	94,171.1	109,041.6	96,171.1	(12,870.5)	2,000.0
44	**Other Categorical Subtotal**	**236,974.9**	**241,196.7**	**223,528.0**	**(17,668.7)**	**(13,446.9)**
45	**Dollar Change from Prior Year**		**4,221.8**	**(13,446.9)**		
46	**Percent Change from Prior Year**		**1.8%**	**-5.7%**		
47						
48	**Total GAA Section 4 Institutions**	**1,254,011.2**	**1,334,083.3**	**1,305,363.0**	**(27,892.9)**	**51,351.8**
49						
50	**Higher Education Department**					
51	Operating Budget and Flow-Throughs*	16,893.7	16,889.5	16,889.5	-	(4.2)
52	Tribal College RPSP	-	2,868.3	-		-
53	Student Financial Aid	24,898.8	24,898.8	24,898.8	-	-
54	Opportunity Scholarship	146,000.0	146,000.0	146,000.0	-	-
55	**Total**	**187,792.5**	**190,656.6**	**187,788.3**	**-**	**(4.2)**
56						
57	**Total Higher Education**	**1,441,803.7**	**1,524,739.9**	**1,493,151.3**	**(31,588.6)**	**51,347.6**
58	**Dollar Change from Prior Year**		**82,936.2**	**51,347.6**		
59	**Percent change from Prior Year**		**5.8%**	**3.6%**		

*Health care workforce reduction reflects movement of nurse expansion RPSP into recurring I&G base.

	Institution / Program *(Detail listed primarily in HB2 order)*	FY25 Opbud	FY26 Opbud	HED Req. FY27	LFC Rec. FY27	LFC Over/(Under) FY26
1	**SUMMARY BY INSTITUTION**					
2	University of New Mexico (952)	308,833.5	334,559.4	362,293.0	346,913.6	12,354.2
3	UNM Health Sciences Center (952)	160,991.1	173,857.4	181,571.4	181,345.8	7,488.4
4	New Mexico State University (954)	287,766.1	310,159.3	328,133.9	324,742.4	14,583.1
5	New Mexico Highlands University (956)	44,436	47,126.8	48,927.9	48,606.1	1,479.3
6	Western New Mexico University (958)	34,242	36,813.3	38,402.5	38,638.4	1,825.1
7	Eastern New Mexico University (960)	67,456.5	72,184.2	78,540.5	75,648.0	3,463.8
8	New Mexico Institute of Mining & Technology (962)	53,588.6	57,069.7	60,506.6	60,050.1	2,980.4
9	Northern New Mexico College (964)	15,383.7	16,301.7	17,859.4	16,787.6	485.9
10	Santa Fe Community College (966)	19,796.1	20,852.5	21,643.4	21,285.7	433.2
11	Central New Mexico Community College (968)	81,296.8	86,624.0	92,499.6	89,699.1	3,075.1
12	Luna Community College (970)	10,068.4	10,414.1	10,742.1	10,599.3	185.2
13	Mesalands Community College (972)	5,440.1	5,932.8	6,127.5	6,064.0	131.2
14	New Mexico Junior College (974)	9,023.8	9,467.2	9,829.3	9,819.5	352.3
15	Southeast New Mexico College (975)	5,653.2	5,838.3	5,946.6	6,008.8	170.5
16	San Juan College (976)	33,707.5	35,775.6	38,505.4	36,822.8	1,047.2
17	Clovis Community College (977)	13,208.3	13,892.9	14,965.7	14,296.7	403.8
18	**Universities and Community Colleges (HEI)**	**1,150,891.5**	**1,236,869.2**	**1,316,494.8**	**1,287,327.9**	**50,458.7**
19	New Mexico Military Institute (978)	5,350.5	6,416.0	6,557.3	6,698.6	282.6
20	New Mexico School for the Deaf (980)	6,015.9	7,163.3	7,365.0	7,566.7	403.4
21	NM School for the Blind & Visually Impaired (979)	2,825.3	3,562.7	3,666.2	3,769.8	207.1
22	**Subtotal - Special Schools**	**14,191.7**	**17,142.0**	**17,588.5**	**18,035.1**	**893.1**
23	**Subtotal - University, Community Colleges, Specia**	**1,165,083.2**	**1,254,011.2**	**1,334,083.3**	**1,305,363.0**	**51,351.8**
24	New Mexico Higher Education Department (950)	186,193.1	187,792.5	190,656.6	187,788.3	(4.2)
25	**TOTAL GENERAL FUND**	**1,351,276.3**	**1,441,803.7**	**1,524,739.9**	**1,493,151.3**	**51,347.6**
26						
27	**SUMMARY BY MAJOR FUNCTION**					
28	University I&G	590,407.1	636,679.2	683,403.6	675,778.8	39,099.6
29	University-Branch I&G	87,164.4	92,162.5	102,575.9	99,426.3	7,263.8
30	Community College I&G	165,299.3	175,368.7	190,696.5	186,470.9	11,102.2
31	Subtotal Formula Institutions (HEIs)					0
32	UNM/HSC I&G	89,430.5	97,941.3	100,879.5	104,381.3	6,440.0
33	Special schools I&G	12,176.1	14,884.6	15,331.1	15,777.7	893.1
34	**Grand Total Instruction and General**	**944,477.4**	**1,017,036.3**	**1,092,886.6**	**1,081,835.0**	**64,798.7**
35	***Categorical Funding***					
36	Athletics (Including NMMI)	28,321.8	32,070.6	32,070.6	29,070.6	(3,000.0)
37	Educational Television	4,088.7	4,197.4	8,641.9	4,197.4	-
38	Teacher Pipeline Initiative	1,400.0	1,403.8	1,403.8	1,403.8	-
39	Tribal Education Initiative	1,862.1	2,097.0	2,097.0	2,097.0	-
40	Agriculture	55,657.3	59,924.9	59,924.9	62,321.9	2,397.0
41	Other Non-RPSP	10,043.8	10,820.5	11,571.2	11,820.5	1,000.0
42	**Subtotal Categorical**	**101,373.7**	**110,514.2**	**115,709.4**	**110,911.2**	**397.0**
43	***Research and Public Service Projects***					
44	Nurse Expansion	14,831.9	15,843.9	-	-	(15,843.9)
45	Nurse Other	9,128.6	8,951.0	8,951.0	8,951.0	-
46	Dental	732.5	792.5	792.5	792.5	-
47	Centers of Excellence	3,125.6	3,175.3	3,175.3	3,175.3	-
48	Education programs - early childhood and teacher educa	2,727.0	2,817.2	2,817.2	2,817.2	-
49	Student Service Programs	689.9	709.7	709.7	709.7	-
50	Other RPSP	86,316.1	92,266.3	107,136.8	94,266.3	2,000.0
51	Special School RPSP	1,680.5	1,904.8	1,904.8	1,904.8	-
52	**Subtotal Research and Public Service Projects**	**119,232.1**	**126,460.7**	**125,487.3**	**112,616.8**	**(13,843.9)**
53	**Subtotal Categorical and RPSP**	**220,605.8**	**236,974.9**	**241,196.7**	**223,528.0**	**(13,446.9)**
54	**Grand Total HEI**	**1,165,083.2**	**1,254,011.2**	**1,334,083.3**	**1,305,363.0**	**51,351.8**
55	HED Operations	6,328.6	6,403.2	6,383.0	6,383.0	(20.2)
56	Financial Aid/Other	33,864.5	35,389.3	35,405.3	35,405.3	16.0
57	Opportunity Scholarship	146,000.0	146,000.0	146,000.0	146,000.0	-
58	Tribal College RPSP	-	-	2,868.3	-	
59	**Total HED**	**186,193.1**	**187,792.5**	**190,656.6**	**187,788.3**	**(4.2)**
60	**Grand Total Higher Education**	**1,351,276.3**	**1,441,803.7**	**1,524,739.9**	**1,493,151.3**	**51,347.6**

	Institution / Program *(Detail listed primarily in HB2 order)*	FY25 Opbud	FY26 Opbud	HED Req. FY27	LFC Rec. FY27	LFC Over/(Under) FY26
	UNIVERSITY OF NEW MEXICO					
4	Main Campus I&G	264,831.4	285,341.8	305,545.0	299,760.2	14,418.4
5	Athletics	8,467.9	11,657.8	11,657.8	8,657.8	(3,000.0)
6	Educational television	1,325.0	1,352.5	3,412.0	1,352.5	-
7	Main Campus- Tribal education initiatives	1,060.1	1,291.4	1,291.4	1,291.4	-
8	Main Campus -Teacher pipeline initiatives	100.0	101.2	101.2	101.2	-
9	Gallup Branch - I&G	11,155.4	11,812.6	13,574.1	13,016.7	1,204.1
10	Gallup Branch - Tribal education initiatives	102.0	103.7	103.7	103.7	-
11	Los Alamos Branch - I&G	2,417.8	2,547.2	2,759.9	2,617.8	70.6
12	Valencia Branch - I&G	7,262.6	7,673.9	8,635.9	8,342.9	669.0
13	Taos Branch - I&G	4,930.3	5,204.3	6,399.3	6,311.7	1,107.4
14	**Research and Public Service Projects**					
15	Judicial selection	53.4	176.7	176.7	176.7	-
16	Southwest research center	831.7	858.0	858.0	858.0	-
17	Resource geographic information system	68.4	71.6	71.6	71.6	-
18	Southwest Indian law clinic	211.9	220.3	220.3	220.3	-
19	Geospatial and population studies/BBER	400.3	417.2	417.2	417.2	-
20	Manufacturing engineering program	551.9	568.2	568.2	568.2	-
21	Wildlife law education	97.8	101.8	101.8	101.8	-
22	Community-based education	559.6	582.8	582.8	582.8	-
23	Corrine Wolfe children's law center	167.8	173.6	173.6	173.6	-
24	Mock trial program and high school forensics	411.6	411.6	411.6	411.6	-
25	Utton transboundary resources center	440.7	461.7	461.7	461.7	-
26	Gallup Branch - nurse expansion	803.5	803.5	-	-	(803.5)
27	Valencia Brach - nurse expansion	427.2	427.2	-	-	(427.2)
28	Taos Branch - nurse expansion	884.6	884.6	-	-	(884.6)
29	University of New Mexico press	467.5	482.5	482.5	482.5	-
30	New Mexico bioscience authority	325.2	335.5	335.5	335.5	-
31	Natural heritage New Mexico database	52.3	53.3	53.3	53.3	-
32	Border justice initiative	188.2	196.5	196.5	196.5	-
33	Wild friends program	77.4	79.9	79.9	79.9	-
34	School of public administration	100.0	103.7	103.7	103.7	-
35	Teacher education at branch colleges	60.0	62.8	62.8	62.8	-
36	*Quantum New Mexico Institute (New)*	-	-	*2,930.0*	-	-
37	*UNM-Gallup -Law Enforcement Academy (New)*	-	-	*400.0*	-	-
38	*Structured Literacy Coordinator (New)*	-	-	*125.0*	-	-
39	**Total UNM RPSPs**	**7,181.0**	**7,473.0**	**8,812.7**	**5,357.7**	**(2,115.3)**
41	**TOTAL UNIVERSITY OF NEW MEXICO**	**308,833.5**	**334,559.4**	**362,293.0**	**346,913.6**	**12,354.2**
42						
43	**UNM HEALTH SCIENCES CENTER (HSC)**					
44	*Health Science Center I&G*	89,430.5	97,941.3	100,879.5	104,381.3	6,440.0
45	**Research and Public Service Projects**					
46	ENLACE	976.3	980.7	980.7	980.7	-
47	Graduate medical education/residencies	2,444.1	2,549.0	2,549.0	2,549.0	-
48	Office of medical investigator	10,624.8	11,811.2	14,000.0	13,811.2	2,000.0
49	Native American suicide prevention	96.6	100.5	100.5	100.5	-
50	Children's psychiatric hospital	11,356.4	12,613.3	12,613.3	12,613.3	-
51	Carrie Tingley hospital	9,011.3	9,871.9	9,871.9	9,871.9	-
52	Newborn intensive care	3,523.0	3,673.0	3,673.0	3,673.0	-
53	Pediatric oncology	1,622.7	1,677.7	1,677.7	1,677.7	-
54	Poison and drug information center	2,685.9	2,781.7	2,781.7	2,781.7	-
55	Cancer center	8,159.4	8,461.4	9,500.0	8,461.4	-
56	Genomics, biocomputing and environmental health res	937.4	945.7	945.7	945.7	-
57	Trauma specialty education	250.0	250.0	250.0	250.0	-
58	Pediatrics specialty education	250.0	250.0	250.0	250.0	-
59	Native American health center	329.5	336.0	336.0	336.0	-
60	Nurse expansion	951.6	951.6	-	-	(951.6)
61	Graduate nurse education	4,824.2	4,824.2	4,824.2	4,824.2	-
62	Child abuse evaluation center	160.0	166.1	166.1	166.1	-
63	Hepatitis community health outcomes	9,949.9	10,240.9	10,240.9	10,240.9	-

	Institution / Program *(Detail listed primarily in HB2 order)*	FY25 Opbud	FY26 Opbud	HED Req. FY27	LFC Rec. FY27	LFC Over/(Under) FY26
64	Comprehensive movement disorders clinic	423.7	436.5	436.5	436.5	-
65	Office of the medical investigator grief services	330.8	341.7	341.7	341.7	-
66	Physician assistant program and nurse practitioners	653.0	653.0	653.0	653.0	-
67	Special Needs Dental	500.0	500.0	500.0	500.0	-
68	Undergraduate nursing education	1,500.0	1,500.0	1,500.0	1,500.0	-
69	*Population Health (New)*	-	-	*2,500.0*	-	-
70	Total UNM-HSC RPSPs	71,560.6	75,916.1	80,691.9	76,964.5	1,048.4
71	**TOTAL UNM HEALTH SCIENCE CENTER**	**160,991.1**	**173,857.4**	**181,571.4**	**181,345.8**	**7,488.4**
72	**TOTAL UNIVERSITY OF NEW MEXICO**	**469,824.6**	**508,416.8**	**543,864.4**	**528,259.4**	**19,842.6**
73						
74	**NEW MEXICO STATE UNIVERSITY**					
75	Main Campus I&G	164,341.5	178,008.7	191,624.3	190,699.6	12,690.9
76	Athletics	7,816.2	8,022.9	8,022.9	8,022.9	-
77	Educational television	1,478.1	1,524.6	2,626.4	1,524.6	-
78	Tribal education initiatives	300.0	300.0	300.0	300.0	-
79	Teacher pipeline initiatives	250.0	250.0	250.0	250.0	-
80	Alamogordo Branch - I&G	8,922.9	9,289.4	9,924.2	9,828.4	539.0
81	Dona Ana Branch - I&G	30,138.2	32,138.0	35,802.6	34,371.5	2,233.5
82	Grants Branch - I&G	4,409.0	4,613.2	4,856.1	4,746.0	132.8
83	Tribal education initiatives - Grants Branch	100.0	100.0	100.0	100.0	-
84	Department of agriculture	17,433.2	18,440.7	18,440.7	19,178.3	737.6
85	Agricultural experiment station	20,735.1	22,609.2	22,609.2	23,513.6	904.4
86	Cooperative extension service	17,489.0	18,875.0	18,875.0	19,630.0	755.0
87	**Research and Public Service Projects**					
88	Nurse expansion	2,081.2	2,081.2	-	-	(2,081.2)
89	Autism program	1,140.7	1,184.4	1,184.4	1,184.4	-
90	Sunspot solar observatory consortium	402.0	418.4	418.4	418.4	-
91	STEM alliance for minority participation	382.0	398.3	398.3	398.3	-
92	Mental health nurse practitioner	1,315.0	1,315.0	1,315.0	1,315.0	-
93	Water resource research institute	1,256.8	1,300.2	1,300.2	1,300.2	-
94	Indian resources development	284.3	291.4	291.4	291.4	-
95	Manufacturing sector development program	687.2	706.8	706.8	706.8	-
96	Arrowhead center for business development	397.1	418.3	418.3	418.3	-
97	Alliance teaching and learning advancement	221.9	228.5	228.5	228.5	-
98	College assistance migrant program	307.9	311.4	311.4	311.4	-
99	Dona Ana branch - dental hygiene program	557.5	557.5	557.5	557.5	-
100	Dona Ana branch - nurse expansion	928.9	928.9	-	-	(928.9)
101	Sustainable agriculture center of excellence	513.7	527.3	527.3	527.3	-
102	Anna age eight institute	2,133.9	2,160.4	2,160.4	2,160.4	-
103	New Mexico produced water consortium	1,242.8	2,259.6	2,259.6	2,259.6	-
104	Nurse anesthesiology	500.0	500.0	500.0	500.0	-
105	*Institute for AI and Machine Learning (New)*		-	*2,000.0*	-	-
106	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
107	NMSU-Alamo. Nurse Expansion	-	400.0	-	-	(400.0)
108	**Subtotal RPSPs**	**14,352.9**	**15,987.6**	**14,702.5**	**12,577.5**	**(3,410.1)**
109	**TOTAL NEW MEXICO STATE UNIVERSITY**	**287,766.1**	**310,159.3**	**328,133.9**	**324,742.4**	**14,583.1**
110						
111	**NEW MEXICO HIGHLANDS UNIVERSITY**					
112	Instruction and general purposes	38,763.2	41,324.6	43,310.9	43,114.1	1,789.5
113	Athletics	3,233.5	3,316.5	3,316.5	3,316.5	-
114	Tribal education initiatives	200.0	201.9	201.9	201.9	-
115	Teacher pipeline initiatives	250.0	252.6	252.6	252.6	-
116	**Research and Public Service Projects**					
117	Advanced placement and international baccalaureate te	203.8	204.1	204.1	204.1	-
118	Nurse expansion	300.5	310.2	-	-	(310.2)
119	Native American social work institute	239.1	243.1	243.1	243.1	-
120	Forest and watershed institute	540.8	555.9	555.9	555.9	-
121	Acequia and land grant education	46.9	46.9	46.9	46.9	-
122	Doctor of nurse practitioner expansion	157.8	158.8	158.8	158.8	-

	Institution / Program *(Detail listed primarily in HB2 order)*	FY25 Opbud	FY26 Opbud	HED Req. FY27	LFC Rec. FY27	LFC Over/(Under) FY26
123	Center for excellence in social work	500.0	512.2	512.2	512.2	-
124	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
125	**Subtotal RPSPs**	**1,988.9**	**2,031.2**	**1,846.0**	**1,721.0**	**(310.2)**
126	**TOTAL NEW MEXICO HIGHLANDS UNIVERSITY**	**44,435.6**	**47,126.8**	**48,927.9**	**48,606.1**	**1,479.3**
127						
128	**WESTERN NEW MEXICO UNIVERSITY**					
129	Instruction and general purposes	27,690.2	30,194.3	33,490.8	33,851.7	3,657.4
130	Athletics	3,149.3	3,208.8	3,208.8	3,208.8	-
131	Teacher pipeline initiatives	250.0	250.0	250.0	250.0	-
132	**Research and Public Service Projects**					
133	Nurse expansion	1,550.3	1,550.3	-	-	(1,550.3)
134	Truth or Consequences and Deming - nurse expansion	282.0	282.0	-	-	(282.0)
135	Web-based teacher licensure	117.8	117.8	117.8	117.8	-
136	Early childhood center	702.6	710.1	710.1	710.1	-
137	Early childhood center of excellence	500.0	500.0	500.0	500.0	-
138	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
139	**Subtotal RPSPs**	**3,152.7**	**3,160.2**	**1,452.9**	**1,327.9**	**(1,832.3)**
140	**TOTAL WESTERN NEW MEXICO UNIVERSITY**	**34,242.2**	**36,813.3**	**38,402.5**	**38,638.4**	**1,825.1**
141						
142	**EASTERN NEW MEXICO UNIVERSITY**					
143	Main Campus I&G	43,361.8	46,919.6	50,501.5	50,049.7	3,130.1
144	Athletics	3,411.7	3,466.7	3,466.7	3,466.7	-
145	Educational television	1,285.6	1,320.3	2,603.5	1,320.3	-
146	Teacher pipeline initiatives	250.0	250.0	250.0	250.0	-
147	Roswell Branch - I&G	15,402.5	16,204.0	17,466.2	17,072.8	868.8
148	Ruidoso Branch - I&G	2,525.7	2,679.9	3,157.6	3,118.5	438.6
149	**Research and Public Service Projects**					
150	Nurse expansion	323.7	323.7	-	-	(323.7)
151	Blackwater draw site and museum	93.3	96.4	96.4	96.4	-
152	Roswell Branch - nurse expansion	350.0	350.0	-	-	(350.0)
153	Teacher education preparation program	182.4	182.4	182.4	182.4	-
154	Greyhound promise	91.2	91.2	91.2	91.2	-
155	Nursing program	178.6	300.0	-	-	(300.0)
156	*ENMU-Roswell Child Development Center (New)*		-	*500.0*	-	-
157	*ENMU-RuidosoTribal Education Initiatives (New)*		-	*100.0*	-	-
158	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
159	**Subtotal RPSPs**	**1,219.2**	**1,343.7**	**1,095.0**	**370.0**	**(973.7)**
160	**TOTAL EASTERN NEW MEXICO UNIVERSITY**	**67,456.5**	**72,184.2**	**78,540.5**	**75,648.0**	**3,463.8**
161						
162	**NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY**					
163	Instruction and general purposes	38,028.4	40,593.4	42,654.6	42,573.8	1,980.4
164	Teacher pipeline initiatives	50.0	50.0	50.0	50.0	-
165	Bureau of mine safety	383.0	390.7	390.7	390.7	-
166	Bureau of geology and mineral resources	5,979.5	6,649.3	7,250.0	7,649.3	1,000.0
167	Petroleum recovery research center	2,170.5	2,211.9	2,361.9	2,211.9	-
168	Geophysical research center	1,510.8	1,568.6	1,568.6	1,568.6	-
169	**Research and Public Service Projects**					
170	Energetic materials research center	1,042.4	1,068.4	1,068.4	1,068.4	-
171	Science and engineering fair	212.4	219.8	219.8	219.8	-
172	Institute for complex additive systems analysis	1,224.9	1,261.1	1,261.1	1,261.1	-
173	Cave and karst research	422.3	429.1	429.1	429.1	-
174	Homeland security center	640.9	662.1	662.1	662.1	-
175	Cybersecurity center of excellence	536.7	550.3	550.3	550.3	-
176	Rural economic development	32.8	32.8	32.8	32.8	-
177	Chemical engineering student assistantships	199.3	199.3	199.3	199.3	-
178	New Mexico mathematics, engineering and science ach	1,154.7	1,182.9	1,182.9	1,182.9	-
179	*STEM Center Pathways for Student Success (New)*		-	*500.0*	-	-
180	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
181	**Subtotal RPSPs**	**5,466.4**	**5,605.8**	**6,230.8**	**5,605.8**	**-**
182	**TOTAL NEW MEXICO INSTITUTE OF MINING AND TI**	**53,588.6**	**57,069.7**	**60,506.6**	**60,050.1**	**2,980.4**

	Institution / Program *(Detail listed primarily in HB2 order)*	FY25 Opbud	FY26 Opbud	HED Req. FY27	LFC Rec. FY27	LFC Over/(Under) FY26
183						
184	**NORTHERN NEW MEXICO COLLEGE**					
185	Instruction and general purposes	13,390.6	14,296.8	16,276.5	15,729.7	1,432.9
186	Athletics	570.9	582.7	582.7	582.7	-
187	Teacher pipeline initiatives	250.0	250.0	250.0	250.0	-
188	**Research and Public Service Projects**					
189	Science, technology, engineering, arts and math initiativ	125.2	125.2	125.2	125.2	-
190	Nurse expansion	947.0	947.0	-	-	(947.0)
191	Demonstration farm	50.0	50.0	50.0	50.0	-
192	Arts, cultural engagement and sustainable agriculture	50.0	50.0	50.0	50.0	-
193	*Career Services Center (New)*		-	*400.0*	-	-
194	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
195	**Subtotal RPSPs**	**1,172.2**	**1,172.2**	**750.2**	**225.2**	**(947.0)**
196	**TOTAL NORTHERN NEW MEXICO COLLEGE**	**15,383.7**	**16,301.7**	**17,859.4**	**16,787.6**	**485.9**
197						
198	**SANTA FE COMMUNITY COLLEGE**					
199	Instruction and general purposes	14,072.3	14,970.3	15,878.2	15,895.2	924.9
200	**Research and Public Service Projects**					
201	Nurse expansion	439.4	491.7	-	-	(491.7)
202	First born, home visiting and technical assistance	450.9	461.8	461.8	461.8	-
203	Teacher education expansion	136.8	175.7	175.7	175.7	-
204	Small business development centers	4,605.5	4,753.0	4,853.0	4,753.0	-
205	*KSFR (New)*		-	*149.7*	-	-
206	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
207	**Subtotal RPSPs**	**5,723.8**	**5,882.2**	**5,765.2**	**5,390.5**	**(491.7)**
208	**TOTAL SANTA FE COMMUNITY COLLEGE**	**19,796.1**	**20,852.5**	**21,643.4**	**21,285.7**	**433.2**
209						
210	**CENTRAL NEW MEXICO COMMUNITY COLLEGE**					
211	Instruction and general purposes	79,826.8	85,154.0	92,304.6	89,629.1	4,475.1
212	**Research and Public Service Projects**					
213	Nurse expansion	1,400.0	1,400.0	-	-	(1,400.0)
214	Workforce development	70.0	70.0	70.0	70.0	-
215	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
216	**Subtotal RPSPs**	**1,470.0**	**1,470.0**	**195.0**	**70.0**	**(1,400.0)**
217	**TOTAL CENTRAL NEW MEXICO COMMUNITY COLL**	**81,296.8**	**86,624.0**	**92,499.6**	**89,699.1**	**3,075.1**
218						
219	**LUNA COMMUNITY COLLEGE**					
220	Instruction and general purposes	9,046.9	9,383.2	10,220.2	10,077.4	694.2
221	Athletics	512.5	521.9	521.9	521.9	-
222	**Research and Public Service Projects**					
223	Nurse expansion	509.0	509.0	-	-	(509.0)
224	**Subtotal RPSPs**	**509.0**	**509.0**	**-**	**-**	**(509.0)**
225	**TOTAL LUNA COMMUNITY COLLEGE**	**10,068.4**	**10,414.1**	**10,742.1**	**10,599.3**	**185.2**
226						
227	**MESALANDS COMMUNITY COLLEGE**					
228	Instruction and general purposes	5,105.7	5,347.8	5,792.5	5,729.0	381.2
229	Athletics	217.5	218.1	218.1	218.1	-
230	**Research and Public Service Projects**					
231	Wind training center	116.9	116.9	116.9	116.9	-
232	Nurse Expansion	-	250.0	-	-	(250.0)
233	**Subtotal RPSPs**	**116.9**	**366.9**	**116.9**	**116.9**	**(250.0)**
234	**TOTAL MESALANDS COMMUNITY COLLEGE**	**5,440.1**	**5,932.8**	**6,127.5**	**6,064.0**	**131.2**
235						
236	**NEW MEXICO JUNIOR COLLEGE**					
237	Instruction and general purposes	7,634.7	7,962.7	8,981.7	9,096.9	1,134.2
238	Athletics	607.2	722.6	722.6	722.6	-
239	**Research and Public Service Projects**					
240	Nurse expansion	781.9	781.9	-	-	(781.9)
241	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
242	**Subtotal RPSPs**	**781.9**	**781.9**	**125.0**	**-**	**(781.9)**
243	**TOTAL NEW MEXICO JUNIOR COLLGE**	**9,023.8**	**9,467.2**	**9,829.3**	**9,819.5**	**352.3**

	Institution / Program *(Detail listed primarily in HB2 order)*	FY25 Opbud	FY26 Opbud	HED Req. FY27	LFC Rec. FY27	LFC Over/(Under) FY26
244						
245	**SOUTHEAST NEW MEXICO COMMUNITY COLLEGE**					
246	Instruction and general purposes	5,254.6	5,439.7	5,946.6	6,008.8	569.1
247	**Research and Public Service Projects**					
248	Nurse expansion	398.6	398.6	-	-	(398.6)
250	**TOTAL SOUTHEAST NEW MEXICO COMMUNITY CO**	**5,653.2**	**5,838.3**	**5,946.6**	**6,008.8**	**170.5**
251						0
252	**SAN JUAN COLLEGE**					**0**
253	Instruction and general purposes	31,506.5	33,574.6	36,732.0	35,737.8	2,163.2
254	Tribal education initiatives	100.0	100.0	100.0	100.0	-
255	**Research and Public Service Projects**					
256	Nurse expansion	1,116.0	1,116.0	-	-	(1,116.0)
257	Dental hygiene program	175.0	235.0	235.0	235.0	-
258	Renewable energy center of excellence	750.0	750.0	750.0	750.0	-
259	*Student support (New)*		-	*350.0*	-	-
260	*Community radio (New)*		-	*213.4*	-	-
261	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
262	**Subtotal RPSPs**	**2,101.0**	**2,101.0**	**1,673.4**	**985.0**	**(1,116.0)**
263	**TOTAL SAN JUAN COLLEGE**	**33,707.5**	**35,775.6**	**38,505.4**	**36,822.8**	**1,047.2**
264						
265	**CLOVIS COMMUNITY COLLEGE**					
266	Instruction and general purposes	12,851.8	13,536.4	14,840.7	14,296.7	760.3
267	**Research and Public Service Projects**					
268	Nurse expansion	356.5	356.5	-	-	(356.5)
269	*Structured Literacy Coordinator (New)*		-	*125.0*	-	-
270	**Subtotal RPSPs**	**356.5**	**356.5**	**125.0**	**-**	**(356.5)**
271	**TOTAL CLOVIS COMMUNITY COLLEGE**	**13,208.3**	**13,892.9**	**14,965.7**	**14,296.7**	**403.8**
272						
273	**NEW MEXICO MILITARY INSTITUTE**					
274	Instruction and general purposes	3,661.7	4,709.7	4,851.0	4,992.3	282.6
275	Athletics	335.1	352.6	352.6	352.6	-
276	**Research and Public Service Projects**					
277	Knowles legislative scholarship program	1,353.7	1,353.7	1,353.7	1,353.7	-
278	**TOTAL NEW MEXICO MILITARY INSTITUTE**	**5,350.5**	**6,416.0**	**6,557.3**	**6,698.6**	**282.6**
279						
280	**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**					
281	Instruction and general purposes	2,714.2	3,451.6	3,555.1	3,658.7	207.1
282	**Research and Public Service Projects**					
283	Low vision clinic programs	111.1	111.1	111.1	111.1	-
284	**Subtotal RPSPs**	**111.1**	**111.1**	**111.1**	**111.1**	**-**
285	**TOTAL NEW MEXICO SCHOOL FOR THE BLIND AN**	**2,825.3**	**3,562.7**	**3,666.2**	**3,769.8**	**207.1**
286						
287	**NEW MEXICO SCHOOL FOR THE DEAF**					
288	Instruction and general purposes	5,800.2	6,723.3	6,925.0	7,126.7	403.4
289	**Research and Public Service Projects**					
290	Statewide outreach services	215.7	300.0	300.0	300.0	-
291	Teleaudiology Screening	-	140.0	140.0	140.0	-
292	**Subtotal RPSPs**	**215.7**	**440.0**	**440.0**	**440.0**	**-**
293	**TOTAL NEW MEXICO SCHOOL FOR THE DEAF**	**6,015.9**	**7,163.3**	**7,365.0**	**7,566.7**	**403.4**

At A Glance

New Mexico higher education institutions (HEI) receive a significant portion of their funding from state sources and rank third in the nation for state funding per full-time student. The Legislature has made significant investments in higher education but recognizes the need to match future funding increases to improved performance. To achieve this goal, the Legislature prioritized directing funding to the instruction and general base, limiting increases to line-item appropriations and streamlining the funding formula to more directly link funding to outcomes.

For FY27, the LFC recommends an overall increase of $51.3 million, or 3.6 percent, for institutions statewide. The vast majority of the increase, $48.5 million, is in the instruction and general base with the remainder being split between programs with statewide impact. The LFC did not recommend any new line-item appropriations but did recommend moving $16.3 million in funding directed to nursing expansion programs into the recurring base budgets.

Budget Issues

Higher Education Institutions (HEIs) received significant budget increases over the past five years as student enrollment began increasing after the pandemic. At the same time, the Legislature has taken steps to streamline higher education funding by consolidating line-item appropriations and increasing incentives for performance through the higher education funding formula. The focus on instruction and general (I&G) appropriations gives individual HEIs the flexibility to make investments needed to improve student success and prioritize the need for academic programs.

State Support. The State Higher Education Executive Officers Association reports New Mexico had the third-highest rate of state support in the nation in FY24, behind only Illinois and Wyoming. The amount of state support, nearly $20.4 thousand per student, is significantly higher than the national average of $11.7 thousand. While spending for higher education in New Mexico stagnated over the past decade, the low growth occurred at a time when enrollment was falling, resulting in increasing appropriations per student throughout this period. Additionally, the state made a significant investment in tuition-free college with the creation of the opportunity scholarship, at a cost of nearly $158 million, in addition to the lottery scholarship which cost $80 million in FY25.

For FY26, state spending on higher education accounted for 14 percent of the state general fund budget. Recurring appropriations to HEIs include three components: (1) annual appropriations to the I&G funding formula; (2) direct appropriations to research and public service projects (RPSP); and (3) targeted investments, including compensation for faculty and staff and student support.

The I&G base makes up the largest single portion of HEI budgets and receives the majority of state general fund appropriations. “New money,” or appropriations over the prior year, is appropriated to HEIs through the funding formula, which provides an allocation based primarily on an institution’s share of credit hours delivered and number of degrees awarded. The formula also includes an institutional performance premium to provide larger increases based on performance relative to prior years. Because the funding formula is a base-plus mechanism that serves to grow, but not to reduce, the base budget, it does not make adjustments to reflect enrollment declines, which can lead to funding disparities among institutions. The University of New Mexico Health Sciences Center and special schools do not receive funding through the formula and their budget increases are calculated separately.

RPSPs are line items contained in the budgets of the individual higher education institutions that support non-I&G functions, such as the Office of the Medical Investigator. However, a number of direct appropriations for I&G purposes have been made over the years, diluting the purpose of RPSPs. In 2024, the Legislature began reducing the number of RPSPs by moving appropriations for I&G functions into the base budget.

The Legislature has made targeted I&G appropriations outside of the funding formula for the past four years. These appropriations are based on the proportion of total I&G funding received by each institution. For FY27, LFC recommends an additional $5 million for student support services to improve retention and graduation rates, $1.5 million for medical faculty salary increases, and $1 million for graduate assistant pay increases.

Base Funding Adequacy. The Legislature appropriated $200 thousand in 2023 to the Higher Education Department (HED) to conduct a study of the adequacy of base funding at HEIs statewide. In 2025, the contractor presented a report stating that New Mexico would need to increase its base funding by 109 percent to achieve adequacy.

While the report defined adequacy “as the ability of each institution to maintain the value of its assets, offer its programs at high levels of quality, and provide the support services necessary to assure student success,” subsequent discussions noted that “adequacy” was more akin to a “gold standard” than to minimum funding required to maintain operations.

The study did not address the disconnect between New Mexico’s highly favorable ranking in state funding with the results of the study. However, the work completed suggests there are inequities in the current I&G base and highlights the need to ensure the funding formula is effectively allocating resources to higher education institutions.

The Higher Education Department (HED) recommends $30 million for base budget increases informed by the study findings. The adjustments range from a low of 0.7 percent at Western New Mexico University to a high of 6.7 percent at UNM-Los Alamos campus. Two colleges, New Mexico Junior College and Southeast New Mexico College, would receive no increase from the adjustment. The base adequacy adjustment provides a variable increase that deviates significantly from the outcomes that would be produced by directing additional appropriations through the funding formula. The LFC does not recommend a non-formula base adjustment.

FY27 I&G Recommendation. Changes are made to the funding formula each year by a workgroup that includes HED and HEI staff, as well as LFC and Department of Finance and Administration staff. The funding formula is composed of three primary pieces: mission-specific measures, which deliver funding to certain sectors (e.g., four-year and two-year institutions); a standard allocation based on a college's market share of degrees awarded and credit hours delivered; and an institutional performance premium that rewards performance improvements in credit hours delivered and degrees conferred.

For the past several years, the Legislature sought to increase funding directed to institutions based on performance improvements. In FY25, the portion of the funding formula directed to institutional improvement was increased from 10 percent to 20 percent and in FY26 the proportion was increased from 20 percent to 50 percent. This change met the goal of increasing the formula's responsiveness to changes in performance but did not address the dilution of the measures by splitting funding into three separate pieces, each with their own performance measures.

The FY27 funding formula recommended by HED discontinues two mission-specific measures of momentum points which provide increased funding to institutions when students reach 30 credit hours and 60 credit hours. Only comprehensive universities and two-year colleges are eligible to receive funding from these two measures. Additionally, the recommendation reduces the amount of funding directed to research institutions.

The reduction of funding in the three mission-specific performance measures accounts for 10 percent of the new money that flows through the funding formula. This funding will now be distributed to institutions based on the number of credit hours delivered by each institution. The LFC recommendation concurs with the proposed changes and uses this methodology for the FY27 allocation.

HED recommends a 3 percent, or $27.1 million, increase in the funding formula in addition to a $30 million increase for a base adjustment bringing the total recommendation to 6.3 percent.

The LFC recommends a 4 percent increase to be allocated through the funding formula. In addition, the LFC recommends adding separate funding for student support in the I&G budget based on the general fund budget of each institution. These nonformula adjustments can be used at the discretion of the HEI and are not restricted line-item appropriations. The total I&G recommendation is a $42.1 million, or 4.7 percent, increase.

Health Sciences Center. The UNM Health Sciences Center (HSC) is funded outside of the funding formula and is not subject to the same performance incentives as other HEIs. Overall, HSC brings in $3.3 billion in revenue, mostly made up of clinical services at its hospitals. In FY26, HSC received $174 million state I&G and RPSP funding.

The LFC recommendation for I&G at the Health Sciences Center includes a $3.9 million, or 4 percent, base increase, and $1.5 million for medical faculty compensation, bringing the total I&G increase to $5.4 million, or 5.5 percent. LFC recommends an increase of $2 million in RPSP funding for the Office of the Medical Investigator (OMI). HED recommended a $1.9 million, or 2 percent, increase for the Health Sciences Center I&G, as well as $2.2 million in RPSP funding for the OMI and an additional $1 million for the cancer center.

Research and Public Service Projects (RPSP). Research and public service projects (RPSP) are recurring line-item appropriations made in the budgets of individual HEIs. These line items compose a wide variety of programs from instruction and general programs, such as nursing and teaching education programs, to statewide programs, like public broadcasting, to quasi-governmental agency functions, such as the Office of the Medical Investigator and the Bureau of Mine Safety.

HED commissioned a study to examine current practice for evaluating and recommending funding for RPSPs. The study found the current RPSP practice lacks clarity and strategic direction. Additionally, the report found there is a lack of shared understanding among HEIs and the executive and legislative branches regarding the purpose and intent of the RPSP programs.

In recent years, the Legislature has sought to bring clarity to the RPSP request and appropriations process by taking steps to streamline the process and move RPSPs that are part of the I&G into the base budget. This allows the executive and legislative branches to focus more attention on those programs that are statewide priorities but which are not funded through the regular funding formula.

The FY27 HED and LFC recommendations continue the work of moving I&G into the base. Both recommendations transferred $15.8 million for nursing programs from RPSPs to the instruction and general base and provided these programs a 3 percent increase, bringing the total to $16.3 million.

HED recommended an additional $20.1 million to increase several existing RPSPs and create 23 additional RPSP programs across institutions statewide. The new programs included $1.5 million, or $125 thousand apiece, for 12 structured literacy coordinators. The department also recommended $2.9 million for quantum computing at UNM, $2.5 million for population health at UNM's Health Sciences Center, and $2 million for an AI program at NMSU.

Additionally, HED requested $2.9 million through the RPSP process for new programs at tribally controlled colleges. The request included $1.3 million for an early childhood education program and $125 thousand for a literacy coordinator at Navajo Technical University and $1.5 million for welding, film, and community health programs at Southwestern Indian Polytechnic Institute.

The LFC did not recommend creation of any new RPSPs but recommends $2 million to the Office of the Medical investigator housed at UNM and $1 million for the Bureau of Geology housed at New Mexico Tech. The LFC recommendation reduces the appropriations to UNM athletics by $3 million after the Legislature provided a $3 million increase in 2025 and the institution then increased student fees for athletics to be paid predominately through the lottery and opportunity scholarships. The increase in student fees essentially double-funded the increase for athletics.

Tuition and Fees. Tuition and fees are set by the governing boards of the various institutions, and increases do not require approval of a statewide entity. Since the creation of the opportunity scholarship in 2022, New Mexico HEIs increased tuition by 7 percent on average. However, the magnitude of tuition increases varied widely. For example, UNM increased tuition by 23 percent, while NMSU increased tuition by 6 percent over this period. UNM and NMSU together made up over 70 percent of opportunity scholarship expenditures in FY25.

New Mexico's relatively rich financial aid package, including the lottery and opportunity scholarships, currently pays over half of tuition and fees assessed to students. However, the scholarship programs do not guarantee full payment of tuition and fees, so tuition costs in excess of the scholarship appropriations will fall on the student. This preserves appropriations authority but confuses policy; New Mexico students are promised tuition-free higher education, but whether this promise can be kept changes based on availability of funding and HEI tuition policy.

Recurring revenues have not been sufficient to pay the costs of the financial aid programs. The lottery scholarship incurs costs of roughly $87 million per year and receives lottery revenue of approximately $45 million, while the opportunity scholarship costs around $178 million and has recurring revenue of $146 million. To bridge this gap, the Legislature created the $1 billion higher education trust fund that generates revenue of approximately $50 million used to cover full costs of the tuition programs. The trust fund revenue was expected to cover tuition and fee costs through FY31, assuming moderate enrollment and tuition growth. However, increases in tuition significantly outpaced projections, and the scholarship program revenue is projected to be insufficient to meet costs in FY27.

Other Revenue. Colleges and universities receive a significant share of their revenue from sources other than the general fund. For example, two-year institutions receive property tax revenue while four-year institutions receive a distribution from the land grant permanent fund and both two-year and four-year institutions receive tuition and fee revenue. The composition of this revenue differs significantly between two-year and four-year colleges: Two-year colleges receive roughly half of their total revenue from property taxes, 40 percent through state appropriations, and 10 percent from tuition. Four-year institutions receive 55 percent of total revenue from the state, 35 percent from tuition, and 10 percent from the land grant permanent fund and indirect cost recovery on grants.

In addition, HEIs receive noninstruction and general revenue from ticket sales for athletics, leases of institution property, service contracts, and research overhead costs. Student financial aid programs, such as federal Pell Grants, are also accounted for as other revenue and are budgeted as non-I&G items.

Persistence and Completion. New Mexico higher education institutions currently rank 47th in the nation for graduation within 150 percent of standard time, a slight increase from years prior when the state ranked between 48th and 49th. Four-year colleges in New Mexico report 48 percent of students graduating within six years of beginning a bachelor's degree program, compared with a national graduation rate of 59 percent. New Mexico two-year institutions have a three-year graduation rate for associate degrees of 26 percent compared with the national average of 33.8 percent.

For FY27, LFC recommends targets for graduation within 150 percent of normal time be set at 60 percent for research institutions, 50 percent for comprehensive colleges, and 35 percent for two-year colleges.

Special Schools. The special schools are the New Mexico Military Institute (NMMI), New Mexico School for the Deaf (NMSD), and New Mexico School for the Blind and Visually Impaired (NMSBVI). These special schools receive funding from the general fund, land grant permanent fund, land maintenance fund, and some investments with the State Investment Council. Distributions from the land maintenance fund comprise 75 percent to 80 percent of each school's revenues.

For FY27, the LFC recommends a 6 percent increase while HED recommends a 3 percent increase.

Recommended Language

For the Higher Education Subsection: On approval of the higher education department, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this subsection whose other state funds exceed amounts specified, with the exception of the policy development and institutional financial oversight program of the higher education department. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees, in writing, of the justification for the approval.

On approval of the higher education department and in consultation with the legislative finance committee, the state budget division of the department of finance and administration may reduce general fund appropriations, up to three percent, to institutions whose lower level common courses are not completely transferrable or accepted among public colleges and universities in New Mexico.

The department of finance and administration shall, as directed by the secretary of higher education, withhold from an educational institution or program that the higher education department places under an enhanced fiscal oversight program a portion, up to ten percent, of the institution's or program's general fund allotments. On written notice by the secretary of higher education that the institution or program has made sufficient progress toward satisfying the requirements imposed by the higher education department under the enhanced fiscal oversight program, the department of finance and administration shall release the withheld allotments. Money withheld in accordance with this provision and not released at the end of fiscal year 2027 shall revert to the general fund. The secretary of the department of finance and administration shall advise the legislature through its officers and appropriate committees, in writing, of the status of all withheld allotments.

The department shall not distribute lottery or opportunity scholarship reimbursements to higher education institutions for tuition and fees over the rates charged in the fall semester of 2025.

Except as otherwise provided, any unexpended balances remaining at the end of fiscal year 2027 shall not revert to the general fund.

For the University of New Mexico Health Sciences Center: The internal service funds/interagency transfers appropriation to the health sciences center research and public service projects for the university of New Mexico includes one million eight hundred thousand dollars ($1,800,000) from the opioid crisis recovery fund from monies from settlements, judgments, verdicts and other court orders relating to claims regarding the manufacturing, marketing, distribution or sale of opioids.

For the New Mexico Department of Agriculture: The other state funds appropriation to the New Mexico department of agriculture of the New Mexico state university includes four million three hundred forty-five thousand dollars ($4,345,000) from the land of enchantment legacy fund. The New Mexico department of agriculture is responsible for administering this funding and determining awardees.

University of New Mexico 95200

Performance Measures Summary LFC

9521 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	31,941	26,487	32,000	28,000	28,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	3,581	3,067	3,600	3,200	3,200
* Output	Number of credit hours completed	540,632	560,443	540,000	570,000	570,000
* Output	Number of unduplicated degree awards in the most recent academic year	4,894	4,923	5,000	5,000	5,000
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	50%	50%	60%	60%	60%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	75%	76%	80%	80%	80%

9522 Gallup Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	3,161	3,740	3,200	4,000	4,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	44	241	200	250	250
* Output	Number of credit hours completed	27,536	47,829	30,000	50,000	50,000
* Output	Number of unduplicated awards conferred in the most recent academic year	310	304	300	350	350
* Outcome	Percent of first-time full-time freshmen retained to the third semester	46%	TBD	60%	40%	60%
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	56%	20%	35%	60%	35%

9523 Los Alamos Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	2,619	1,684	2,215	2,105	2,105
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	136	81	169	169	169
* Output	Number of credit hours completed	11,119	9,029	9,587	9,587	9,587
* Output	Number of unduplicated awards conferred in the most recent academic year	94	61	91	91	91
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	24.0%	TBD	35.0%	50%	35%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	70%	33%	60%	60%	60%

9524 Valencia Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	4,278	4,532	4,539	4,550	4,550
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	206	307	219	310	310
* Output	Number of credit hours completed	24,946	20,754	26,465	26,465	26,465
* Output	Number of unduplicated awards conferred in the most recent academic year	125	151	133	160	160
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	20%	21%	35%	35%	35%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	58%	34%	60%	60%	60%

9525 Taos Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	2,042	2,197	2,100	2,200	2,200
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	98	132	100	150	150
* Output	Number of credit hours completed	15,236	11,834	15,500	15,500	15,500
* Output	Number of unduplicated awards conferred in the most recent academic year	209	157	220	220	220
* Outcome	Percent of first-time full-time freshmen retained to the third semester	46%	35%	60%	60%	60%
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	15%	30%	35%	35%	35%

9527 Health Sciences Center

Purpose: The purpose of the institution and general program of the university of New Mexico health sciences center is to provide educational, clinical and research support for the advancement of the health of all New Mexicans.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Outcome	Percent of nursing graduates passing the requisite licensure exam on first attempt	93%	93%	80%	80%	85%
* Output	Percent of university of New Mexico-trained primary care residents practicing in New Mexico three years after completing residency	51.0%	48.0%	39.0%	39.0%	50.0%
* Output	First-time pass rate on the American nurses credentialing center family nurse practitioner certification exam	100.0%	85.0%	85.0%	80.0%	85.0%
* Output	First-time pass rate on the North American pharmacist licensure examination by doctor of pharmacy graduates	67.6%	77.0%	80.0%	80.0%	80.0%

New Mexico State University 95400

Performance Measures Summary LFC

9541 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	16,984	17,775	17,000	17,500	17,500
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,421	1,314	1,500	1,500	1,500
* Output	Number of credit hours completed	367,121	383,698	370,000	380,000	380,000
* Output	Number of unduplicated degree awards in the most recent academic year	3,144	3,210	3,250	3,250	3,250
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	52%	55%	60%	60%	60%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	75%	73%	80%	77%	80%

9542 Alamogordo Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	1,593	1,826	1,650	1,900	1,900
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	128	96	130	120	120
* Output	Number of credit hours completed	15,737	17,083	16,275	18,000	18,000
* Output	Number of unduplicated awards conferred in the most recent academic year	88	91	90	100	100
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	20%	30%	35%	35%	35%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	54%	49%	60%	55%	60%

9544 Dona Ana Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	8,879	9,522	9,200	9,712	9,712
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	927	999	966	1,019	1,019
* Output	Number of credit hours completed	117,173	125,709	119,600	128,223	128,223
* Output	Number of unduplicated awards conferred in the most recent academic year	1,098	1,162	1,150	1,185	1,185
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	0%	20%	35%	20%	35%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	61%	63%	60%	64%	60%

9545 Grants Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	1,296	1,277	1,300	1,300	1,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	211	88	150	100	100
* Output	Number of credit hours completed	7,050	11,139	8,000	10,000	10,000
* Output	Number of unduplicated awards conferred in the most recent academic year	92	114	75	80	80
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	31.0%	26.2%	35.0%	30.0%	35.0%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	67%	47%	60%	50%	60%

New Mexico Highlands University 95600

Performance Measures Summary LFC

9561 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	6,650	6,313	6,700	6,700	6,700
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	189	172	110	110	110
* Output	Number of credit hours completed	59,885	54,907	60,000	60,000	60,000
* Output	Number of unduplicated degree awards in the most recent academic year	791	755	800	800	800
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	26%	27%	50%	50%	50%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	57%	49%	70%	70%	70%

Western New Mexico University 95800

Performance Measures Summary LFC

9581 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	4,464	4,391	4,500	4,300	4,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	282	201	250	200	200
* Output	Number of credit hours completed	69,724	71,071	67,000	67,000	67,000
* Output	Number of unduplicated degree awards in the most recent academic year	961	813	850	800	800
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	24%	26%	50%	25%	50%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	54%	58%	70%	55%	70%

Eastern New Mexico University 96000

Performance Measures Summary LFC

9601 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	7,224	7,443	7,400	7,550	7,550
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	396	439	415	450	450
* Output	Number of credit hours completed	106,869	106,869	108,000	109,500	109,500
* Output	Number of unduplicated degree awards in the most recent academic year	1,316	1,211	1,350	1,350	1,350
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	34%	34%	50%	35%	50%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	62%	58%	70%	65%	70%

9602 Roswell Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	2,942	2,916	2,750	2,600	2,900
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	372	432	350	350	350
* Output	Number of credit hours completed	37,017	39,853	35,000	32,000	37,000
* Output	Number of unduplicated awards conferred in the most recent academic year	512	642	450	500	500
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	32.0%	33.0%	35.0%	35.0%	35.0%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	47%	56%	60%	55%	60%

9603 Ruidoso Branch

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	1,172	1,160	1,300	1,300	1,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	130	115	150	125	125
* Output	Number of credit hours completed	11,743	11,743	12,500	12,500	12,500
* Output	Number of unduplicated awards conferred in the most recent academic year	104	246	115	250	250
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	15.4%	21.0%	35.0%	25.0%	35.0%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	50%	32%	60%	40%	60%

New Mexico Institute of Mining and Technology 96200

Performance Measures Summary LFC

9621 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	2,051	1,918	2,000	2,000	2,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	178	173	165	165	165
* Output	Number of credit hours completed	41,194	38,941	38,000	34,000	34,000
* Output	Number of unduplicated awards conferred in the most recent academic year	334	365	300	300	300
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	57%	55%	60%	55%	60%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	77%	85%	80%	80%	80%

Northern New Mexico College 96400

Performance Measures Summary LFC

9641 Main Campus

Purpose: The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	1,696	1,811	1,700	1,800	1,800
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	166	199	231	231	231
* Output	Number of credit hours completed	23,409	25,182	23,700	25,000	25,000
* Output	Number of unduplicated awards conferred in the most recent academic year	211	244	213	225	225
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	33%	31%	50%	50%	50%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	56%	59%	70%	70%	70%

Santa Fe Community College 96600

Performance Measures Summary LFC

9661 Santa Fe Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	6,288	6,287	6,300	6,000	6,300
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	174	122	169	169	169
* Output	Number of credit hours completed	49,356	53,887	53,400	53,400	53,400
* Output	Number of unduplicated awards conferred in the most recent academic year	500	569	500	525	525
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	25%	25%	35%	35%	35%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	55%	55%	60%	60%	60%

Central New Mexico Community College 96800

Performance Measures Summary LFC

9681 Central New Mexico Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	27,944	28,634	32,500	30,378	30,378
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,326	1,375	2,100	1,459	1,459
* Output	Number of credit hours completed	305,519	314,316	320,000	320,000	320,000
* Output	Number of unduplicated awards conferred in the most recent academic year	5,147	4,774	7,500	5,065	5,065
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	29%	31%	35%	36%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	65%	60%	60%	62%	60%

Luna Community College 97000

Performance Measures Summary LFC

9701 Luna Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	1,069	1,095	1,536	1,208	1,208
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	95	87	120	96	96
* Output	Number of credit hours completed	13,197	13,196	14,000	14,549	14,549
* Output	Number of unduplicated awards conferred in the most recent academic year	87	121	160	146	146
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	30%	39%	35%	47%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	32%	47%	60%	50%	60%

Mesalands Community College 97200

Performance Measures Summary LFC

9721 Mesalands Community College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	840	990	1,000	1,100	1,100
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	168	225	180	200	200
* Output	Number of credit hours completed	5,765	9,711	7,000	9,500	9,500
* Output	Number of unduplicated awards conferred in the most recent academic year	299	57	350	75	75
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	40%	42%	35%	40%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	54%	57%	60%	60%	60%

New Mexico Junior College 97400

Performance Measures Summary LFC

9741 New Mexico Junior College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	2,743	2,780	3,250	3,250	3,250
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	612	536	650	650	650
* Output	Number of credit hours completed	38,156	45,788	45,000	46,000	46,000
* Output	Number of unduplicated awards conferred in the most recent academic year	348	405	375	400	400
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	30%	37%	35%	35%	35%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	55%	63%	60%	60%	60%

Southeast New Mexico College 97500

Performance Measures Summary LFC

9751 Main Campus

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	2,143	1,992	2,200	2,200	2,200
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	58	81	100	100	100
* Output	Number of credit hours completed	18,462	19,433	17,000	17,500	20,000
* Output	Number of unduplicated awards conferred in the most recent academic year	109	115	160	125	125
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	24.0%	15.0%	35.0%	30.0%	35.0%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	49%	49%	60%	55%	60%

San Juan College 97600

Performance Measures Summary LFC

9761 San Juan College

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	8,827	9,082	8,900	9,000	9,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	210	473	300	400	400
* Output	Number of credit hours completed	108,336	112,078	109,000	110,000	110,000
* Output	Number of unduplicated awards conferred in the most recent academic year	1,484	1,286	1,300	1,300	1,300
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	38%	37%	35%	40%	35%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	69%	71%	60%	65%	60%

Clovis Community College 97700

Performance Measures Summary LFC

9771 Main Campus

Purpose: The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of students enrolled, by headcount	3,209	3,676	3,300	3,700	3,700
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	98	128	100	130	130
* Output	Number of credit hours completed	32,986	35,618	34,750	35,850	35,850
* Output	Number of unduplicated awards conferred in the most recent academic year	453	574	450	550	550
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	41%	34%	35%	40%	35%
* Outcome	Percent of first-time full-time freshmen retained to the third semester	57%	57%	60%	58%	60%

New Mexico Military Institute 97800

Performance Measures Summary LFC

9781 Main Campus

Purpose: The purpose of the New Mexico military institute program is to provide college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Percent of third Friday high school seniors and junior college sophomore students graduating with a high school diploma or associate degree	76.0%	76.0%	77.5%	77.5%	77.5%

New Mexico School for the Blind and Visually Impaired 97900

Performance Measures Summary LFC

9791 Main Campus

Purpose: The purpose of the New Mexico school for the blind and visually impaired program is to provide the training, support and resources necessary to prepare blind and visually impaired children of New Mexico to participate fully in their families, communities and workforce and to lead independent, productive lives.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Output	Number of New Mexico teachers who complete a personnel preparation program to become a teacher of the visually impaired	5	9	10	12	12

New Mexico School for the Deaf 98000

Performance Measures Summary LFC

9801 Main Campus

Purpose: The purpose of the New Mexico school for the deaf program is to provide a school-based comprehensive, fully accessible and language-rich learning environment for its students who are deaf and hard-of-hearing and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
* Outcome	Rate of transition to postsecondary education, vocational-technical training school, junior colleges, work training or employment for graduates based on a three-year rolling average	90%	88%	100%	100%	100%
* Outcome	Percent of first-year signers who demonstrate improvement in American sign language based on fall or spring assessments	100%	100%	100%	100%	100%

Public School Support

		FY26 Opbud	FY27 PED Request	LFC Recommendation	
1	**PROGRAM COST**				1
2	**Prior Year Program Cost OpBud**	**4,171,971.2**	**4,499,235.5**	**4,499,235.5**	2
3	UNIT CHANGES				3
4	Adding Family Income Index Units	300,740.7			4
5	Removing Title I Poverty Units	(163,229.9)			5
6	Removing Student Mobility Units	(99,298.0)			6
7	Adding English Learner Exit Units	3,458.1			7
8	Increasing 6th Grade Membership Factor from 1.045 to 1.300	40,115.8			8
9	Increasing 7th-12th Grades Membership Factor from 1.250 to 1.300	51,148.3			9
10	**Subtotal: Net Proposed Formula Changes**	**132,935.0**			10
11	Increased FY25 K-12 Plus Units	49,731.7			11
12	Other FY25 Net Unit Changes	(12,996.5)			12
13	Net FY25 Unit Adjustments	36,735.2			13
14	Other Projected Net Unit Changes	(22,215.1)		(44,952.7)	14
15	UNIT VALUE CHANGES				15
16	Salary Increase (FY26: 4%, LFC: 1%)	135,129.6		36,043.7	16
17	Three-Tier Minimum Salary Increase	4,380.5			17
18	Insurance	38,364.4		45,396.5	18
19	Increase Employer Insurance Contribution (LFC: 80%)[1]			73,153.9	19
20	Fixed Costs	1,934.7	5,050.0	3,032.3	20
21	Instructional Materials		10,050.0		21
22	Math Educator Stipends and Substitutes (Numeros Initiative)	-	9,800.0	-	22
23	**Subtotal Current Year Program Cost Base**	**4,499,235.5**	**4,524,135.5**	**4,611,909.2**	23
24	**STATE EQUALIZATION GUARANTEE (SEG)**				24
25	Less: Other State Funds	(1,500.0)	(1,500.0)	(1,500.0)	25
26	**Subtotal Current Year SEG Base**	**4,497,735.5**	**4,522,635.5**	**4,610,409.2**	26
27	**$ Change from OpBud**	**327,264.3**	**24,900.0**	**112,673.7**	27
28	**% Change from OpBud**	**7.8%**	**0.6%**	**2.5%**	28
29	**CATEGORICAL APPROPRIATIONS**				29
30	TRANSPORTATION DISTRIBUTION				30
31	Maintenance and Operations	118,683.7	145,098.0	121,913.4	31
32	Fuel	13,201.2		13,201.2	32
33	Rental Fees	5,894.1		5,894.1	33
34	Salary Increase (FY26: 4%, LFC: 1%)	2,340.8		662.0	34
35	Insurance	888.9		966.6	35
36	Increase Employer Insurance Contribution (LFC: 80%)[1]	-	-	1,343.6	36
37	**Subtotal Current Year Transportation Base**	**141,008.7**	**145,098.0**	**143,980.9**	37
38	**$ Change from OpBud**	**7,215.4**	**4,089.3**	**2,972.2**	38
39	**% Change from OpBud**	**5.4%**	**2.9%**	**2.1%**	39
40	**OTHER CATEGORICAL APPROPRIATIONS**				40
41	OUT-OF-STATE TUITION	393.0	393.0	393.0	41
42	EMERGENCY SUPPLEMENTAL	1,000.0	1,000.0	1,000.0	42
43	STANDARDS-BASED ASSESSMENTS[4]	12,770.0	16,320.8	12,770.0	43
44	INDIAN EDUCATION FUND[4]	20,000.0	20,000.0	20,000.0	44
45	**Subtotal Current Year Categorical Appropriations**	**175,171.7**	**182,811.8**	**178,143.9**	45
46	**$ Change from OpBud**	**9,985.4**	**7,640.1**	**2,972.2**	46
47	**% Change from OpBud**	**6.0%**	**4.4%**	**1.7%**	47
48	**SUBTOTAL PUBLIC SCHOOL SUPPORT**	**4,672,907.2**	**4,705,447.3**	**4,788,553.1**	48
49	**$ Change from OpBud**	**337,249.7**	**32,540.1**	**115,645.9**	49
50	**% Change from OpBud**	**7.8%**	**0.7%**	**2.5%**	50
51	**RELATED REQUESTS: RECURRING**				51
52	Regional Education Cooperatives	1,500.0	1,500.0	1,500.0	52
53	Early Literacy and Reading Support	14,000.0	14,000.0	14,000.0	53
54	GRADS – Teen Parent Interventions	750.0	750.0	750.0	54
55	Universal School Meals	42,201.0	42,201.0	42,201.0	55
56	School Safety	1,500.0	3,200.5	1,500.0	56
57	Advanced Placement and International Baccalaureate	1,250.0		1,250.0	57

		FY26 Opbud	FY27 PED Request	LFC Recommendation	
58	School Leader Professional Development	5,000.0		5,000.0	58
59	Teacher Professional Development	4,000.0			59
60	Teacher, Administrator, and School Board Professional Development		16,500.0		60
61	Statewide Student Information System		8,500.0	8,500.0	61
62	Learning Management System and Microcredentials		4,000.0		62
63	Bilingual Multicultural Education Act		1,100.0		63
64	Black Education Act		500.0		64
65	Hispanic Education Act		1,500.0		65
66	Educator and Administrator Preparation, Induction, and Evaluation		5,600.0		66
67	Literacy Institute Operations		5,000.0		67
68	Special Education Initiatives		4,000.0		68
69	STEAM Initiatives, Artificial Intelligence, and Outdoor Classrooms	-	7,700.0	-	69
70	**Subtotal Current Year Base**	**70,201.0**	**116,051.5**	**74,701.0**	70
71	**$ Change from OpBud**	**2,851.0**	**45,850.5**	**4,500.0**	71
72	**% Change from OpBud**	**4.2%**	**65.3%**	**6.4%**	72
73	**PUBLIC EDUCATION DEPARTMENT**				73
74	**Prior Year OpBud**	**24,521.6**	**26,263.7**	**26,263.7**	74
75	Base Changes	1,742.1	2,688.7	928.7	75
76	**Subtotal Current Year Base**	**26,263.7**	**28,952.4**	**27,192.4**	76
77	**% Change from OpBud**	**7.1%**	**10.2%**	**3.5%**	77
78	**Total**				78
79	**Prior Year OpBud**	**4,427,529.1**	**4,769,371.9**	**4,769,371.9**	79
80	Base Changes	341,842.8	81,079.3	121,074.6	80
81	**Total**	**4,769,371.9**	**4,850,451.2**	**4,890,446.5**	81
82	**% Change from OpBud**	**7.7%**	**1.7%**	**2.5%**	82
	SECTIONS 5, 6, 7, AND OTHER NONRECURRING APPROPRIATIONS				
83	**General Fund**				83
84	Out-of-School Learning, Summer Enrichment, and High Dosage Tutoring Programs	15,000.0			84
85	STEAM Initiatives	3,000.0		3,000.0	85
86	STEM Network	3,000.0			86
87	Math Lab Pilot Programs[3]	6,000.0			87
88	Special Education Initiatives	4,000.0		4,000.0	88
89	Structured Literacy Implementation	29,000.0			89
90	Reading and Math Summer and School Time Programs		35,000.0	29,000.0	90
91	Indian Education Initiatives[3]	30,000.0			91
92	Universal School Meals Supplemental	7,848.0			92
93	Universal School Meals Deficiency	3,054.0			93
94	Universal School Meals Potential Cost Overrun	5,000.0	5,179.3	5,179.3	94
95	Outdoor Classroom Initiatives	500.0		500.0	95
96	Educator Fellows	20,000.0	20,507.0	20,000.0	96
97	Summer Enrichment Internships	10,000.0	10,000.0	10,000.0	97
98	Learning Management System			4,000.0	98
99	Statewide Student Information System	12,000.0			99
100	LEA Administrative Burden Reduction (LEA applications and plans)		2,500.0		100
101	Career Technical Education	28,500.0	45,000.0		101
102	Career Development Success Pilot[3]	1,500.0			102
103	School Safety Summit	200.5		200.5	103
104	Educator and Administrator Preparation, Induction, and Evaluation	2,280.0		5,600.0	104
105	PED Supplemental for Rent, Legal Expenses, and Federal ESSER Positions	230.3			105
106	State-Support Reserve Fund	40,000.0	35,000.0		106
107	HB63 Charter School Hold Harmless Supplemental			6,000.0	107
108	Sufficiency Lawsuit Fees		500.0		108
109	School Improvement and Transformation	6,000.0			109
110	Behavioral Health Supports	5,000.0			110
111	Community Schools	6,000.0	7,000.0		111
112	Rio Rancho Public Schools Class Size Reduction and CTE Start-up	3,000.0			112

		FY26 Opbud	FY27 PED Request	LFC Recommendation	
113	Public Education Reform Fund	63,800.0	57,000.0	-	113
114	**Subtotal Current Year Base**	**304,912.8**	**217,686.3**	**87,479.8**	114
	OTHER STATE AND FEDERAL FUNDS				
115	**Public Education Reform Fund**				115
116	Fund Clean-Up (K3PF, RMF, SLAF)	15.5			116
117	Learning Management System	3,700.0			117
118	Hispanic Education Act	500.0			118
119	Bilingual Multicultural Education Act	500.0			119
120	Black Education Act	500.0			120
121	Wellness Rooms Pilot	1,000.0			121
122	Innovation Zones[2,3]			34,500.0	122
123	Community Schools[2,3]			18,300.0	123
124	Supports for Students Who are Unhoused[3]	6,300.0			124
125	Secondary Educator Literacy[3]	15,600.0			125
126	Innovative Staffing Strategies[3]	7,800.0			126
127	Support for Attendance for Success[3]	18,600.0			127
128	Math Achievement[3]	13,500.0			128
129	High-Impact Tutoring[2,3]		15,000.0	15,300.0	129
130	Out-of-School Learning[2,3]	-	42,000.0	21,600.0	130
131	**Subtotal Current Year Base**	**68,015.5**	**57,000.0**	**89,700.0**	131
132	**Other State Funds and Inter-Agency Transfers**				132
133	National Board Certification Scholarship Fund	500.0	500.0	500.0	133
134	GRADS - Teen Parent Interventions (TANF)	500.0	500.0	500.0	134
135	Grow Your Own Teachers Fund	300.0	300.0		135
136	School Bus Replacement (PSCOF)		18,880.0	18,880.0	136
137	Outdoor Classrooms (PSCOF)		3,000.0		137
138	Alternative School Bus Fueling or Charging Infrastructure (PSCOF)	1,500.0			138
139	Electric School Bus and Electric Vehicle Charging Infrastructure (CBF)	60,000.0			139
140	HED STEM Institute Building (PSCOF)	20,000.0			140
141	IAD Navajo Prep and Santa Fe Indian School (PSCOF)	6,000.0			141
142	Security, CTE, and Maintenance SB-9 Distribution (PSCOF)	50,000.0			142
143	Career Technical Education (CTEF)	10,000.0			143
144	Sufficiency Lawsuit Fees (Consumer Settlement Fund)	500.0		500.0	144
145	Fund Clean-Up (FYRF, TPF, ISIF, SNIF, ETDCF, CSSF, KPF) to PERF	258.7			145
146	Online Licensure Portal (ELF)	4,000.0			146
147	Public Education Reform Fund (GROF)	-	-	89,700.0	147
148	**Subtotal Current Year Base**	**153,558.7**	**23,180.0**	**110,080.0**	148

Footnotes

1. Contingent on enactment of legislation
2. Includes appropriation from the public education reform fund
3. Appropriation authorized for three years
4. Partially vetoed appropriation

Public School Support

Statutory Authority
Article XII, Section 1, of the New Mexico Constitution provides that a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22, NMSA 1978. Constitutional amendments passed in 2003 restructured state education administration from one directed by an elected board to an executive agency under the governor.

At A Glance
PED's FY27 general fund request for public schools totaled $4.85 billion, an $81 million, or 1.7 percent, increase from FY26 appropriations—excluding educator compensation increases. The committee's general fund recommendation for public schools totals $4.85 billion, an increase of $84 million, or 1.8 percent. The committee's recommendation adds another $36.7 million to provide the equivalent of a 1 percent salary increase for school personnel, bringing the total recommendation to $4.89 billion, or 2.5 percent.

The department further requested $115.6 million for 15 recurring special initiatives and $240.4 million for 15 nonrecurring pilot programs, including $57 million for two multi-year studies funded through the public education reform fund. The committee recommendation includes $74.7 million for eight recurring special initiatives and $197 million for 18 nonrecurring pilot programs, including $89.7 million for four multi-year studies funded through the public education reform fund.

Budget Issues
In FY19, the 1st Judicial District Court found, in the *Martinez-Yazzie* education sufficiency lawsuit, that New Mexico failed to provide a sufficient education for at-risk children and ordered the state to immediately provide an education system that would ensure all students had the same opportunity to be college, career, and civics ready. The court did not order specific remedies, noting the legislative and executive branches held the primary responsibility of developing a funding and accountability framework to meet constitutional requirements. However, the court found key deficiencies, such as the lack of K-3 Plus and other extended learning time programs, prekindergarten, reading interventions, and high-quality teachers were creating achievement gaps for at-risk students and ordered the state to take immediate action.

In FY21, plaintiffs in the *Martinez-Yazzie* lawsuit filed a motion for relief in response to school closures during the Covid-19 pandemic, and the court subsequently ordered the state to immediately provide at-risk students with access to technology and the means for remote learning. In FY24, plaintiffs again filed a motion calling for a state remedial action plan, which the court ordered PED to develop by November 2025. In response, PED submitted a 196-page plan with 77 action items sequenced over the next three years with multiple responsible parties and goals, largely reflecting existing agency priorities and initiatives. While PED's final submitted action plan did not include estimated costs for remedies, many action items of the plan would require substantial investment, such as providing universal elementary out-of-school time programs free to families and replacing digital devices for all at-risk students every five years. Since the court ruling in FY19, the Legislature has invested nearly $2 billion into public schools, a 70 percent increase in recurring funds. Plaintiffs are filing an objection to the plan, which the court has allowed to be submitted after the legislative session in February.

Program Cost and SEG. For FY27, PED requested $4.52 billion for the state equalization guarantee (SEG) distribution, a $24.9 million or 0.6 percent increase. The LFC recommendation for SEG totaled $4.61 billion, a $112.7 million, or 2.5 percent, increase. PED's request included $10 million for instructional materials and $9.8 million for math educator stipends and substitutes. The LFC recommendation provides $36 million for school personnel salaries, equivalent to a 1 percent raise, and $45.4 million for insurance premium rate increases. The committee also recommends raising the minimum employer insurance contribution rate to 80 percent and includes $73.2 million for implementation, contingent on legislation. The request and recommendation include $5 million and $3 million for fixed costs, respectively.

Unit Changes. Continuing a trend of overall declining enrollment, preliminary student counts in the funding formula for FY26 fell to 295.5 thousand students, a decrease of 4,919 students, or 1.6 percent, from FY25. Despite substantial drops in student enrollment for FY26, the formula generated net growth in overall program units, primarily from legislated changes to the at-risk index and basic membership factor for secondary students. With no proposed changes to the formula for FY27, the committee recommendation includes a net decrease of $45 million to partly account for projected unit losses because of declining student membership statewide in FY27—equivalent to a loss of 2,912 students, or 60 percent of predicted enrollment declines. (See "Public Education Funding Formula: Student Membership and Program Unit History and Budget Assumptions," Volume III.) The partial credit both accounts for theoretical cost savings from reduced caseloads and acknowledges savings from right-sizing schools and the education workforce will not be realized immediately.

Unit Value Changes. The unit value, a weighted revenue per pupil metric, is computed by dividing the program cost by funded units. PED initially sets a unit value in April based on the following year's appropriations and then adjusts the unit value eight months later in January. Any funds added to SEG that do not generate units will increase the unit value, and likewise, any additional unit generation beyond projected amounts will dilute the unit value.

School Calendars. The removal of budget language restricting the shortening of school calendars prompted most districts and charters to reduce instructional days in FY26, despite more instructional time being associated with improved student achievement. Preliminary data shows the average school calendar shrunk by two days in FY26, with 118 districts and charters shortening their calendars by an average of eight days. While statewide K-12 Plus program units dropped by 798.5 units, the 10 largest districts gained a net total of 196.2 K-12 Plus units—mostly driven by Albuquerque adding one day to the calendar year. Notably, 18 districts and charters switched from a five-day school week to a four-day week, of which 12 surprisingly gained more K-12 Plus units after the switch despite decreasing total days and reducing the number of days per week. Only two charters switched from a four-day week to a five-day week.

Online Student Enrollment. According to PED, the transfer of about 3,000 online students from Gallup to the Chama and Santa Rosa school districts will generate nearly $40.7 million in additional enrollment growth program units for the two districts absorbing Gallup's severed contract with Stride K12 (an online education program) for FY26. Because SEG is based on prior-year enrollment, Gallup will not lose funding from 3,000 fewer students until FY27; however, the quadrupling of enrollment at Chama and Santa Rosa (which currently serve less than 1,000 students combined) will double count these online students in this year's formula and reduce the current unit value of $6,801.35 by about 1 percent for all schools this year. PED's request includes a $35 million nonrecurring appropriation to mitigate unit value decreases due to this transfer of online students. The committee recommendation does not include a supplemental appropriation for this purpose because the formula will adjust accordingly in FY27. Rather, the committee recommends budget language prohibiting new online schools from opening and new enrollment growth units for online students in FY27.

Compensation. New Mexico has raised educator pay considerably in recent years, having boosted minimum salaries in FY26 for levels 1, 2, and 3-A teachers to $55 thousand, $65 thousand, and $75 thousand, respectively. Teacher vacancies across the state continue to drop alongside increasing counts of new teacher graduates and enrollers at educator preparation programs. As student enrollment decreases and the number of teacher candidates increases, districts and charters must strategically target compensation to attract and retain highly qualified teachers while simultaneously right-sizing staffing levels. Coupled with more robust preparation and innovative staffing models, the state can build a new generation of teachers that is more prepared to teach and extend the reach of its most effective teachers in classrooms today.

Continued growth in insurance costs will consume a larger share of employee take-home pay if salaries do not keep pace or employer contribution rates stay at the minimum. To mitigate this growing cost pressure, the committee recommendation includes $36 million to provide the equivalent of a 1 percent salary increase for all personnel. Additionally, the recommendation raises the employer insurance contribution rate to provide more take-home pay with a $73.2 million appropriation, contingent on legislation raising the floor of coverage to 80 percent.

Insurance and Benefits. The Public School Insurance Authority (NMPSIA) provides self-insured group insurance coverage for all school districts, except for Albuquerque Public Schools (APS), and all charter schools. PED's FY27 request did not include a recommendation on insurance. However, NMPSIA projects an average 16 percent increase in risk premiums for FY27.The committee recommendation for insurance is $45.4 million, which covers a 10 percent increase in healthcare premiums, in line with across-the-board insurance rate increases for state employees, and an 8 percent increase in risk premiums. NMPSIA will apply local premium increases to school districts or charter schools with a history of risk claims. (See "NMPSIA: Agency 342.")

Instructional Materials. In FY20, the Legislature moved instructional material funding from categorical appropriations to the SEG distribution so schools could have full flexibility over purchasing and developing culturally and linguistically relevant materials. In FY22, school spending on textbooks reached $38 million, likely due to increased demand for online textbooks and digital platforms during school closures. PED's budget system recorded instructional material expenditures made from the SEG appropriation at $19.4 million in FY23 and at $29.7 million in FY24. While districts are still reporting FY25 expenditures, initial sampling from 17 of the largest districts suggests overall instructional material spending decreased by 17.4 percent from the same districts in the prior year.

Significant variation in instructional material purchases from the state's approved materials list suggests many district material purchases are still driven by an adoption cycle from the instructional materials fund that is no longer enforced. Instructional material expenditures from the adoption list in the 20 largest school districts decreased from 57 percent in FY22 to 21 percent in FY25, indicating districts are spending more on materials not approved by the state's instructional materials review process. However, PED reports 54 percent of all districts have purchased high-quality core materials for all grade levels in English language arts and 63 percent of districts have purchased high-quality materials for math.

Currently, schools receive $55 million for instructional materials through the SEG and must report to PED how their proportion of the SEG is spent for this purpose. For FY27, the PED request expanded the SEG appropriation for instructional materials to $65 million, a $10 million increase from the prior year. The committee recommends keeping the earmark for SEG instructional materials flat at $55 million.

Fixed Costs and Cash Balances. PED's request included $5 million for fixed costs, while the committee recommendation includes $3 million, which accounts for a 1.6 percent increase in budgeted fixed cost increases for FY27. Unrestricted cash balances continue to grow, reaching $738 million by the end of FY25, or 18 percent of SEG distributions. In recent years, more school districts have requested the use of cash balances for school capital outlay projects. Coupled with the expiration of federal pandemic relief, cash balance growth may slow in the next few years; however, the rapid growth in recent years of unrestricted balances along with repurposing cash for capital outlay suggests districts and charters are not fully expending operational funds each year. Additionally, replacement of school facilities and right-sizing efforts may also reduce fixed costs moving forward as inefficient buildings come offline.

Other Education Reforms. PED's request included $9.8 million for professional learning costs related to elementary math instruction. The request is intended to provide stipends and substitutes for 2,500 elementary teachers to attend state training on math instruction. The committee recommendation does not include funding for this purpose as evidence-based approaches to math instruction are still developing and PED's training program has not demonstrated any reported results yet.

Categorical Public School Support. Categorical appropriations, distributed to public schools formulaically but restricted to specific uses, include funding for transportation, supplemental distributions, Indian education, and standards-based assessments. PED's FY27 categorical general fund request totaled $182.8 million, an increase of $7.6 million, or 4.4 percent. The committee recommendation for categorical appropriations totaled $178.1 million, an increase of $3 million, or 1.7 percent.

Transportation. The largest categorical appropriation covers the costs of transporting students to and from school. For FY27, PED requested $145.1 million, an increase of $4.1 million, or 2.9 percent, for student transportation in general. The committee recommendation increases transportation funding by $3 million, or 2.1 percent, which includes a 1 percent salary increase and funding to raise employer insurance contributions for transportation employees to 80 percent.

Indian Education Fund. Balances in the Indian education fund have supported several recurring, multi-year programs; however, the effects of these programs on improving educational outcomes for Native American students remains unclear and reversions remain high. A 2021 LFC evaluation of Indian Education Act (IEA) implementation found a history of poor coordination between PED and tribal governments, lack of targeted outcomes for Indian education fund recipients, and challenges with spending down grant awards. In FY26, PED requested a budget adjustment to use $18.8 million in unspent Indian education funds to extend $1.6 million of existing tribal programs and $16.9 million for undefined initiatives. Additionally, the Legislature appropriated $30 million to support the IEA between FY26 and FY28. For FY27, both the department's request and committee recommendation keep the Indian education fund appropriation flat at $20 million.

Standards-Based Assessments. In FY24, PED reports spending $14.2 million for federal and state assessments. For FY25, PED estimates the total cost of federal and state assessments will be $15.7 million. The department typically uses $4.3 million from federal funds to help cover the cost of federally required assessments beyond the $10 million state appropriation. The increased cost for FY25 is primarily due to unspent carryover funds and contract amendments dating as far back as FY22. In FY26, the Legislature appropriated $12.8 million for assessments, with $2.8 million contingent on quarterly reporting of assessment results. While the contingency language was vetoed, PED budgeted the full $12.8 million appropriation for assessments. For FY27, PED requested $16.3 million in general fund appropriations for standards-based assessments, an increase of $3.6 million, or 28 percent, from FY26 funding levels to include funding for advanced placement (AP) and international baccalaureate (IB) test waivers. The committee keeps the appropriation for standards-based assessments flat at $12.8 million and retains the existing AP and IB test waivers as a separate appropriation.

Department Special Program Appropriations. The court found some PED special program appropriations could be worthwhile, pointing to promising results from prekindergarten, extended school year, K-3 Plus, and educator professional development programs. However, the court noted the initiatives had limited impact and were subject to volatile budget adjustments each year, creating uncertainty for districts and inconsistency in measuring program effectiveness. The court also opined the proliferation of special programs diverted resources away from the SEG, further contributing to inadequate funding for schools.

PED's FY27 general fund request for recurring special programs totaled $116.1 million, an increase of $48.9 million, or 65.3 percent, from FY26 funding levels. The increase primarily shifts many of the department's current initiatives from a nonrecurring appropriation to a recurring appropriation and expands funding levels. PED's request also includes a new recurring $5 million appropriation to cover operations at the literacy institute facility, which is scheduled to be constructed in FY27. The committee recommendation for special programs is $74.7 million, an increase of $4.5 million, or 6.4 percent. Apart from the statewide student information system, the committee recommendation continues to fund most of the department's initiatives through nonrecurring appropriations. Since the court decision in FY18, the number of PED initiatives has more than tripled and the amount of funding has grown sixfold with little, if any, evaluation of impact.

With new statutory provisions requiring stronger evaluation and oversight of initiatives funded out of the public education reform fund, the committee recommendation focuses on testing existing PED initiatives through the reform fund process rather than growing recurring commitments to untested programs.

Nonrecurring Appropriations. PED's general fund request for FY27 nonrecurring special, supplemental, deficiency, and IT appropriations totaled $240.4 million for 15 different pilot programs and requests. PED's request largely maintained prior year pilot programs but included $2.5 million for a new initiative to create a universal application for schools to apply for state and federal funds and $35 million to supplement the FY26 unit value. Notably, the department recommendation includes $57.5 million to evaluate high-impact tutoring and out-of-school time programs through the reform fund process.

The committee's recommendation for nonrecurring appropriations totaled $197 million for 18 programs, including a $89.7 million transfer to the public education reform fund to pilot multi-year evaluations of PED's innovation zones, community schools, high-impact tutoring, and out-of-school time programs.

Federal Funds. For FY27, PED requested, and the committee recommendation includes authority to budget $579.5 million for federal flow-through grants, flat with FY26 funding levels.

RECOMMENDED LANGUAGE

The rate of distribution of the state equalization guarantee distribution shall be based on a program unit value determined by the secretary of public education. The secretary of public education shall establish a preliminary unit value to establish budgets for the 2026-2027 school year and then, on verification of the number of units statewide for fiscal year 2027 but no later than January 31, 2027, the secretary of public education may adjust the program unit value. In setting the preliminary unit value and the final unit value in January, the public education department shall consult with the department of finance and administration, legislative finance committee and legislative education study committee.

The general fund appropriation to the state equalization guarantee distribution includes sufficient funding to provide all affected employees an hourly salary of at least fifteen dollars ($15.00).

The general fund appropriation to the state equalization guarantee distribution includes thirty-six million forty-three thousand seven hundred dollars ($36,043,700) to recruit and retain public school personnel, comparable to an average one percent salary increase.

The general fund appropriation to the state equalization guarantee distribution includes seventy-three million one hundred fifty-three thousand nine hundred dollars ($73,153,900) contingent on enactment of legislation in the second session of the fifty-seventh legislature amending the Public School Insurance Authority Act to raise group insurance contributions for school districts and charter schools in the public school insurance authority to at least eighty percent of the cost of the insurance of an employee.

For fiscal year 2027, no school district may reorganize to create a school, a school district or school program in which the majority of students attend school off campus during instructional days and no new charter school may be authorized in which the majority of students attend school off campus during instructional days.

For fiscal year 2027, a school district or charter school shall not be eligible for enrollment growth program units pursuant to Section 22-8-23.1 NMSA 1978 for any student who participates in an instructional program that does not require on campus attendance during instructional days, except for students who participated in such a program in the same school district or charter school during fiscal year 2026, students whose individualized education program provides for remote instruction or for students who enroll, or are enrolled, in a charter school that includes remote instruction as part of its charter.

For fiscal year 2027, if the program cost made available is insufficient to meet the level of state support required by the special education maintenance of effort requirements of Part B of the federal Individuals with Disabilities Education Act, the public education department shall reduce the program cost and state equalization guarantee distribution appropriation in an amount sufficient to cover the projected shortfall and distribute that amount to school districts and charter schools in proportion to each school district's and charter school's share of the total statewide program cost to meet the level of support required by Part B of the federal Individuals with Disabilities Education Act for fiscal year 2027. The public education department shall reset the final unit value and recalculate each school district's and charter school's program cost for fiscal year 2027.

The general fund appropriation to the state equalization guarantee distribution includes fifty-five million dollars ($55,000,000) for school districts and charter schools to purchase culturally and linguistically appropriate instructional materials for eligible students, including dual-credit instructional materials and educational technology.

Public School Support

The general fund appropriation to the state equalization guarantee distribution includes fifty-nine million dollars ($59,000,000) for school districts and charter schools to meet teacher mentorship requirements pursuant to Section 22-10A-9 NMSA 1978, create an educational plan pursuant to Section 22-8-6 NMSA 1978, provide scientifically based literacy programs pursuant to Section 22-13-29 NMSA 1978 and Section 22-13-32 NMSA 1978, provide career technical education programs pursuant to Section 22-1-12 NMSA 1978 and implement the community school framework pursuant to Section 22-32-6 NMSA 1978.

The public education department shall monitor and review the operating budgets of school districts and charter schools to ensure the school district or charter school is prioritizing available funds to those functions most likely to improve student outcomes. If a school district or charter school submits a fiscal year 2027 operating budget that, in the opinion of the secretary of public education, fails to prioritize funds as described in this paragraph, the secretary of public education shall, prior to approving the school district's or charter school's fiscal year 2027 budget, direct the school district or charter school to revise its submitted budget or shall make such revisions as required to meet the requirements of this paragraph.

The general fund appropriation to the public school fund shall be reduced by the amounts transferred to the public school fund from the current school fund and from federal Mineral Leasing Act receipts otherwise unappropriated.

The other state funds appropriation to the state equalization guarantee distribution includes balances received by the public education department pursuant to Section 66-5-44 NMSA 1978.

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2027 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the transportation distribution includes six hundred sixty-two thousand dollars ($662,000) to recruit and retain public school transportation personnel, comparable to an average one percent salary increase.

The general fund appropriation to the transportation distribution includes one million three hundred forty-three thousand six hundred dollars ($1,343,600) contingent on enactment of legislation in the second session of the fifty-seventh legislature amending the Public School Insurance Authority Act to raise group insurance contributions for school districts and charter schools in the public school insurance authority to at least eighty percent of the cost of the insurance of an employee.

The secretary of public education shall not distribute any emergency supplemental funds to a school district or charter school that is not in compliance with the Audit Act or that has cash and invested reserves, other resources or any combination thereof equaling five percent or more of their operating budget.

Any unexpended balances in the supplemental distribution of the public education department remaining at the end of fiscal year 2027 from appropriations made from the general fund shall revert to the general fund.

Any unexpended balances in the standards-based assessments appropriation remaining at the end of fiscal year 2027 from appropriations made from the general fund shall revert to the general fund.

Public School Support

PUBLIC SCHOOL SUPPORT

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Eighth-grade math achievement gap between economically disadvantaged students and all other students, in percentage points	14.6%	TBD	5.0%	5.0%	5.0%
* Outcome	Fourth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	19.0%	TBD	5.0%	5.0%	5.0%
Explanatory	Average number of instructional days for students with kindergarten-twelve plus calendars	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of additional instructional hours generated per pupil through the kindergarten-twelve plus program	62.0	TBD	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-twelve plus	66.7%	TBD	N/A	N/A	N/A
Explanatory	Percent of funds generated by the at-risk index budgeted to provide at-risk services	83.2%	TBD	N/A	N/A	N/A
Outcome	Average number of days lost per student due to out-of-school suspensions	NEW	NEW	NEW	0.0	0.0
Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in science	25.9%	TBD	39.0%	39.0%	39.0%
Outcome	Percent of economically disadvantaged fifth-grade students who achieve proficiency or above on the standards-based assessment in science	24.6%	TBD	39.0%	39.0%	39.0%
Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in science	N/A	TBD	Discontinued	Discontinued	Discontinued
Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in science	35.4%	TBD	40.0%	40.0%	40.0%
Outcome	Percent of fifth-grade Native American students who achieve proficiency or above on standards-based assessment in science	21.3%	TBD	39.0%	39.0%	39.0%
Outcome	Percent of fifth-grade students who achieve proficiency or above on the standards-based assessment in science	34.2%	TBD	39.0%	39.0%	39.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in math	15.7%	TBD	39.0%	39.0%	39.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in reading	29.1%	TBD	39.0%	39.0%	39.0%
Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in science	N/A	TBD	Discontinued	Discontinued	Discontinued
Outcome	Percent of minor behavioral infractions resulting in expulsion	0.0%	0.0%	5.0%	Discontinued	Discontinued
Outcome	Percent of minor behavioral infractions resulting in out-of-school suspension	0.0	0.0	5.0	Discontinued	Discontinued
Outcome	Percent of recent high school graduates who graduate with a workforce certification or industry-recognized credential	25.9%	TBD	30.0%	35.0%	40.0%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	42%	TBD	47%	50%	50%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	26%	TBD	39%	39%	39%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	41%	TBD	46%	50%	49%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	19%	TBD	39%	39%	39%
Outcome	Percent of third-grade students who achieve proficiency or above on standards-based assessments in reading	33.00%	TBD	39.00%	45.00%	43.00%
Outcome	Percent of third-grade students who achieve proficiency or above on standards-based assessments in mathematics	24.00%	TBD	39.00%	39.00%	39.00%
Quality	Graduation rate of current five-year cohort using shared accountability	79.80%	TBD	86.00%	83.00%	86.00%
* Quality	Graduation rate of current four-year cohort using shared accountability	77%	TBD	81%	81%	81%
* Explanatory	Percent of dollars budgeted by districts with fewer than seven hundred fifty members for instructional support in the budget categories for instruction, student support services and instruction support services	72%	TBD	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by districts with seven hundred fifty members or greater for instructional support in the budget categories for instruction, student support services and instruction support services	72%	TBD	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by charter schools for instructional support in the budget categories for instruction, student support services and instruction support services	69%	TBD	N/A	N/A	N/A
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	10%	TBD	39%	39%	39%
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	31%	TBD	39%	39%	40%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	32%	TBD	39%	39%	41%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	16%	TBD	39%	39%	39%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year schools	40%	39%	29%	29%	29%

PERFORMANCE MEASURES

		FY24 Actual	FY25 Actual	FY26 Budget	FY27 Request	FY27 Recomm
Outcome	Change in percent of students scoring proficient on early reading benchmark at the beginning of year to end of year in kindergarten through third grade	8.8	TBD	20.0	20.0	20.0
Outcome	Percent of third-grade Native American students who achieve proficiency or above on standards-based assessment in reading	22.00%	TBD	39.00%	39.00%	39.00%
Outcome	Graduation rate of current four-year cohort of Native American students using shared accountability	74.70%	TBD	80.00%	80.00%	80.00%
Explanatory	Number of certified teacher vacancies	751.0	619.0	N/A	N/A	N/A
* Explanatory	Percent of funds generated by the at-risk index associated with at-risk services	83%	TBD	N/A	N/A	N/A
Outcome	Math achievement gap for third grade economically disadvantaged students	15.7	TBD	5.0	5.0	5.0
Outcome	Percent of elementary school students exiting English language learner status	4.90%	TBD	10.00%	10.00%	10.00%
Explanatory	Average state spending per pupil	$17,288.32	TBD	N/A	N/A	N/A
Outcome	Reading achievement gap for third grade economically disadvantaged students	17.5	TBD	5.0	5.0	5.0
Explanatory	Average federal spending per pupil	$3,819.24	TBD	N/A	N/A	N/A
Outcome	Percent of middle school students exiting English language learner status	3.00%	TBD	10.00%	10.00%	10.00%
Outcome	Math achievement gap for eleventh grade economically disadvantaged students	9.4	TBD	5.0	5.0	5.0
Outcome	Percent of New Mexico high school graduates who enroll in and complete a postsecondary pathway	TBD	TBD	Discontinued	Discontinued	Discontinued
Outcome	Math achievement gap for eighth grade economically disadvantaged students	14.6	TBD	5.0	5.0	5.0
Outcome	Percent of high school students identified as English learners exiting English language learner status	3.30%	TBD	10.00%	10.00%	10.00%
Outcome	Additional instructional hours generated per pupil through extended learning time programs	62.0	TBD	Discontinued	Discontinued	Discontinued
Explanatory	Average amount of local spending per pupil	$825.56	TBD	N/A	N/A	N/A
Outcome	Reading achievement gap for eleventh grade economically disadvantaged students	16.5	TBD	5.0	5.0	5.0
Outcome	Reading achievement gap for eighth grade economically disadvantaged students	17.3	TBD	5.0	5.0	5.0
* Outcome	Rate of chronic absenteeism rate among students in middle school	28%	TBD	10%	10%	10%
Outcome	Math achievement gap for fifth grade economically disadvantaged students	18.5	TBD	5.0	5.0	5.0
Outcome	Reading achievement gap for fifth grade economically disadvantaged students	16.6	TBD	5.0	5.0	5.0
* Outcome	Rate of chronic absenteeism among students in high school	31%	TBD	10%	10%	10%
* Outcome	Rate of chronic absenteeism among students in elementary school	34%	TBD	10%	10%	10%

Quasi

Statutory Authority
The New Mexico Finance Authority Act, Chapter 6, Article 21, NMSA 1978, authorizes the New Mexico Finance Authority (NMFA) as a governmental instrumentality for the purpose of coordinating and facilitating the planning and affordable financing of state and local capital projects for qualified entities in New Mexico. As a nongovernmental entity, NMFA can use financing mechanisms to leverage and maximize the state's capital investments in state and local projects. The financial and program activities of NMFA are governed by an 11-member board: four executive department heads, the executive directors of New Mexico Counties and New Mexico Municipal League, and five members appointed by the governor. NMFA administers 22 programs managed through rules, policies, and public and private partnerships. NMFA develops its own budget approved by its board of directors and does not require legislative approval. However, the New Mexico Finance Authority Legislative Oversight Committee is legislatively authorized to monitor and oversee the operations of the authority.

Total Assets
NMFA oversees approximately $3.5 billion in total assets, consisting principally of invested cash and loans receivable. Sources of funds for invested cash include bond proceeds, pledged revenues for servicing long-term debt, administrative fees, federal grant revenues, and investment interest income. The revenue forecast for FY26 is approximately $543.9 million. Budgeted nonoperational expenditures, which include bond and loan interest, bond issuance, and grants to others, total $217 million.

Budget Issues
NMFA does not receive appropriations from the state's general fund for operations but does receive 75 percent of the state's governmental gross receipts tax (GGRT) revenues to support the public project revolving fund (PPRF). NMFA's projected general operating budget for FY26 totals $27.6 million, a 43 percent increase over FY25 actuals and an 18 percent increase over its approved FY25 budget. Approximately 26 percent of the NMFA's anticipated operational costs are related to the public project revolving fund (PPRF), a percentage that has declined over the years as NMFA has taken on new programs. The next largest sources of operational costs are related to the Water Trust Board (20 percent), drinking water state revolving fund (8 percent), opportunity enterprise program (13 percent), and state small business credit initiative (9 percent). The largest line-item increase in NMFA's FY26 operating budget is a $3.5 million net increase for its new technical assistance and capacity development program through the Water Trust Board. The program plans projects for small water systems and facilitates system regionalization.

As an instrumentality of the state, NMFA is subject to the State Audit Act. NMFA's audit was completed and submitted to the State Auditor before the November 1 deadline. NMFA's governing board and staff continue to be actively engaged in strengthening the fiscal oversight and compliance with laws and rules governing their audits and financial activities.

Public Financing Programs
NMFA's most significant infrastructure loan program is the PPRF, capitalized from an annual distribution equal to 75 percent of the net revenue of the state's GGRT—$40.4 million in FY24, about 9 percent higher than the average distribution over the last three years. The NMFA Act provides that up to 35 percent of the GGRT distribution may be allocated to other programs by the Legislature. The number of identified funds is currently seven, three of which are administered by the Environment Department, three by NMFA, and one by the Cultural Affairs Department. NMFA leverages GGRT capital in the PPRF, makes loans, and replenishes the PPRF by issuing bonds. The fund has evolved into a broad financier for state and local government entities. This allows the PPRF to attain higher bond ratings, lower costs of issuance, and offer a variety of program enhancements to its borrowers. The funds accrued from GGRT collections and loan repayments to the PPRF not needed to pay debt service on bonds are placed in interest-bearing reserve accounts. The cash balance for loans from the PPRF varies month to month, from under $5 million when the PPRF $100 million line-of-credit may be used to as much as $70 million, depending on the bond issuance schedule. PPRF bonds either reimburse NMFA for loans already made or allow loans of $10 million or more to be funded and closed simultaneously with PPRF bonds. Since the PPRF's inception, NMFA has made approximately 2,200 PPRF loans totaling more than $5.4 billion. In FY25, PPRF loans were made to 60 projects totaling $214.3 million. The fund supports a diverse client base in all 33 New Mexico counties, with the top borrowers including education institutions, municipalities, counties, and state government. The health of the fund is strong: Based on estimates provided by NMFA, loan revenues will exceed debt service by $300 million over the next 30 years and net GGRT could add another $700 million to the fund if the trends stay on course.

The Water Project Finance Act provides a revenue source to provide grants and loans to qualified entities for planning and financing of regional and statewide water projects authorized by the Legislature. The annual funding available for water projects comes from distributions from the water trust fund (WTF), approximately $3.6 million annually, and a net 8.1 percent of senior severance tax bond capacity. Distributions from the water trust fund are expected to grow to $4.4 million this year, rising to $10 million in FY28. During the 2025 Session, the Legislature authorized expenditures from the water project fund (WPF) for 84 projects statewide, and

the State Board of Finance issued the severance tax notes in June. Additionally, the Legislature appropriated an additional $200 million to the water project fund to close the gap between available funds and applications for the 2025 and 2026 funding cycles.

As of August, the Water Trust Board had awarded funding to 75 new projects for 2025 totaling $208.9 million. Roughly $51 million of the additional $200 million appropriated by the Legislature to the water project fund in 2025 has been awarded, leaving $149 million to supplement FY26 revenue from severance tax bond capacity. In September, NMFA received 114 applications with funding requests totaling $524.6 million for the 2026 cycle. One project was pulled from consideration due to a lack of planning. At a two-day meeting in October, the board heard presentations from 77 of the 113 qualified applications. The LFC budget recommendation includes a $100 special appropriation to increase the board's capacity to fund qualified projects in its next grant cycle.

The board also set aside $3.5 million in 2024 revenues to implement a new technical assistance program authorized by House Bill 211. NMFA is using these funds to establish a project management team to facilitate regionalization of small water systems and to provide direct technical assistance to small systems by handling the procurement and execution of planning and design documents for water system improvements. The program will cover the cost of those documents as well. As of August, nine applications for assistance from the new program had been approved and contractors had been identified to assist the applicants.

The drinking water state revolving loan fund is capitalized through a state match and federal grants that recently averaged $11 million annually. Base federal capitalization grants were $7 million in FY22 and about $5 million in FY23, while supplemental grants were $18 million and $21 million respectively. For FY24, NMFA applied for both base DWSRF funding ($4.6 million) and funding from the Infrastructure Investment and Jobs Act general supplemental ($23 million), BIL emerging contaminant ($15.3 million for two years of awards) with a total federal funding request of $42.9 million. In FY25, NMFA applied for the same three programs for funding totaling $35 million.

In FY22, NMFA lowered the base rate for public drinking water systems seeking financial assistance from the DWSRF from one percent for public drinking water systems to 0.01 percent. Disadvantaged communities qualify for interest-free loans, and in FY23, the cap on the amount of loan money that the DWSRF could provide interest-free was removed. Disadvantaged communities may also qualify for principal forgiveness, and an FY23 policy change expanded the definition of "disadvantaged" so 85 percent of census tracts in the state now qualify. In FY24, NMFA added the new federal lead service line replacement and emerging contaminants programs to its DWSRF loan program.

To date, NMFA has made 221 loans totaling $365.9 million. In FY25, NMFA closed 15 new loans totaling $32.5 million, including $6.9 million in principal forgiveness. The overall balance in the program's base fund is $141.4 million, all of which is committed to projects. Currently, the fund is overcommitted by $15.1 million, meaning if any projects drop their funding requests, others are in queue to take the available funds. Some funding remains available in the emerging contaminants and lead service line replacement programs.

The colonias infrastructure fund is capitalized by a 4.5 percent earmark on annual senior severance tax bond capacity. Approximately $80.6 million was available for the 2025 funding cycle. The board awarded $51.2 million to 32 projects in May; an additional $5.6 million was awarded to 5 projects in September, and $3.6 million was used to cover increased project costs from the 2025 awardees. In September, the board approved using the remaining funds to open an application cycle for projects related natural disasters in designated colonias. All funds will be awarded as grants with no loan component. The application cycle opened in October. A colonia is defined as a rural community with a population of 25 thousand or less within 150 miles of the U.S.-Mexico border. Unlike Water Trust Board projects, colonias projects do not require legislative authorization.

The local government planning fund provides grants of up to $50 thousand to local governments, tribal entities, and political subdivisions for planning documents for public infrastructure projects. Grant eligibility is determined by the project type and limitations in the applicant's financial capacity to cover the cost of planning on its own. In FY25, NMFA closed 24 awards from the fund totaling $1.1 million, a 39 percent increase in dollars awarded compared to the previous year. The awards were mostly for planning documents for water projects, which are required before seeking funding from the Water Trust Board. NMFA has recently used the local government planning fund to develop a pipeline of projects for its other programs.

Private Financing Programs

Passage of House Bill 7 during the 2022 Session created the opportunity enterprise revolving fund to increase economic activity by providing financing for new or existing commercial facilities to attract new businesses to the state and to support the expansion of existing businesses, and the General Appropriation Act included a $70 million special appropriation to the new fund.

Passage of House Bill 195 during the 2024 session expanded the purpose of the Opportunity Enterprise Act to include housing development and the General Appropriation Act included an additional $50 million appropriation for commercial development and a $125 million appropriation for housing development to the opportunity enterprise revolving fund and the new housing development revolving fund. The funds are governed by the Opportunity Enterprise and Housing Development Review Board in partnership with the Economic Development Department and administered by NMFA.

The housing funding is available for infrastructure for affordable housing and for construction of workforce housing. NMFA made $30 million available in the first round of applications, which closed on October 16. Both for-profit and nonprofit developers may apply for loans of up to $15 million, with interest rates set at 60 percent of the *Wall Street Journal* prime rate. Applicants are required to show they are unable to finance or complete financing for projects through other sources. NMFA and the board score applications based on community need, funding efficiency, applicant need and readiness, and supportive land use practices. As of September, the board had approved $52.1 million in loans to eight housing projects in four counties – Bernalillo, Taos, Santa Fe, and Otero – but none of the loans had yet closed. Five loans totaling $42.2 million have been approved through the commercial development program and two have closed. Four of the projects are in Bernalillo County and one in Santa Fe County. The projects are related to film, aerospace, and general commercial development.

The Venture Capital Investment Act and venture capital investment fund were created during the 2022 session. The purpose of the fund is to make investments in new, emerging, or expanding businesses in New Mexico that create jobs. The investments are required to be made in New Mexico businesses in early stages of development whose enterprises enhance the state's economic development objectives or in venture private equity funds. The General Appropriation Act in 2022 included a $35 million special appropriation to the fund and a $15 million appropriation in 2023. Additionally, through a memorandum of agreement, NMFA is currently managing an estimated $15 million in federal private equity venture capital funds on behalf of the Economic Development Department. NMFA is charged with adopting rules to guide investments from the fund and authorized to make the investments. NMFA chose an investment advisor for the program in 2023 and the NMFA Board has since approved investments in 10 funds. The focus of the funds vary and include investments in early stage Native-owned companies, early stage medical and biological technology companies, food and agriculture, and women-led businesses.

In 2023, legislation was enacted making operating capital an eligible use of the primary care capital fund, behavioral health capital fund, and child care facility revolving loan fund. The primary care and behavioral health capital funds provide support loans for non-profit and publicly owned clinics, while the child care fund can be tapped by private providers. NMFA asked the 2024 Legislature to recapitalize these funds, which have not been active in recent years due to a lack of funds. The requests were for $25 million each for the primary care and behavioral health funds and $10 million for the child care fund. NMFA reports a new demand for financing from clinics that lease their spaces but wish to own to control both costs and facility needs. The child care fund received a $1.8 million appropriation in FY24 and $10 million in FY25 but neither the primary care nor behavioral health funds were recapitalized. The NMFA Oversight Committee endorsed a $25 million appropriation to the primary care capital fund for the 2026 session at its final interim meeting.

NMFA and the Early Childhood Education and Care Department promulgated new rules to accommodate the changes made by Senate Bill 423 and those made during the 2025 session through Senate Bill 175. The new program, which includes the ability to enter into contract-for-service agreements, was scheduled to open in October 2025.

New Mexico Finance Authority Budget FY24 to FY26

	Actual FY 2024	Approved and Amended FY 2025	Actual FY 2025	Approved FY 2026
Revenues				
Interest income from loans	$ 52,885,394	$ 58,221,027	$ 57,381,986	$ 65,002,209
Appropriation revenue	233,628,887	146,592,633	129,452,422	273,030,000
Grant Revenue	97,383,209	117,857,000	144,253,884	143,000,000
Interest income from investments	26,336,530	31,321,120	37,539,193	34,000,000
Administrative fees revenue	6,498,152	13,284,776	19,980,708	28,886,790
Total Revenues	**416,732,172**	**367,276,556**	**388,608,193**	**543,918,999**
Operating Expenses				
Salaries and benefits	10,140,607	12,553,492	11,899,853	13,257,480
Contractual services	5,131,451	7,717,586	5,474,497	11,193,036
Other operating costs	1,874,457	3,073,001	1,933,477	3,166,947
Total Operating Expenses	**17,146,515**	**23,344,079**	**19,307,827**	**27,617,463**
Non-Operating Expenses				
Bond interest expense	63,226,169	65,268,804	65,523,699	66,316,712
Bond issuance costs	1,458,170	1,350,000	1,411,717	2,075,000
Loan financing pass-through	7,895,276	10,000,000	7,788,202	12,500,000
Grant Expense	81,097,848	93,431,848	120,203,834	118,727,852
Other Expense (GASB 87 & 96 principal)	-	$ 380,087	1,657,154	7,599
Interest expense - Loan and LOC	643,449	4,180,498	5,630,761	2,949,473
Transfers to State and Other Agencies	14,681,988	6,480,000	524,389	12,302,966
Capital Expenditures	3,894,150	6,377,666	8,490,516	2,125,500
Total Non-Operating Expenses	**172,897,050**	**187,468,903**	**211,230,272**	**217,005,102**
Total Expenses	**$ 190,043,565**	**$ 210,812,982**	**$ 230,538,099**	**$ 244,622,565**
Revenue Over Expenses	**$ 226,688,607**	**$ 156,463,574**	**$ 158,070,094**	**$ 299,296,434**

Source: NMFA

Statutory Authority
In 1975, the New Mexico Mortgage Finance Authority (MFA) was created pursuant to the Mortgage Finance Authority Act, in Sections 58-18-4 through 58-18-27 NMSA 1978, as a public body but separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors to make such private funds available to finance the acquisition, construction, rehabilitation, and improvement of residential housing for people and families of low or moderate income within the state.

MFA is governed by a seven-member board, including the lieutenant governor, state treasurer, and attorney general. MFA develops its own budget approved by the board of directors and does not require legislative approval. The MFA Legislative Oversight Committee approves rules and regulations formulated by MFA and is empowered to monitor and oversee the operations of MFA. The Land Title Trust Fund Advisory Committee advises MFA on the use of monies generated by the land title trust fund to address affordable housing. The New Mexico Housing Trust Fund Advisory Committee advises MFA on the use of state-appropriated housing trust fund monies. The Low-Income Housing Tax Credit Allocation Review Committee reviews staff tax credit award recommendations, hears appeals to the awards, and makes final recommendations to the MFA Board.

Managed Gross Assets
MFA manages over $8.4 billion gross assets, consisting primarily of invested cash, mortgage-backed securities, a sub-serviced loan portfolio and related mortgage servicing rights, mortgage loans receivable, federal grant programs, low-income housing tax credit (LIHTC) properties, and U.S. Housing and Urban Development (HUD) rental housing properties. As an instrumentality of the state, MFA is subject to the State Audit Act.

Budget Issues
MFA is not a state agency and does not receive an annual recurring appropriation for operations. Instead, the state mandates MFA generate its own funding to maintain operations and carry out its duties. The primary program funding resources available to MFA are private activity bond volume cap and federal housing programs, including low-income housing tax credits, U.S. Department of Energy weatherization program funding, U.S. Department of Housing and Urban Development project-based Section 8 contract administration funding, and funding from the HOME Investment Partnership, National Housing Trust Fund, and state Low-Income Home Energy Assistance Program. MFA also provides affordable loan funding through the housing opportunity fund, an internal revolving loan fund, and through partnerships with Wells Fargo Bank, the Small Business Investment Corporation, and the U.S. Department of Agriculture Rural Development. In FY25, the New Mexico housing trust fund received its largest deposit of $84.6 million: $50 million direct appropriation through the 2024 General Appropriation Act and $34.6 million in severance tax bond proceeds. In FY26, the New Mexico housing trust fund received $44.8 million from severance tax bond proceeds; and it is projected to receive $47.9 million in FY27.

MFA operates on a federal fiscal year basis, with FY26 ending September 30, 2026. MFA's operating budget for FY26 estimates revenue at $40.9 million, an 11.3 percent increase over FY25. The MFA expense budget for FY26, totaling $36.3 million, is a 5.6 percent increase over FY25. MFA's projected excess revenue for FY26 is $4.6 million and will be available to fund required cash reserves and future housing opportunity fund initiatives approved by the board. Finally, the projected capital budget for FY26 is approximately $4.6 million, an 8.1 percent decrease from FY25.

MFA's financial position has strengthened steadily, with average assets under management growing more than 40 percent from $6.4 billion in FY23 to over $9 billion projected in FY26. While funds disbursed through federal and state programs have steadily declined, MFA program disbursements are expected to increase sharply in FY26. Single-family mortgage activity remains strong, with loan values rising from $375.9 million to $560 million, though unit purchases peaked in FY24 and are projected to taper slightly. Multi-family loans, bonds closed, and tax credits allocated show less consistent performance, with the number of units peaking in FY24 and then declining, while subsidy values fell sharply in FY24 and remain below FY23 levels. Housing programs also present mixed performance as the number of

homeless people served has expanded steadily, increasing by 30 percent since FY23. Single-family homeowner rehabilitation efforts have decreased from 880 units in FY24 to a projected 430 units in FY26.

For FY27, MFA is requesting three special appropriations: $135 million to the housing trust fund to address recent changes to federal low-income housing tax credits that may drive demand for state gap financing, $500 thousand to carry out the provisions of the Affordable Housing Act, and $200 million to establish a low-interest mortgage product for low- to moderate-income homebuyers.

Public Financing

Under the New Mexico Affordable Housing Act, MFA supports local governments in donating land, infrastructure, or other resources for the creation and maintenance of affordable housing. Laws 2024, Chapter 15, (Senate Bill 216) expanded public project financing opportunities, making housing an eligible project under the public project revolving fund and enabling nonprofit housing developers to access grant financing. Additionally, the Opportunity Enterprise and Housing Development Program, established with a $125 million appropriation, provides low-cost loans for workforce housing and related infrastructure. MFA also administers the Linkages rental assistance program, funded through the Health Care Authority, which provides tenant-based permanent supportive housing for homeless individuals with serious mental illness and extremely low incomes.

Private Financing

The Low-Income Housing Tax Credit (LIHTC) program leverages federal tax incentives to spur private investment in the construction and rehabilitation of affordable rental housing. MFA also provides down payment assistance through programs like FirstDownPlus, which complements the FirstHome program by offering a third-mortgage down payment assistance loan to first-time homebuyers qualified to use MFA's FirstHome program. Additionally, the New Mexico preservation loan fund (NMPLF) offers flexible financing for developers and owners to acquire, rehabilitate, and preserve multifamily affordable housing at risk of leaving the affordable stock.

OPERATING BUDGET
FY26 Budget

	FY25 2024-2025 Budget Amendment #1	FY25 2024-2025 Actuals Annualized (through Aug. 31, 2025)	FY26 2025-2026 Budget (Board Approved Sep. 17, 2025)	FY27 2026-2027 Budget (Projected)
SOURCES:				
Interest on Loans	9,897,930	10,617,908	10,995,597	9,844,825
Housing Program Income	2,422,045	3,476,328	1,851,784	2,377,298
Administrative Fee Income	9,816,267	12,865,503	12,310,030	11,706,370
Loan & Commitment Fees	449,400	239,091	314,985	379,383
Interest on Cash/Investments	3,925,900	3,545,169	2,996,551	2,532,832
Risk Sharing/Guaranty/RTC fees	248,048	512,817	388,858	248,048
Loan Servicing Income	9,956,770	11,088,681	12,009,161	12,585,220
Other Operating Income	-	-	-	-
TOTAL OPERATING REVENUE	$36,716,360	$42,345,497	$40,866,966	$39,673,975
TOTAL NON-OPERATING REVENUE	100	1,072	150	100
TOTAL REVENUE	**$36,716,460**	**$42,346,569**	**$40,867,116**	**$39,674,075**
USES:				
Compensation (Salaries & Benefits)	12,789,072	11,723,096	13,615,701	14,997,520
Travel & Public Information	918,813	136,813	880,614	831,460
Office Expenses	1,855,245	2,401,917	2,074,642	2,121,501
Other Operating Expenses	10,697,329	10,847,511	11,458,234	11,428,094
Interest Expense	3,984,372	4,223,360	3,340,861	2,642,766
TOTAL OPERATING EXPENSES	$30,244,831	$29,332,698	$31,370,052	$32,021,340
TOTAL NON-OPERATING EXPENSES (T&TA, Program Development, Capacity Building)	253,775	248,696	254,340	289,826
TOTAL NON-CASH EXPENSES	3,673,574	2,789,509	4,411,117	3,535,751
EXPENSED ASSETS	174,250	226,252	231,598	494,467
TOTAL EXPENSES	**$34,346,430**	**$32,597,155**	**$36,267,107**	**$36,341,385**
EXCESS REVENUE OVER EXPENSES	**$2,370,030**	**$9,749,414**	**$4,600,009**	**$3,332,691**
CAPITAL OUTLAY BUDGET	**$5,016,744**	**$4,472,130**	**$4,608,673**	**$4,749,385**
TOTAL FTE POSITIONS	122.4	115.5	124.4	130.5

PERFORMANCE MEASURES

	FY23 Actual	FY24 Actual	FY25 Actual	FY26 Projected
Average financial assets	$1,803,009,000	$2,215,715,000	$2,614,756,000	$2,929,256,500
Average assets under management	$6,396,024,000	$7,432,931,000	$8,398,151,000	$9,003,263,000
Funds disbursed through:				
Federal and state programs	$89,676,000	$83,659,000	$71,093,000	$62,825,552
MFA programs	$10,204,000	$13,739,000	$12,390,000	$20,810,696
General fund non-operating	$160,000	$366,000	$254,000	$295,000
Single-family first mortgage loans:				
Number of units purchased	1,844	2,390	2,258	2,164
Dollar of loans purchased	$375,874,000	$463,679,000	$546,137,000	$560,000,000
Multi-family loans and bonds closed and tax credits allocated:				
Number of units	935	1,697	1,321	1,200
Dollar of loans and subsidies	$114,034,000	$46,314,000	$57,114,000	$52,000,000
Housing programs:				
Homeless persons served	4,476	5,409	5,847	5,847
Single family homeowner rehab (units)	816	880	805	430

New Mexico Lottery

STATUTORY AUTHORITY:
The New Mexico Lottery Act, Sections 6-24-1 through 6-24-34 NMSA 1978, created the New Mexico Lottery Authority (NMLA) to establish and provide a fair and honest state lottery for entertainment of the public and to provide tuition assistance for undergraduates attending New Mexico postsecondary institutions. The authority is governed by a seven-member board, appointed by the governor with the advice and consent of the Senate. The act requires the board to appoint a chief executive officer.

The New Mexico Lottery Act requires NMLA to present its budget to the Department of Finance and Administration and to the Legislative Finance Committee by December 1. The lottery is not a state agency, but the act provides that LFC has oversight over the operations of NMLA. The act also requires LFC to periodically review and evaluate NMLA accomplishments and operations. LFC is authorized to conduct an independent audit or investigation of the lottery or NMLA.

MISSION:
The mission of the New Mexico Lottery Authority is to sell lottery games that maximize revenues for tuition assistance for New Mexico undergraduates by conducting a fair and honest lottery for the entertainment of the public.

AT A GLANCE:
NMLA is not a state agency and does not receive an annual recurring appropriation for operations. Instead, the state mandates NMLA generate its own funding to maintain operations and to carry out its duties. NMLA reported FY25 gross revenues of $149 million, a $21.3 million, or 13 percent, decrease compared to FY24. For FY25, NMLA operating expenses totaled $4.65 million, significantly lower than the FY25 operating budget of $5.6 million. The difference between FY25 actual expenditures and the FY25 budget is mostly personnel; the authority has a budget of $4 million for salaries but reports $3.5 million in personnel spending in FY25.

Statute mandates 30 percent of gross revenue raised by the lottery be transferred to the lottery tuition fund. Transfers to the legislative lottery scholarship fund for FY25 totaled approximately $44.7 million, a $6.4 million, or 13 percent decrease compared with FY24. The FY25 budget assumed a $45.5 million transfer to the lottery tuition fund. Revenue decreases must be paid through use of fund balances or through curtailment of benefits. The Higher Education Department reports FY25 actual expenditures for the lottery scholarship program of $79.5 million with nonrecurring state general fund appropriations making up the difference in program costs and available lottery revenue. The combination of slow or no growth in lottery ticket sale revenue and rising tuition and enrollment will increase pressure on the lottery scholarship in coming years.

FY 2025 ANNUAL BUDGET AND ACTUAL INCOME STATEMENT
COMPARISON TO FY 2026 ANNUAL BUDGET

	2025 Annual Budget	2025 Income Statement **	2026 Annual Budget
OPERATING REVENUES			
Instant ticket sales	$ 87,403,500	$ 92,223,711	$ 85,403,500
Powerball sales	27,874,500	19,526,650	24,874,500
Mega Millions sales	16,499,500	16,423,048	17,299,500
Roadrunner Cash sales	6,999,500	5,690,902	6,199,500
Lotto America sales	4,199,500	5,830,537	4,799,500
Pick 3 Plus sales	4,999,500	4,885,489	4,799,500
Pick 4 Plus Sales	1,999,500	1,925,544	1,799,500
Fast Play sales	1,699,500	2,377,719	1,999,500
Net ticket sales	151,675,000	148,883,600	147,175,000
Retailer fees	10,000	12,660	10,000
Bad debts	(24,000)	-	-
Total operating revenues	151,661,000	148,896,260	147,185,000
NON-OPERATING REVENUES			
Interest income	25,000	66,819	25,000
Other income	-	(9)	-
Total non-operating revenues	25,000	66,810	25,000
GROSS REVENUES	151,686,000	148,963,070	147,210,000
GAME EXPENSES			
Prize expense	80,139,000	79,575,127	77,011,000
Retailer commissions	9,956,000	9,607,431	9,668,000
On-line vendor fees	5,104,000	5,153,434	5,104,000
Advertising	2,100,000	1,985,145	2,180,000
Ticket vendor fees	2,250,000	2,575,075	2,250,000
Shipping and postage	577,000	532,564	567,000
Responsible gaming	70,000	70,000	70,000
Retailer equipment	216,000	24,604	216,000
Promotions	137,000	68,274	145,500
Game membership	70,000	29,412	70,000
Total game expenses	100,619,000	99,621,066	97,281,500
OPERATING EXPENSES			
Salaries, wages and benefits	3,892,000	3,464,881	4,041,000
Utilities and maintenance	343,000	306,980	391,500
Depreciation and amortization	373,000	332,444	387,000
Leases and insurance	194,000	186,199	181,000
Professional fees	332,000	203,769	365,700
Other	431,000	158,512	397,300
Total operating expenses	5,565,000	4,652,785	5,763,500
OPERATING INCOME	45,477,000	44,622,409	44,140,000
NON-OPERATING EXPENSE			
Interest expense	2,000	754	2,000
Other expense	-	-	-
Total non-operating expenses	2,000	754	2,000
NET INCOME	45,500,000	44,688,465	44,163,000
Total Transfer to Lottery Tuition fund	$ 45,500,000	$ 44,688,465	$ 44,163,000
Gross Revenue Percentage Return	30.00%	30.00%	30.00%

Source: NMLA

**** - FY 2025 Financial Audit not Final**

HIGHLIGHTS:

State agencies, the judiciary, higher education institutions, and special and tribal schools requested more than $2.1 billion for capital projects statewide. The LFC framework was developed based on reviewing five-year infrastructure capital improvement plans, attending monthly meetings with major agencies, testimony presented during interim meetings, interim site visits, progress of existing projects, cost analysis, and additional information requested from agencies. The projects were assessed to determine the health and safety of occupants of the facilities, the long-term investment and preservation of state assets, the impact on operating costs or savings, programmatic needs, and the capacity to efficiently expend funds and complete projects. The LFC framework for 2026 proposes $1.1 billion in total funding, including $434.8 million from severance tax bonds, $250 million from supplemental severance tax bonds, $379.1 million from general obligation bonds, and $57.1 million from other state funds. The following summarizes projects within the framework:

Administrative Office of the Courts. The Administrative Office of the Courts requested $68.1 million, including funding for new magistrate courts in Sandoval and Cibola counties and for state match for county funds for district court improvements. *The LFC framework supports $17 million for courts in Sandoval and Cibola counties and emergency projects statewide.*

Aging and Long-Term Services Department. The Aging and Long-Term Services Department and area agencies on aging requested $54.1 million for senior center projects statewide and $3 million for emergency projects. *The LFC framework supports $30 million for statewide senior center projects.*

Corrections Department. The department requested $84.5 million for security, fire, and life safety projects; general improvements, repairs, and renovations; and water, wastewater and utilities statewide. *The LFC framework supports $5 million to address the most critical infrastructure repairs and maintenance needs at state prisons.*

Cultural Affairs Department. The department requested $25.1 million for health, life, and safety upgrades, as well as for the preservation and maintenance of museums and monuments statewide and revenue generation initiatives. The department is responsible for over 240 structures with over 1.3 million square feet and art and artifacts valued at over $1 billion. To provide more stable funding for upgrades and repairs to these facilities, the Legislature created the cultural affairs facilities infrastructure fund (Laws 2022, Chapter 15), which provides a $5 million annual distribution to the department from the public project revolving fund (PPRF). *The LFC framework supports $5 million to address priority infrastructure needs identified by the department at museums and monuments statewide.*

Department of Finance and Administration. The department requested $92 million for state and local projects. The requests included $20 million for emergency local capital projects statewide, $30 million for an office building in Albuquerque, and $4 million for completion of the Mora County courthouse. *The LFC framework supports $5 million for emergency capital projects, and $26.5 million for vetted local projects from the capital development program fund, and $45 million for local recreation and quality of life projects.*

Department of Health. The department requested an additional $80 million to build a new forensic unit at the state Behavioral Health Institute in Las Vegas, which would supplement about $140 million in prior appropriations for the project. The department requested an additional $21.9 million for small projects and equipment purchases at its facilities statewide and $4.7 million to construct a new intermediate care facility in Los Lunas. *The LFC framework supports $80 million for the new forensic unit.*

Department of Information Technology. The Department of Information Technology (DoIT) requested $26 million to continue modernizing the public safety radio communications system statewide. The department estimates upgrading the system to the P25 federal standard will cost a total of $190 million, with roughly $121.2 million funded to date. In addition, the department requested $1.5 million to complete data center upgrades at the John F. Simms building in Santa Fe and $5.3 million for improvements to its Las Vegas communication bureau. *The LFC framework supports $26 million for public safety radio systems and $1.5 million for the John F. Simms project.*

Department of Public Safety. The Department of Public Safety (DPS) requested $108 million for five projects, including $80 million for a Albuquerque campus to consolidate DPS operations in the metro area, $10.5 million to purchase a patrol helicopter,

and $2.5 million to replace the District 6 sub-station in Grants. *The LFC capital framework supports $2.5 million for construction of the Grants sub-station.*

Energy, Minerals and Natural Resources Department. The department requested a total of $85.5 million for state parks improvements and activities related to wildfire response and risk reduction. *The LFC framework supports $20 million for projects in state parks, $8 million for a new facility for the wildfire response program in Santa Fe, and $10 million for watershed restoration.*

General Services Department. The General Services Department (GSD) requested $230 million to construct the executive office building, address deficiencies at state-owned facilities statewide, and complete ADA and signage upgrades to state buildings. The Facilities Management Division is responsible for the repairs, maintenance, and oversight of more than 800 state-owned buildings with more than 7.1 million square feet of space throughout the state. *The LFC framework proposes $100 million for the executive office building and $5 million for statewide facility improvements.*

University of New Mexico, School of Medicine. The largest capital request for 2026 was a $540 million request to construct a new School of Medicine at the University of New Mexico. The project is intended to support a doubling enrollment in the school and long-term expansion of the state's medical workforce. *The LFC framework supports almost $400 million in total capital outlay funding for the project from severance tax bonds, supplemental severance tax bonds, and general obligation bonds. Additionally, the LFC recommendation for House Bill 2 includes a $150 million special appropriation for the project.*

Higher Education Department and Special Schools. The Higher Education Department (HED) heard capital requests from higher education institutions at hearings attended by LFC staff. The criteria used to evaluate requests included programmatic use of facilities, student enrollment trends, funding from other sources, expenditure of existing appropriations, and space utilization for instructional and general needs. In total, secondary institutions, special schools, and tribal institutions requested $1.1 billion for capital projects. *The LFC framework proposes a general obligation bond package for higher education totaling $310.1 million. Major projects included in the recommendation include $40 million for renovation of the Mineral Science and Engineering Complex at New Mexico Tech, $55 million for a new interdisciplinary academic building at New Mexico State University, $15 million for the Center for Technical Innovation and Entrepreneurial Development at Central New Mexico Community College, $15 million for a new agricultural sciences building at Eastern New Mexico University, and $9 million for library renovations at New Mexico Highlands University. Additionally, the LFC recommendation for House Bill 2 includes a $300 million fund transfer to capitalize the higher education major projects fund, contingent on enactment of legislation creating the fund. The $150 million special appropriation for the UNM School of Medicine would come from the fund transfer.*

Volume 2

New Mexico Legislative Finance Committee

Report to the Fifty-Seventh Legislature,
Second Session

LEGISLATING FOR RESULTS:
Appropriations Recommendations

VOLUME 2: LEGISLATIVE FINANCE COMMITTEE REPORT FOR FISCAL YEAR 2027

January 2026 for the 2027 Fiscal Year

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