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**PRIMARY ISSUES**

Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>State Fiscal Solvency Framework</b></p> <p><b>Issue:</b> When revenue downturns occur, the Legislature lacks a clearly defined and systematic framework for addressing budget shortfalls. Without a structured order of operations, deficit solutions can be ad hoc and may overlook long-term fiscal stability considerations.</p> <p><b>Objective:</b> Develop a set of fiscal solvency metrics and a systematic framework—modeled in part on approaches used in states such as Utah—to guide legislative decision-making when addressing budget deficits. Establish objective solvency measures, identify early warning indicators, and develop a committee-reviewed hierarchy of actions (such as reserve use, revenue adjustments, spending reductions, and structural reforms) to guide policymakers when responding to fiscal gaps. Then create the menu of options meeting those objectives.</p>	<p>Brief</p> <p>Framework for solvency metrics</p> <p>Committee presentation</p> <p>Possible policy recommendations</p>	<p>Clear decision framework for addressing deficits</p> <p>Improved long-term fiscal stability planning</p> <p>More transparent and disciplined deficit response</p>	<p>Torres, Chenier, Carswell, Jorgenson, Goodlaw</p>	<p>Interim 2026</p>
2	<p><b>Oil and Gas Effective Rates</b></p> <p><b>Issue:</b> New Mexico’s comprehensive and standardized assessment of its effective oil and gas tax burden relative to peer states is outdated, particularly when accounting for deductions, credits, royalties, federal interactions, and price sensitivity.</p> <p><b>Objective:</b> Conduct updated oil and gas analysis, which could include effective tax rates across states, shifting shares of production, production reporting, tax history, and industry incentives. Separate analysis on eliminating advance payments and/or spill setbacks. Create updated interactive oil and gas revenue flow diagram in Power BI.</p>	<p>Brief</p> <p>Presentation</p> <p>Dashboard</p>	<p>Better reporting</p> <p>Improved understanding of competitive advantage</p> <p>Updated inventory of incentives.</p>	<p>Faubion</p>	<p>May 2026</p>

3	<p><b>IRBs Analysis</b></p> <p><b>Issue:</b> Understanding local government revenue trends and the effectiveness of industrial revenue bonds (IRBs) is essential for identifying fiscal health, successful policy, and areas for reform.</p> <p><b>Objective:</b> Compile the state’s first ever inventory of IRBs, calculate the foregone revenues, create a toolkit for local governments negotiating IRBs, and develop recommendations on IRBs.</p>	<p>Dashboard</p> <p>Brief</p> <p>Memos</p>	<p>Better understanding of revenues, incentives, and IRB deal flow</p> <p>Potential reforms to IRB practices</p>	<p>Gray Torres</p>	<p>May 2026</p>
4	<p><b>Mapping State Business Funding Opportunities</b></p> <p><b>Issue:</b> Businesses may not be fully aware of all the state funding opportunities available to them at various stages of development. Furthermore, the state lacks information on the success or survival rate of businesses receiving support.</p> <p><b>Objective:</b> Map all state funding opportunities for which businesses may be eligible. Compile investment allocations and success rates. Create a summary of research findings on economic development research, including best practices, empirical findings, and estimates of long-run business tax elasticities.</p>	<p>Brief</p> <p>Hearing</p> <p>Memo</p>	<p>Stronger evidence on incentive effectiveness</p> <p>Informed legislators</p> <p>Informed staff</p> <p>Informed public</p>	<p>Gray</p>	<p>November 2026</p>
5	<p><b>Tax Increment Development Districts (TIDDs)</b></p> <p><b>Evaluation Issue:</b> TIDDs are intended to support local economic development, but there is a gap in evaluating their actual impact compared to reported outcomes.</p> <p><b>Objective:</b> Evaluate tax increment development districts (TIDDs), comparing reported vs. actual impacts based on economic analyses and application materials. Study interactions with Local Economic Development Act and other state support programs. Provide recommendations to improve oversight and implementation</p>	<p>Hearing</p> <p>Brief</p> <p>Research memo</p>	<p>Increased transparency</p> <p>Improved effectiveness of economic development incentives</p>	<p>Torres</p>	<p>October 2026</p>
6	<p><b>Citizen Benefit Tax Expenditure Monitoring</b></p> <p><b>Issue:</b> Each year the state forgoes over \$1 billion on citizen benefit tax expenditures, those that provide support to a wide-range of New Mexicans. The state lacks comprehensive evaluation and monitoring of these spending priorities.</p> <p><b>Objective:</b> Improve legislative monitoring of these expenditures through routine analysis and economic impact modeling.</p>	<p>Briefs</p> <p>Hearings</p> <p>Presentation</p>	<p>Informed legislators</p> <p>Informed staff</p> <p>Informed public</p>	<p>Gray</p>	<p>October 2026</p>

7	<p><b>Economic Development Tax Incentives Monitoring Phase II</b></p> <p><b>Issue:</b> The state spent \$520 million on economic development tax incentives FY25, making it the third largest state agency by funding if appropriated general fund revenue. The state lacks comprehensive evaluation and monitoring of these spending priorities</p> <p><b>Objective:</b> Create dashboard and report on FY25 findings and update with FY26 data when available.</p>	<p>Dashboard</p> <p>Briefs</p> <p>Hearings</p>	<p>Informed legislators</p> <p>Informed staff</p> <p>Informed public</p>	<p>Gray</p>	<p>May 2026</p>
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**SECONDARY ISSUES**

<b>Rank</b>	<b>Issues/Objectives</b>	<b>Output</b>	<b>Outcome/Results</b>	<b>Responsibility</b>	<b>Finish</b>
<b>1</b>	<p><b>Oil and Gas (OGAS) Well Master Database Modernization</b></p> <p><b>Issue:</b> The current OGAS well master database is not easily updatable or accessible for analysis.</p> <p><b>Objective:</b> Convert the OGAS well master database to an updatable format with a dashboard of insights that can be published on the website. Explore other Oil Conservation Division or federal OGAS data for inclusion.</p>	<p>Dashboard</p>	<p>Useable well data for public use</p> <p>Internal analysis</p> <p>Modeling</p>	<p>Faubion</p>	<p>Interim 2026</p>
<b>2</b>	<p><b>State Revenue Index and Earmark Tracking System</b></p> <p><b>Issue:</b> State revenues are distributed through numerous statutory earmarks, trust funds, and revenue-sharing mechanisms, making it difficult to track how revenues flow through the system and how much remains available for general appropriation.</p> <p><b>Objective:</b> Update and expand the state revenue index to comprehensively track earmarks, statutory distributions, and revenue flows across the system. Oversee contractor work and contribute directly to the development of a detailed and regularly updated dataset, with the goal of creating an interactive dashboard that allows policymakers and staff to visualize revenue sources, distributions, and earmarks across funds.</p>	<p>Updated revenue index</p> <p>Interactive dashboard</p> <p>Brief or committee presentation</p>	<p>Improved transparency of revenue flows</p> <p>Better understanding of earmarks and statutory distributions</p> <p>More informed legislative budgeting decisions</p>	<p>Torres, Legislative Council Service Department of Finance and Administration</p>	<p>Interim 2026</p>
<b>3</b>	<p><b>Property Tax Reform Analysis – Phase II</b></p> <p><b>Issue:</b> With parcel-level data now collected from counties statewide, the next phase of analysis requires deeper evaluation of property tax structures.</p> <p><b>Objective:</b> Develop a statewide property tax dashboard using the compiled parcel database and conduct detailed county-by-county analysis of property tax structures. Build a model capable of estimating fiscal and distributional impacts of potential property tax changes.</p>	<p>Interactive property tax dashboard</p> <p>County-by-county analysis</p> <p>Briefs or committee presentations</p>	<p>Improved visibility of property tax structures and trends</p> <p>Data-driven property tax recommendations</p> <p>Informed legislators</p> <p>Informed staff</p> <p>Informed public</p>	<p>Faubion</p>	<p>November 2026</p>

4	<p><b>Personal Income Tax Policy</b></p> <p><b>Issue:</b> New Mexico conforms to the federal tax code for income taxes, including for itemized deductions. There is no information on the costs, the distributional effects, or efficacy of this conformity.</p> <p><b>Objective:</b> Analyze itemized deductions and their impact on income tax revenues.</p>	<p>Activity reports</p> <p>Research memo</p>	<p>More specific and detailed revenue estimates</p> <p>Informed staff</p>	<p>Gray</p>	<p>Interim 2026</p>
5	<p><b>Economic Development Policy Research</b></p> <p><b>Issue:</b> Significant research has been conducted on economic development policy, but the findings and conclusions are not easily accessible to policymakers and staff.</p> <p><b>Objective:</b> Create a summary of research findings on economic development research, including best practices and empirical findings.</p>	<p>Activity reports</p> <p>Research memo</p>	<p>Informed legislators</p> <p>Informed staff</p>	<p>Gray</p>	<p>Interim 2026</p>
6	<p><b>State Reserve Adequacy Framework</b></p> <p><b>Issue:</b> Reserve targets are often debated without a consistent, data-driven benchmark tied to volatility and fiscal risk.</p> <p><b>Objective:</b> Create a reserve adequacy framework using historical volatility, forecast error, and downside scenarios to recommend a range for prudent reserves and how to phase reserves up/down across cycles.</p>	<p>Brief</p> <p>Revenue estimate recommendations</p>	<p>Clear guidance on operating reserve targets</p> <p>Improved fiscal planning</p>	<p>Torres, Ismael</p>	<p>CREG 2026</p>
7	<p><b>Emerging Economic Sectors Monitoring</b></p> <p><b>Issue:</b> Economic diversification strategies require consistent monitoring of whether emerging sectors are growing and contributing to the tax base.</p> <p><b>Objective:</b> Develop and maintain a recurring monitoring product for emerging sectors (e.g., clean energy, film/media, advanced manufacturing, bioscience, aerospace, quantum). Track employment, wages, business formation, and associated tax contributions where measurable; summarize key trends and implications for diversification policy.</p>	<p>Brief</p> <p>Data tables/figures</p> <p>Optional dashboard concept</p>	<p>Improved understanding of diversification progress</p> <p>Earlier identification of policy opportunities and risks</p> <p>Informed legislators</p> <p>Informed staff</p>	<p>Faubion, Jennifer</p>	<p>Interim 2026</p>

8	<p><b>Effectiveness of Medical Tax Incentives in Increasing Provider Supply</b></p> <p><b>Issue:</b> New Mexico uses medical-related tax incentives and tax preferences to improve access to care, but effectiveness in attracting and retaining providers is not routinely quantified.</p> <p><b>Objective:</b> Evaluate whether medical tax incentives are associated with increased physician supply and improved access outcomes. Build a regression-based analysis using county- or regional-level outcomes (e.g., physicians per capita, vacancy rates where available, patient access indicators) and incentive exposure measures. Provide recommendations on program design, targeting, and evaluation metrics.</p>	<p>Research memo</p> <p>Activity Reports</p>	<p>Stronger evidence on incentive effectiveness</p> <p>More cost-effective workforce policy design</p> <p>Informed legislators</p> <p>Informed staff</p>	<p>Torres, Ismael</p>	<p>Interim 2026</p>
9	<p><b>Economist Cross-Training</b></p> <p><b>Issue:</b> Team resilience and knowledge coverage depends on cross-training.</p> <p><b>Objective:</b> Cross-train economists in all revenue and policy areas through peer training and rotating responsibilities.</p>	<p>Informal trainings</p> <p>Possible lunchtime learning sessions</p>	<p>A resilient and adaptable economist team</p> <p>Improved collaboration, understanding, and coverage</p>	<p>LFC economists</p>	<p>Interim 2026</p>
10	<p><b>Broad-Based Tax Reductions</b></p> <p><b>Issue:</b> Tax reductions remain a central theme of tax policy discussions, yet the Legislature lacks insight on the benefits and trade-offs of such policy decisions.</p> <p><b>Objective:</b> Research and estimate a rule of thumb on the economic benefit on broad based tax reductions.</p>	<p>Activity reports</p> <p>Research memo</p>	<p>Better tax policy design insights</p> <p>Informed staff</p>	<p>Gray, Brendon</p>	<p>Interim 2026</p>

Agencies: PED, Public School Support

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Public Education Reform Fund</b></p> <p><b>Issue:</b> Statute requires evaluations of impact for multi-year pilot programs through the public education reform fund; however, first year implementation issues have hampered program rollout and may affect final evaluation results.</p> <p><b>Objective:</b> Monitor pre-evaluation plans for new reform fund programs</p> <p><b>Objective:</b> Monitor program implementation and spending</p> <p><b>Objective:</b> Develop rubric for determining which agency initiatives will be continued or reprioritized</p>	<p>Policy brief</p> <p>Volume 1, 2</p> <p>Activity reports</p> <p>Performance measures</p>	<p>More effective programs</p> <p>Resources focused on more effective programs</p> <p>Improved program implementation and planning</p>	Liu, Dinces, LESC, DFA, PED	May 2026
2	<p><b>Learning Time and Virtual Education</b></p> <p><b>Issue:</b> High absenteeism rates, local decisions to extend or shrink calendars, and the quality of instruction provided have created inequities in learning time across the state. Absent a clear, targeted plan to close achievement gaps through differentiated instructional time opportunities, disparities in student outcomes will widen even more. Laws 2026, Chapter 8, also requires LESC to study virtual education with LFC and PED.</p> <p><b>Objective:</b> Reduce absenteeism rates below prepandemic levels</p> <p><b>Objective:</b> Adjust funding formula for cost differences in online programs and learning time</p> <p><b>Objective:</b> Provide better incentives to increase the quantity and improve the quality of instructional time for at-risk students</p> <p><b>Objective:</b> Eliminate funding formula loopholes to reduce classroom time</p>	<p>Policy brief or program evaluation</p> <p>Volume 1, 2, 3</p> <p>Activity reports</p> <p>Potential committee-sponsored legislation</p>	<p>Increased student time on task</p> <p>Reduced achievement gaps</p> <p>Reduced chronic absenteeism rates</p> <p>Better attendance rates</p> <p>Reduced childcare needs</p> <p>Elimination of formula loopholes</p>	Liu, Rovang, Joyce, LESC	June 2026

3	<p><b>School Leadership and Quality Teachers</b></p> <p><b>Issue:</b> High performing schools have strong leaders, who are the key drivers of change. Recent legislative efforts have focused on educator preparation and pay but have not addressed the issue of strengthening practices within the existing workforce, particularly the placement of the best educators in the schools that need them the most.</p> <p><b>Objective:</b> Identify the impact of existing school leadership programs</p> <p><b>Objective:</b> Identify practices that help low-performing schools improve</p> <p><b>Objective:</b> Monitor educator retention rates, experience levels, pay, and at-risk student performance outcomes</p>	<p>Policy brief</p> <p>Volume 1</p> <p>Activity reports</p> <p>Budget recommendation</p> <p>Teacher Cost Index report</p>	<p>Increased retention rates of high-quality educators</p> <p>High-quality educators in high-need schools</p>	<p>Liu, LESC, PED</p>	<p>September 2026</p>
4	<p><b>Below-the-Line Accountability and Right-Sizing Schools</b></p> <p><b>Issue:</b> Declining student enrollment means schools will need to adjust staffing and space to remain operationally sound. However, the <i>Martinez-Yazzie</i> lawsuit remains open as plaintiffs argue the education system remains inadequate. School districts and charter schools continue to grow operational cash balances, and the agency reverts millions of dollars annually from unspent program funds.</p> <p><b>Objective:</b> Adjust funding formula for cost differences in fixed costs</p> <p><b>Objective:</b> Establish enrollment floor for potential consolidation of school operations or facilities</p> <p><b>Objective:</b> Monitor program implementation and spending and develop rubric for determining which agency initiatives will be continued or reprioritized</p>	<p>Volume 1, 2</p> <p>Activity reports</p> <p>Below-the-line accountability report</p> <p>Budget recommendation</p> <p>Online dashboard</p>	<p>Resources prioritized to most impactful agency functions</p> <p>Reduced cash balances</p> <p>Efficient and accurate reporting</p> <p>Increased transparency on agency operations</p>	<p>Liu, LESC</p>	<p>November 2026</p>
5	<p><b>Career and Technical Education</b></p> <p><b>Issue:</b> Appropriations for career readiness have increased significantly to improve student graduation and workforce readiness. However, outcomes on career and technical education (CTE) programs in schools are unavailable and current programs are not aligned with workforce needs.</p> <p><b>Objective:</b> Monitor spending and outcomes of CTE programs</p> <p><b>Objective:</b> Target funding toward evidence-based CTE programs</p> <p><b>Objective:</b> Align funding and programs to projected workforce needs</p>	<p>Volume 1, 2</p> <p>Activity Reports</p> <p>Budget recommendation</p>	<p>Increased graduation rates</p> <p>Increased workforce participation rates</p> <p>Increased higher education attainment among working-age adults</p>	<p>Liu, LESC, Jorgensen, Malone, Rodriguez</p>	<p>August 2026</p>

**SECONDARY ISSUES**

Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Public School Capital Outlay</b></p> <p><b>Issue:</b> Temporary local-state match reductions will sunset in FY27, creating an opportunity to revisit the local-state match formula. With increasing construction costs, declining enrollment, and a limited window of state capacity, the changes must ensure every investment into school facilities will be the most efficient use of state dollars.</p> <p><b>Objective:</b> Increase the accuracy of the local-state match formula in determining a local district's ability to pay their share of facility costs</p> <p><b>Objective:</b> Reduce costs of construction, including incentives for state-directed designs, right-sizing or consolidating schools, or renovations</p> <ul style="list-style-type: none"> <li>• <b>Objective:</b> Establish enrollment floor for potential consolidation of school operations or facilities</li> </ul>	<p>Policy brief</p> <p>Potential committee-sponsored legislation</p> <p>Activity reports</p>	<p>Improved facility conditions</p> <p>Reduced construction costs</p> <p>Right-sized facilities</p> <p>Increased charter school use of public buildings</p>	<p>Carswell, Liu</p>	<p>December 2026</p>
2	<p><b>Public School Insurance</b></p> <p><b>Issue:</b> Laws 2026, Chapter 52, raised employer contribution rates for public school employee insurance to 80 percent and requested LFC, LESC, NMPSIA, and APS to study the feasibility of consolidating public group insurance programs together.</p> <p><b>Objective:</b> Identify feasibility and sustainability of consolidating public group insurance programs</p> <p><b>Objective:</b> Monitor implementation of 80 percent contribution rate increase</p>	<p>Policy brief</p> <p>Potential committee-sponsored legislation</p> <p>Activity reports</p>	<p>Reduced costs of insurance</p> <p>Improved access to healthcare services</p>	<p>Hernandez, Liu, LESC</p>	<p>October 2026</p>

**Agencies:** Colleges and Universities, Higher Education Department

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Funding Formula</b></p> <p><b>Issue:</b> New Mexico ranks third in the nation for per-student spending on higher education but has among the lowest educational attainment in the nation and consistently underperforms U.S. average retention and graduation rates. The Legislature has made several changes to the funding formula to increase responsiveness to performance, but these changes have not reflected significant changes in the numbers of students served across all campuses nor the impact of online education.</p> <p><b>Objective:</b> Identify and analyze options to increase performance funding in the formula, including reviewing other state strategies.</p> <p><b>Objective:</b> Develop a performance-based funding formula change proposal for presentation to LFC and the funding formula technical committee.</p>	<p>Potential brief or subcommittee hearing topic</p> <p>Volume 1</p> <p>Volume 3</p> <p>Activity reports</p>	<p>Increased performance funding incentives in the higher education funding formula.</p>	Jorgensen	December 2026
2	<p><b>Scholarship Sustainability</b></p> <p><b>Issue:</b> The lottery and opportunity scholarships provide tuition-free college for the vast majority of undergraduate students. These programs receive revenue through lottery ticket sales, the higher education trust fund, and general fund appropriations. However, program expenditures are significantly higher than dedicated recurring revenue and have required nonrecurring appropriations to maintain. At the same time, K-12 student populations are shrinking which may ease financial strain.</p> <p><b>Objective:</b> Monitor scholarship expenditures and impacts of program changes on retention and graduation rates.</p> <p><b>Objective:</b> Analyze the fiscal impact of demographic changes on the need for future spending on these programs.</p>	<p>Potential brief or subcommittee hearing topic</p> <p>Volume 1</p> <p>Volume 3</p> <p>Activity reports</p>	<p>Improved understanding of funding needed to maintain scholarship programs in coming years.</p>	Jorgensen	December 2026

3	<p><b>Tracking Nonrecurring Appropriations</b></p> <p><b>Issue:</b> The Legislature has made significant nonrecurring investments in higher education over the past several years. Additionally, a new framework for certain kinds of higher education capital outlay has been created and funds appropriated.</p> <p><b>Objective:</b> Provide oversight and regular updates to the Legislature on progress and outcomes for major nonrecurring spending items to ensure efficient and effective spending including the medical school, athletics, and rural residency programs.</p>	<p>Potential brief</p> <p>Activity reports</p>	<p>Progress updates on spending and understanding of progress and outcomes for nonrecurring spending</p>	<p>Jorgensen/ Carswell</p>	<p>December 2026</p>
4	<p><b>Graduation and Retention</b></p> <p><b>Issue:</b> Graduation rates at New Mexico colleges rank near the bottom in the nation. To address this, the Legislature made specific appropriations for student support services over the past several years. The disparity in funding levels and retention and graduation rates make clear that colleges and universities must do more to improve student outcomes. However, little is known about what student success strategies are employed by various institutions, how students are selected for additional support, or how funding for these initiatives is determined.</p> <p><b>Objective:</b> Work with higher education institutions to identify current student success interventions and effectiveness.</p> <p><b>Objective:</b> Review national best practices for student success initiatives.</p>	<p>Potential brief or subcommittee hearing topic</p> <p>Volume 1</p> <p>Volume 3</p> <p>Activity reports</p>	<p>Improved understanding of current student success initiatives.</p> <p>Accounting for prior year student support appropriations.</p>	<p>Jorgensen</p>	<p>December 2026</p>
5	<p><b>Workforce Outcomes for College Graduates</b></p> <p><b>Issue:</b> Unemployment for recent college graduates has surpassed the national average for the first time. Historical data show a college degree has a significant lifetime payoff, but the proportion of people holding these degrees and the proliferation of generalist degrees may be changing the value of college degrees. Additionally, many colleges are not actively tracking student progression from graduation to career, which not only creates a gap in understanding of the financial impact of higher education for students, but may also lead to academic programming not being responsive to employer needs.</p> <p><b>Objective:</b> Conduct analysis on the value of a college degree for recent graduates.</p> <p><b>Objective:</b> Work with higher education institutions to identify the career services programs currently employed and associated outcome measures.</p>	<p>Potential brief or subcommittee hearing topic</p> <p>Volume 1</p> <p>Volume 3</p> <p>Activity reports</p>	<p>Analysis of the value of a college degree.</p> <p>Improved understanding of student career outcomes.</p>	<p>Jorgensen, Torres</p>	<p>December 2026</p>

**SECONDARY ISSUES**

<b>Rank</b>	<b>Issues/Objectives</b>	<b>Output</b>	<b>Outcome/Results</b>	<b>Responsibility</b>	<b>Finish</b>
<b>1</b>	<p><b>Workforce GRO Outcomes</b></p> <p><b>Issue:</b> The Legislature made significant recurring and nonrecurring appropriations for high-demand career training over the past several years, but little data has been available on the impact of the new funding in terms of increases in program enrollment and outcomes.</p> <p><b>Objective:</b> Work with the Higher Education Department and higher education institutions to create performance tracking frameworks for this funding.</p> <p><b>Objective:</b> Review performance of workforce training programs that received GRO funding in FY25.</p>	Activity Reports	<p>Improved outcome information</p> <p>Understanding potential budget impacts</p>	Jorgensen	December 2026
<b>2</b>	<p><b>Outcomes Dashboard</b></p> <p><b>Issue:</b> Graduation and retention data are reported regularly in report cards, but there is no resource allowing quick viewing of longitudinal student outcome data.</p> <p><b>Objective:</b> Create a dashboard to provide committee members and the public timely data on graduation and retention outcomes for all institutions in the state for the past decade.</p>	Interactive Dashboard	Timely retention and graduation data by institution	Jorgensen	December 2026



## 2026 INTERIM WORK PLAN SUMMARY

### Health and Communities

*Eric Chenier, Kelly Klundt, Carlie Malone, Harry Rommel, Emily Hilla, Allegra Hernandez, RubyAnn Esquibel  
Allegra Hernandez, RubyAnn Esquibel*

**Agencies:** HCA, ECECD, CYFD, DOH, ALTSD, Multiple Others

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Medicaid Cost Growth and Managed Care Financing</b></p> <p><b>Issue:</b> Medicaid spending is expected to increase due to recent significant investments in rate increases, health infrastructure, related utilization increases, behavioral health cost growth, and rising managed care capitation payments.</p> <p><b>Objective:</b> Analyze drivers of Medicaid spending growth and evaluate financing and payment structures within the managed care program to identify potential levers to moderate cost growth. The analysis will review capitation rate development and risk-sharing structures, including whether risk corridors are calibrated appropriately, whether medical loss ratio thresholds are structured to ensure value, and whether directed payments are affecting base capitation rates. Examine developmental disabilities waivers and costs.</p>	<p>Analysis of Medicaid cost growth drivers and managed care capitation trends</p> <p>Review of risk-sharing mechanisms, including risk corridors, medical loss ratio (MLR) thresholds, and directed payment impacts</p> <p>MLR Dashboard</p>	<p>Improved legislative understanding of Medicaid spending pressures</p> <p>Identification of policy options to moderate Medicaid cost growth while maintaining access to care</p>	Chenier	Fall 2026
2	<p><b>Healthcare Cost Drivers, Growth and Reform Analysis</b></p> <p><b>Issue:</b> Health care costs continue to grow across Medicaid and commercial insurance markets, increasing pressure on state budgets, employer premiums, and household healthcare spending.</p> <p><b>Objective:</b> Conduct an all-payer cost trend analysis to better understand drivers of healthcare spending growth and inform policy decisions related to affordability and cost containment. The analysis will compare cost and utilization trends across Medicaid, exchange plans, large group, and self-funded commercial markets; identify major cost drivers including inpatient, outpatient, behavioral health, and pharmaceutical spending. Additionally, staff will examine healthcare reform options to lower costs, address access and improve quality. Include review of program integrity controls.</p>	<p>All-payer health care cost trend analysis across markets.</p> <p>Hospital commercial-to-Medicare price comparison and pharmacy trend analysis.</p> <p>Examination of program integrity controls.</p> <p>Hearings on findings/ Dashboard</p>	<p>Improved legislative understanding of healthcare cost drivers.</p> <p>Data to inform policy options to slow healthcare cost growth.</p>	Chenier, HHS Team, Jacobs, Eval team	Ongoing

3	<p><b>Exchange Premium Growth and Health Care Affordability Fund Sustainability</b></p> <p><b>Issue:</b> Exchange premiums continue to rise, increasing pressure on state subsidies through the health care affordability fund (HCAF).</p> <p><b>Objective:</b> Analyze drivers of premium growth on the exchange, including utilization, provider prices, and risk pool changes, and develop a five- and 10-year fiscal outlook for the HCAF. Evaluate whether HCAF spending is offsetting underlying cost growth and review policy options to improve affordability, including reference pricing, payment benchmarks, and greater use of state purchasing leverage.</p>	<p>Analysis of exchange premium growth drivers and HCAF fiscal outlook</p> <p>Review of policy options to address structural cost drivers affecting exchange premiums</p> <p>Hearings</p>	<p>Improved legislative understanding of exchange cost drivers and HCAF sustainability</p> <p>Identification of policy options to improve affordability and moderate exchange premium growth</p>	Chenier, HHS team	Fall 2026
4	<p><b>Behavioral Health System Cost and Utilization Trends</b></p> <p><b>Issue:</b> The state has made significant investments in behavioral health services, including recent reforms, but high cost utilization and poor outcomes remain concerns.</p> <p><b>Objective:</b> Assess whether recent investments and reforms are reducing high-cost utilization and improving system performance. The analysis will identify major behavioral health cost drivers, examine strategies to better manage high-cost users, how to improve children’s behavioral health, evaluate whether new interventions are reducing hospital and jail cycling, and review policy options to improve system effectiveness, including payment reform, housing integration, and targeted interventions for high utilizers. Additionally examine program integrity efforts.</p>	<p>Analysis of behavioral health cost drivers and utilization trends</p> <p>Review of high-cost user management strategies and potential system reforms</p> <p>LegisStat</p>	<p>Improved legislative oversight of behavioral health system performance</p> <p>Identification of policy options to reduce high-cost utilization and improve outcomes</p>	Chenier, HHS Team	Ongoing
5	<p><b>State-Operated Healthcare Facilities</b></p> <p><b>Issue:</b> The Department of Health operates several facilities statewide with a variety of services. These facilities have been financially strained post-pandemic, though capacity has significantly increased over the last year.</p> <p><b>Objective:</b> Monitor state facilities financial and services quality. Maintain census and projected revenue</p>	<p>Analysis of facilities’ finances and capacity, including public health offices</p> <p>Analysis of latest national policy trends</p> <p>Activity reports</p> <p>Site visits</p>	<p>Better informed budget, policy and performance recommendations</p>	Hilla, DOH	Ongoing

6	<p><b>New Medicare and Area Agencies on Aging</b></p> <p><b>Issue:</b> As a social safety net agency, the Aging and Long-Term Services Department oversees funding the area agencies on aging (AAA), the state also increased appropriations for the AAAs. Additionally, the department received significant revenues for the New Medicare program to supplement services.</p> <p><b>Objective:</b> Improve Aging Network fund allocations, monitor federal revenue for aging programs, and monitor implementation and outcomes of New Medicare program. Review progress on GRO investment in New Medicare and outcome of program evaluation.</p>	<p>Analysis of AAA allocations and system needs, including unmet needs.</p> <p>Analysis of New Medicare expansion and develop program outcome measures</p> <p>Analysis of Aging Network structure, with a focus on rural areas</p>	<p>Improved services for aging adults</p> <p>Better informed budget recommendation for GRO funding</p>	Hilla, ALTSD	Ongoing
7	<p><b>Substance Use Disorder Treatment</b></p> <p><b>Issue:</b> Department of Health Public Health offices received increased revenues to expand substance use disorder (SUD) services. The system should align with community service needs. After an LFC program evaluation, the department started expansion work of medication-assisted treatment (MAT) in public health offices.</p> <p><b>Objective:</b> Review expansion of public health office SUD service availability, including mobile unit operations. Visit public health offices to better understand underutilized capacity and service needs. Monitor progress of MAT services in correctional facilities. Analyze how to increase the number of MAT providers in the state.</p>	<p>Analysis of MAT expansion statewide</p> <p>Analysis of department spending</p> <p>Recommendations from recent program evaluation and interim legislative hearings</p>	<p>Improved budget recommendation and performance measures</p> <p>Improved access to behavioral health services</p>	Hilla, Hernandez, HHS Team, DOH, NMCD	Ongoing
8	<p><b>Tracking and Reporting on Recent Health and Human Services Investments</b></p> <p><b>Issue:</b> In recent years, the state has made significant investments in health and human services programs, but it is not clear whether these investments are achieving intended outcomes.</p> <p><b>Objective:</b> Track, and report on implementation and performance of major initiatives, including the health care affordability fund, 2025 special session appropriations related to SNAP and food security, the rural health care delivery fund, and federal rural health transformation grants, and examine the definition of rural.</p>	<p>Periodic status and performance reports for each major HHS investment area.</p>	<p>Improved legislative oversight of major HHS investments.</p> <p>Identification of initiatives demonstrating impact and areas needing course correction or redesign.</p>	Chenier, HHS Team	Ongoing

9	<p><b>Child Welfare Reform Implementation and Monitoring</b></p> <p><b>Issue 1: Prevention and Early Intervention-</b> Research suggests evidence-based programs can reduce and prevent child maltreatment. Federal funding for evidence-based prevention services available is available to states, but despite state financial support and statutory requirements, New Mexico has struggled to develop and implement evidence-based prevention and early intervention programs.</p> <p><b>Issue 2: Differential Response-</b> To date, CYFD has not implemented differential response, also called multilevel response, in an evidence-based way or in alignment with statute passed in 2019. During the 2024 legislative session, CYFD received GRO appropriations to pilot, implement, and evaluate differential response over three years, and the agency received technical assistance from Casey Family Programs. In FY26, the agency began piloting multilevel response in two counties.</p> <p><b>Issue 3: Protective Services Workforce-</b> In January 2025, an arbiter determined CYFD had failed to meet <i>Kevin S.</i> settlement agreements related to caseload standards. Since that time, the agency has continued to struggle with turnover among Protective Services staff and as of January 2026 turnover for key field positions was over 53 percent. CYFD also struggles to recruit and retain Protective Services staff with social work degrees and licensure.</p> <p><b>Issue 4: Community-Based Placements for Children in Foster Care-</b> In January 2025, an arbiter determined CYFD failed to meet <i>Kevin S.</i> settlement commitments to increase the number of community-based foster care placements and the agency has failed to recruit and retain foster homes as required by the arbitrator over the past year. At the same time, the incidence of maltreatment in foster care in the state has increased dramatically. The Legislature has made significant investments to increase foster care providers but improvements in placements have not been realized.</p> <p><b>Issue 5: Federal Child and Family Services Review (CFSR)-</b> In 2025, NM was not found to be in substantial conformity with any of the child well-being outcomes reviewed periodically by the federal government. Consequently, CYFD must implement a performance improvement plan (PIP) to avoid losing federal funding. Alternatively, the state can opt into the new federal A Home for Every Child initiative intended to get the ratio of resource homes for foster youth to 1:1. CYFD developed a PIP but is also in conversations with federal regulators about the alternative path and it is not clear which route the agency will take.</p> <p><b>Objective:</b> Monitor implementation of programs related to each issue, including plans for implementation, outputs, expenditures, and outcomes. Compare to best practices in other states to inform policy and program recommendations.</p>	<p>Collaboration with CYFD to monitor implementation of each issue</p> <p>LegisStat/hearing briefs</p> <p>PIVOT inventory for CYFD programs</p>	<p>Improved oversight and accountability for CYFD appropriations</p> <p>Improved compliance with <i>Kevin S.</i> settlement agreement and remedial order commitments</p>	<p>Malone</p>	<p>Ongoing</p>
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10	<p><b>CYFD GRO and Other Nonrecurring Appropriations</b></p> <p><b>Issue:</b> The Legislature has made significant, multi-year investments through the government results and opportunity (GRO) fund to pilot and evaluate strategies and programs to improve outcomes in state government. The Legislature has also provided significant other nonrecurring support for CYFD.</p> <p><b>Objective:</b> Monitor nonrecurring spending to ensure efficient and effective use, track the development of performance measures, track the implementation of programs, assess evaluations, and monitor GRO outcomes and appropriation spending at CYFD.</p>	Hearing briefs and activity reports of spending and program outcomes	Policy and program recommendations to inform ongoing funding of GRO pilot programs	Malone	Ongoing/December 2026
11	<p><b>CYFD Federal Revenues Monitoring</b></p> <p><b>Issue:</b> Since FY21, federal revenue realized within the Protective Services program at CYFD have declined, resulting in reported budget shortfalls in FY24 and FY25. In FY25 and FY26, CYFD received special appropriations to seek technical assistance related to maximizing federal funds, and the agency received a supplemental and deficiency appropriation up to \$25 million associated with declines in federal revenue, with requirements the agency initiate a study to review department practices related to federal funds. CYFD contracted with Maximus to review federal funding and the contractor identified opportunities to increase administrative claiming reimbursement and increase the state's penetration rate. Maximus' work is ongoing.</p> <p><b>Objective:</b> Monitor CYFD's efforts through Maximus to study federal reimbursement procedures and reclaim federal funds the agency may not have realized to date.</p> <p><b>Objective:</b> Identify opportunities to leverage federal funding through programmatic changes and best practices.</p>	<p>Collaborate with CYFD to regularly monitor federal funds draw down</p> <p>Hearing brief regarding federal funding opportunities and best practices</p>	<p>Informed FY28 operating budget recommendations</p> <p>Optimal leveraging of federal funding</p>	Malone	Ongoing/November 2026

12	<p><b>Universal Childcare Assistance</b></p> <p><b>Issue:</b> Since 2019, New Mexico has significantly expanded eligibility for Childcare Assistance resulting in increased participation in the program. On November 1, 2025, the Early Childhood Education and Care Department (ECECD) expanded eligibility to provide universal childcare to all New Mexicans regardless of income using the department’s existing FY26 budget of \$450 million. As of February 2026, projections for the ECECD Childcare Assistance program show the department will likely overspend the program’s revenues in FY26 by an estimated \$60 million if no cost containment efforts are put into place before the end of the year.</p> <p><b>Objective:</b> Monitor ECECD’s spending projections, enrollment processes, potential overspending, and program integrity efforts.</p> <p><b>Objective:</b> Track infant and toddler slot contractions or expansions—particularly for low-income families in New Mexico (below 400 percent FPL). Monitor expansion population changes. Monitor changes in provider types and quality levels.</p>	Hearing brief	Informed FY28 operating budget recommendations	Klundt, Hernandez	Ongoing/November 2026
13	<p><b>Family, Infant, Toddler Program</b></p> <p><b>Issue:</b> The Family, Infant, Toddler Program (FIT) is a statewide program that provides early intervention services for children from birth to age 3 who have or may be at risk for developmental delays, disabilities, and serious medical conditions. The percentage of New Mexico children enrolled in FIT grew from 7.9 percent in 2022 to 11.2 percent in 2023. ECECD projected the number of enrollees would once again increase in FY26. The increase in enrollment may indicate New Mexico’s under-3 population is becoming more at risk of or having developmental delays, that ECECD is enrolling children who are not in need of services, or that ECECD’s enrolling eligible children who had not been previously enrolled. Further monitoring is needed to better understand what population should be served by FIT within the state.</p> <p><b>Objective:</b> Track average length of enrollment for children enrolled in FIT, in order to understand if the state is overenrolling children in the program. Track enrollment by qualifying service.</p> <p><b>Objective:</b> Better understand program requirements and processes.</p> <p><b>Objective:</b> Track rate increases over the previous five years.</p>	Health note brief	Oversight of FIT program  Analysis of enrollment processes	Klundt, Hernandez	Ongoing/July 2026

14	<p><b>At-Risk Families</b></p> <p><b>Issue:</b> The 2025 Medicaid Accountability Report found that 77 percent of pregnant women participating in Medicaid received first trimester prenatal care, down from 80 percent in 2022. Moreover, less than half of children on Medicaid’s Children’s Health Insurance Program (CHIP) received an annual well-child visit. In conjunction, LFC’s 2025 Early Childhood Accountability Report found a decrease in the percent of referrals families received if participating in Home Visiting programs—which are meant to support families in learning about child development and developing parenting skills—despite an almost doubling of families completing Home Visiting programs.</p> <p><b>Objective 1:</b> Identify areas of improvement for at-risk families participating in benefit programs to access services in to ensure improved outcomes for high-risk families in New Mexico.</p> <p><b>Objective 2:</b> Track progress of the closed loop referral system ECECD implemented for Home Visiting.</p>	Health note brief	<p>Understanding of child and maternal health wellbeing</p> <p>Analysis of ECECD’s roll-out of evidence based home visiting programs</p>	Hernandez, Klundt, Chenier	Ongoing, November 2026
15	<p><b>Temporary Assistance for Needy Families</b></p> <p><b>Issue:</b> Based on September 2025 data from the Health Care Authority (HCA), Temporary Assistance for Needy Families (TANF) caseloads continue to decline. Compared to September of 2024, the number of TANF recipients declined 13.7 percent. Additionally, HCA’s three TANF performance measures discussed in the authority’s report card received a red rating in FY24, FY25, and the first quarter of FY26. Seven percent of families exited TANF due to work-related income in the first quarter of FY26, compared to the target of 37 percent.</p> <p>According to a 2024 LFC program Evaluation, <i>Improving New Mexico’s Workforce Participation</i>, the Workforce Solutions Department (WSD) took over the case management for the Career Link and Wage Subsidy programs in January 2021, which aims to employ individuals who are receiving TANF. For several months, contractor Creative Work Solutions (CWS) continued case management of existing participants as WSD began to refer and place new participants. At its peak in FY18, CWS placed 933 Career Link interns and secured 355 unsubsidized employment placements for program participants. By comparison, in FY23, WSD placed 46 Career Link interns and secured employment for five program participants.</p> <p><b>Objective:</b> Trace funding allocations for TANF programs and funds.</p> <p><b>Objective:</b> Explore other states’ TANF programs to better understand mechanisms the state could employ to improve TANF participation uptake and outcomes.</p>	Health note brief	<p>Informed FY28 operating budgeting recommendations</p> <p>Analysis of processes of enrollment for TANF recipients</p>	Hernandez, Chenier, Malone	Ongoing, November 2026

**SECONDARY ISSUES**

Rank	Issues/Objectives	Output	Outcome/Results	Responsibilit	Finish
1	<p><b>Implementation of CARA reform</b></p> <p><b>Issue:</b> Passed during the 2025 session, reforms to the state’s Comprehensive Addiction and Recovery Act (CARA) law move responsibility for implementation of plans of safe care for substance-exposed infants from CYFD to HCA and requires a variety of other program changes recommended by LFC program evaluations. Despite the move and other reforms, significant CARA responsibility remains outside of HCA and it is not clear that current practices conform with statutory requirements. HCA must finalize CARA by July 2026.</p> <p><b>Objective:</b> Monitor the implementation of CARA reform bill</p>	<p>Hearing brief</p> <p>Finance Fact, LegisStat</p>	<p>Better implementation of major legislative reform</p>	<p>Malone, Chenier, Hilla</p>	<p>August 2026</p>
2	<p><b>CYFD Litigation Liability</b></p> <p><b>Issue:</b> Since the enactment of the NM Civil Rights Act, CYFD has settled about 30 civil rights claims for amounts ranging from \$15 thousand to \$5.5 million. The Civil Rights Act limits recovery to \$2 million per occurrence per claimant. However, the agency appears to also settle federal claims for which qualified immunity is not waived.</p> <p><b>Objective:</b> Evaluate settlement decisions and litigation strategy.</p> <p><b>Objective:</b> Develop estimate of potential liability in the next five years.</p>	<p>Collaborate with CYFD and GSD to evaluate potential litigation liability</p>	<p>Better informed FY28 budget recommendation</p>	<p>Malone</p>	<p>December 2026</p>
3	<p><b>Juvenile Justice Services</b></p> <p><b>Issue:</b> Following 15 years of reforms in New Mexico, the number of juveniles in secure facilities and the number of referrals of juvenile crime fell to all-time lows during the pandemic. A 2025 LFC policy spotlight on the juvenile justice system found that although referrals remain well below historic highs and state facilities remain below capacity, youth who are diverted away from the system often do not receive community-based services and many ultimately return to the system.</p> <p><b>Objective:</b> Monitor trends in juvenile crime, including juvenile system referrals, value of regional facilities, programming for incarcerated female juveniles with and without children, and provision of community-based services for justice-involved youth.</p>	<p>Updated status from recommendations of 2025 program evaluation policy spotlight</p> <p>Finance Fact</p>	<p>Informed policy proposals for juvenile justice system reforms</p> <p>Informed FY28 operating budget appropriations</p>	<p>Malone</p>	<p>Ongoing</p>

4	<p><b>Healthcare Workforce</b></p> <p><b>Issue:</b> Also impacting access, the state is experiencing both behavioral health and physical health workforce shortages, especially in rural areas. Workforce shortages lead to higher overall healthcare costs due to overtime and the need to hire costly contracted staff.</p> <p>The state invested in several efforts to improve the state's health and behavioral health workforce, but the success of these efforts has not been evaluated.</p> <p><b>Objective:</b> Examine factors impacting the health care workforce including education, pay, and rates. gaps and needs, and alignment with local regional plans. Example: HB66 appropriation to HED for health professional loan repayment</p> <p><b>Objective:</b> Analyze available workforce data from HHS/HRSA, HED, HCA and other sources. Evaluate data sources for relevance to New Mexico. Establish baseline data and targets for 2031.</p>	<p>Activity reports, briefs of subcommittee hearing topic</p> <p>Evaluation on nursing and social work endowments.</p> <p>Review Medical Board accountability and status of compacts' implementation.</p>	<p>Alignment between involved state agencies and other stakeholders (e.g. UNM HSC) to address workforce gaps and alignment with local BH needs</p> <p>Final recommendations and performance measures for workforce.</p>	<p>HHS Team, HCA, UNM Health Sciences Center</p>	<p>Ongoing</p>
5	<p><b>Hospital Oversight, Accountability, and Structure</b></p> <p><b>Issue:</b> Between FY24 and FY25, the Legislature invested \$972.5 million in hospitals, including rate increases and subsidies, the most impactful being the Healthcare Delivery and Access Act (HDAA). The HDAA will have issued 18 months of payments by July 1.</p> <p><b>Objective:</b> Analyze the impact of the payments on healthcare delivery and access for hospitals and New Mexicans, as well as, have a clear understanding of what will be required of hospitals to maintain eligibility.</p> <p><b>Objective:</b> Work with HCA to understand the impact of the HDAA for hospitals and facilities, as well as monitor and review the implementation of HB586.</p> <p><b>Objective:</b> Understand what hospitals accomplished with the mandatory 70 percent spending in-state.</p> <p><b>Objective:</b> Analyze the impact of private-equity-owned hospitals within the state</p>	<p>Analysis, in collaboration with HCA and the NM Hospital Association, of outcomes and whether they are improving for New Mexicans and hospitals with the infusion of funds from the Healthcare Delivery and Access Act</p> <p>Health note</p>	<p>Better understanding of return on the Legislature's investment</p>	<p>Rommel, Hernandez</p>	<p>September /October</p>

6	<p><b>Rural Healthcare Residency Expansion and Funding Oversight and Primary Care Options</b></p> <p><b>Issue:</b> Healthcare access in rural New Mexico continues to be limited.</p> <p><b>Objective:</b> Expand clinical pharmacy services and reimbursement to help augment primary care throughout the state, particularly in rural New Mexico. Reviewing educational, reimbursement, and licensure scope of practice needs may present opportunities to expand services.</p> <p>Collaborate with UNM around workforce expansion and healthcare access issues, funding, and implementation status including clinical pharmacy services, rural residencies, and UNM School of Social Work.</p>	<p>Analysis, in collaboration with UNM, of expansion of clinical pharmacy services</p> <p>Monitor status of UNM School of Social Work to augment behavioral health workforce</p> <p>Oversee expenditure of funds and outcomes for rural residency programs</p>	<p>Understanding of expansion of clinical pharmacy services, particularly in rural New Mexico.</p>	<p>Esquibel, Jorgensen, Rommel</p>	<p>July</p>
7	<p><b>Housing and Supports Funding and Oversight</b></p> <p><b>Issue:</b> Unhoused people in New Mexico increased by 11 percent from 2009-2023 compared with increasing by 48 percent from 2022-2023. Unhoused people increased by 83 percent between 2022-2023 in Albuquerque.</p> <p><b>Objective:</b> Address housing challenges of limited affordable housing, poverty, and behavioral health.</p>	<p>Analysis of funding across multiple agencies and local governments for housing and unhoused support services</p> <p>Hearing brief</p> <p>Monitor status of UNM Street Medicine program and mobile crisis units and delivery of medication assisted treatment</p> <p>Review Behavioral Health Reform and Investment Act regional plans to address housing and supports</p>	<p>Understanding of status housing funding and supports for unhoused people</p>	<p>Esquibel, Malone, Ortega, Storms, Evaluators</p>	<p>August</p>
8	<p><b>Pharmaceutical Impact on Healthcare Costs and Outcomes</b></p> <p><b>Issue:</b> Rising healthcare costs are significantly driven by rising pharmaceutical costs.</p> <p><b>Objective:</b> Review fiscal impact of rising healthcare and pharmaceutical costs, provided Medicaid pharmaceutical costs data, review state laws passed to lower prescription drug costs.</p>	<p>Review of pharmaceutical cost drivers and options for reform in New Mexico</p> <p>Hearing brief</p> <p>Data dashboards</p>	<p>Understanding of pharmacy costs and expenditures in New Mexico's Medicaid program</p> <p>Monitor status of implementation of Medicaid preferred drug list</p>	<p>Esquibel, Rommel</p>	<p>November</p>

**Agencies:** Workforce Solutions Department, New Mexico Border Authority, New Mexico Tourism Department, Economic Development Department, Public Regulation Commission, Office of Superintendent of Insurance, Cumbres and Toltec, Office of Military Base Planning, New Mexico Spaceport Authority, Cultural Affairs Department

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Oversight of Nonrecurring Funding</b></p> <p><b>Issue:</b> The recent legislative sessions, the Legislature has made substantial nonrecurring investments in economic development and workforce initiatives. While these appropriations provide significant short-term funding, they are not ongoing and therefore require careful monitoring to ensure they are effectively deployed and achieving intended outcomes.</p> <ul style="list-style-type: none"> <li>• <b>Economic Development Department:</b> Between the 2024 and 2026 legislative sessions, the Legislature appropriated over \$480 million in nonrecurring funding to EDD to support a variety of programs and initiatives, including trail infrastructure, research and development, and site readiness.</li> <li>• <b>Workforce Solutions Department:</b> Between the 2024 and 2026 legislative sessions, the Legislature directed significant nonrecurring funding to WSD, including about \$10 million in GRO funding for youth training programs; \$17 million from the community benefit fund to provide training in non-extractive industries; and about \$150 million for the new Office of Housing for affordable housing and rental assistance.</li> </ul> <p><b>Objective:</b> Monitor expenditure of large nonrecurring appropriations and ensure whether funds are being used for intended purposes.</p> <p><b>Objective:</b> Analyze whether nonrecurring investments led to intended outcomes.</p>	<p>Activity report items</p> <p>Possible brief</p> <p>FY28 budget recommendations</p>	<p>Oversight of nonrecurring appropriation</p>	<p>Rodriguez, Malone, Dinces</p>	<p>September 2026</p>

2	<p><b>Labor Force Participation/Disengaged Workforce</b></p> <p><b>Issue:</b> New Mexico continues to experience a persistently low labor force participation rate (LFPR), or the share of the working age population that is working or looking for work. The state’s LFPR of under 58 percent is almost 5 percentage points below the national average and meaningfully below the LFPR of other states in the region. WSD oversees the state’s network of jobs centers and operates federal Workforce Innovation and Opportunities Act (WIOA) programs designed to help job seekers access employment, education, training, and support services. However, the state has struggled to improve LFPR despite significant investments.</p> <p><b>Objective:</b> Monitor implementation of LFPR study recommendations and outcomes, evaluate current WSD engagement efforts and programs in light of study results, and consider additional recommendations for reaching disengaged populations based on study results.</p>	<p>Possible brief/hearing topic</p> <p>FY28 budget recommendations</p>	<p>Oversight of WSD programs targeting the unemployed and disengaged labor force</p>	<p>Malone, Dinces, Chaffin</p>	<p>June 2026</p>
3	<p><b>Growth in Science and Technology Sectors</b></p> <p><b>Issue:</b> The Legislature continues to make significant investment into growing New Mexico’s science and technology sectors, with many of those investments going to the Economic Development Department. During the 2025 session alone, the Legislature appropriated approximately \$100 million in nonrecurring funding to support science and technology sectors, with funding for physical infrastructure, venture studios, research and development, business startup grants, and quantum. The Legislature must monitor whether these funds are being expended as intended or producing measurable impacts, such as sector growth, actual job creation, or economic diversification.</p> <p><b>Objective:</b> Monitor expenditure of recent science and technology related investments.</p> <p><b>Objective:</b> Monitor outcomes of appropriations in terms of sector growth and employment compared to national trends.</p> <p><b>Objective:</b> Analyze if investments supported growth throughout the state in both rural and urban areas.</p>	<p>LegisStat brief</p>	<p>Oversight of nonrecurring spending related to science and technology sectors</p>	<p>Rodriguez</p>	<p>September 2026</p>

4	<p><b>Economic Development Infrastructure</b></p> <p><b>Issue:</b> Recognizing the importance of infrastructure for economic development growth, the Legislature added to and expanded existing infrastructure tools, such as site readiness, funding for trade ports, MainStreet, and trail infrastructure. During the 2025 session, the Legislature appropriated an additional \$181.4 million for infrastructure related to economic development and quality of life. However, several of these initiatives raise concerns regarding their potential impact and accountability. In some cases, statutory language lacks specificity around expected outcomes. For example, provisions related to trade ports do not clearly require the creation of full-time jobs or include clawback mechanisms—standard safeguards used to protect public funds if projects fail to deliver anticipated benefits. Similarly, site readiness initiatives lack performance indicators, such as job creation or increases in tax revenue. Across programs, reporting requirements are often limited or inconsistent. It remains unclear whether these infrastructure investments are being implemented as intended or are generating meaningful economic returns.</p> <p><b>Objective:</b> Monitor implementation and expenditure of infrastructure-related investments.</p> <p><b>Objective:</b> Monitor outcomes of programs in terms of job creation, sector growth, and urban versus rural distribution.</p> <p>Objective: Examine feasibility, value, and return on investment of data.</p>	<p>Activity report items</p> <p>LEDA dashboard</p> <p>Possible brief</p>	<p>Oversight of infrastructure-related programs</p>	<p>Rodriguez and Gray</p>	<p>September 2026</p>
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**SECONDARY ISSUES**

SECONDARY ISSUES					
1	<p><b>Infrastructure and Funding for Film</b></p> <p><b>Issue:</b> The Legislature has appropriated millions to support physical space for film through capital outlay and nonrecurring appropriations. However, film production activity has dropped in New Mexico, which the agency notes reflect a national contraction and a shift to global markets.</p> <p><b>Objective:</b> Monitor status of film-related projects, such as the media schools in Albuquerque and Las Cruces.</p> <p><b>Objective:</b> Analyze whether funding for film-related buildings is aligned to film sector growth.</p>	Hearing brief	Oversight of funding	Rodriguez and Ortega	September 2026
2	<p><b>Trails+ Grant Program</b></p> <p><b>Issue:</b> The Legislature invests nonrecurring funding into the Trails+ grant program, as well as some through the land of enchantment legacy fund. The program is known for quickly expending funding. Given the continued use of one-time funding and the pace at which funds are distributed, there is a need to ensure that expenditures align with legislative intent and that investments are producing sustained and equitable benefits across the state.</p> <p><b>Objective:</b> Discuss best practices employed by the Outdoor Recreation Division.</p> <p><b>Objective:</b> Evaluate Trails+ grant program and use of funds.</p>	Hearing brief	Oversight of program Lessons learned	Rodriguez and Ortega	Summer 2026
3	<p><b>Issue:</b> LFC's finance facts for business incentives programs has not been updated since 2022. Since then, the Legislature has added a variety of incentives. The brief must be updated to include more recent incentives.</p>				2026

4	<p><b>Community Solar</b></p> <p><b>Issue:</b> The Public Regulation Commission has asked the Legislature for funding to support the administration of the Community Solar Program for the past two years. The Legislature has appropriated one-time funding. However, if the program continues, there will be a need for recurring funding. As it stands, PRC only collects application fees at the beginning of a project, which is not enough to sustain the program long term.</p> <p><b>Objective:</b> Work with the Public Regulation Commission to identify alternative funding for the Community Solar Program.</p> <p><b>Objective:</b> Study how other states fund the program, whether based on application fees or alternative funding mechanisms</p>	Memo	Alternative funding mechanism for community solar	Rodriguez	September 2026
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## 2026 INTERIM WORK PLAN SUMMARY

### *Justice and Public Safety*

*Scott Sanchez and Henry Jacobs*

Agencies: DPS, NMCD, DHSEM, AOC, NMAG, LOPD, District Attorneys, Courts

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
	<p><b>Behavioral Health</b></p> <p><b>Issue:</b> During the 2025 legislative session, the legislature passed the Behavioral Health Reform and Investment Act (BHRIA) along with \$562 million in nonrecurring funding and additional provider rate adjustments. The act tasks the Administrative Office of the Courts (AOC) with coordinating regional behavioral health planning, approving regional plans, monitoring outcomes, and leading project management via a Health Care Authority (HCA) project manager. With intercept mapping complete and accountable entities identified for the different regions, AOC and other stakeholders have moved to constituent-focused listening sessions. Additionally, AOC received \$1 million for behavioral health services in the first 2025 special session and another \$1.3 million in the 2026 session.</p> <p><b>Objective:</b> Monitor implementation, spending, and access to high quality evidence-based behavioral health services.</p> <p><b>Objective:</b> Monitor AOC's progress in coordinating regional meetings and listening sessions.</p> <p><b>Objective:</b> Monitor impact and implications for juveniles.</p>	<p>Meetings with stakeholders</p> <p>Data for nonrecurring appropriations FY28 budget recommendation and narrative</p> <p>Recommended language for the 2027 legislative session</p> <p>Data on behavioral health</p> <p>Policy options and recommendations for implementation of the BHRIA</p>	<p>Improve behavioral health and substance use outcomes by improving regional planning and ensuring access to evidence-based behavioral health services</p>	<p>Jacobs, AOC, HCA, HHS team, and evaluators</p>	<p>Ongoing</p>

2	<p><b>Corrections Department Facility Master Plan</b></p> <p><b>Issue:</b> NMCD is working with the General Services Department to finalize a facility master plan using funding received during the 2025 legislative session.</p> <p><b>Objective:</b> Monitor how the agency receives the feedback provided by the plan and monitor ongoing investments by NMCD.</p> <p><b>Objective:</b> Monitor NMCD's continuing efforts to redesign its facilities and the impact of classification system and other changes (including population declines, <i>Duran</i> settlement, etc.) on facility capacity usage.</p> <p><b>Objective:</b> Evaluate the agency's usage of non-state-owned prison facilities.</p>	<p>Activity reports</p> <p>Oversight of deferred maintenance costs</p> <p>Stakeholder meetings</p> <p>Contractor data analysis</p> <p>Recommended FY27 budget actions</p> <p>Potential legislation for 2026</p>	<p>Reduced deferred maintenance costs.</p> <p>Long term planning for facility footprint.</p> <p>Advise on facility closure/construction, improve capital planning capacity.</p>	<p>Sanchez, Carswell, Ortega, GSD, NMCD</p>	<p>December 2026 and Ongoing</p>
3	<p><b>NMCD Recidivism</b></p> <p><b>Issue:</b> Although NMCD's three-year recidivism rate has improved recently, it remains among the highest in the nation. NMCD has developed a consolidated Reentry Program incorporating recidivism reduction, educational programming, and transitional services.</p> <p><b>Objective:</b> Improve accountability and transparency of reentry programming by developing robust performance measures.</p> <p><b>Objective:</b> Oversee implementation of the reentry pilot projects.</p> <p><b>Objective:</b> Analyze the effectiveness of investments in reducing recidivism.</p> <p><b>Objective:</b> Monitor impact and implications for juveniles.</p>	<p>Activity reports</p> <p>Performance measure recommendations</p> <p>FY28 budget recommendations</p> <p>Volume 1 narrative.</p>	<p>Improved data quality and performance accountability for reentry programming</p> <p>Strengthened evaluation framework for recidivism reduction initiatives</p> <p>Enhanced legislative oversight of NMCD's reentry investments</p> <p>Support for expanded funding of effective, evidence-based interventions</p>	<p>Sanchez</p>	<p>December 2026</p>

4	<p><b>Consumer Settlement Fund Balance</b></p> <p><b>Issue:</b> The Attorney General has requested to use more of the consumer settlement fund for operational needs to rely less on general fund funding. The FY27 budget provides the Attorney General with the opportunity to use more consumer settlement funds and prove that the agency can generate enough revenues for the consumer settlement fund to stay at an adequate funding level. With a lack of recent settlements, the Attorney General's share has increased as the amount available has decreased.</p> <p><b>Objective:</b> Coordinate with the Attorney General and agencies that receive consumer settlement fund funds to improve data reporting.</p> <p><b>Objective:</b> Understand what is restricted and what is not and the state of liabilities on the fund.</p> <p><b>Objective:</b> Understand potential impacts of the <i>New Mexico vs. Meta</i> trial on the state's resources.</p>	<p>Meetings with stakeholders</p> <p>Consumer settlement fund projection table</p> <p>FY28 budget recommendation and narrative</p> <p>Recommended language for the 2027 legislative session</p>	<p>Increased understanding of the state of the consumer settlement fund</p> <p>Greater transparency and budgetary decision-making</p> <p>Additional data and information on whether the Attorney General's Office should transition to an enterprise model</p>	Jacobs, Sanchez	October 2026
5	<p><b>Oversight of Nonrecurring Appropriations</b></p> <p><b>Issue:</b> New Mexico's judiciary and criminal justice agencies have received substantial nonrecurring appropriations in recent years. In addition to appropriations related to BHRJA and new funding from the 2026 session, the judiciary has received GRO funds for its legal assistance programs, electronic monitoring of pretrial defendants, and various projects at individual district courts.</p> <p><b>Objective:</b> Monitor if funds are spent efficient, effectively and according to legislative intent.</p>	<p>Meetings with stakeholders</p> <p>Status memo</p>	<p>Increased understanding of day-to-day agency operations and internal priorities</p> <p>Reduced possibility of encumbering funds contrary to legislative intent</p>	Jacobs, Sanchez	Ongoing
6	<p><b>1<sup>st</sup> Judicial District Case Management Order</b></p> <p><b>Issue:</b> The 1<sup>st</sup> Judicial District Attorney received a GRO appropriation of \$4.2 million for a case management team to handle an expedited caseload under the case management order. The 1<sup>st</sup> reported the highest time to disposition for criminal cases in FY25 at 280, compared to 197 for the entire state. The case management team is expected to organize and track cases processed by the intake team, similar to the Albuquerque Police Department's Shield Unit in the 2<sup>nd</sup>.</p> <p><b>Objective:</b> Review need for recurring funding in 1<sup>st</sup> Judicial District.</p> <p><b>Objective:</b> Determine potential need for a similar case management team in other districts with a case management order.</p> <p><b>Objective:</b> Compare the degree of interagency coordination and general efficiency with the 2<sup>nd</sup>'s case management team funded through APD.</p>	<p>Stakeholder meetings</p> <p>Status memo</p>	<p>Reduced time to disposition for criminal cases without an increase in dismissals</p> <p>Increased understanding of where the case management team should reside statutorily and the necessary degree of interagency coordination</p>	Jacobs	Ongoing

7	<p><b>Executive Order Monitoring and Evaluation</b></p> <p><b>Issue:</b> The executive has issued over \$465 million in executive orders since FY24 began. LFC has expressed concerns over both the funding mechanisms and the purposes for which they have been issued.</p> <p><b>Objective:</b> Evaluate the impact of executive order funding, both in terms of initial funding choices, and long-term tracking of reimbursements for federal disasters.</p>	<p>Program Evaluation</p> <p>Activity Reports</p> <p>Dashboard for executive order monitoring</p>	<p>Improved tracking of both expenditures and reimbursements from disaster funds, appropriation contingency fund, and general fund operating reserve.</p> <p>FY28 budget recommendations</p>	<p>Davidson, Sanchez, Valdez, Tolman, evaluators</p>	<p>Ongoing</p>
8	<p><b>Public Safety Outcomes</b></p> <p><b>Issue:</b> New Mexico's public safety outcomes remain among the worst in the nation, resulting in significant costs to the state. Many differing proposals address these issues and producing a budget recommendation that aligns with the Legislature's policy direction and supports best practices, evidence-based- and research-based policies, and effective programs requires ongoing collaboration between staff and legislators.</p> <p><b>Objective:</b> Coordinate with interested legislators (especially LFC members and members of the Courts, Corrections, and Justice Committee) on areas of interest regarding public safety and help them develop budgetary and legislative proposals.</p> <p><b>Objective:</b> Work to evaluate the current status of training for members of the criminal justice system including the sentencing commission, law enforcement academy staff, and other groups to understand whether the state is following best practices, and guide the direction of future legislative efforts to modernize the criminal justice system.</p>	<p>High-level tracking sheet</p> <p>Meetings with stakeholders</p> <p>FY28 budget recommendations and narratives</p> <p>Recommended legislation</p>	<p>Reduced costs to the justice system and reprioritization of funding toward effective interventions to prevent crime</p> <p>Reduce recidivism</p> <p>Address victim needs</p>	<p>Sanchez, Jacobs, Courtney</p>	<p>November 2026</p>

SECONDARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Pretrial Detention</b></p> <p><b>Issue:</b> The criminal justice system continues to face challenges with felony case dismissals and public perception of the pretrial detention processes. Past reform efforts have proposed overbroad changes that, evidence suggests, may have little impact on crime, create significant costs, and raise constitutional issues.</p> <p><b>Objective:</b> Analyze the current judicial framework of re-offense risk assessments.</p> <p><b>Objective:</b> Propose statutory changes that will improve oversight and public trust in the pretrial risk adjudication process while ensuring constitutional rights are upheld, if necessary.</p>	<p>Stakeholder meetings</p> <p>Activity reports</p> <p>Report cards</p> <p>Recommended legislation.</p>	<p>Improved policy analysis</p> <p>Strengthened public confidence in the criminal justice system</p> <p>Enhanced budget recommendations</p>	<p>Jacobs, Sanchez, Courtney</p>	<p>November 2025</p>
2	<p><b>Public Safety Grants</b></p> <p><b>Issue:</b> Laws 2022, Chapter 56 (House Bill 68), the 2022 GAA, Laws 2023, Chapter 188 (House Bill 357), and the 2023 GAA modify and create several programs to provide grants or otherwise distribute funds to promote public safety across many agencies, with almost \$200 million appropriated over two years. Implementing some of these programs during FY23 prompted concerns, particularly regarding law enforcement recruitment and retention money appropriated to DFA. Some of the 2023 appropriations include guardrails to protect against such issues in the future, while others do not.</p> <p><b>Objective:</b> Monitor and evaluate these programs' implementation and administration to ensure they have the intended impact, including establishing performance measures. Areas of focus should include law enforcement recruitment and retention funding appropriated without significant guardrails (\$107 million) and warrant enforcement funding (\$10 million).</p>	<p>Activity reports</p> <p>Memos</p> <p>Budget recommendations</p>	<p>Successful implementation of programs to fund effective solutions to issues in the criminal justice system, including violent crime</p> <p>Improved recommendations for law enforcement funding</p> <p>Law enforcement and public attorney training recommendations</p> <p>Improved tracking of pretrial services and monitoring outcomes</p>	<p>Sanchez, Jacobs, Hilla</p>	<p>Ongoing</p>

3	<p><b>Criminal Justice Technology and Data Integration</b></p> <p><b>Issue:</b> The use of technology and data in criminal justice --including real time information, analytics, license plate readers, and other tools-- have the potential to improve public safety outcomes. Data-based decision-making in the criminal justice system is improving and the state is continuing to invest in statewide technology solutions including intelligence led policing. However, historically data is siloed, and obtaining reliable data streams from local criminal justice partners has been difficult. The Sentencing Commission (NMSC) and the Administrative Office of the Courts (AOC) have received funding in the 2023 GAA and prior years to support data integration efforts.</p> <p><b>Objective:</b> Monitor best practices and progress on use of technology in criminal justice and data integration efforts led by NMSC and work with the commission to ensure the creation of reliable data streams for criminal justice data relevant to lawmakers. Demonstrate the utility of a data integration system by working with AOC and NMSC to develop a dashboard that monitors arrests, charges, adjudications, and incarceration related to criminal penalty changes by legislative session.</p>	<p>Activity reports</p> <p>Stakeholder meetings</p> <p>Dashboards</p> <p>Budget narratives</p> <p>More informative criminal justice FIRs</p>	<p>Integrated data-sharing among justice partners</p> <p>Improved understanding of crime trends and their impact on costs to the criminal justice system (enforcement, adjudication, and incarceration)</p> <p>Improved data on how individuals navigate the criminal justice system</p> <p>Improved targeting of legislative efforts to reduce crime</p>	Sanchez, Jacobs, Hilla	Ongoing
4	<p><b>Hourly Rates for Contract Attorneys</b></p> <p><b>Issue:</b> Contract attorney recruitment and retention remain an important issue for conflict cases and in rural areas without a Public Defender Department (PDD) office. The number of contract public defenders submitting RFPs currently hovers around 80 annually compared to prepandemic highs of over 100. PDD requested and received nonrecurring funding to pilot hourly rates for contract public defenders working complex cases.</p> <p><b>Objective:</b> Examine trends of contract attorney recruitment and retention.</p>	<p>Status report</p> <p>Meetings with stakeholders</p>	<p>Improved understanding of the relationship between hourly rates and contract attorney retention</p>	Jacobs	Ongoing
5	<p><b>Establishing the Office of the Child Advocate</b></p> <p><b>Issue:</b> The Office of the Child Advocate (OCA) was established as an independent entity in the Attorney General's office in the 2025 legislative session. OCA received a recurring budget of \$1.5 million from the consumer settlement fund for FY27 to staff the office and begin operations. The Child Advocate is expected to begin oversight of the state's child welfare agencies in April.</p> <p><b>Objective:</b> Monitor the OCA's staffing as it ramps-up operations.</p> <p><b>Objective:</b> Evaluate the OCA's performance within the Attorney General's office.</p>	<p>Meetings with stakeholders</p> <p>FY28 budget recommendations and narratives</p>	<p>Improved oversight of CYFD and statewide child welfare</p>	Jacobs, Malone	Ongoing

6	<p><b>New 11<sup>th</sup> Division 2 District Attorney</b></p> <p><b>Issue:</b> District Attorney Martin resigned effective February 25<sup>th</sup>. With declining performance measures, spiraling turnover, and public allegations of misconduct, the FY26 budget removed funding from the 11<sup>th</sup> District Attorney Division 2 and moved it to the 11<sup>th</sup> District Attorney Division 1. The FY27 budget for McKinley County is set to revert to Division 2 at the beginning of the new fiscal year.</p> <p><b>Objective:</b> Evaluate coordination between the two divisions to ensure Division 1 efficiently prosecutes cases in McKinley County until the budget is transferred.</p> <p><b>Objective:</b> Evaluate the permanent transfer of Division 1's appropriation for McKinley County to Division 2.</p> <p><b>Objective:</b> Monitor the 11<sup>th</sup> District Attorney, Division 2, to see if caseloads and other efficiency metrics improve and gather information on what operational changes were made to create that improvement.</p> <p><b>Objective:</b> Monitor the fate of cases declined by the 11<sup>th</sup> District Attorney, Division 2.</p>	<p>Meetings with stakeholders</p> <p>Site visits</p> <p>Status memo</p>	<p>Successful transition to a new district attorney and the permanent reversion of Division 1's appropriation for Division 2 to Division 2</p>	<p>Jacobs</p>	<p>Ongoing</p>
7	<p><b>Criminal Justice System Modernization</b></p> <p><b>Issue:</b> Persistent systemic challenges in criminal justice system performance, including case processing delays, inconsistent reporting, and fragmented coordination across agencies.</p> <p><b>Objective:</b> Better coordination of long-term planning approaches to modernize justice system operations, workforce structures, and training aligned with national standards.</p> <p><b>Objective:</b> Identify priority actions and funding strategies to address near-term system challenges.</p> <p><b>Objective:</b> Identify workforce recruitment, retention, career pathway development, and training modernization needs across justice system agencies.</p>	<p>Interim staff briefings and analytical memos on justice system performance trends and resource utilization.</p> <p>Analyses evaluating planning models, governance structures, and funding approaches for modernization initiatives.</p> <p>Staff work on identifying data limitations, potential performance measures, and reporting improvements.</p> <p>Updates on staffing trends, vacancy impacts, and training structures included in interim materials.</p>	<p>Improved legislative awareness of system performance issues and incorporation of findings into budget deliberations and interim oversight discussions.</p> <p>Identification of feasible strategies to support long-term system planning and inform legislative consideration of future policy or statutory changes.</p> <p>Support for the development of potential legislation and budget recommendations addressing justice system modernization priorities.</p>	<p>Sanchez, Jacobs, Courtney, Evaluators</p>	<p>Ongoing</p>

Agencies: NMED, EMNRD, OSE, DGF, SLO

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Disaster Preparation, Response, and Recovery</b></p> <p><b>Issue:</b> For the second year, a historically dry winter, coupled with persistent aridity across the state, in addition to above average temperatures, have combined for a potentially dangerous fire season. Legislation and funding have been allocated to respond and recover, though there is the potential for multiple large fires and subsequent disasters that could be complex and expensive.</p> <p><b>Objective:</b> Monitor prevention, preparation, response, and recovery efforts. Track usage of funds and review report created from use of funds. Discuss with the state's disaster agencies potential new directions the state can explore regarding preventing and responding better to wildfires and disasters.</p>	<p>Activity report items</p> <p>Volume 1 and 2 discussions</p> <p>Brief and hearing on New Mexico's disaster response, present and future</p> <p>Updates on the status of ongoing mitigation or suppression or post disaster work.</p>	<p>Assurance funds are spent wisely and efficiently. Flexible and best practice solutions to ever-present wildfire issues.</p> <p>Accountability and oversight related to financial investment.</p> <p>Budget recommendations to effectively place funds in areas of greatest need.</p>	Davidson	September
2	<p><b>Executive Orders</b></p> <p><b>Issue:</b> Multiple disasters from the Covid-19 pandemic to wildfires and flooding have exposed a system with unclear language open to different interpretations and lacking sufficient accountability and transparency. The current emergency funding system impedes the state's financial stability and disrupts the legislative branch's appropriative authority by spending into general fund accounts without explicit authorization.</p> <p><b>Objective:</b> Monitor issuance of executive orders, awarding of contracts tied to executive order funding, and continue to work with the executive for creation of new system.</p>	<p>Volume 1 and 2 discussions</p> <p>Brief and hearing on the status of executive order spending and use.</p> <p>Meetings with disaster agencies.</p> <p>Dashboard for EOs</p>	<p>Accountability and oversight related to use of state disaster funding.</p> <p>Oversight of existing system, as well as crafting of new system.</p>	Davidson/ Sanchez/ Torres/ Valdez/ Caraveo	September

3	<p><b>Natural Resource Nonrecurring Investments</b></p> <p><b>Issue:</b> The state's natural Resource agencies have received significant increases in nonrecurring appropriations over the past five years. With significant balances still outstanding, consistent monitoring of implementation of legislative intent is key to oversight of the funding.</p> <p><b>Objective:</b> Monitor success and utilization of increased investment, assess utilization of nonrecurring appropriations, rate of completion for nonrecurring appropriations. Monitor outcomes of appropriations, noting what did state receive from investment and if legislative intent was followed.</p>	<p>Activity Report items</p> <p>Volume 1 and 2 discussions</p> <p>Update on status of nonrecurring appropriation utilization</p>	<p>Assurance funds are spent wisely and for stated purposes.</p> <p>Accountability and oversight related to financial investment</p> <p>Budget recommendations to effectively place funds in areas of greatest need.</p>	Davidson	Ongoing
4	<p><b>Rio Grande Compact Implementation</b></p> <p><b>Issue:</b> The Office of the State Engineer and the Interstate Stream Commission together with the NM Attorney General and the other parties in the <i>Texas v New Mexico</i> litigation, reached a settlement and now await the ruling of the U.S. Supreme Court. To implement the settlement, the Legislature invested \$49 million for work, such as depletion reductions, water right purchasing, and unresolved litigation.</p> <p><b>Objective:</b> Monitor implementation. Provide a comprehensive analysis of the outcome, money spent on litigation, and implications for future water use in New Mexico. Coordinate with OSE on progress.</p>	<p>Activity report items</p> <p>Budget recommendations</p> <p>Volume 1 discussion</p>	<p>Information for Legislature regarding actual cost and policy implications of case outcome</p> <p>Improvement in interstate water deliveries</p>	Davidson/Jacobs	Ongoing
5	<p><b>Water Funding</b></p> <p><b>Issue:</b> Multiple streams of funding go to water in the state, though there does not exist a simple central hub or document that tracks all of them.</p> <p><b>Objective:</b> Create a central location or document that catalogues each of the ways the state, federal, and local governments fund water projects, safety, and quantity.</p>	<p>Activity report items,</p> <p>Volume I and II discussion items</p> <p>Brief on water funding in the state, potential dashboard</p>	<p>Additional information regarding current investment and potential areas need more improvement.</p> <p>Budget recommendations</p>	Davidson, Carswell	August

**SECONDARY ISSUES**

<b>Rank</b>	<b>Issues/Objectives</b>	<b>Output</b>	<b>Outcome/Results</b>	<b>Responsibility</b>	<b>Finish Date</b>
<b>1</b>	<p><b>Strategic Water Supply</b></p> <p><b>Issue:</b> The 2025 legislative session saw the passage of the strategic water supply and providing \$30 million for brackish water treatment projects and research. The Legislature continued to invest in it, appropriating \$35 million to continue state investment into the initiative. The impact of the continued investment, ensuring the state receives commensurate benefit, will need to be monitored.</p> <p><b>Objective:</b> Monitor agency spending and results for the stated purposes. Meet with agencies, stakeholders, and researchers to discuss new ventures regarding bolstering and growing the state's water supply.</p>	<p>New and revised performance measures focused on progress toward OSE's strategic goals rather than administrative processes. More informative quarterly performance report cards.</p>	<p>Additional information regarding agency performance and areas needing improvement, leading to a more informed, data-driven budget recommendation.</p>	Davidson	October
<b>2</b>	<p><b>Federal Land Protections</b></p> <p><b>Issue:</b> The removal of protections on federal land by the federal administration, in particular the state's Upper Pecos, opens up the state to expanded mining exploration. Due to the state's high reserves of uranium, copper, coal, potash, and other industrial metals, increased mining in the state could potentially create increased revenue and heightened risk of contamination.</p> <p><b>Objective:</b> Work with Bureau of Geology and Mining and Minerals Division of Energy, Minerals and Natural Resources Department to evaluate current mining regulation. Create strategic plan for how the state can anticipate and adapt to potential expansion of mining.</p>	<p>Activity report items</p> <p>Volume 1 and 2 discussions</p> <p>Brief and hearing on the past, present, and future of mining in the state</p>	<p>Pertinent information and policy recommendations to protect and enable the state</p> <p>Budget recommendations</p>	Davidson	Ongoing
<b>3</b>	<p><b>Environmental Regulation Oversight</b></p> <p><b>Issue:</b> The state's natural resource agencies administer multiple different environmental regulation programs, such as orphan well plugging, ground and surface water permitting, air quality monitoring, and hazardous waste operations. Varying degrees of success exist across the different regulatory programs and oversight of implementation of state funding for these operations will provide legislators with information as to how to enhance and bolster these programs.</p> <p><b>Objective:</b> Monitor implementation and use of funding. Look for methods of improving performance of lagging environmental regulatory programs.</p>	<p>Activity report items</p> <p>budget recommendations</p> <p>Volume 1 and Volume 2 discussion</p> <p>Brief on status of environmental regulation in the state.</p>	<p>Budget recommendations to effectively place funds in areas of greatest need</p>	Davidson	September

4	<p><b>Energy Generation and Transition</b></p> <p><b>Issue:</b> As the state continues to look for new methods of energy generation, from expanded solar and wind to geothermal, effort must continue to ensure the transition is accomplished by abiding by existing environmental regulation.</p> <p><b>Objective:</b> Meet with the pertinent agencies and stakeholders within and apart of energy growth and transition to bolster the legislature's role in growth and oversight of key industries. Look to other states for best practices as industries mature in New Mexico.</p>	<p>Activity report Items</p> <p>Budget recommendations</p> <p>Volume 1 and 2 discussion</p>	<p>Budget recommendations to effectively place funds in areas of greatest need</p> <p>Oversight related to growth of energy generation in the state.</p>	<p>Davidson, Rodriguez, Torres</p>	<p>Ongoing</p>
5	<p><b>Capital Projects Monitoring update</b></p> <p><b>Issue:</b> Capital projects funded by the Legislature have faced difficulty progressing toward completion, especially when requiring inter agency cooperation (water projects). Although LFC staff track the status of projects through the capital projects management system (CPMS), no process currently exists to determine if local capital outlay appropriations result in complete functional phases.</p> <p><b>Objective:</b> Examine and report on the progress of stalled capital outlay projects relating to natural resources.</p>	<p>Activity report items</p> <p>Budget recommendations</p> <p>Volume I and II discussion items.</p>	<p>Assurance funds are spent wisely and for the stated purpose</p> <p>Information regarding project progress</p>	<p>Davidson, Carswell, Ortega</p>	<p>Ongoing</p>
6	<p><b>State Land Office Analyst Transition</b></p> <p><b>Issue:</b> The State Land Office will be added into natural resource analyst block, calling for the analyst to meet with the previous one to as quickly as possible learn the agency and aid in the transition once a new state land commissioner is elected.</p> <p><b>Objective:</b> Monitor and collaborate as department continues to operate, meet weekly with previous analyst and monthly with new agency to get up to speed with key issues and important policy areas.</p>	<p>Memo on integration and transition for new agency in the block</p> <p>Activity report items</p> <p>Budget recommendations</p> <p>Volume 1 and 2 discussion</p>	<p>Better informed decisions on all issues concerning department financing and management of public lands</p>	<p>Davidson, Gaussoin</p>	<p>Ongoing</p>
7	<p><b>Department of Wildlife</b></p> <p><b>Issue:</b> The Game and Fish Department has transitioned into the Department of Wildlife, but whether the changes that came with the transition will address ongoing issues with the department is unclear</p> <p><b>Objective:</b> Monitor progress on previously flagged issue,s including those identified in the 2020 LFC evaluation, such as awarding of licenses to out-of-state hunters and game census.</p>	<p>Activity report items</p> <p>Budget recommendations</p> <p>Volume I and II discussion items</p>	<p>Assurance funds are spent wisely and for the stated purpose</p> <p>Information regarding project progress</p>	<p>Davidson</p>	<p>Ongoing</p>

## 2026 INTERIM WORK PLAN SUMMARY

### Capital Outlay

Cally Carswell

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Outstanding Capital Outlay</b></p> <p><b>Issue:</b> Outstanding capital outlay funds reached \$7 billion in FY26 across more than 6,000 projects. State agency and local capacity to manage projects, funding shortfalls, lack of planning, rising construction costs, labor shortages, and supply chain volatility can all impede project progress. Such impediments are more quickly recognized and addressed through regular tracking and reporting.</p> <p><b>Objective:</b> Identify common sources of project delays, assess agency and local capacity and project management efficacy, provide members with regular and informative reporting on project progress, and identify implications for 2027 appropriations.</p> <p><b>Objective:</b> Provide the Legislature with legislative fixes and reform proposals.</p>	<p>Quarterly capital outlay reports; committee briefs and hearings</p> <p>In-depth project and issue reviews, including reporting on new grant initiatives and implementation of 2026 legislative reforms</p> <p>Recommended vetting criteria for local projects</p>	<p>Project oversight resulting in timely expenditure of funds</p> <p>Understanding among legislators of factors that contribute to project success</p> <p>Budget and policy recommendations to address capacity issues and other sources of delay</p>	Carswell, Hatfield, analysts	Ongoing
2	<p><b>State-Owned Infrastructure</b></p> <p><b>Issue:</b> Investment in state-owned assets is necessary to support delivery of public services and education and to minimize risks to the state, but demand for capital outlay from state agencies and higher education institutions exceeds available funds, even with surging revenues.</p> <p><b>Objective:</b> Provide the Legislature with informative analysis on capital requests and budget recommendations and guidelines for state agencies and higher education that prioritize need and readiness.</p>	<p>Statewide capital outlay budget recommendations</p> <p>Capital outlay committee briefs and hearings</p> <p>Trainings for various audiences on prioritizing capital requests and appropriations</p>	<p>Capital outlay appropriation bills that effectively balance need, capacity to expend funds and complete projects, readiness, and potential public benefits with available funding</p>	Carswell, Hatfield	March 2027

3	<p><b>Inefficiencies</b></p> <p><b>Issue:</b> New Mexico's capital outlay process is inefficient and carries an unnecessarily high risk that projects to which funds are appropriated may not be completed and may not produce public benefits. Efforts to establish a more centralized and coordinated approach to planning, funding, and managing capital projects have only recently gained traction. As a result, the state has substantial catch-up work to do to fully take advantage of unprecedented levels of funding available for infrastructure. Additionally, local governments remain reluctant to contribute local revenue to projects or to take on debt, compromising project completion.</p> <p><b>Objective:</b> Prioritize and efficiently complete projects, increase the community benefits resulting from capital spending, and improve the state's ability to leverage federal dollars.</p> <p><b>Objective:</b> Provide the Legislature with legislative fixes and reform proposals.</p> <p><b>Objective:</b> Collaborate with executive agency partners to ensure effective implementation of 2026 legislative reforms and keep the Legislature informed about progress.</p>	<p>Briefs and hearings; project and capital program evaluations</p> <p>Snapshots of local gov't finances and capital projects for LFC meeting locales</p> <p>Ongoing meetings with DFA and activity reports about infrastructure division initiatives and priorities</p> <p>Policy &amp; budget recommendations for the 2026 Legislature</p>	<p>Capital outlay spending that results in tangible improvements in the state's communities and does so in an efficient manner</p> <p>Capital appropriations that more effectively leverage other funding sources</p> <p>DFA infrastructure division implementation consistent with legislative priorities</p> <p>Improved reporting and project tracking system (public-facing dashboard)</p>	Carswell, Hatfield	Ongoing
4	<p><b>Higher Education</b></p> <p><b>Issue:</b> Higher education construction cost increases have outpaced modest growth of dedicated revenues for higher education capital outlay. In today's volatile construction environment, the practice of requesting major construction dollars before design is complete or even initiated has made it difficult for institutions to complete projects on time and on budget and supplemental requests have ballooned. Additionally, long-term capital plans do not necessarily address enrollment trends and academic delivery methods and institutions report funding available for housing and auxiliary facilities is inconsistent and inadequate. The Legislature passed House Bill 8 to address many of these issues.</p> <p><b>Objective:</b> Diversify revenues for higher education capital projects, improve long-term capital planning and collaborate with executive partners to implement HB8 requirements for design prior to construction appropriations.</p> <p><b>Objective:</b> Develop a strategy for prioritizing investments in student housing and auxiliary facilities, consistent with requirements and goals of HB8.</p>	<p>Briefs and hearings</p> <p>Budget recommendations for major projects, student housing, and auxiliary projects</p>	<p>Increased transparency of project development prior to construction funding</p> <p>Improved capital planning and on-time, on-budget project completion</p> <p>Facilities that support improvements to campus life</p>	Carswell, Jorgensen	December 2026

5	<p><b>Local Project Vetting</b></p> <p><b>Issue:</b> The Legislature's ability to vet local capital outlay requests, set capital funding priorities as a body, and coordinate appropriations is limited by the short time between legislators' receipt of requests and funding deadlines and ineffective tools to vet requests and coordinate funding decisions.</p> <p><b>Objective:</b> Use the earlier deadline for local requests and new legislative staff to improve support to legislators in reviewing requests and in utilizing recommended vetting practices.</p> <p><b>Objective:</b> Collaborate with LCS and leadership staff to modernize the capital outlay request system.</p>	<p>Hearing materials for Legislative Council and LFC</p> <p>Improved quarterly sponsor reports and materials</p> <p>Vetting information on new requests</p> <p>Training for legislative staff</p>	<p>Fewer over- and under-funded projects</p> <p>Reduced backlog of capital projects</p> <p>Improved voluntary vetting tools for local capital outlay requests, including a new legislative request system</p>	Carswell, Hatfield	Ongoing
6	<p><b>Implementation of Reforms</b></p> <p><b>Issue:</b> The Legislature passed policy reforms in the 2026 session that will require follow-up with executive, legislative, and local government partners to ensure effective implementation in 2027.</p> <p><b>Objective:</b> Educate entities that receive capital outlay about the changes and ensure implementation occurs consistent with legislative intent.</p>	<p>Activity reports, quarterly reports</p> <p>Recommended reauthorization guidelines for state agencies, higher education, and local entities</p> <p>Identification of options for repurposing appropriations to stalled projects</p>	<p>Effective and smooth implementation of reforms</p> <p>More efficient and effective allocation of available capital dollars</p> <p>Improved planning and project development</p> <p>Reduced backlog of capital projects</p>	Carswell, Hatfield	March 2027

SECONDARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Public School Capital Outlay</b></p> <p><b>Issue:</b> Local match waivers granted by the Public School Capital Outlay Council have increased in number and amount in recent years, despite across-the-board reductions in the local match.</p> <p><b>Objective:</b> Identify potential revisions to the state-local match formula that would more accurately represent school districts' ability to contribute to project costs and reduce the need for waivers.</p> <p><b>Objective:</b> Assess mechanism for school building needs and replacements.</p>	<p>Legislation for potential endorsement by the Public School Capital Outlay Oversight Task Force that improves the state-local match formula</p>	<p>A formula that more accurately reflects school districts' ability to pay and reduces the need for waivers</p>	Carswell, evaluators, LESC	November 2026

2	<p><b>Construction Costs</b></p> <p><b>Issue:</b> Construction costs rose dramatically in a short period of time, particularly in rural areas and certain regions of the state, and continue to present challenges for the state.</p> <p><b>Objective:</b> Track changes in construction costs across agencies and projects and provide regular reporting on cost and market trends to provide funding agencies and the Legislature with benchmarks to evaluate new requests against.</p>	<p>Consistent cost reporting in quarterly reports</p> <p>Develop internal dashboard to track cost of new construction in different sectors</p>	<p>Cost benchmarks for funding agencies and the Legislature, supporting improved decision making for appropriations and awards</p>	<p>Carswell, Hatfield</p>	<p>Ongoing</p>
3	<p><b>Economic Development and Quality of Life</b></p> <p><b>Issue:</b> Capital outlay could facilitate public infrastructure development to support quality of life improvements and key sectors identified in the state's economic development plan but the state lacks a strategic plan for such investments.</p> <p><b>Objective:</b> Identify infrastructure investments needed in particular areas of the state to support targeted economic sectors and quality of life improvements.</p>	<p>Activity reports and hearing briefs, including review of projects funded through existing grant programs</p> <p>Volume I narratives</p> <p>Budget recommendations</p>	<p>Strategic state and local capital appropriations to support economic development</p>	<p>Carswell, Rodriguez</p>	<p>December 2026</p>
4	<p><b>Rural Infrastructure</b></p> <p><b>Issue:</b> Rural and frontier communities have fewer resources to meet infrastructure needs and the local capital outlay process, which apportions money based on population, is inadequate to meet those needs. Communities are often reluctant to utilize the local tax base to meet infrastructure needs.</p> <p><b>Objective:</b> Provide analysis on state dollars allocated to infrastructure improvements in rural and frontier communities, major categories of unmet need, and options for completing priority projects in small communities.</p>	<p>Activity reports and hearing briefs</p> <p>Local capital outlay budget recommendations and guidelines</p>	<p>Complete funding for high-priority projects in rural and frontier communities</p>	<p>Carswell, Hatfield</p>	<p>December 2026</p>
5	<p><b>Major Projects</b></p> <p><b>Issue:</b> State entities have several major projects (\$40M+) in development. Oversight of project development can support cost control and project delivery. Additionally, the Legislature should remain informed of operational and programmatic implications that could impact recurring budgets.</p> <p><b>Objective:</b> Effective oversight of major state-owned projects.</p>	<p>Activity reports, hearing briefs</p> <p>Budget recommendations</p>	<p>On-time, on-budget project delivery</p> <p>Clarity about operational implications of major projects</p>	<p>Carswell, Simon, Jorgensen, analysts</p>	<p>Ongoing</p>

6	<p><b>Local Capacity</b></p> <p><b>Issue:</b> Local capacity limitations compromise the success of capital projects and many small communities have few options for building capacity in the short- and long-term.</p> <p><b>Objective:</b> Develop strategies for addressing local capacity.</p>	<p>Analysis on current efforts by councils of governments and technical assistance providers, and evaluation of special appropriations for capacity building</p> <p>Budget recommendations</p>	<p>Funding to develop promising models for building capacity at a regional level</p> <p>Fewer capital projects delayed due to capacity limitations</p>	Carswell	December 2026
7	<p><b>Senior Centers</b></p> <p><b>Issue:</b> The state provides significant financial support for capital projects at senior centers but lacks consistent standards for facility adequacy or local cost-sharing. Additionally, it is unclear the extent to which capital investments in these facilities further statewide programmatic or service goals because some senior center facilities remain underutilized or nonoperational due to limited resources and workforce constraints.</p> <p><b>Objective:</b> Increase legislative oversight of the capital outlay process for senior centers. Create standards for facility adequacy and cost-sharing and provide the Legislature with more certainty that capital investments in senior centers further statewide programmatic goals.</p> <p><b>Objective:</b> Conduct analysis of the programmatic uses of senior center facilities and monitor facilities that have been constructed but are not currently staffed or operational.</p>	<p>Site visits, activity reports, project spotlight report</p> <p>Analysis on senior center capital outlay in subcommittee / LFC hearing briefs or quarterly reports</p> <p>Budget recommendations that reflect legislative priorities for senior centers</p>	<p>Capital investments in senior centers that are consistent with objective standards for facility adequacy and that support statewide programmatic goals</p>	Carswell, Hatfield, Hilla	December 2026
8	<p><b>Building Use Fees</b></p> <p><b>Issue:</b> Since the mid-1990s, the General Services Department has been authorized to charge state agencies fees for use of state-owned buildings, with proceeds dedicated to operations of the Facilities Management Division, as well as repairs of state facilities, a cost that often falls on capital outlay funds. GSD has never charged such fees, but the Legislature authorized a FY27-FY29 pilot program funded with the government results and opportunity fund.</p> <p><b>Objective:</b> Develop an evaluation and accountability plan with GSD and DFA.</p> <p><b>Objective:</b> Monitor and evaluate the pilot program to determine the cost effectiveness of state-owned versus leased facilities.</p> <p><b>Objective:</b> Monitor and evaluate the pilot program to determine if the program offers an alternative to capital outlay appropriations for minor facility repair costs.</p>	<p>Accountability and evaluation plan</p> <p>Facilities meetings between state agencies and the Facilities Management Division</p> <p>Volume 2 narrative</p> <p>Charts/graphs for Volume 3</p> <p>Quarterly performance reporting</p>	<p>Budget and policy recommendations to cover facilities costs, including costs now covered by capital outlay appropriations.</p> <p>Improved understanding of the capital needs of state agencies</p>	Simon, Carswell	Ongoing

**Agencies:** Personnel Board, General Services Department, Compensation Issues

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Total Compensation</b></p> <p><b>Issue:</b> The state has made significant investments in employee compensation, with average salaries up 44 percent since FY20 and increases in contributions to health insurance and pension benefits that have increased take-home pay but have also carried a significant price tag. As a result, the State Personnel Office now reports average total compensation of \$127 thousand per employee. State employees continue to see a large share of their total compensation indirectly through benefits and to remain competitive on salary, the state may need to explore ways to control benefits costs.</p> <p><b>Objective:</b> Continue to monitor how state employees are compensated relative to the broader job market aligned to 'new economy' demands for appropriate compensation and benefit packages.</p>	<p>Quarterly performance report updates</p> <p>Activity reports</p>	<p>Compensation package recommendation</p>	<p>Simon/Chenier</p>	<p>Ongoing</p>
2	<p><b>Risk Management</b></p> <p><b>Issue:</b> Both the Risk Management Division of the General Services Department (RMD) and the Public School Insurance Authority (NMPSIA) have seen a rise in claims and reinsurance costs for property and liability insurance, leading to increased demand for appropriations from state agencies and public schools. The Legislature has authorized several special appropriations to backfill these funds</p> <p><b>Objective:</b> Monitor revenue into risk management funds, agency payments, and the frequency and severity of claims to inform the rate setting process. Monitor which agencies are seeing claims rise most significantly to identify where operations may need to be improved.</p>	<p>Monthly large settlements reports</p> <p>Quarterly performance report updates</p> <p>Activity reports</p> <p>Interim policy briefs</p>	<p>Recommendation for risk management rates</p>	<p>Simon/Hernandez</p>	<p>Ongoing</p>

<b>3</b>	<p><b>Classified Service Job Architecture</b></p> <p><b>Issue:</b> Since September 2023, staff with LFC, the Department of Finance and Administration, and the State Personnel Office have been coordinating a joint study of the state personnel, compensation, and classification system. With implementation of a new classification plan and salary schedule beginning in FY26, SPO will shift to maintaining the classification system, with regular reviews of job families and assigned pay bands to ensure the state does not fall behind the broader job market. To accomplish this, the Legislature provided SPO with appropriations from the government results and opportunity fund to implement the new classification plan.</p> <p><b>Objective:</b> Work with DFA and SPO to determine performance measures and evaluation plans for GRO appropriations. Provide staff support for analyzing agency personnel budget requests for FY27 in light of recent changes.</p>	<p>Performance metrics associated with GRO appropriations</p> <p>Personnel Board meetings</p> <p>Monthly headcount reports</p> <p>Activity reports</p> <p>Interim policy briefs</p>	<p>Compensation package recommendation</p> <p>Identification of high value, high turnover positions</p>	Simon	Fall 2026
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SECONDARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p>Attend meetings of relevant agency boards, commissions, and task forces:</p> <ol style="list-style-type: none"> <li>1. Personnel Board</li> <li>2. Public Employees Labor Relations Board</li> </ol>	<p>Ongoing updates</p> <p>Activity reports</p>	<p>Better program understanding and more informed budget recommendations</p>	Simon	Ongoing
2	<p>Update to LFC resources related to public employment:</p> <ol style="list-style-type: none"> <li>1. Finance Facts: State Employee Compensation</li> <li>2. Quarterly Performance Dashboard: State Personnel</li> <li>3. Quarterly Performance Dashboard: General Services</li> </ol>	<p>Ongoing updates</p> <p>Activity reports</p>	<p>Improved communication issues involving the state budget</p>	Simon	Ongoing

Agency: NMDOT

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>NMDOT Project Schedule and Completion</b></p> <p><b>Issue:</b> NMDOT has substantial funds at its disposal to deliver important infrastructure projects statewide, with a record \$1.4 billion budget, authorization to sell \$350 million in bonds to fund projects in FY26 and FY27, and more than \$400 million in unspent and new special transportation appropriations. The department's one-year letting schedule includes projects with a total estimated cost of \$1.039 billion. Maintaining this schedule and completing projects on time is key to improving the conditions of New Mexico's roads, which the most recent road condition survey from the department indicates have fallen to their lowest level in recent history.</p> <p><b>Objective:</b> Review of NMDOT spending and planning for road construction and maintenance projects.</p> <p><b>Objective:</b> Support legislative oversight activities and committee hearings with agency performance data and monitor the delivery of projects on NMDOT's current active project and future letting schedule.</p> <p><b>Objective:</b> Support legislative oversight with analysis of required reporting for projects funded with bond sale proceeds.</p>	<p>Performance information for district reporting hearings for Transportation Infrastructure Revenue Subcommittee</p> <p>Quarterly reporting on major investment projects throughout New Mexico</p> <p>Transportation Commission meetings</p> <p>Activity reports and policy brief</p> <p>Information on sources and uses of NMDOT funds</p>	<p>Improved project oversight and transparency for road projects</p>	Simon	Ongoing
2	<p><b>Local Government Road Funding</b></p> <p><b>Issue:</b> New Mexico maintains multiple methods for funding local government road projects, including allocations from the local government road fund, the transportation project fund, and capital outlay projects authorized by the Legislature. While some programs are popular with local governments (often due to low local matching requirements), others are under-subscribed, with uncommitted fund balances in the local government road fund reaching nearly an entire year of revenue and a number of capital outlay appropriations with little or no activity.</p> <p><b>Objective:</b> Work with NMDOT and other stakeholders to make recommendations on funding methods for local government road projects.</p>	<p>Presentation of recent LFC findings on local road funding infrastructure</p> <p>Interim policy briefs</p> <p>Activity reports</p> <p>Possible committee endorsed legislation</p>	<p>Improved oversight of local government road spending and possible process improvements</p>	Simon	December 2026

3	<p><b>NMDOT Procurement and Reporting Policies</b></p> <p><b>Issue:</b> The Department of Transportation’s most recent financial audit identified several issues with NMDOT purchasing and disposal of assets, including findings related to the use of state-issued fuel cards and the purchase and disposal of mobile office assets without appropriate internal controls. The department currently has an exemption to reporting requirements typically applied to purchases made by other agencies. Additionally, each year the department reports significant equipment needs, with five of the six districts providing equipment lists with aggregate cost estimates topping \$75 million, however, cost estimates for equipment vary by district (for example, dump truck estimates vary by district between \$300K and \$350K) which raises the possibility that coordinating purchase of high demand items could lead to cost savings.</p> <p><b>Objective:</b> Monitor and report on equipment and other NMDOT purchases to better understand NMDOT equipment needs and the overall cost estimates for equipment replacement and track progress for equipment replacement.</p> <p><b>Objective:</b> Work with NMDOT staff and LCS staff to facilitate TIRS committee hearings on audit workplan for NMDOT’s Inspector General and relevant findings from FY26 audit plan.</p>	<p>Interim committee hearings</p> <p>Interim policy briefs</p> <p>Activity reports</p> <p>Monitoring use of special transportation appropriations</p>	<p>Improved oversight of spending and better budget recommendations</p>	<p>Simon</p>	<p>Fall 2026</p>
4	<p><b>NMDOT Traffic Safety</b></p> <p><b>Issue:</b> For FY27 through FY29, the Legislature has appropriated \$1.5 million per year from the government results and opportunity program fund for NMDOT to conduct. National traffic safety data shows New Mexico has among the highest rate of traffic fatalities in the United States and research suggests governments should develop a “safe systems” approach, pairing design with robust enforcement and response to reduce and eventually eliminate fatalities.</p> <p><b>Objective:</b> Work with NMDOT staff to develop the government results and opportunity evaluation and accountability plan.</p> <p><b>Objective:</b> Work with NMDOT staff and LCS staff to facilitate TIRS committee hearings on road safety issues.</p>	<p>Interim committee hearings</p> <p>Interim policy briefs</p> <p>Activity reports</p> <p>Evaluation and accountability report for GRO appropriation</p>	<p>Improved oversight of spending and better budget recommendations</p>	<p>Simon</p>	<p>Ongoing (GRO project funded through FY29)</p>

4	<p><b>Rail Crossing Safety</b></p> <p><b>Issue:</b> The federal government reports railroad crossing incidents are the second leading cause of rail deaths in the United States and that nearly all injuries and deaths in this area are preventable. The federal government funds a grant programs for state and local governments to eliminate at-grade rail crossings, with three New Mexico projects awarded a total of \$49.2 million. Legislation introduced in 2026 would have created a fund that could be used to match federal awards or fund state projects to improve rail crossing safety.</p> <p><b>Objective:</b> Study the issue of rail crossing safety and work with NMDOT to identify priority projects in need of funding.</p>	<p>Interim committee hearings</p> <p>Interim policy briefs</p> <p>Activity reports</p>	<p>Improved oversight of spending and better budget recommendations</p>	<p>Simon</p>	<p>Dec.2026</p>
5	<p><b>Staff Support for Transportation Infrastructure Revenue Subcommittee</b></p> <p><b>Issue:</b> Each interim, the Transportation Infrastructure Revenue Subcommittee undertakes a review of operations and performance of the Department of Transportation and other state programs that impact transportation policy. The committee's most recent workplan included a number of issues relevant to LFC's work, including transportation revenue sources, the costs of road construction and maintenance, traffic safety, and issues related to the future of transportation.</p> <p><b>Objective:</b> Provide staff support for items on the Transportation Infrastructure Revenue Subcommittee workplan in coordination with staff of the Legislative Council Service and other state agencies.</p>	<p>Interim policy briefs</p> <p>LegisStat performance data for district presentations</p> <p>Activity reports</p>	<p>Improved legislative oversight and transparency</p>	<p>Simon</p>	<p>Ongoing</p>

SECONDARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p>Attend meetings of relevant agency boards, commissions, and task forces:</p> <ol style="list-style-type: none"> <li>1. Transportation Commission</li> <li>2. Transportation Infrastructure Revenue Subcommittee</li> </ol>	<p>Ongoing updates</p> <p>Activity reports</p>	<p>Better program understanding and more informed budget recommendations.</p>	<p>Simon</p>	<p>Ongoing</p>
2	<p>Update to LFC resources related to transportation:</p> <ol style="list-style-type: none"> <li>1. Finance Facts: Highway Funding</li> <li>2. Quarterly Performance Dashboard               <ol style="list-style-type: none"> <li>a. Updated Project Schedule</li> <li>b. Project Letting and Completion Measures</li> <li>c. Road Conditions Survey</li> <li>d. Traffic Safety</li> </ol> </li> </ol>	<p>Ongoing updates</p> <p>Activity reports</p>	<p>Improved communication issues involving the state budget.</p>	<p>Simon</p>	<p>Ongoing</p>

Agency: Department of Finance and Administration

PRIMARY ISSUES					
Rank	Issues/ Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>DFA Nonrecurring Appropriations</b></p> <p><b>Issue:</b> The Department of Finance and Administration (DFA) was appropriated \$118.5 million in special appropriations for FY27. In previous years, money has been slow to roll out. Additionally, in FY25, DFA was appropriated \$119 million for housing projects, which the department later transferred to the Workforce Solutions Department.</p> <p><b>Objective:</b> Monitor the roll out of special appropriations allocated to DFA. Monitor housing transfer appropriations to the Workforce Solutions Department and local government housing projects.</p>	<p>Activity report items</p> <p>Monthly meetings DFA</p> <p>FY28 budget recommendation</p> <p>Quarterly nonrecurring hearing briefs</p>	<p>Better understanding of budget needs</p>	<p>Storms</p>	<p>Ongoing</p>
2	<p><b>GRO Implementation</b></p> <p><b>Issue:</b> The member government results and opportunity fund (GRO) is dispersed through the Department of Finance and Administration (DFA). The first two-year cycle will end June 30, 2026. Additionally, FY27 will be the third year of agency GRO pilot projects.</p> <p><b>Objective 1:</b> Understand implementation of the roll-out of member GRO funds and the impact of these awards.</p> <p><b>Objective 2:</b> Monitor the roll-out and disbursement of the FY27 member GRO funds.</p>	<p>Activity report items</p> <p>Monthly meetings DFA</p> <p>Hearing brief</p> <p>Review of three-year GRO pilot projects</p>	<p>Identify areas for improvement with GRO</p> <p>Training for state agencies</p> <p>Identify inclusion of GRO pilot projects into agency base operations</p>	<p>Storms</p> <p>Dinces</p> <p>DFA Staff</p>	<p>July 2026</p> <p>Ongoing</p>

**Agencies:** Taxation and Revenue, Administrative Hearings Office, Board of Examiners for Architects, Gaming Control Board, State Racing Commission, Regulation and Licensing Department, Board of Veterinary Medicine

PRIMARY ISSUES					
Rank	Issues/ Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Other State Funds in RLD</b></p> <p><b>Issue:</b> The Regulation and Licensing Department (RLD) received a total of \$22.3 million of general fund revenue for a deficiency in FY25, a supplemental appropriation for FY26, and various fund transfers to maintain fund balance solvency for the mortgage regulatory fund and the securities education and training fund. A long-term solution aimed at reducing the strain on RLD's funds and the general fund is needed.</p> <p><b>Objective:</b> Address possible solutions to prevent general fund infusions into the agency's core funds and monitor RLD's spending over FY27 and examine funds trends and projections.</p> <p><b>Objective:</b> Track and collect data for the mortgage regulatory fund and the securities education and training fund over the interim to determine if the funds can continue to support yearly operations.</p> <p><b>Objective:</b> Determine a long-term solution for the agency's operating budget that reduces the strain on the general fund but allows the agency to complete its mandated duties.</p>	<p>Activity report items</p> <p>Monthly Meetings with RLD and DFA</p> <p>FY28 budget recommendation</p> <p>Potential LFC sponsored legislation centered around changing the agency's fees and distributions to the general fund.</p> <p>Dashboard that tracks the mortgage regulatory fund and the securities education and training fund</p>	<p>An operating budget that allows the agency to fulfill its statutory requirements, while minimizing the use of the general fund.</p>	Montano	Ongoing
2	<p><b>Healthcare Licensure Compacts</b></p> <p><b>Issue:</b> There was an influx of proposed legislation focused on including New Mexico in a multitude of healthcare-related professional license compacts to improve New Mexicans access to healthcare. The federal government may prioritize funding for states participating in specific interstate health compacts.</p> <p><b>Objective:</b> Track implementation of recently passed compacts and determine which healthcare licensure compacts New Mexico needs to join to prevent missing out on federal funding.</p> <p><b>Objective:</b> Evaluate the administrative burden the social work compact has on RLD, to determine the capability of New Mexico joining more national healthcare compacts.</p>	<p>Research materials</p> <p>Activity reports</p>	<p>Improved understanding of which compacts New Mexico should join to prevent losing federal funding</p>	Montano	October

3	<p><b>Sunset Review Process</b></p> <p><b>Issue:</b> There are currently 12 boards and commissions that are scheduled to sunset on July 1, 2027. Of these, 11 are administratively attached to RLD's Boards and Commissions Program. The 12<sup>th</sup> is the State Racing Commission (469). In the 2025 legislative session, the termination dates of the boards and commissions in the sunset process were extended by 10 years, instead of six years.</p> <p><b>Objective:</b> Determine which boards and commissions sunset date should be extended and assess pros and cons of renewing sunset entities as a part of review. Also, determine if extending sunset dates by 10 years instead of six years should be the norm.</p>	<p>Sunset Review Questionnaire</p> <p>Committee sponsored legislation</p> <p>Timeline of target deadlines: statutory review, notify agencies, subcommittee schedule</p>	<p>Ensure the targeted boards and commissions properly regulate licensed professionals</p>	<p>Montano/LCS Staff</p>	<p>October</p>
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**SECONDARY ISSUES**

Rank	Issues/ Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Taxation and Revenue Department's Operating Fund</b></p> <p><b>Issue:</b> The Taxation and Revenue Department (TRD) requested to decrease its use of other state revenues for FY27 to maintain fund balance solvency in the TRD operating fund. Initially, TRD also requested to reduce the use of the Motor Vehicle Department (MVD) suspense fund, but the agency updated a contract that is projected to increase the fund's revenue by \$3 million.</p> <p><b>Objective:</b> Monitor the MVD suspense fund and determine if the projected revenue increase is accurate.</p> <p><b>Objective:</b> Determine if similar routes are needed to prevent the TRD operating fund from being depleted.</p>	<p>Activity Report Items</p> <p>FY28 budget recommendation</p>	<p>Ensure the long-term health of the agency's funds.</p>	<p>Montano</p>	<p>October</p>

2	<p><b>Special and GRO Appropriations</b></p> <p><b>Issue:</b> It is imperative to track and monitor nonrecurring funding that the legislature appropriates to identify if agencies are spending the money properly. The Taxation and Revenue Department (TRD) received \$1.3 million in special appropriations to update IT equipment and to purchase and install equipment to process taxpayer mail. TRD was also granted access to request up to \$5 million to implement tax and motor vehicle changes from the recent legislative session. The Regulation and Licensing Department (RLD) is entering its second year of receiving GRO appropriations to staff employees in the Cannabis Control Division, which includes the staffing of law enforcement officers.</p> <p><b>Objective:</b> Monitor implementation and expenditure of TRD's special appropriations.</p> <p><b>Objective:</b> Monitor expenditure of RLD's GRO appropriations and how effective law enforcement officers are at reducing illegal growing operations.</p>	<p>Activity Report</p> <p>FY28 budget recommendation</p>	<p>Improved oversight and monitoring of special and GRO appropriations</p>	<p>Montano</p>	<p>October</p>
3	<p><b>Supplemental Appropriations</b></p> <p><b>Issue:</b> An agency requests a supplemental appropriation when it has overspent its budget, either through accounting errors or unforeseen emergencies. Besides RLD, the State Racing Commission (SRC) and the Administrative Hearings Office (AHO) received supplemental appropriations for FY26. AHO's need for a supplemental was centered around the new employee healthcare premium changes, but SRC's need was based on potential employee liabilities and day-to-day operations.</p> <p><b>Objective:</b> Analyze the reasons SRC and AHO overspent their operating budget for FY26 to evaluate whether this will be a one-time occurrence or if current business practices will continue to lead to SRC and AHO requiring future supplemental funding.</p>	<p>Activity report</p> <p>FY28 budget recommendation</p>	<p>Improved oversight and monitoring of supplemental appropriations</p>	<p>Montano</p>	<p>October</p>
4	<p><b>Board of Veterinarian Medicine Budget Deficit</b></p> <p><b>Issue:</b> The Board of Veterinarian Medicine (BVM) is an enterprise agency but has received general fund funding for FY26 and FY27. BVM is required by statute to inspect every animal shelter and veterinarian office but has not generated sufficient revenue from license fees to fund these operations. The board increased license fees by 25 percent in 2024, but this increase in revenue may not be sufficient to fund BVM's operations. A shortage of veterinarians in New Mexico puts a ceiling on potential fee revenue, and other factors, including a lack of a national compact for veterinarians, increase the need to evaluate different avenues to fund BVM.</p> <p><b>Objective:</b> Evaluate different funds and avenues to fund BVM's inspections, while minimizing the use of the general fund.</p>	<p>Activity report items</p> <p>Possible brief</p>	<p>Better understanding of BVM's current budget situation and identify ways to support the agency's operations while minimizing the need for general fund revenue</p>	<p>Montano</p>	<p>October</p>

	<b>Objective:</b> Determine if BVM will require general fund support in the future and determine how long this support will be needed.				
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Agencies: OSA, IAD, MFA

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Tribal Housing</b></p> <p><b>Issue:</b> The Legislature appropriated \$25 million during the 2026 legislative session to support affordable and attainable housing, including \$10 million for tribal housing infrastructure and projects, administered through the New Mexico Finance Authority (NMFA) and the Mortgage Finance Authority (MFA) in consultation with the Indian Affairs Department (IAD). Housing shortages remain a significant challenge in many of New Mexico's nations, tribes, and pueblos, and effective coordination among state agencies and tribal governments is necessary to ensure these funds support viable housing and infrastructure development.</p> <p><b>Objective:</b> Monitor the allocation, implementation, and outcomes of FY26 tribal housing appropriations. Provide analysis to the Legislature on project selection, expenditure timelines, and barriers to housing development to inform future housing and infrastructure investments for tribal communities.</p>	<p>Activity reports and hearing briefs</p> <p>Budget narratives and recommendations</p>	<p>Improved transparency and coordination in the use of state funds for tribal housing and increased progress toward addressing housing and infrastructure for New Mexico's tribes</p>	<p>Ortega, Carswell, Hernandez</p>	<p>Ongoing</p>
2	<p><b>Nonrecurring and Government Results and Opportunity (GRO) Appropriations Oversight</b></p> <p><b>Issue:</b> The Legislature appropriated approximately \$4.8 million to the Indian Affairs Department (IAD) in FY26 through nonrecurring and government results and opportunity (GRO) appropriations for initiatives, including tribal wildlife planning, public television and radio support, indigenous youth programming, language preservation, cultural education, youth leadership programs, and health services in tribal communities. These appropriations often span multiple fiscal years and may experience delays in implementation or expenditure. GRO appropriations are intended to support initiatives with measurable outcomes and may be considered for recurring funding in future budgets.</p> <p><b>Objective:</b> Track and monitor the implementation, expenditures, and outcomes of nonrecurring and GRO appropriations administered by IAD, including timelines for distribution of funds and barriers to implementation. Review GRO-funded initiatives to inform legislative recommendations regarding potential recurring funding.</p>	<p>Activity reports and hearing briefs</p> <p>Budget narratives and recommendations</p>	<p>Improved transparency and accountability for nonrecurring appropriations, timely implementation of programs benefiting tribal communities, and informed legislative decisions regarding future funding</p>	<p>Ortega</p>	<p>Ongoing</p>

3	<p><b>Tribal Infrastructure and Capital Outlay Administration</b></p> <p><b>Issue:</b> IAD administers state capital outlay and the tribal infrastructure fund (TIF) to support infrastructure development for New Mexico's nations, tribes, and pueblos. Timely execution of grant agreements and effective administration of these programs are critical to ensure projects move forward and appropriated funds are expended within statutory deadlines. The TIF also includes a provision limiting individual tribal project applications to 15 percent of the total annual fund allocation unless the board adjusts the cap based on fund availability, which may affect the distribution of funding.</p> <p><b>Objective:</b> Monitor IAD's administration of capital outlay and TIF awards, including grant agreement execution, project timelines, and expenditure of appropriated funds. Provide oversight and analysis to ensure funding reaches tribal governments in a timely manner and supports completion of priority infrastructure projects. Review the implementation and impacts of the 15 percent TIF application cap and any board adjustments to assess whether the policy supports equitable distribution of funds and timely project delivery.</p>	<p>Capital outlay committee briefs and hearings</p> <p>Quarterly reports</p> <p>Budget and capital recommendations</p>	<p>Improved timeliness and transparency in the administration of capital outlay and TIF grants and increased completion of infrastructure projects benefiting New Mexico's tribes</p>	<p>Ortega, Carswell</p>	<p>Ongoing</p>
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**SECONDARY ISSUES**

Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Small Local Public Bodies Financial Compliance</b></p> <p><b>Issue:</b> New Mexico's small local public bodies (SLPBs) struggle to meet financial compliance requirements, delaying access to capital outlay and other critical state funding. These entities, often managed by volunteers with limited expertise, face challenges in completing required audits and financial reviews. As a result, during the 2026 legislative session, the Office of the State Auditor (OSA) received a \$500 thousand special appropriation to support initiatives that will address these issues.</p> <p><b>Objective:</b> Track spending and monitor the impact of the \$500 thousand special appropriation and prior year appropriations to support SLPBs initiatives and provide updates on compliance progress and funding accessibility for SLPBs.</p> <p><b>Objective:</b> Explore the impact of codifying Executive Order 2013-006 through the Public Finance Accountability Act on financial audit compliance and the timely release of capital outlay funds.</p>	<p>Activity reports</p> <p>Budget narratives and recommendations</p>	<p>Improved financial compliance and access to capital outlay awards for SLPBs</p> <p>Proper utilization of funds</p>	<p>Ortega</p>	<p>June 2026</p>

## 2026 INTERIM WORK PLAN SUMMARY

### Information Technology

Emily Hilla

**Agencies:** Department of Information Technology, Cybersecurity Office, Office of Broadband

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Cybersecurity</b></p> <p><b>Issue:</b> The Cybersecurity Office, administratively attached to the Department of Information Technology, has received ample state funds for cybersecurity initiatives. However, the office has seen little movement of funds and little realization of tangible state benefits.</p> <p><b>Objective:</b> Monitor and track cybersecurity spending on state-funded projects and evaluate progress with cybersecurity needs assessments, upgrades, and project management services. Identify and examine funding delays. Monitor cybersecurity threats and identify opportunities to fortify the state's recurring and nonrecurring cybersecurity infrastructure and response mechanisms.</p>	<p>Accountability status report</p> <p>Activity reports</p> <p>Creation of performance measures</p> <p>Cyber rate model</p>	<p>Improved oversight and accountability over state funds</p> <p>More efficient administration of state funding to match legislative intent on the state and local level</p>	Hilla	<p>July 2026</p> <p>Ongoing</p>
2	<p><b>Broadband</b></p> <p><b>Issue:</b> The Office of Broadband Access and Expansion (OBAE), administratively attached to the Department of Information Technology, has received ample state and federal funds for broadband. Projects continue to be rewarded, but implementation has seen little realization of tangible state benefits.</p> <p><b>Objective:</b> Monitor and track OBAE spending on federal and state-funded projects and evaluate progress on reaching statewide connectivity goals, particularly with the implementation of the \$675 million federal Broadband Equity Access and Deployment funding.</p>	<p>Quarterly report cards</p> <p>Activity reports</p> <p>Site visits</p> <p>Volume 1 publication</p> <p>Hearing brief</p>	<p>Keep legislators and stakeholders informed on key broadband decisions and accomplishments; Informed budget recommendations; Accurate tracking and reporting on broadband funds and initiatives. Tracking of state and federal funds</p>	Hilla	<p>June 2026</p> <p>Ongoing</p>

**SECONDARY ISSUES**

<b>Rank</b>	<b>Issues/Objectives</b>	<b>Output</b>	<b>Outcome/Results</b>	<b>Responsibility</b>	<b>Finish Date</b>
<b>1</b>	<p><b>Child Welfare Information System</b></p> <p><b>Issue:</b> The Children, Youth and Families (CYFD) child welfare IT project has seen long-stalled delays, with project costs increasing by more than 200 percent of the original project budget. The project is now anticipated to be functional by August 2026.</p> <p><b>Objective:</b> Monitor state and federal funding for implementation of the child welfare system. Implement the system to provide transparency and CYFD services and programs.</p>	<p>IT Project Spotlight – August/September 2026</p> <p>Activity reports</p> <p>CYFD/LFC monthly meetings</p> <p>Quarterly report cards</p>	Informed policymakers	Hilla/Malone	Ongoing
<b>2</b>	<p><b>Electronic Health Records Project</b></p> <p><b>Issue:</b> The Department of Health (DOH) first received funding for its electronic health records IT project in 2019 but has seen little progress in project implementation. The health records project aims to connect all state facilities and public health records to be on one central electronic records system.</p> <p><b>Objective:</b> Track project implementation, including system functionality and phase rollout. Collaborate with DOH and DoIT on project status, timelines, and project demos.</p>	<p>Creation of report card produced quarterly starting in FY27</p> <p>Budget recommendation</p>	Better decision making	Hilla	Ongoing
<b>3</b>	<p><b>Intelligence-Led Policing</b></p> <p><b>Issue:</b> The Department of Public Safety (DPS) started its intelligence-led policing project in 2022 originally as one phase. DPS has since broken the project into multiple phases to be completed by 2027. The project has experienced scope creep, in addition to delays in connecting law enforcement agencies to onboard the system and participate in data sharing.</p> <p><b>Objective:</b> Track project implementation, including functionality and phase rollout. Collaborate with DPS and DoIT on project status, timelines, and project demos.</p>	<p>IT Project Spotlight</p> <p>Activity Reports</p> <p>Quarterly report cards</p>	Inform policymakers	Hilla/Sanchez	July 2026 Ongoing

4	<p><b>P25 Digital Public Safety Radio System Upgrade Project</b></p> <p><b>Issue:</b> DoIT's P25 digital statewide public safety radio system upgrade will upgrade and replace public safety radio equipment and systems with digital mobile communications for public safety organizations. DoIT has used statewide price agreements for the radio equipment and support services. Additionally, the department continues to request radio subsidies for local, tribal, and federal governments, though LFC data show that local governments have high cash balances.</p> <p><b>Objective:</b> Track types of procurement of infrastructure, equipment, and services, including statements of work provided by vendors. Track radio subsidies to local, tribal, and federal governments.</p>	<p>Policy memo or hearing topic</p> <p>Quarterly report cards</p> <p>Activity reports</p>	<p>Increased understanding of procurement of equipment</p> <p>Understanding return on radio subsidy investment</p> <p>Informed budget recommendations</p>	Hilla	Ongoing
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Agencies: SIC, ERB, PERA, State Treasurer

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Investment Performance</b></p> <p><b>Issue:</b> With more than \$93 billion in assets under management, investment performance of the State Investment Council, the Public Employees Retirement Association, and the Educational Retirement Board have a significant impact on the state's long-term fiscal health. While performance targets vary by the goals of the fund, the state relies on investment agencies meeting performance targets to protect retirement benefits for public employees and provide revenue for public schools, early childhood education, and other vital state programs.</p> <p><b>Objective:</b> Continue monitoring the performance of state investments to ensure taxpayers and beneficiaries fully benefit from investments.</p>	<p>Investment performance and funding status updates</p> <p>Interim policy briefs and presentations</p>	<p>Better program understanding and more informed budget recommendations</p>	<p>Simon, Gray</p>	<p>Ongoing</p>
2	<p><b>Retiree Benefits</b></p> <p><b>Issue:</b> Legislation designed to improve the solvency of New Mexico's pension systems have resulted in reduced benefits for retirees through lower cost-of-living adjustments, a policy that has presented retirees with financial challenges as inflation rates have risen. In recent years, several bills have been filed to provide temporary or permanent changes to cost-of-living adjustments, in some cases providing non-compounding, one-time payments and in some cases providing compounding increases that would carry additional costs for years to come.</p> <p><b>Objective:</b> Continue to study the sustainability of state pension plans, in collaboration with staff of the Public Employees Retirement System and the Educational Retirement Board.</p> <p><b>Objective:</b> Work with pension fund staff to understand cost estimates provided by the plans' actuaries on potential costs of policy proposals.</p>	<p>Policy analysis on proposals that could significantly impact state finances</p> <p>Interim policy briefs and presentations</p> <p>Activity reports</p>	<p>Better program understanding and more informed budget recommendations</p>	<p>Simon</p>	<p>Dec. 2026</p>

3	<p><b>Employee Contribution Levels and Total Compensation</b></p> <p><b>Issue:</b> Annual actuarial reports for pension plans report on the contributions needed to cover the costs of benefits earned in the current year, known in industry jargon as the plan’s “normal cost.” In New Mexico, employee contributions cover the bulk of the plans’ normal costs, with PERA members covering 78.4 percent of normal costs in FY25 and ERB members covering 75.7 percent of normal costs. Most employer contributions are used to pay off accrued liability that have yet to be funded. Pension benefits are a critical aspect of a public employee’s compensation package and the share of the benefit paid for by employee contributions make this a more or less attractive benefit.</p> <p><b>Objective:</b> Continue to study the value of New Mexico’s pensions benefits and the role the pension systems play in the recruitment and retention of educators and public employees.</p>	<p>Policy analysis on proposals that could significantly impact state finances</p> <p>Interim policy briefs and presentations</p> <p>Activity reports</p>	<p>Better program understanding and more informed budget recommendations.</p>	<p>Simon</p>	<p>Fall 2026</p>
5	<p><b>Investment Agency Staffing and Operating Costs</b></p> <p><b>Issue:</b> Investment balances managed by the state’s investment agencies have risen in recent years, from a total of \$55.1 billion in FY20 to \$93 billion, according to LFC’s investment report. The increases have led agencies to seek additional appropriations to align their staffing needs and operational costs to maximize investment returns to the state.</p> <p><b>Objective:</b> Gain a better understanding of staffing needs and investment expenses and work with investment agencies to develop staffing and budget recommendations that allow agencies to maximize returns on the state’s investments.</p>	<p>Interim policy briefs and presentations</p> <p>Activity reports</p>	<p>Better program understanding and more informed budget recommendations.</p>	<p>Simon</p>	<p>Ongoing</p>
6	<p><b>Staff Support for Investment and Pensions Oversight Committee</b></p> <p><b>Issue:</b> Each interim the Investments and Pensions Oversight Committee undertakes a review of operations and performance of the state’s investment agencies. The committee’s most recent workplan included a number of issues relevant to LFC’s work, including investment performance and asset allocation, agency governance, earlier and proposed pension reform proposals, fund solvency and sustainability, and agencies strategic goals.</p> <p><b>Objective:</b> Provide staff support for items on the Investment and Pensions Oversight Committee workplan in coordination with staff of the Legislative Council Service and other state agencies.</p>	<p>Interim committee meeting attendance</p> <p>Interim policy briefs and presentations</p> <p>Activity reports</p>	<p>Better program understanding and more informed budget recommendations.</p>	<p>Simon, Economists</p>	<p>Ongoing</p>

**SECONDARY ISSUES**

1	Attend meetings of relevant agency boards, commissions, and task forces: 1. State Investment Council 2. Public Employees Retirement Association 3. Educational Retirement Board	Ongoing updates  Activity reports	Better program understanding and more informed budget recommendations.	Simon	Ongoing
2	Update to LFC resources related to investment and pension agencies: 1. Finance Facts: Public Employee Pensions 2. Finance Facts: Permanent Funds 3. Quarterly Investment Performance Online Dashboard	Ongoing updates  Activity reports	Improved communication issues involving the state budget.	Simon, Economists	Ongoing

PRIMARY ISSUES					
Rank	Issues/Objectives	Output	Outcome/Results	Responsibility	Finish Date
1	<p><b>Accessible Reports</b></p> <p><b>Issue:</b> LFC staff does important work that influences legislation and management of state agencies, but key to ensuring staff's information and analysis reach policymakers, managers, and the public is making easily digestible reports that are readily available.</p> <p><b>Objective:</b> Continue to improve the accessibility of existing reports—in content, formatting, and availability—and create new reports that help the public, media, and members understand the budget process.</p>	<p>Website updated for functionality</p> <p>Creation of a consolidated, topic-driven website location for policy briefs, staff presentations, and other policy research materials</p> <p>Updated report card web page with standardized interactive data dashboards</p> <p>Updated and expanded Finance Facts</p> <p>Updated document templates</p>	<p>Improved public access to and understanding of government policy and LFC work</p> <p>Greater public understanding of LFC work on area topics</p> <p>More reader-friendly publications that are easier for staff to use</p> <p>Improved correlation of LFC and agency FIR formatting and information</p>	Gaussoin/other staff	<p>Website updates by end of June</p> <p>Finance Facts updates by end of May</p> <p>Ongoing</p>
2	<p><b>Publication Quality</b></p> <p><b>Issue:</b> LFC's ability to communicate is only as good as the communications skills of its staff.</p> <p><b>Objective:</b> Continue to improve the quality of writing in reports and consistency in tone and style.</p>	<p>Training in narrative structure and LFC Style</p> <p>Edited documents</p>	<p>Staff with a better understanding of narrative structure, grammar, and LFC style</p> <p>Organization publications that are easier to understand and more interesting to read</p>	Gaussoin/Carswell	Ongoing

4	<p><b>Performance Measures</b></p> <p><b>Issue:</b> Performance measures from state agencies are plagued with insubstantial errors that must be repeatedly fixed through the budget development and drafting process.</p> <p><b>Objective:</b> Continue to work with DFA to clean up measures and with staff to encourage agencies to comply with clean up.</p>	Clean purpose statements and measures in BFM	Cleaner Volume 2 and General Appropriation Act	Gaussoin/staff	July
5	<p><b>Manuals</b></p> <p><b>Issue:</b> Outdated budget and FIR manuals create confusion among staff, inconsistent practices that add to workload, and documents that are missing important elements.</p> <p><b>Objective:</b> Create easily understood manuals that institutionalize a common approach that eliminates confusion and creates consistency and that further includes guidance to databases and other technology</p>	Updated budget manual	Useful and usable direction	Gaussoin/staff	End of July

**Proposed Program Evaluation Work Plan - April 2026  
PROJECTS FOR PROGRAM EVALUATION UNIT**

**PART I: PROGRAM EVALUATION and POLICY SPOTLIGHT PROJECTS**

<b>A. Current Priority</b>			<b>Staff and Due Date</b>		
<b>Agency Code</b>	<b>Agency Name</b>	<b>Project Descriptions</b>	<b>Lead Evaluator</b>	<b>Evaluation Staff</b>	<b>Due/Hearing Date</b>
630	HCA	Program Evaluation: SNAP Administration and Performance	Alma Kassim	Clayton Lobaugh	June-26
Multiple	WSD	Action Plan: Disengaged Youth	Josh Chaffin	Sarah Dinces	April-26
924	PED and Districts	Progress Report: Instructional Time and Extended Learning Opportunities in Public Schools	Sarah Rovang	Stephanie Joyce	June-26
Multiple	DFA	Program Evaluation: Emergency Orders	John Valdez	Guillermo Caraveo	June-26
NMHIX	NMHIX and HCA	Progress Report: Health Insurance Exchange	Elizabeth Dodson	Danielle Ceballes	August-26
Multiple	Multiple	Policy Spotlight: Industrial Revenue Bonds	Drew Weaver	Michael Hess/ Econ. Team	July-26
Multiple	HCA and OSI	Program Evaluation: Behavioral Health Utilization	Matt Goodlaw	Harry Rommel	Fall 2026

**PART II: OTHER PROJECTS**

<b>A. Current Priority</b>			<b>Staff and Due Date</b>		
<b>Agency Code</b>	<b>Agency Name</b>	<b>Project Descriptions</b>	<b>Lead Evaluator/ Analyst</b>	<b>Evaluator/ Analyst</b>	<b>Report Date</b>
630	HCA	Medicaid Behavioral Health Dashboards	Matt Goodlaw		April-26
Multiple	Multiple	GRO and PERF Reporting and Implementation	Sarah Dinces	Analysts/ LESC/ DFA	May, July, Nov 2026
Multiple	Multiple	GRO-D Reporting	TBD	Analysts	Ongoing
Multiple	Multiple	Tax Expenditure Reports	Drew Weaver	Brendon Gray	Ongoing
Multiple	Multiple	SB3 Plan Evaluation	Eric Chenier	Sarah Dinces	Ongoing
Multiple	Multiple	State Solvency Framework	Ismael Torres	Matt Goodlaw	Ongoing
Multiple	Multiple	PIVOT (SB58 Program Inventories) - Agency Training and Inventory Analysis	Sarah Dinces	Sarah Rovang	Fall 2026

<b>B. Next Priority</b>			<b>Staff and Due Date</b>		

**PART III: Program Evaluation Parking Lot**

<b>Agency Code</b>	<b>Agency Name</b>	<b>Project Descriptions</b>			
Multiple	Multiple	Housing Projects (NMFA, NM Housing, HCA, Corrections, SB3, Capital Outlay)			
924	Districts	Review of Public School Below-the-Line Appropriations			
924	PED	Regional Education Cooperatives, including Procurement Practices			
630	HCA	Medicaid Administration			
350	GSD	Progress Report: Motor Pool			
333	TRD	Stacking Business Incentives			

**Proposed Program Evaluation Work Plan - April 2026  
PROJECTS FOR PROGRAM EVALUATION UNIT**

Multiple	Multiple	Progress Report: Internal Audit and OIG Functions			
631	WSD and EDD	Workforce and Economic Development Non-Recurring Investments: Outcomes and Procurement			
350	GSD	Progress Report: Procurement			
361	DoIT	Program Evaluation: Cybersecurity at DoIT: State Agencies and Higher Education			
350	GSD	Program Evaluation: Construction-related/ Public Works Project Procurement			
631	WSD	Progress Report: Unemployment Insurance			
631	WSD	Progress Report: Labor Relations			
624	ALTSD	Progress Report: Funding and Performance of the Aging Network			
350 & 361	DoIT & GSD	IT Procurement Oversight and Outcomes			
Multiple	Multiple	P25 Radio Tower Project			
690	CYFD and HCA	Progress Report: Children's Behavioral Health			
333	TRD	Tax E: Property Taxes			
690	CYFD and HCA	Progress Report: CARA			
337	SIC	Spotlight: Review of Investing and Reporting Practices			
350	GSD	Outcomes of State Green Facilities Initiatives			
420	RLD	Construction Industries and Cannabis Control			
430	PRC	Electric infrastructure needs and associated costs			
465 & 469	Racing & Gaming	Operations of the State Racing Commission & Gaming Control Board			
505	DCA	Museums and Historic Sites			
665	DOH	Progress Report: DOH Facilities			
790 and 805	DPS and DOT	Motor Vehicle and Pedestrian Fatalities			
950 and 924	HEIs and PED	Teacher Preparation, Pipeline, and Outcomes			
950 and 924	HEIs and PED	Principal and school district leadership preparation, retention, and practice			
924	PED	Use of Technology in Schools			
924	PED	School Safety Initiatives			
950	IHEs	Higher Education Centers of Excellence			