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**AGENCY BILL ANALYSIS
2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original **Amendment**
Correction **Substitute**

Date Prepared: 2026-02-02
Bill No: SB202

Sponsor: Campos, Pete
PHYSICIAN GRADUATE
Short Title: ED. TRUST FUND

Agency Name and Code NMHED
Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	\$100,000.0	transferred to Physician Graduate Medical Education Trust Fund, one-time	General Fund
N/A	\$10,000.0	transferred to the Physician Graduate Medical Education Program Fund	General Fund
	\$8,000.0	for expenditure in FY17 and FY28	Physician Graduate Medical Education Program Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 202 (SB202) creates two new non-reverting funds, the Physician Graduate Medical Education Trust Fund (Trust Fund) and the Physician Graduate Medical Education Program Fund (Program Fund). The Trust Fund is to be managed by the State Investment Officer, with quarterly reports to the Legislative Finance Committee (LFC) and the State Investment Council and annually to the LFC, the Revenue Stabilization Committee, the Tax Policy Committee, and any other appropriate legislative committees.

The Program Fund is administered by the New Mexico Health Care Authority (NMHCA) and money in the Program Fund is subject to legislative appropriation to support physician graduate medical education programs in rural and underserved areas of the state. Beginning on July 1, 2027, an amount equal to five percent (5%) of the average year-end market value of the Trust Fund for the preceding three years (or the number of years the Trust Fund has been in existence if less than three full years) shall be transferred to the Program Fund.

The New Mexico Higher Education Department's (NMHED's) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

On the effective date of the act, one hundred million dollars (\$100,000,000) is appropriated to the Trust Fund and another ten million dollars (\$10,000,000) is appropriated to the Program Fund. In addition, eight million dollars (\$8,000,000) from the Program Fund is appropriated to NMHCA for Fiscal Year 2027 (FY27) and Fiscal Year 2028 (FY28) as follows:

- Up to two million five hundred thousand dollars (\$2,500,000) each fiscal year to support physician graduate medical education programs in rural and underserved areas that are in the process of applying for accreditation.
- Up to five hundred thousand dollars (\$500,000) each fiscal year to support physician graduate medical education programs that have been accredited for less than one year.
- Up to one million dollars (\$1,000,000) each fiscal year to support programs in rural and underserved areas that have been accredited for more than one year.
- Unexpended balances at the end of FY28 revert to the Program Fund.

SIGNIFICANT ISSUES

There is a well-documented shortage of physicians in New Mexico, especially in rural areas. SB202 purports to help address that shortage through support for both new (programs applying for accreditation or recently accredited) and established programs. Currently, the only public physician education program in New Mexico is in the University of New Mexico School of Medicine (UNM SOM). There is also a private, for-profit medical school, the Burrell College of Osteopathic Medicine, located in Las Cruces.

Any new program in New Mexico would need to go through an approval process with the NMHED. A public program would need to go through the statutory approval process for new graduate programs. Any new private program would need to also be approved by the Private Postsecondary Schools Division of the NMHED. In addition, the New Mexico Constitution contains an anti-donation clause that generally prohibits the use of state funds to support private entities, including private colleges and universities. While the anti-donation clause generally prohibits gratuitous transfers of state funds to private entities, New Mexico law recognizes exceptions where expenditures serve a clearly defined public purpose and the state receives enforceable value in return, such as through economic development programs, service contracts, or health care and workforce training agreements.

PERFORMANCE IMPLICATIONS

There are no performance criteria specified in SB202. However, expenditures by the state of this amount of money should be tied to clear, measurable outcomes to show the benefit of the public investment to the citizens of the state. In this specific case, measurements of the addition of physicians to serve rural and under-served areas of the state should be included in any appropriation from the Program Fund.

ADMINISTRATIVE IMPLICATIONS

The only administrative impact on the NMHED would be approval of any new public or private physician education program in New Mexico.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB202 is not enacted, then the Trust Fund and the Program Fund would not be created, and the physician shortage in New Mexico would be addressed through other means, such as the planned expansion of the UNM SOC, and loan repayment, expansion of residency opportunities, and other state programs to incentivize physicians to stay and practice in New Mexico.

AMENDMENTS

N/A