

Performance Trends

Performance in the second quarter changed little from the first quarter, an indication that trends are starting to emerge. Public safety agencies, including the Department of Public Safety and the Corrections Department, made strides to address vacancies, and measures related to recidivism and clearance rates within the judiciary demonstrated continuing positive performance trends. Meanwhile, performance within the Economic Development Department and Energy, Minerals and Natural Resources agencies declined. Medicaid enrollment dropped in the second quarter, totaling 838 thousand New Mexicans, continuing the downward trend following the end of the public health emergency and state economic improvements. The Children, Youth and Families Department again failed to provide any performance data in the second quarter, violating the Accountability in Government Act requirements.

Among the findings in the quarterly report cards:

Education

Public Education Department, page 7. PED continued efficient administrative operations, meeting its targets for processing reimbursements and budget adjustments, although it did not complete planned formula audits. New Mexico students showed continued low performance on the 2024 National Assessment of Educational Progress (NAEP), which reported that only 20 percent of fourth graders were proficient in reading—10 points below the national average. However, the state's Measures of Student Success and Achievement (MSSA) test indicated higher proficiency, with 43 percent of fourth graders proficient, underscoring ongoing differences between state and national testing standards.

Higher Education Institutions, page 10. New Mexico spends more than twice as much per student on higher education than any surrounding state and nearly double the national average. Despite this, the state routinely ranks near the bottom in terms of graduation rates, educational attainment, and per-capita income. It is clear that, given the high level of state appropriations, New Mexico colleges must improve student outcomes, particularly graduation. To meet the national average for graduates, New Mexico would need to produce 720 more graduates per year, with 707 graduates needed at the University of New Mexico and New Mexico State University to meet the national average.

Child Well-Being

Early Childhood Education and Care Department, page 12. The Early Childhood Education and Care Department (ECECD) reported mixed results for the second quarter of FY25. The program has reported an enrollment of only 823 families in the Medicaid-funded home visiting program, below the performance target of 1,500 but an increase above the 402 from the previous fiscal year. Increasing family enrollment in Medicaid-funded home visiting has been a policy priority of Legislature. As of the second quarter of FY25, Childcare Assistance average enrollment was close to 30.1 thousand at an average annual cost per child of \$10.9 thousand.

Children, Youth and Families Department, page 16. For the second quarter of fiscal year 2025, CYFD again did not submit performance data as required by the Accountability in Government Act, hindering the state's ability to measure performance of a critical system serving vulnerable children and families. CYFD cites last year's turnover of critical staff as contributing to an inability to produce performance data, as required by statute.

Health

Health Care Authority, page 20. The Health Care Authority's enrollment dashboard indicates 838,153 individuals were enrolled in Medicaid in February 2025, 39 thousand fewer than the department's September 2024 projection indicated. Available data continues to indicate enrollment is trending

downward with the end of the public health emergency and economic improvement, including increases in labor force participation. The Income Support Division (ISD) fell short of all performance targets but performance is trending in the right direction. Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) caseloads continued to be a drag on the authority's performance, even though the caseloads are nearing prepandemic levels.

Behavioral Health Collaborative, page 25. After little progress and no meetings in over one year, the Legislature passed, and the governor signed, legislation in February 2025 that repealed the Behavioral Health Collaborative statutes and created a new Behavioral Health Executive Committee charged with establishing new behavioral health regions, reviewing and approving regional plans, establishing funding strategies and structures based on regional plans, monitoring and tracking deliverables and expenditures, and establishing management strategies led by a project manager at the Health Care Authority (HCA). The law also requires the Administrative Office of the Courts to complete sequential intercept mapping and coordinate the development of regional plans.

Department of Health, page 27. The Department of Health (DOH) reported mixed performance across the agency for the second quarter of FY25. State health indicators, particularly those related to substance use disorders, have contributed to overall declines in the health outcomes of at-risk populations in the state. The Public Health Program continues reporting low performance for smoking cessation services. Research consistently shows that comprehensive tobacco cessation programs can significantly reduce smoking rates and lead to better long-term health outcomes. Addressing these gaps is a priority. The U.S. Centers for Disease Control and Prevention reports, among adult smokers, approximately 67 percent expressed a desire to quit smoking, and about 53 percent attempted to quit in the past year. However, only 8 percent successfully quit smoking.

Aging and Long-Term Services, page 30. The Aging and Long-Term Services Department (ALTSD) reported some improvement in performance during the second quarter of FY25. The department's mission is to serve older adults and adults with disabilities so they can remain active, age with dignity, be protected from abuse, neglect, and

exploitation, and have equal access to healthcare. During the second quarter of FY25, the Aging and Disability Resource Center (ADRC) received 12,675 calls, averaging 215 per day. This volume is higher than at end of FY24 but remains lower than pre-pandemic levels. During this quarter, ADRC averaged 12 dedicated FTE: five focused on appointments, one handled voicemail (typically responding within the same day), and the rest managed live calls, walk-ins, returned calls, and overflow appointments. The most common topics of inquiry include assistance with Medicaid, Medicare, and senior centers.

Economic Development

Economic Development Department, page 33. Performance measures in the second quarter, as is usual, were lower than in the first quarter. Total jobs created, jobs created by the Local Economic Development Act and by the New Mexico Partnership, buildings rehabilitated through MainStreet, and all performance measures for the Film Office were lower compared to the first quarter. This performance is typical of EDD, as it notes that economic development tends to slow during the holiday season. On the contrary, the Outdoor Recreation Division showed strong performance in the second quarter, as the division announced its first and only round of awardees through the outdoor equity fund and trail projects funded through the Trails+ Grant program.

Tourism Department, page 36. The Tourism Department continued to show progress in its performance in the second quarter of FY25. The agency awards funding for its main programs at the beginning of the fiscal year, so the second quarter is focused on continuing the agency's work on national and local advertising campaigns and supporting grantees and partners. NMTD's winter campaign started in all targeted metro areas started in November and ran until the end of February. The agency generated \$6.2 million in advertising value equivalence in the second quarter, securing 28 pieces of coverage in national and international leisure travel media outlets, including an article in *The New York Times* that highlighted protecting and preserving the state's natural environments.

Workforce Solutions Department, page 38. New Mexico continues to have a low labor force

participation rate, though employment levels exceed prepandemic levels. While WSD's second quarter performance reflects some increases in traffic to its offices and job seeker portal, counts remain below targets. In addition, the number of youth enrolled in federal programs also remains low. WSD will need to continue looking for ways to reach disengaged adults not in the labor force. Despite appropriations to hire additional staff in the Labor Relations Division, the program continues to fall well below timeliness targets.

Justice and Public Safety

Department of Public Safety, page 42. In the second quarter of FY25, the Department of Public Safety made significant strides in addressing staffing challenges and improving operational efficiency. Efforts included increasing dispatcher and officer pay, reducing vacancies, and enhancing workforce capacity, with a 12 percent vacancy rate among state police officers. DPS advanced its intelligence-led policing project by implementing a new records management system and improving crime data collection, with 84.6 percent of agencies now reporting through the National Incident-Based Reporting System. The agency also reduced vacancies at its forensic lab and worked to address backlogs, such as those for sexual assault kits.

Corrections Department, page 46. In the second quarter of FY25, the Corrections Department demonstrated significant progress in reducing staff vacancies and enhancing program outcomes. Correctional officer vacancy rates decreased, and the turnover rate improved, aligning facility occupancy with staffing levels. Additionally, the department achieved lower recidivism rates both for individuals reincarcerated due to new or pending charges and among participants in treatment programs and increased participation in educational initiatives, suggesting strides toward rehabilitation goals.

Courts and Justice, page 49. Positive performance trends within courts and justice from the first quarter of FY25 have largely continued in the second quarter. Courts did not reach the performance target for clearance rates but positive trends in underlying factors, like time to disposition and the age of pending criminal cases, could reverse clearance rate performance if these trends continue. The Law Offices of the Public Defender maintained positive

adjudication rates despite issues with recruiting and retaining attorneys, especially contract attorneys. District attorneys' performance measures regressed slightly but can be mostly attested to districts dealing with chronic recruitment and retention issues. Treatment courts are being utilized more, but capacity is significantly less than pre-pandemic levels, meaning the courts have reduced the number of individuals who can receive treatment due to declining treatment provider availability. Treatment courts dealing with capacity issues, especially in the 2nd judicial district, should investigate capacity expansion, marketing measures, and treatment court reconfiguration if utilization trends continue.

Natural Resources

Energy, Minerals, and Natural Resources Department, page 55. The Energy, Minerals and Natural Resources Department (EMNRD), continued to utilize the significant investment from the Legislature and federal government to improve key performance metrics. An outlier to this trend is the Oil Conservation Division's (OCD) orphaned and abandoned well plugging program, which missed its target for average number of wells plugged due to new compliance. Another reason for the missed target is issues with federal funding. OCD is not the only division of EMNRD to have issues with federal funding, with the Energy, Conservation and Management Division also noting issues with receiving federal funds. EMNRD's overall budget for FY25 is \$175.8 million, with federal funds comprising over half (52.5 percent).

Office of the State Engineer, page 58. The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) continue in negotiations with Texas, Colorado, and the U.S. government regarding a possible Rio Grande settlement. OSE and ISC met with representatives from all parties in February, though no timeline for completion of settlement was finalized. Additionally, negotiations continue in the Colorado River Basin with implications for the state's compact delivery obligations. New Mexico's cumulative debt under the Rio Grande Compact remained within acceptable margins of decline, though trends regarding the state's debt should be monitored. Efforts by the agency to improve deliveries to Elephant Butte continued in FY24. The number of offers submitted to defendants through OSE's Litigation and Adjudication Program are on

track to exceed the target for the second year in a row. Discussion of new performance measures to monitor the success of other aspects of OSE and ISC should be considered, as measures capture only a small portion of the agency's workload.

Environment Department, page 60. Deteriorating performance measure trends from the first quarter of FY25 continued in the second quarter of FY25 for the Environment Department's (NMED) regulatory programs, despite NMED funding having more than doubled over the last five years. These results are due to a mixture of external and internal issues. Due to new credentialing processes for the Surface and Water Quality bureaus, inspections fell far below the target. Additionally, persistent issues with staff recruitment and retention in the Solid and Hazardous Waste bureaus hinder performance. NMED's agencywide issues with recruitment and retention, could be further exacerbated by potential federal funding cuts to natural resource protection funding. Coordination with NMED regarding federal funding volatility and its potential impact on the agency will be imperative to anticipating and adapting to a changing natural resource landscape.

General Government

General Services Department, page 64. The department's Risk Management Program has seen several large payouts, leading to lower reserves and the potential for the fund to end the year with a negative cash balance. A small number of agencies account for most expenses, including the University of New Mexico Health Sciences Center, Corrections Department, and Children, Youth and Families Department.

State Personnel Office, page 67. Despite a significantly higher headcount of state employees, vacancy rates for classified employees remain stubbornly high, largely due to an increase in the number of positions. Turnover among new employees is down but remains high. The State Personnel Office has prioritized reducing the time it takes agencies to fill vacant positions. SPO reports an average of 64 days but some agencies are completing the process in as little as 19 days.

Taxation and Revenue Department, page 68. In the second quarter of FY25, the Taxation Revenue Department (TRD) continued to make technological

advancements in the Motor Vehicle Division (MVD) aimed at increasing the convenience of customers. The Audit Compliance Division of the Tax Administration Program has a collectable balance of \$1.5 billion and has collected \$195.4 million, or 13 percent of the collection goal. The total FY25 reduction in the fiscal year beginning accounts receivable is \$606.4 million or 31.7 percent, bringing the total balance to \$1.3 billion. The Tax Fraud Investigations Division (TFID) has seen some progress in judicial districts taking white-collar investigations. TRD leadership is working to integrate a special prosecutor who will provide legal support on TFID cases.

Infrastructure

Department of Transportation, page 71. The department reports recent spikes in the percentage of projects concluding late and over-budget have moderated in the second quarter, with all projects ending on-time and 2.6 percent under budget. New Mexico has one of the highest rates of traffic fatalities in the nation and the number of traffic fatalities remains high, with 410 fatalities in FY24. Year-to-date the department reports 200 fatalities, but totals are typically revised upwards in future quarters.

Information Technology Projects, page 72. Information technology project trends for the second quarter of FY25 remain the same as the first quarter. Agencies continue making progress in obtaining functional systems. The Health Care Authority's Medicaid management information system replacement project went up in its project status ranking, now at an overall rating of yellow, up from red. While the HCA has made significant project process, LFC has heard complaints from Medicaid providers of difficulty enrolling in the new Medicaid system. HCA is aware of these issues and is working with its vendor for a corrective action plan. The Children, Youth and Families Department's child welfare system will not have system functionality until late 2025 but still maintains the same closeout date of late 2027.

Investments

Fund Performance, page 84. The value of New Mexico's combined investment holdings grew by \$383.4 million quarter-over-quarter, to an ending balance of \$87.2 billion. For the year, funds increased

by \$9.6 billion, or 12.4 percent. Over the last five years, the state's combined investment holdings grew \$32.1 billion, or 58.3 percent. When compared with peer funds greater than \$1 billion on a net-of-fee

basis, the state's risk-averse investments generally performed better than peers over the quarter but worse in the one-, three-, five-, and 10-year periods.

Report Card Rating Rubric

Green	Yellow	Red
Agency has met the quarterly target or is on track to meet the annual target.	Agency slightly missed the target or is off track for meeting the annual target.	Agency failed, or is likely to fail, to meet the target or failed to provide data.

Fine Tuning

- Did the agency provide the data? How reliable is the data? Is the collection method transparent?
- Does the measure gauge a core function of the agency? Is the measure a good gauge of effectiveness?
- Does the agency use the information internally? Does the agency have a plan to maintain or improve performance?

Department/Program	Q1	Q2	
Early Childhood Education and Care Department			
Family Support and Intervention	Y	Y	
Early Education, Care and Nutrition	Y	Y	
Prekindergarten (reported annually)			
Policy, Research, and Quality	G	G	
Children, Youth and Families Department			
Protective Services	R	R	
Juvenile Justice Services	R	R	
Behavioral Health Services	R	R	
Public Education Department			
Department Operations	Y	Y	
Department of Health			
Public Health	Y	Y	
Epidemiology and Response	R	R	
Scientific Laboratory	Y	Y	
Facilities Management	Y	Y	
Aging and Long-Term Services			
Consumer and Elder Rights	Y	Y	
Adult Protective Services	Y	Y	
Aging Network	Y	Y	
Health Care Authority			
Medical Assistance	Y	Y	
Income Support	Y	Y	
Child Support Enforcement	Y	Y	
Developmental Disabilities Support	Y	Y	
State Health Benefits	Y	Y	
Behavioral Health Collaborative			
Behavioral Health	Y	Y	
Courts and Justice			
Administrative Support	G	G	
Special Court Services	G	G	
District Attorneys	G	G	
Public Defender	G	G	
Department of Public Safety			
Law Enforcement	G	G	
Statewide Law Enforcement Support	Y	Y	
Corrections Department			
Inmate Management and Control	Y	Y	
Reentry	Y	Y	
Community Offender Management	G	G	
Energy, Minerals and Natural Resources			
Energy Conservation and Management	G	G	
Healthy Forests	G	Y	↓
State Parks	G	G	
Mine Reclamation	G	G	
Oil and Gas Conservation	G	Y	↓

Department/Program	Q1	Q2	
State Engineer			
Water Resource Allocation	Y	G	↑
Interstate Stream Commission	G	Y	↓
Litigation and Adjudication	G	G	
Environment Department			
Water Protection	Y	Y	
Environmental Protection	R	R	
Environmental Health	R	Y	↑
Resource Protection	Y	R	↓
Economic Development Department			
Economic Development	G	R	↓
New Mexico Film Office	Y	R	↓
Outdoor Recreation	Y	G	↑
Tourism Department			
Marketing and Promotion	G	G	
New Mexico Magazine	Y	G	↑
Tourism Development	G	Y	↓
Workforce Solutions Department			
Employment Services	Y	Y	
Unemployment Insurance	Y	Y	
Labor Relations	Y	Y	
Program Support and Workforce Invest.	Y	Y	
General Services Department			
Risk Management Funds	R	R	
Facilities Management	Y	Y	
State Purchasing	Y	R	↓
Transportation Services	G	G	
State Printing	G	G	
State Personnel System			
Human Resource Management	Y	Y	
Taxation and Revenue Department			
Tax Administration	Y	Y	
Compliance Enforcement	Y	Y	
Motor Vehicle	G	G	
Program Support	Y	Y	
Property Tax	Y	Y	
Department of Transportation			
Project Design and Construction	R	G	↑
Highway Operations	G	G	
Modal	R	R	
Program Support	G	G	

Programs with a Rating Upgrade	5
Programs with a Rating Downgrade	7

Total Q2 Green Ratings	21
Total Q2 Yellow Ratings	34
Total Q2 Red Ratings	11