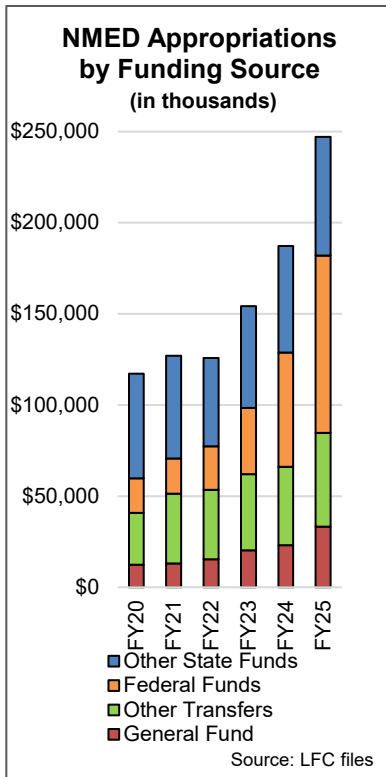


PERFORMANCE REPORT CARD

Environment Department
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ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes



Federal Funding Exposure

The portion of NMED's budget funded through federal dollars has steadily increased over the past five years, growing from \$19 million, or 16.3 percent, in FY20 to \$97.3 million, or 40 percent, in FY25. NMED's Water Protection Division receives the largest portion of federal funding, roughly \$51 million, making up 68 percent of the division's total budget. Discussions at the federal level regarding cuts or clawbacks related to natural resource protection funding increases the pressure on the state to ensure its natural resource agencies can operate even if federal funding is reduced.

Deteriorating performance 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 hinder performance at the Solid and Hazardous Waste bureaus. These issues, coupled with NMED's agencywide issues with recruitment and retention, result in deteriorating performance. NMED suggests the department needs additional significant funding to address its staffing and retention issues.

These issues 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 anticipate and adapt to a changing natural resource landscape.

Water Protection

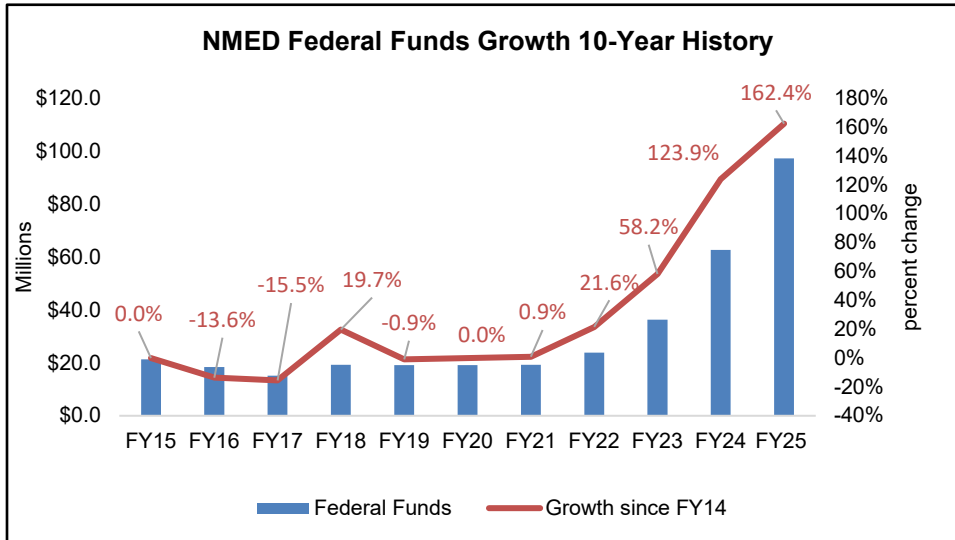
The Water Protection Program continues to assist communities in developing internal capacity to use state and federal funding for infrastructure improvement and water resource management. The Surface Water Quality Bureau, due to changes in the U.S. Environmental Protection Agency's credentialing process, added one additional credential inspector in the second quarter of FY25. This resulted in the percentage of surface water permittees inspected increasing to 25 percent in the second quarter of FY25, an improvement from the first quarter but still off the pace to reach the FY25 target. Staffing issues with the groundwater program continue to hamper the program's ability to conduct inspections. The agency is working to reclassify the positions to make them more competitive, though the consistent vacancy level at the program and its impact on its performance remain an issue to be monitored. The Construction Programs Bureau initiated 47 new water infrastructure projects, totaling roughly \$14.9 million, and is on pace to exceed its FY25 target.

Budget: \$62,511.4 FTE: 191.3	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	Rating
Percent of the population served safe and healthy drinking water	89.8%	89.5%	95%	95%	94.8%	Y
Percent of surface water permittees inspected	145%	100%	100%	10%	25%	R
Percent of groundwater permittees inspected	18.2%	30.6%	65%	11%	9.3%	R
Number of new water infrastructure projects	157	175	115	47	47	G
Program Rating	Y	Y				Y

Resource Protection

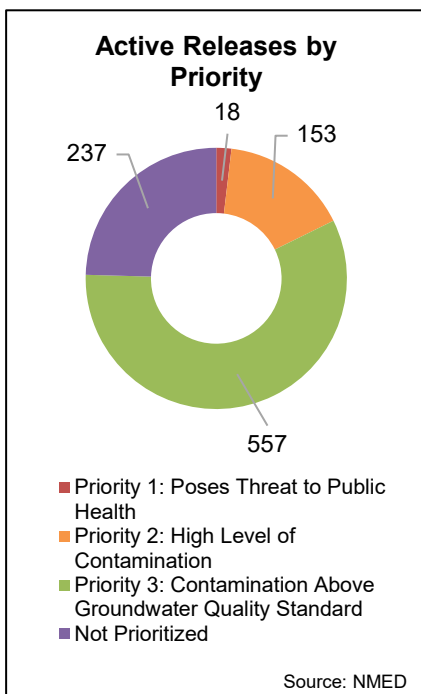
The Resource Protection Program continued to fall far behind its target for all three of its performance measures. The program has historically had issues with recruitment and retention, specifically in its Solid and Hazardous Waste bureaus, resulting in performance that consistently lags its targets. The program notes it has continued to work to reclassify existing vacancies to higher-level positions to improve recruitment and

retention, but the agency reports additional staffing is needed to improve the rate of inspections. The agency did not prioritize staffing increases for its FY26 budget request.



In the second quarter of FY25, the Petroleum Storage Tank Bureau (PSTB) did not issue “no further action” (NFA) status for any sites. NFA status signifies compliance with remediation standards, assuring no significant risk of harm to public health or the environment at the site. Notably, NFA status determinations are fluid throughout the year, based on specific site conditions, staffing levels, and the availability of funding from the corrective action fund. PSTB currently has proposed assessments totaling \$2.5 million from the corrective action fund pending approval by the department for proposed work.

The Hazardous Waste Bureau (HWB) monitors 2,495 hazardous waste generators in the state, though this number changes frequently. HWB has 6 FTE focused on compliance and completed 93 inspections in FY24. HWB inspected 1 percent of the hazardous waste sites in the state in the second quarter of FY25, though the bureau noted it has hired new inspectors and plans to expand the department. The continued trend of low inspection rates remains even after the bureaus began the decline in the pandemic and while it has been predominantly due to a lack of staff, new efforts to improve performance should be prioritized. The creation of the Compliance and Enforcement Division (CED) could aid in increasing the operational success of the bureau.



	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	Rating
Budget: \$18,653.4 FTE: 144.3						
Number of completed cleanups of petroleum storage tank release sites that require no further action	2,005	2,041	1,976	0	0	R
Percent of solid waste facilities and infectious waste management facilities inspected	53.3%	98.8%	87.5%	10.6%	13%	R
Percent of hazardous waste facilities inspected	3.7%	3.7%	15.0%	1.3%	1%	R
Program Rating	R	R				R

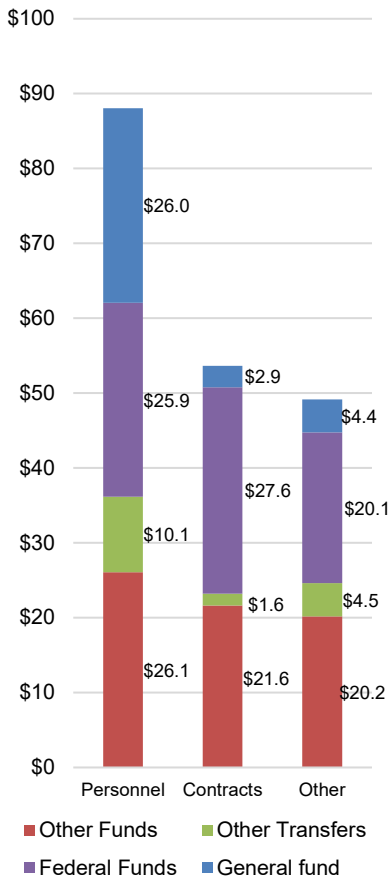
Environmental Protection

While inspections are valuable for determining whether regulated entities comply with applicable laws, rules, or permits, many of NMED’s regulatory compliance programs continually struggle to meet their targets. The Environmental Protection Division’s Air Quality (AQB) and Radiation Control bureaus (RCB) are responsible for enforcing regulatory and compliance measures to protect the environment and prevent harm to human health. The creation of CED will move the enforcing of the regulation and permits from these bureaus, which could improve compliance.

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**FY25 Budget Categories
Revenue Source
(in thousands)**



Source: LFC files

In addition to inspections and monitoring, RCB's work includes assisting nuclear workers who have become ill due to occupational exposures received while working for contractors or subcontractors at U.S. Department of Energy facilities or in the uranium industry. NMED contends that reaching the target of inspecting 85 percent of radiation sources would require 216 inspections from each staff member, and the target cannot be met with current staffing levels.

AQB has deployed new air monitoring instruments that improve connectivity, efficiency, and remote access to air quality data. The bureau worked with the New Mexico Climate Change Task Force to develop rules for reducing volatile organic compounds and oxides of nitrogen emissions in the oil and gas industry. AQB has hired three new inspectors and is in the process of hiring two more, with the goal of 11 inspectors, a supervisor, and a manager. New hires could address the lagging performance measures, which are not on track to meet FY25 targets.

Budget: \$18,320.1 FTE: 121.8	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	Rating
Percent of ionizing and non-ionizing radiation sources inspected	15%	16.8%	20%	5.6%	3.7%	R
Percent of air emitting sources inspected	33.3%	32.2%	25%	7.8%	3.4%	R
Percent of the population breathing air meeting federal health standards	99.9%	99.9%	95%	98.3%	90.8%	Y
Program Rating	R	R				R

Environmental Health

The Environmental Health Program continued to administer the state hemp extraction and manufacturing program. The program is also responsible for working to prevent workplace injuries and fatalities, avoiding unnecessary risks to public health from commercially prepared foods, regulating septic tanks, and ensuring the safety of public pools and spas.

The Occupational Health and Safety Bureau conducts hundreds of inspections annually and targets workplaces with the greatest expectations of noncompliance to reduce illness, injuries, and fatalities. The bureau, which inspects approximately 1 percent of all workplaces each year, found 80 percent of employers did not meet occupational health and safety requirement for at least one standard in the second quarter, exceeding the target by 55 percent. The bureau must continuously refine its strategy for targeting the highest-risk workplaces and aim to meet its FY25 target, falling short of reaching it last year.

Under state statute and regulation, each restaurant and food manufacturer in the state should be inspected once per year. However, the same inspectors cover restaurants, food manufacturers, pools, and spas. Bureau staff currently have a compliance and enforcement workload of approximately 313 facilities per inspector, above the federal Food and Drug Administration's guidance that retail food inspectors (a much narrower role than Environmental Health Bureau inspectors) are assigned 280-320 inspections.

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This has resulted in high vacancy rates within the bureau and most inspections not being able to be conducted in-person, a worrying trend the agency should work to improve.

Budget: \$ 16,219.3 FTE: 156.0	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	Rating
Number of employers that did not meet occupational health and safety requirements for at least one standard compared with the total number of employers	64%	67.1%	55%	72%	80%	Y
Percent of restaurants and food manufacturers inspected	80%	80.5%	90%	21%	17.1%	Y
Percent of new or modified liquid waste systems inspected	86%	91%	85%	49%	51.5%	Y
Program Rating	R	R				Y